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

Issued by the Department of Transportation
on the 14th day of May, 2002

Essential Air Service at

ELFIN COVE, ALASKA
PELICAN, ALASKA

DOCKET OST-2002-11586-2

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

**ORDER PROHIBITING SUSPENSION OF SERVICE
AND REQUESTING PROPOSALS**

Summary

By this order, the Department is prohibiting Alaska Seaplane Service, LLC (Alaska Seaplane), from suspending its unsubsidized service at Elfin Cove and Pelican, Alaska, and requesting proposals from carriers interested in providing replacement service at the communities.

Background

On February 13, 2002, Alaska Seaplane filed a 90-day notice of its intent to suspend service at Elfin Cove and Pelican, effective on or about May 13, 2002. Alaska Seaplane is the only carrier serving the communities, and currently provides six round trips a week with 7-seat de Havilland DHC-2 Beaver aircraft between both communities and Juneau.

Essential Air Service and Traffic History

Order 80-1-167, issued January 25, 1980, defines the communities' service guarantees as follows: Pelican, six round trips per week and up to two intermediate stops to Juneau with small aircraft; Elfin Cove, one round trip and five flagstops a week in the peak season and five flagstops a week during the off-peak season and up to two intermediate stops to Juneau with small aircraft.

In calendar year 2001, Elfin Cove generated a total of 534 O&D passengers and Pelican generated a total of 1,735 O&D passengers. In calendar year 2000, Elfin Cove generated 405 O&D passengers and Pelican generated 1,904 passengers. In addition, both communities generate significant cargo and mail volumes.

Elfin Cove briefly received subsidized service provided by Wings of Alaska from October 1989 though November 1991. Since that time, Alaska Seaplane has provided subsidy-free essential air service.

Request for Proposals

We request that any carriers interested in providing essential air service at Elfin Cove and/or Pelican file proposals within 20 days of the date of service date of this order. We ask that carriers submit proposals consistent with their EAS determinations. In addition, proposals should provide sufficient capacity to accommodate historical levels of traffic over the critical outbound segment because of directional imbalance.¹ Specifically, we request proposals for six round trips a week year round between Pelican and Juneau using small aircraft, and one round trip plus five flagstops per week in the peak season and five flagstops a week in the off-peak season between Elfin Cove and Juneau using small aircraft. If larger aircraft are proposed, reduced frequencies might be able to accommodate historical traffic. Of course, as always, we will formally solicit the communities' views on any service options we receive before making a long-term carrier selection decision. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data, including mail and cargo data, in Appendix A.

Procedures for Filing Proposals

For interested carriers unfamiliar 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 requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred.

However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces and nondiscrimination.² Consequently, all carriers receiving

¹ Typically in Alaska, mail and freight flows are asymmetrical, with up to 90% of total mail and freight flowing outbound from the hub to the EAS communities.

² The regulations applicable to these areas are: (1) 49 CFR Part 20 – New restrictions on lobbying; (2) 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation – Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 – Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 – Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 – Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

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 the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. 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.

Community Comments

If we receive competing proposals, the communities and state are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. In any event, after conducting 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.³

Decision

Since Alaska Seaplane is the only carrier providing scheduled air service at Elfin Cove and Pelican, its proposed termination would eliminate all air service to the communities. Thus, in accordance with 49 U.S.C. 41734, we must prohibit Alaska Seaplane from suspending service at Elfin Cove and Pelican for an initial 30-day period beyond the end of the 90-day notice period, through June 13, 2002, or until suitable replacement service has been inaugurated at the communities, whichever occurs first.⁴

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

ACCORDINGLY,

1. The Department requests that carriers interested in providing essential air service at Elfin Cove and/or Pelican, Alaska, submit their proposals, with subsidy if necessary, within 20 days of the date of service of this order. Proposals should include all the data required by section 204.4 of the Department's Regulations (14 CFR 204.4). An original and five copies of the proposal should be sent to: EAS & 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 Elfin Cove and/or Pelican, Alaska, Docket OST-2002-11586";

2. The Department prohibits Alaska Seaplane Service, LLC, from suspending service at Elfin Cove and Pelican, Alaska, at the end of its 90-day notice period and requires it to maintain at

³ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be provided reliably without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service as proposed.

⁴ In accordance with 49 U.S.C. 41734(c), we will extend Alaska Seaplane's service obligation for successive 30-day periods as necessary until replacement service actually begins.

least six round trips a week year round between Pelican and Juneau, and one round trip plus five flagstops per week in the peak season and five flagstops a week in the off-peak season between Elfin Cove and Juneau, through June 13, 2002, or until a carrier capable of providing reliable essential air service actually begins service, whichever occurs first;

3. The Department directs Alaska Seaplane Service to retain all books, records, and other source and summary documents to support subsidy claims for payment and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

4. Docket OST-2002-11586 will remain open until further order of the Department; and

5. The Department will serve a copy of this order on the Mayors and Airport Managers of Elfin Cove and Pelican, Alaska, Alaska Seaplane Service, the State of Alaska and the parties listed in Appendix B.

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>*

Historical Origin-Destination Traffic
at Elfin Cove, Alaska¹

12 Months ended December 2000

	<u>1st Qtr.</u>	<u>2nd Qtr.</u>	<u>3rd Qtr.</u>	<u>4th Qtr.</u>	<u>Total</u>
<u>Passengers</u>					
ELV-JNU	12	55	109	19	195
JNU-ELV	14	71	102	23	210
	26	126	211	42	405
<u>Cargo</u>					
ELV-JNU	347	662	1,853	240	3,102
JNU-ELV	1,450	2,917	3,678	1,733	9,778
	1,797	3,579	5,531	1,973	12,880
<u>Mail</u>					
ELV-JNU	1,743	2,720	7,384	1,723	13,570
JNU-ELV	8,458	24,457	18,417	6,530	57,862
	10,201	27,177	25,801	8,253	71,432
Total PEQs ²	86	280	368	93	827

12 Months ended December 2001

	<u>1st Qtr.</u>	<u>2nd Qtr.</u>	<u>3rd Qtr.</u>	<u>4th Qtr.</u>	<u>Total</u>
<u>Passengers</u>					
ELV-JNU	15	74	137	18	244
JNU-ELV	17	106	146	21	290
	32	180	283	39	534
<u>Cargo</u>					
ELV-JNU	64	4,285	1,144	574	6,067
JNU-ELV	1,552	2,187	5,038	1,658	10,435
	1,616	6,472	6,182	2,232	16,502
<u>Mail</u>					
ELV-JNU	1,353	2,051	6,149	1,793	11,346
JNU-ELV	4,839	20,209	14,950	6,855	46,853
	6,192	22,260	21,099	8,648	58,199
Total PEQs ²	71	324	419	93	908

¹ Source: Airport Activity Statistics; Form 298-C, Schedule T-1; and Form 41, Schedule T-100.

² Passenger equivalents. Every 200 pounds of freight or mail is the equivalent of one person.

Historical Origin-Destination Traffic
at Pelican, Alaska¹

12 Months ended December 2000

	<u>1st Qtr.</u>	<u>2nd Qtr.</u>	<u>3rd Qtr.</u>	<u>4th Qtr.</u>	<u>Total</u>
<u>Passengers</u>					
PEC-JNU	102	300	409	141	952
JNU-PEC	106	351	380	115	952
	208	651	789	256	1,904
<u>Cargo</u>					
PEC-JNU	3,571	6,717	7,180	1,384	18,852
JNU-PEC	11,558	20,638	22,321	11,998	66,515
	15,129	27,355	29,501	13,382	85,367
<u>Mail</u>					
PEC-JNU	3,684	5,339	4,042	4,738	17,803
JNU-PEC	23,100	25,827	31,671	25,071	105,669
	26,784	31,166	35,713	29,809	123,472
Total PEQs ²	418	944	1,115	472	2,948

12 Months ended December 2001

	<u>1st Qtr.</u>	<u>2nd Qtr.</u>	<u>3rd Qtr.</u>	<u>4th Qtr.</u>	<u>Total</u>
<u>Passengers</u>					
PEC-JNU	69	288	355	134	846
JNU-PEC	89	324	358	118	889
	158	612	713	252	1,735
<u>Cargo</u>					
PEC-JNU	1,052	8,068	6,521	1,322	16,963
JNU-PEC	9,174	15,523	14,024	10,832	49,553
	10,226	23,591	20,545	12,154	66,516
<u>Mail</u>					
PEC-JNU	5,088	5,403	4,465	3,649	18,605
JNU-PEC	18,791	20,918	17,846	17,092	74,647
	23,879	26,321	22,311	20,741	93,252
Total PEQs ²	329	862	927	416	2,534

¹ Source: Airport Activity Statistics; Form 298-C, Schedule T-1; and Form 41, Schedule T-100.

² Passenger equivalents. Every 200 pounds of freight or mail is the equivalent of one person.

SERVICE LIST FOR THE STATE OF ALASKA

AAaron 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
Fiskehauk 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
(cont'd)

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
Spemak 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