

142403



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

Issued by the Department of Transportation
on the 29th day of October, 2001

Ninety-day Notice of

ERA AVIATION, INC.

under 49 U.S.C. 41731 *et seq.* to terminate
service at Iliamna, Alaska

Docket OST-2001-10105- 4

**ORDER RELYING ON REPLACEMENT SERVICE AND
AMDENDING ESSENTIAL AIR SERVICE**

Summary

By this order, the Department is permitting Era Aviation, Inc., (Era) an Alaska Airlines code-share operator, to suspend service at Iliamna, Alaska. We will rely on the subsidy-free service of Iliamna Air Taxi. Since Iliamna Air Taxi's service is with smaller equipment, we will modify Iliamna's essential air service (EAS) determination to require increased frequency with smaller equipment, and require that the aircraft for passenger service be pressurized.¹

Background

By Order 2001-3-19, the Department selected Era to provide EAS to Iliamna, Alaska, effective March 8, 2001, through March 31, 2003. Service was to consist of eight nonstop round trips a week in the peak and three nonstop round trips a week in the off-peak to Anchorage, all with 37-seat Dash 8 equipment. On July 10, 2001, Era filed a notice of its intent to suspend service at Iliamna. The carrier stated that it could no longer operate to Iliamna because of significantly lower passenger loads than it had projected. Order 2001-7-15 prohibited Era from suspending service and requested proposals for replacement service, indicating that in view of the 195-mile stage length and intervening mountain range, proposals for pressurized aircraft were preferred.

Iliamna's EAS definition was set by Order 80-1-167 to require seven round trips a week in the peak period and four in the off-peak to Anchorage. Service was to be provided

¹ Northern Air Cargo and Tatonduk Flying Service provide the mail and freight service at Iliamna with large aircraft. Only the passenger service is at issue here.

with at least intermediate-size aircraft (30-60 seats) and up to two intermediate stops were permitted. Order 2001-3-19 selected higher and lower service in the peak and off-peak, respectively, than the EAS definition. We recognized that all-cargo operators were providing a great deal of mail and freight service. We also indicated we would begin a review of the community's EAS definition and its service needs.

Service Proposals and Essential Air Service Determination

We received a proposal for subsidy-free essential air service at Iliamna from Iliamna Air Taxi. The carrier has provided subsidy-free service at Iliamna for a number of years, albeit with small equipment. In December 1999 the carrier acquired a Pilatus, a nine-seat, single-engine, pressurized, turbo-prop aircraft, and has used the aircraft to provide some scheduled service. In response to the notice of Era, Iliamna Air Taxi proposes to provide a minimum of three round trips a day in the peak season, and one round trip a day in the off-peak. The carrier indicates it will provide additional service as demand warrants. Era reported transporting 3,947 passengers in the quarter ended September 30, 2001, an average of 304 passengers a week. Iliamna Air Taxi's three-round-trip-a-day service with nine-seat aircraft would provide a total of 378 seats per week.

By law we are not permitted to pay subsidy to a carrier when reliable subsidy-free EAS is available. Iliamna Air Taxi is based at Iliamna, and has provided service there for a number of years. The carrier has been able to operate reliably, even in the face of the subsidized competition of Era Aviation, so there appears little question that the carrier's service will be reliable.

However, the carrier proposes significantly smaller aircraft than that required by the current EAS determination. By the same token, it also proposes a great deal of additional frequency and pressurized aircraft, criteria not currently stipulated but appropriate for this community.² The carrier also proposes nonstop service, while the current determination allows up to two intermediate stops. Iliamna is the regional hub for a number of smaller bush communities that must first make connections at Iliamna before flying to Anchorage. Under these circumstances, we will amend the EAS determination for Iliamna to require the service proposed by Iliamna Air Taxi--three nonstop round trips per day in the peak and one round trip a day in the off-peak to Anchorage with pressurized equipment. We have informally discussed this matter with the State of Alaska, and the state concurs with our decision.

As a final matter, before Era suspends service, we expect it to make every effort to ensure an orderly transfer of service at Iliamna, including notifying all passengers holding reservations on its flights that the service will be suspended, informing them of the availability of replacement service by Iliamna Air Taxi, and assisting them in arranging alternative transportation.

² There is a mountain range in between Iliamna and Anchorage, the designated hub, requiring extended high altitude flying. Under such circumstances, pressurized service is appropriate.

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

ACCORDINGLY;

1. The Department permits Era Aviation, Inc., to suspend its service between Iliamna and Anchorage and relies on Iliamna Air Taxi to provide subsidy-free essential air service, effective October 31, 2001;
2. The Department amends the essential air service determination for Iliamna, Alaska, to require three nonstop round trips per day in the peak season and daily service in the off-peak, with small, pressurized equipment;
3. This docket will remain open until further order of the Department;
4. The Department will serve a copy of this order on the community of Iliamna, Alaska, the Alaska Department of Transportation and Public Facilities, Era and Iliamna Air Taxi; and
5. We are issuing this order on a final basis. Consistent with our rules, parties will have twenty days from the date of service of this order to petition the Department for reconsideration of the amended essential air service determination.

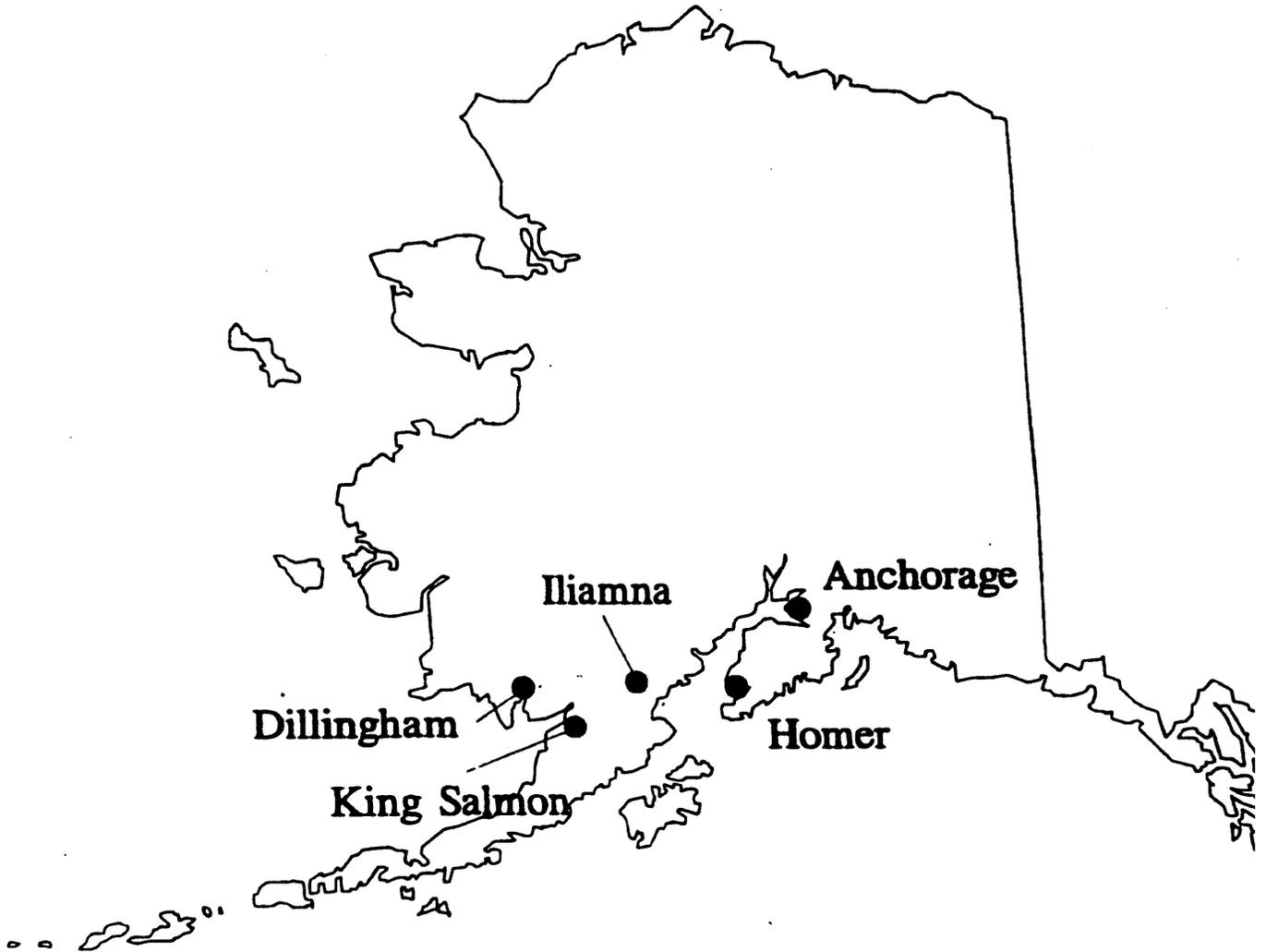
By:

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>*

Appendix A



Mileages

Iliamna - Anchorage	195
- King Salmon	97
- Dillingham	136
- Homer	120