



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

Issued by the Department of Transportation
on the 1st of May, 2023

Essential Air Service at

ST. PAUL ISLAND, ALASKA

under 49 U.S.C. § 41731 *et seq.*

DOT-OST-2019-0038

ORDER REQUESTING PROPOSALS

Summary

By this Order, the U.S. Department of Transportation (the Department) is requesting proposals from air carriers interested in providing Essential Air Service (EAS) at St. Paul Island, Alaska (St. Paul), for a new contract term beginning October 1, 2023, with or without subsidy. Air carriers should file proposals no later than June 1, 2023.

Background

On September 30, 2021, the Department issued Order 2021-9-27, selecting Corvus Airlines, Inc. d/b/a Ravn Alaska (Ravn)¹ to provide EAS at St. Paul, for the two-year term from October 1, 2021, through September 30, 2023, at an annual subsidy rate of \$2,394,550. Ravn provides three weekly round trips between St. Paul and Ted Stevens Anchorage International Airport, Anchorage (Anchorage) using De Havilland Dash-8 100 aircraft².

The complete public file for EAS at St. Paul may be accessed online through the Federal Docket Management System at www.regulations.gov by entering the community's docket number in the "Search" field.

Request for Proposals: General Requirements

The Department is requesting proposals from air carriers interested in providing EAS at St. Paul, with subsidy, if necessary, for a new contract period beginning October 1, 2023. Air carriers should file their proposals no later than June 1, 2023. The proposals will then be uploaded to www.regulations.gov, thereby making them public. Shortly afterwards, the Department will provide a summary of the proposals to the community and ask them to submit their final comments.

¹ The air carrier currently operates as Northern Pacific Airways, Inc. d/b/a Ravn Alaska.

² The larger Dash-8-300 in the carrier's fleet may also be used, at the same subsidy rate.

The Department expects clear, well-documented proposals that will facilitate their evaluation by the community and the EAS team.³ Air carrier proposals should be submitted to the Department with all materials merged into a single document. In addition, proposals should be formatted to be viewed online. In order to evaluate air carrier proposals, the Department requires that air carriers adequately describe the service being proposed and the annual amount of subsidy being requested, if any. The Department requests that proposals include information concerning proposed schedules, projected block hours, and financial data supporting subsidy requests including information on projected expenses and revenues. In cases where an air carrier proposes to provide EAS without subsidy and the Department determines that basic EAS, as required by 49 U.S.C. § 41732, can be reliably provided without such compensation, the Department typically will not proceed with the air carrier-selection case. Instead, the Department will simply rely on that air carrier's subsidy-free service as proposed. Lastly, the Department expects that air carriers will have completed due diligence regarding any community-specific operational requirements. Air carriers should prepare their proposals with every expectation that, should they be selected by the Department, they will be able to commence full EAS as described in their proposal on the first day of the new contract term.

Interested air carriers should prepare their proposals with the understanding that their initial proposals will represent their *final* and *only* proposals. However, the Department retains the discretion to negotiate proposals with air carriers when it deems it desirable; in such cases, the Department will give all applicants the same opportunity. The Department also retains the discretion to re-solicit a new round of proposals in the event that proposals received are rejected due to being unreasonable or unrealistic.

Proposals should provide sufficient capacity to accommodate historical levels of traffic with, as a general matter, service up to two airports that provide numerous connecting opportunities to the national air transportation system.⁴ When crafting a proposal, the air carrier should ensure that the proposed hub best meets the air service needs of the community. In order to assist air carriers in developing traffic and revenue projections for their proposals, the Department has provided a summary of recent historical passengers in Appendix B.⁵ The Department encourages air carriers to work with the community as they prepare their proposals in order to craft a service proposal that meets the community's needs with subsidy requirements that remain competitive. As always, the Department will fully consider the community's and State's views before making an air carrier decision.

³ In selecting an air carrier to provide subsidized EAS for an eligible place in Alaska, 49 U.S.C. § 41733(c)(1) directs the Department to consider six factors: (A) service reliability of the applicant air carrier; (B) the existence of contractual and marketing arrangements with a larger air carrier at the hub; (C) the existence of interline arrangements with a larger air carrier at the hub; (D) the preferences of the actual and potential users of the EAS, giving substantial weight to the views of the elected officials representing the users; (E) whether the air carrier has included a plan in its proposal to market its service to the community; and (F) the experience of the applicant in providing, in Alaska, scheduled air service or significant patterns of non-scheduled air service. The Consolidated Appropriations Act, 2023, Pub. L. No. 117-328 (December 29, 2022) authorizes the Department to consider the relative subsidy requirements of the applicant air carriers. Interested air carriers should also be aware that the general provisions governing EAS will be included in the selection order as part of our authorization of subsidy for the selected service. Appendix C of this Order contains those general provisions.

⁴ For basic EAS in Alaska, service to a small hub or nonhub airport is acceptable. *See* 49 U.S.C. § 41732(a)(2). In some cases, the Department may require service to two airports. 14 CFR 398.2(b)(3).

⁵ Source: Bureau of Transportation Statistics, Schedule T-100.

Air carriers may propose more than one service option. They can also propose service options different from what the community currently receives—lengths of contract terms or airports, for example. However, proposals should have at least one option that complies with the weekly capacity described below, and all legal requirements.

Air carriers should note that it is a federal crime to knowingly and willfully make materially false, fictitious, or fraudulent statements, entries, or representations in an EAS proposal submitted to the Department.⁶

Request for Proposals: Specific Requirements

The Department expects proposals that meet basic EAS requirements and are consistent with what the community currently receives. St. Paul currently receives service consisting of three weekly round trips each week to Anchorage.

Community and State Comments

The community of St. Paul and the State of Alaska are welcome to submit comments at any time. The Department encourages interested air carriers to contact the community *before* they submit their proposals so that they can tailor them to St. Paul’s needs, as they will not be able to amend them after the due date.

After the due date, the proposals will be uploaded to www.regulations.gov, thereby making them public. Shortly afterwards, the Department will notify the community of the proposals and ask them to submit their comments by a specific date.

Other Air Carrier Requirements

The Department is responsible for implementing various federal statutes governing lobbying activities, drug-free workplaces and nondiscrimination.⁷ Consequently, all air carriers receiving subsidy for EAS must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those air carriers whose subsidies exceed \$100,000 over the life of the contract must also certify that they are in compliance with the regulations governing lobbying activities. Because the Department is prohibited from paying subsidy to air carriers that do not submit these documents, all air carriers that plan to submit proposals involving subsidy should be aware that the selected air carrier will be required to complete the required certifications.⁸ Interested air carriers requiring more detailed information regarding these requirements should contact the Office of Aviation Analysis at (202) 366-5903.

⁶ 18 U.S.C. § 1001.

⁷ 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; (3) 49 CFR Part 32 – Governmentwide requirements for drug free workplace; and (4) 2 CFR Part 1200 – Government-wide debarment and suspension (non-procurement).

⁸ The certifications are available online under “Reports and Publications” at <http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

This Order is issued under authority delegated by the Secretary of Transportation in 49 CFR 1.25a(b)(6)(ii)(D) and re-delegated to the Director, Office of Aviation Analysis.

ACCORDINGLY,

1. The Department requests that air carriers interested in providing Essential Air Service at St. Paul Island, Alaska, submit their proposals, with or without subsidy, no later than June , 2023. The proposals should be e-mailed to: Venkatesh.paluvai@dot.gov and EAS@dot.gov with the title “Proposal to Provide EAS at St. Paul, Alaska”;⁹

2. This docket will remain open until further Order of the Department; and

3. The Department will serve this Order on the civic officials of St. Paul, Alaska, the Alaska Department of Transportation & Public Facilities, and the courtesy distribution list for requests for proposals for EAS communities in Alaska.

By:

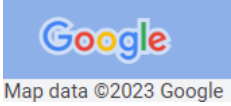
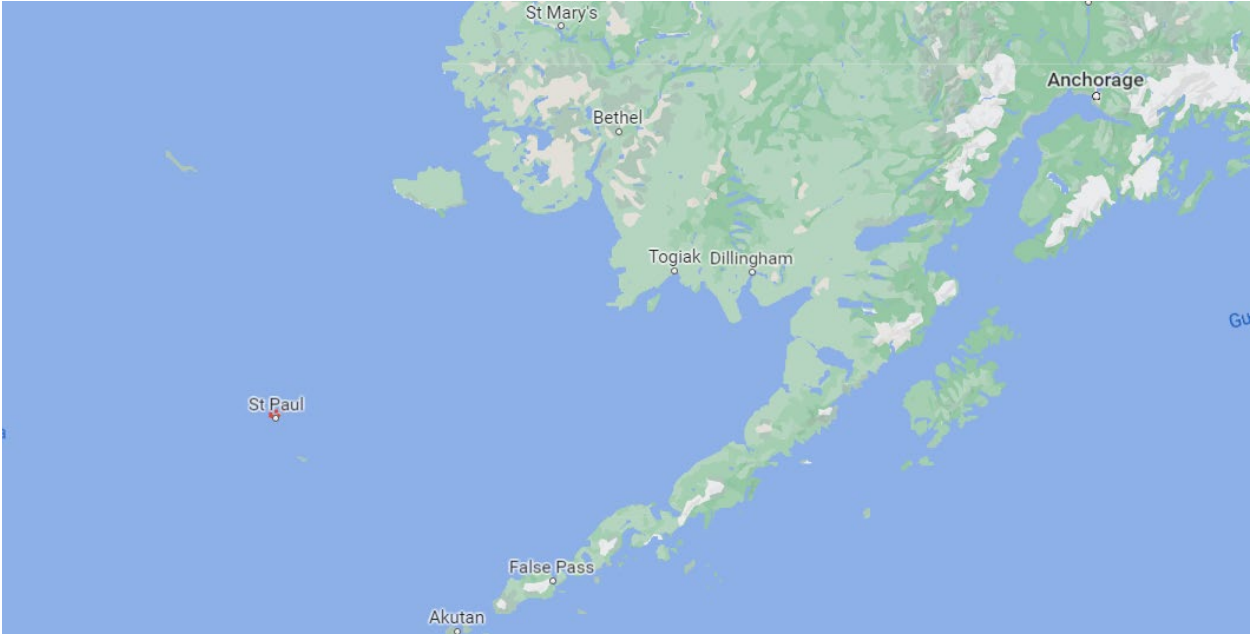
TODD M. HOMAN
Director
Office of Aviation Analysis

(SEAL)

*An electronic version of this document is available online
at www.regulations.gov*

⁹ Questions regarding filings in response to this Order may be directed to Mr. Venk Paluvai at (202) 366-5432 or venkatesh.paluvai@dot.gov.

AREA MAP



Historical Traffic at St. Paul¹⁰

T100		Grant Aviation*			Northern Pacific Airways, Inc. Dba Ravn Alaska**		
Year	Month	PAX	Mail (Tons)	Freight (Tons)	PAX	Mail (Tons)	Freight (Tons)
2021	1	3	0	0.3495	130	0	0.9435
2021	2	6	0	0.198	120	0	1.0475
2021	3	6	0	0.355	180	0	3.17
2021	4	2	0	0.186	183	0	2.3085
2021	5	22	0	0.198	185	0	1.3605
2021	6	13	0	0.107	254	0	3.6205
2021	7	28	0	0.211	271	0	4.79
2021	8	11	0	0.187	257	0	5.213
2021	9	18	0	0.073	285	1.863	5.8455
2021	10	16	0	0.6965	172	2.2485	5.8185
2021	11	15	0	0.44	181	4.5625	3.248
2021	12	8	0	0.1085	156	1.908	1.639
2021 Total		148	0	3.1095	2374	10.582	39.0045
2022	1	7	0	0.032	177	1.5355	2.5665
2022	2	36	0	0.1745	183	3.2815	2.1415
2022	3	45	0	0.362	241	5.9345	3.178
2022	4	18	0	0.145	143	3.908	2.245
2022	5	42	0	0.296	348	4.691	3.081
2022	6	11	0	0.176	177	4.212	2.049
2022	7	21	0	0.2045	271	5.28	3.647
2022	8	45	0	0.128	363	2.721	2.699
2022	9	45	0	0.1845	370	1.566	1.5725
2022	10	45	0	0.0735	327	0.507	2.434
2022	11	1	0	0.0665	127	2.089	2.264
2022	12	18	0	0.3635	209	1.989	0.913
2022 Total		334	0	2.206	2936	37.7145	28.7905
Grand Total		482	0	5.3155	5310	48.2965	67.795
*Service to St. George and Unalaska (DUT, Tom Madsen Airport, located in Dutch Harbor), Alaska							
**Service to Ted Stevens Anchorage International Airport, Anchorage, Alaska							

¹⁰ Source: Bureau of Transportation Statistics; Form 41, Schedule T-100 Market Report.

Example of General Terms and Conditions for Essential Air Service

The air carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate Order, including the service plans outlined in the Order and any other significant elements of the required service, without prior approval. The air carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the air carrier does not schedule or operate its flights in full conformance with the Order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the air carrier contemplates any such changes beyond the scope of the Order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement air carrier to provide service on these routes. The air carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this Order, then, at the end of the period for which the Department does make payments in the stipulated amounts or at the stipulated service levels, the air carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and air carrier do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

Funds may not be available for performance under this Order beyond [DATE]. The Government's obligation for performance under this Order beyond [DATE], is subject to the availability of funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this Order beyond [DATE], until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond [DATE], the Department will provide notice in writing to the air carrier.

All claims for payment, including any amended claims, must be submitted within 90 days of the last day of the month for which compensation is being claimed. For example, claims for service provided in July must be filed by October 31st; August claims must be submitted by November 30th, and so on.