

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

Essential Air Services at _____)
)
ST. PAUL ISLAND, ALASKA)
)
Under 49 U.S.C. 41731 *eq seq.* _____)

Docket OST-2019-0038

ESSENTIAL AIR SERVICE
PROPOSAL OF ALASKA CENTRAL EXPRESS, INC.

Communications with respect to this document may be served upon:

ALASKA CENTRAL EXPRESS, INC.
EXECUTIVE TEAM
5901 Lockheed Avenue
Anchorage, Alaska 99502

Michael Goldman
SILVERBERG GOLDMAN, PLLC.
1101 30th Street, NW, Suite 500
Washington, DC 20007
Tel: 202-944-3300
Email: mgoldman@sgbdc.com

Dated: June 01, 2023

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

Essential Air Services at)
)
ST. PAUL ISLAND, ALASKA)
)
Under 49 U.S.C. 41731 *eq seq.*)

Docket OST-2019-0038

**ESSENTIAL AIR SERVICE
PROPOSAL OF ALASKA CENTRAL EXPRESS, INC.**

Pursuant to the Order 2023-5-4 Alaska Central Express, Inc. (“Alaska Central”) hereby submits its proposal to provide essential air service between Anchorage, Alaska and St. Paul Island, Alaska. The passenger service offered by Alaska Central will be provided with Beech 1900C aircraft configured with 9 passenger seats with additional capacity capable of accommodating 1,350 pounds of cargo and/or mail that are as essential to the community of St. Paul Island, as is scheduled passenger service. Alaska is seeking annual subsidy of \$1,295,499 for year one and \$1,386,184 in year two, to provide four (4) times weekly passenger, freight and mail service to St. Paul Island as described in the attached Proposal. Alaska Central is prepared to begin essential air service on October 1, 2023.

The Alaska Central proposal is being submitted to EAS@dot.gov and Venkatesh.paluvai@dot.gov as instructed to do so by Order 2023-5-4.

Respectfully submitted,

Silverberg Goldman, PLLC.

Attorneys for
ALASKA CENTRAL EXPRESS, INC.

By: Michael Goldman
Michael Goldman

Dated: June 01, 2023

Essential Air Service Proposal of Alaska Central Express

Pursuant to the Order 2023-5-4, Alaska Central Express, Inc. ("Alaska Central") hereby submits its proposal to provide essential air service, with subsidy, between Anchorage and St. Paul Island, Alaska. The service will be provided four (4) times per week (Monday, Tuesday, Thursday, Friday), with Beech 1900C aircraft configured with 9 passenger seats. Alaska Central Express currently operates a fleet of 20 aircraft, of which, 13 are configured for passenger operations and will be dedicated to this service. As configured for passenger service, Alaska Central will also be able to transport up to 1,350 pounds of cargo and mail per flight, the revenues from which will offset a subsidy need.

Alaska Central has a 27-year history of serving the State of Alaska, including 20 years of service into St Paul Island itself. Currently Alaska Central provides services to 19 communities within the State of Alaska.

As the Department is aware, Alaska Central possesses a certificate of public convenience and necessity last issued by Order 2011-9-14 that authorizes it to engage in scheduled air transportation of persons, property, and mail with defined "small aircraft". Alaska Central also possesses authority from the Federal Aviation Administration to conduct scheduled passenger service (referred to as "commuter" service) under Alaska Central's FAA-issued Operations Specifications. Alaska Central was recently found fit to engage in scheduled passenger transportation by the Department on November 16, 2017. If requested by DOT, Alaska Central will provide the Department with any additional information deemed necessary to confirm Alaska Central continues to be fit to engage in scheduled passenger services.

If DOT awards Alaska Central the EAS designation it will commence 4 times weekly scheduled passenger service to St. Paul Island, Alaska on October 1, 2023. As noted above, Alaska Central's flight schedule will produce a total of 72 weekly seats, 36 in each direction and 1,350 pounds of capacity for cargo and mail per flight. Extra section flights can be flown as warranted by traffic demand.

Based on the projections of Alaska Central the subsidy needed to support the proposed Anchorage-St. Paul Island service at four (4) times per week is \$1,295,499 for year one, and \$1,386,184 for year two, which includes an inflationary allowance. The costs used by Alaska Central to project its results are its recent historic costs, as adjusted for the cost of fuel and other local expenses specific to the community. Reasonably estimated projected start-up costs are included in the fixed cost projection. Alaska Central fares will be set at the levels currently charged in the market. Alaska Central has an excellent record of service reliability even under the sometimes-harsh Alaska flying conditions. A measure of the high level of service and reliability Alaska Central provides is found in the statistic that it carries more priority mail for the U.S. Postal Service out of Anchorage than any other Part 135 carrier. This is significant because the U.S. Postal Service dispatches priority mail based on the level of service offered and history of reliability performed.

ACE Air Cargo - Proposal for Annual Need in the EAS Subsidy at St. Paul, Alaska - 2023

		St. Paul
	Weekly Roundtrips	4
	Aircraft Type	Beech 1900C
1	Block Hours	1,404
2	Departures	624
3	Passengers	\$1,892,696
4	Mail	\$605,137
5	Freight	\$73,162
	Total Revenue	\$2,570,994
6	Flying Operations	\$512,146
7	Fuel & Oil	\$611,520
8	Insurance	\$259,784
9	Maintenance	\$879,924
10	Depreciation	\$189,157
	Total Direct Expense	\$2,452,531
11	Traffic Related Expense	\$53,618
12	Departure Related Expense	\$289,894
13	Capacity Related Expense	\$570,982
14	New Startup Pax Expenses	\$76,750
15	Ongoing Pax Expenses	\$238,600
	Total Indirect Expense	\$1,229,844
	Total Operating Expense	\$3,682,375
	Profit @ 5%	\$184,119
	Economic Cost	\$3,866,494
	Subsidy Requested	\$1,295,499