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Order 2002-3-20

Served: March 26, 2002



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 21st day of March, 2002

Essential Air Service at:

HYDABURG, ALASKA

Under 49 U.S.C. 41731 *et seq.*

Docket OST 99-6245 - 14

ORDER REQUESTING PROPOSALS

Summary

By this order we are requesting proposals from carriers interested in providing essential air service at Hydaburg, Alaska.¹

Background

By Order 2000-3-23, issued March 24, 2000, the Department selected Taquan Air Service, Inc., to provide essential air service at Hydaburg, Alaska. Subsidy was set at an annual rate of \$55,443 for the period March 5, 2000, through March 31, 2002, for three nonstop round trips each week to Ketchikan with DeHavilland Beaver aircraft.

By Order 2000-5-21, issued May 24, 2000, the Department approved the transfer of responsibility for providing essential air service at Hydaburg, from Taquan Air Service to Venture Travel, LLC, d/b/a Taquan Air.

Taquan Air's two-year contract will expire on March 31, 2002, and our normal procedure at this point would be to negotiate a new rate with Taquan Air and issue a "show-cause" order tentatively selecting the carrier for a new two-year rate term. Other carriers would have the opportunity to object to our tentative selection and to file competing proposals. If competing proposals were filed, the Department would then process a formal carrier selection case.

¹ See Appendix A for a map.

However, the Department recently has become aware of other carriers that are interested in providing essential air service at Hydaburg. In view of this, it is more efficient to forego the show-cause process and immediately initiate a formal carrier selection case by issuing an order seeking replacement service proposals to serve Hydaburg. While we conduct this carrier selection proceeding, Taquan will continue to provide the service required by Order 2000-3-23 until we conclude the proceeding.

Essential Air Service Determination for Hydaburg

Essential air service at Hydaburg is defined as at least three round trips each week to Ketchikan, with small aircraft (10 seats or less) and with no more than two intermediate stops.² We have received a number of letters from the community stating that five or six round trips round trips a week are required to meet the community's needs. We will review the level of service required at Hydaburg in the context of the carrier selection decision.

Request for Proposals

We request that any carriers interested in providing essential air service at Hydaburg file their proposals within 20 days of the service date of this order. We ask that carriers submit proposals for a minimum of three round trips per week to Ketchikan, with small aircraft.

In addition, carriers should also consider the option of submitting proposals contemplating ground service between Hydaburg and Hollis. Since our last contract with Taquan was negotiated some two years ago, the 35-mile road connecting Hydaburg and Hollis has been paved. The community of Hollis receives a substantial level of air service--seven daily round trips to Ketchikan--much more than we could underwrite at Hydaburg. Apparently, a considerable number of Hydaburg passengers prefer to drive to Hollis because of the greater service available there, and because of more favorable weather conditions that result in greater service reliability. Flying into Hydaburg, on the other hand, requires operating a small aircraft over a mountain pass that imposes a bumpy ride and a greater likelihood of weather cancellations. Hollis is also a docking port for the Alaska State Ferry system that offers direct service to Ketchikan and other Alaska panhandle communities.

Hydaburg is guaranteed essential air service to Ketchikan. However, we have had informal discussions with civic officials who are open to the idea of considering some form of surface transportation to Hollis in lieu of air service from their local seaplane base. The community may waive its guarantee of air service in favor of ground service should it so desire. The amount of ground service air carriers may propose should be sufficient to accommodate the historical traffic between Hydaburg and Ketchikan, as shown in Appendix B, including recognition for the directional imbalance of mail and freight, and the capacity of the equipment. The timing of the ground transportation should also be geared to the flight arrivals and departures at Hollis.

² Department of Transportation Order 2000-3-23, issued March 24, 2000.

Procedures For Filing Proposals

For interested air carriers that are not familiar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f) and discusses in detail the process of seeking proposals, conducting financial and operational audits of the applicant carriers and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, and a copy of section 14 CFR 204.4 of the Department's regulations which deals with the information required of all applicants for authority to provide basic essential air service, and provides schedules giving our recommended form for submitting data required for determining the financial and operational ability of applicants to provide dependable air service.³

Community and State Comments

The community and the State are welcome to submit comments on the proposals at any time.⁴ Early in the proceeding, comments on the perceived strengths and weaknesses of the proposals would be particularly helpful to the Department. The civic parties may also express a preference for a particular carrier or proposal option at that time, if they choose. In any event, after we conclude rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.⁵

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁶ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of

³ Copies of these documents can be obtained from: EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, DC 20590. Telephone requests for these documents are accepted at (202) 366-1053.

⁴ Civic parties should file an original and five copies of their comments in Docket OST-1999-6245. This filing should be addressed to: Docket Operations and Media Management Division, SVC-124, Office of the Secretary, U.S. Department of Transportation, Room PL 401, 400 Seventh Street, S.W., Washington D.C. 20590.

⁵ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service.

⁶ The regulations applicable to each of these areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, Implementing title 31, United States Code, section 1352, entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants) implementing the Drug-Free Workplace Act of 1988; (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs for the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the basis for Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance; and 14 CFR Part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

the rate term must also certify that they are in compliance with regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals.⁷ Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Hydaburg, Alaska, submit their proposals, with or without requests for subsidy, within 20 days of the service date of this order. An original and five copies of the proposal should be sent to the EAS and Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590, with the title: "Proposal to Provide Essential Air Service at Hydaburg, Alaska, Docket OST-1999-6245;"⁸
2. This docket will remain open until further Department order; and
3. We will serve a copy of this order on the Mayor of Hydaburg, the Alaska Department of Transportation and Public Facilities, Taquan Air, and the carriers listed in Appendix C.

By:

READ C. VAN DE WATER
Assistant Secretary for Aviation
and International Affairs

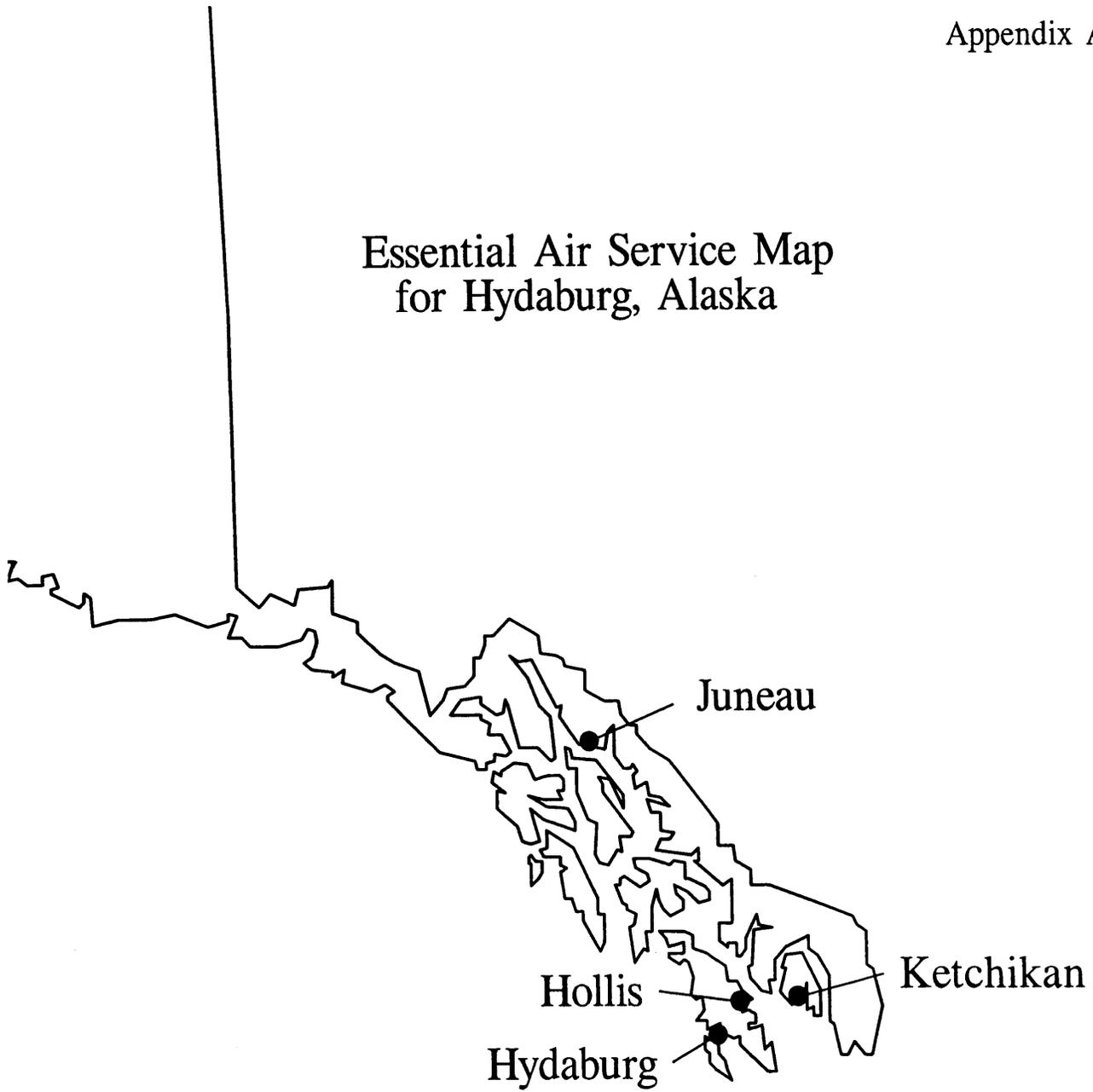
(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>*

⁷ Blank certification forms can be found on the Office of Aviation Analysis official website at <http://ostpxweb.dot.gov/aviation/rural/ruralair.htm>, or by contacting Kevin Adams at 202-366-1047.

⁸ After serving a copy of its proposal on the civic officials of Hydaburg, the State of Alaska, and each of the other applicants, each applicant must then file a certification of service with the Department's Docket Operations and Media Management Division, SVC-124. Questions regarding filings in response to this order may be directed to John McCamant at (202) 366-1060.

Essential Air Service Map
for Hydaburg, Alaska



Mileages

Hydaburg-Ketchikan	47
Hydaburg-Hollis	20
Hollis-Ketchikan	39

	<u>QE 12/31/97</u>	<u>QE 3/31/98</u>	<u>QE 6/30/98</u>	<u>QE 9/30/98</u>	<u>YE 9/30/98</u>
Ketchikan to Hydaburg					
Passengers	120	325	234	124	803
Freight	7,975	2,859	2,689	3,488	17,011
Mail	<u>29,089</u>	<u>23,769</u>	<u>23,018</u>	<u>25,268</u>	<u>101,144</u>
PEQ Totals	305.3	458.1	362.5	267.8	1,393.8
Hydaburg to Ketchikan					
Passengers	129	265	211	131	736
Freight	618	1,298	2,689	3,488	8,093
Mail	<u>5,006</u>	<u>3,949</u>	<u>2,335</u>	<u>371</u>	<u>11,661</u>
PEQ Totals	157.1	291.2	236.1	150.3	834.8
	1.7	3.2	2.6	1.7	2.3
Origin and Destination					
Passengers	249	590	445	255	1,539
Freight	8,593	4,157	5,378	6,976	25,104
Mail	<u>34,095</u>	<u>27,718</u>	<u>25,353</u>	<u>25,639</u>	<u>112,805</u>
PEQ Totals	462.4	749.4	598.7	418.1	2,228.5
Origin and Destination					
	<u>QE 12/31/98</u>	<u>QE 3/31/99</u>	<u>QE 6/30/99</u>	<u>QE 9/30/99</u>	<u>YE 9/30/99</u>
Ketchikan to Hydaburg					
Passengers	55	23	30	NA	108
Freight	1,270	1,968	3,309	NA	6,547
Mail	<u>22,412</u>	<u>18,500</u>	<u>24,567</u>	NA	<u>65,479</u>
PEQ Totals	173.4	125.3	169.4	NA	468.1
Hydaburg to Ketchikan					
Passengers	76	27	18	NA	121
Freight	73	141	161	NA	375
Mail	<u>5,257</u>	<u>3,875</u>	<u>3,488</u>	NA	<u>12,620</u>
PEQ Totals	102.7	47.1	36.2	NA	186.0
					0.5
Origin and Destination					
Passengers	131	50	48	NA	229
Freight	1,343	2,109	3,470	NA	6,922
Mail	<u>27,669</u>	<u>22,375</u>	<u>28,055</u>	NA	<u>78,099</u>
PEQ Totals	276.1	172.4	205.6	NA	654.1

	<u>QE 12/31/99</u>	<u>QE 3/31/00</u>	<u>QE 6/30/00</u>	<u>QE 9/30/00</u>	<u>YE 9/30/00</u>
Ketchikan to Hydaburg					
Passengers	8	NA	NA	0	8
Freight	2,344	NA	NA	1,104	3,448
Mail	<u>20,203</u>	<u>NA</u>	<u>NA</u>	<u>18,342</u>	<u>38,545</u>
PEQ Totals	120.7	NA	NA	97.2	218.0
Hydaburg to Ketchikan					
Passengers	7	NA	NA	2	9
Freight	79	NA	NA	102	181
Mail	<u>3,429</u>	<u>NA</u>	<u>NA</u>	<u>2,703</u>	<u>6,132</u>
PEQ Totals	24.5	NA	NA	16.0	40.6
Origin and Destination					
Passengers	15	NA	NA	2	17
Freight	2,423	NA	NA	1,206	3,629
Mail	<u>23,632</u>	<u>NA</u>	<u>NA</u>	<u>21,045</u>	<u>44,677</u>
PEQ Totals	145.3	NA	NA	113.3	258.5

	<u>QE 12/31/00</u>	<u>QE 3/31/01</u>	<u>QE 6/30/01</u>	<u>QE 9/30/01</u>	<u>YE 9/30/01</u>
Ketchikan to Hydaburg					
Passengers	3	5	8	4	20
Freight	133	102	474	497	1,206
Mail	<u>19,211</u>	<u>15,348</u>	<u>13,606</u>	<u>13,944</u>	<u>62,109</u>
PEQ Totals	99.7	82.3	78.4	76.2	336.6
Hydaburg to Ketchikan					
Passengers	3	0	8	1	12
Freight	16	44	62	12	134
Mail	<u>4,122</u>	<u>2,431</u>	<u>3,146</u>	<u>2,819</u>	<u>12,518</u>
PEQ Totals	23.7	12.4	24.0	15.2	75.3
Origin & Destination					
Passengers	6	5	16	5	32
Freight	149	146	536	509	1,340
Mail	<u>23,333</u>	<u>17,779</u>	<u>16,752</u>	<u>16,763</u>	<u>74,627</u>
PEQ Totals	123.4	94.6	102.4	91.4	411.8

Source: Carrier T-1 Reports

Note: PEQ's denotes Passenger Equivalents, 200 lbs. of mail or freight is equivalent to 1 passenger.

SERVICE LIST FOR THE STATE OF ALASKA

Aaron Air
Aero Tech Flight Service, Inc.
Air Excursions
Air Lift Alaska
Air Madura
Alaska Air Carriers Association
Alaska Airlines, Inc.
Alaska Bush Carrier, Inc.
Alaska Central Express, Inc.
Alaska Coastal Airlines, Inc.
Alaska Fly'N Fish Charters
Alaska Flyers
Alaska Helicopters, Inc.
Alaska Island Air, Inc.
Alaska Seair Adventures
Alaska West Air, Inc.
Aleutian Air, Ltd.
Aleutian Specialty Aviation
Amerijet International, Inc.
Arctic Air Alaska, Inc.
Arctic Circle Air Service, Inc.
Baker Aviation, Inc.
Bellair, Inc.
Beluga Lake Float Plane Service
Bering Air, Inc.
Bran-Air & Branham Adventures
Camai Air
Canning Air Service
Cape Smythe Air Service, Inc.
Cassaron Turbo Helicopters
Chugiak Aviation
Clearwater Air, Inc.
Coastal Helicopters, Inc.
Cordova Air Service, Inc.
CPA Air Service
Customized Alaskan Adventures
Delta Connection
Denali Air
Egli Air Haul, Inc.
Ellis Air Taxi, Inc.
Ellison Air, Inc.
ERA Aviation, Inc.
F.S. Air Service, Inc.
Fishing and Flying
Fiskehawk Aero Services
Forty (40) Mile Air, Ltd.
Frontier Flying Service, Inc.
Golden Plover Air
Grant Aviation, Inc.
Great Northern Air Guides
Gulf Air Taxi, Inc.
Gulf Aviation, Inc.
Gulkana Air Service, Inc.
Hageland Aviation Services, Inc.
Haines Airways, Inc.
Heli-Lift, Inc.
Homer Air
Hudson Air Service, Inc.
Iliamna Air Taxi, Inc.
Island Air Service
Island Wings Air Service
Jim Air, Inc.
K2 Aviation
Kachemak Air Service, Inc.
Kachemak Bay Flying Service, Inc.
Katmai Air
Kenai Air Alaska, Inc.
Kenai Aviation
Kenai Fjords Outfitters, Inc.
Kenair
Ketchikan Air Service, Inc.
Ketchum Air Service, Inc.
Kodiak Air Service
Koyukon Air, Inc.
Kupreanof Flying Service
Kusko Aviation, Inc.
L.A.B. Flying Service, Inc.
Larry's Flying Service
Loken Aviation, Inc.
Lone Star Airlines, Inc.
Lone Wolf Aero Services, Inc.
Maritime Helicopters, Inc.
MarkAir Express, Inc.
MarkAir, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Misty Fjords Air & Outfitting
Mountain Aviation
Mountain Helicopters
Nash West Aviation, Ltd.
Natron Air
Nordic Air
North Star Air Cargo, Inc.

SERVICE LIST FOR THE STATE OF ALASKA

Northern Air Cargo, Inc.
Northwest Airlink
Olson Air Service, Inc.
Pacific Wing, Inc.
Peninsula Airways, Inc.
Promech, Inc.
Ram Air, Inc.
Ray Atkins Registered Guide
Rediske Air, Inc.
Reeve Aleutian Airways, Inc.
Regal Air
Reid Air
Rust's Flying Service, Inc.
Ryan Air Service, Inc.
Scenic Mountain Air, Inc.
Seaside Air Service
Security Aviation, Inc.
Seward Flying Service, Inc.
Silver Bay Logging, Inc.
Skagway Air Service, Inc.
Soloy Helicopters, Inc.
Southcentral Air, Inc.
Specialized Air Service
Spernak Airways, Inc.
Sunrise Aviation, Inc.
Tamarack Air, Ltd.
Tanana Air Service
Taquan Air Service, Inc.
Tatonduk Outfitters, Ltd.
Temsco Helicopters, Inc.
Totem Air
Trans-Alaska Helicopters, Inc.
Trans-Porter Alaska, Inc.
Tundra Copters, Inc.

Umiat Enterprises, Inc.
Umiat Enterprises, Inc.
Uyak Air Service, Inc.
Vernair
Warbelow's Air Ventures, Inc.
Ward Air
Wings of Alaska
Woods Air Service, Inc.
Wrangell Mountain Air, Inc.
Wright Air Service, Inc.
Yukon Helicopters
Yutana Airlines, Inc.
Yute Air Alaska, Inc.

Alaska Juneau Aeronautics, Inc.
Ken Bannon
E.B. Freeman
A. Edward Jenner
John McFarlane
Kevin Thomas
Pat Dempsey