



May 6, 2020

Mr. Michael Gormas
Transportation Industry Analyst
U.S. Department of Transportation
Office of Aviation Analysis
1200 New Jersey Avenue S.E., Room W86-472
Washington, D.C. 20590

RE: Essential Air Service at Page, Arizona, Docket No. DOT-OST-1997-2694

Dear Mr. Gormas:

On behalf of the City of Page, Arizona, and its City Council (the "City"), this letter responds to the correspondence submitted by Advanced Air to the above-referenced docket on April 29, 2020.

In its letter and Application for Continued Participation in the Alternate Essential Air Service Pilot Program dated April 8, 2020 (the "Application"), the City explained that Advanced Air's proposal to provide EAS did not satisfy the statutory requirements for basic EAS nor align with the Department of Transportation's (the "DOT") statutory EAS selection criteria.¹

The DOT's Order Requesting Proposals made clear that carriers "will not be able to amend [their proposals] after the due date."² Nonetheless, Advanced Air's submission appears to be an attempt to amend its EAS proposal in contravention of the Order. The City therefore respectfully requests that the DOT not consider Advanced Air's letter dated April 29, 2020.

Nevertheless, without waiving the City's position that the April 29, 2020 submission was in contravention of DOT's Order Requesting Proposals and should therefore not be considered at all, because Advanced Air's submission contained amended information, the City believes that it has no choice but to respond to the new information. First, Advanced Air's EAS proposal did not "include[] a plan in its proposal to market its services to the community."³ Although, it now makes a pledge to "work in partnership with the community to allocate and target spending," it does not provide the kind of robust marketing plan that would be required to maintain travelers' confidence were the City to transition to much smaller aircraft and a carrier with far less network connectivity, as the City explained in its Application.

Second, Advanced Air attempts to address the connectivity shortcomings in its EAS proposal by asserting that it is capable of operating in a sterile environment. But, Advanced Air's proposal (and, presumably, its calculated subsidy level) was, like all of Advanced Air's other current operations, based on non-sterile operations. Advanced Air does not provide details on how it could or would operate in a sterile environment,

¹ See Application for Continued Participation in the Alternate Essential Air Service Pilot Program, Docket No. DOT-OST-1997-2694, at Section IV.a (submitted April 8, 2020) ("Application").

² DOT Order 2020-1-7, Docket No. DOT-OST-1997-2694, at 3 (served Jan. 21, 2020).

³ 49 U.S.C. § 41733(c)(1)(E).

how that would overcome the lack of interline agreements, and what impact such changes may have on its required subsidy level. The lack of detail in Advanced Air's proffered amendments to its proposal, including ambiguity as to how those changes may affect its required subsidy, underscores why the DOT does not permit post-submission amendments and why the DOT should not allow Advanced Air to do so now.

More fundamentally, Advanced Air's recent correspondence still does not resolve its inability to meet existing demand or to satisfy the maximum 50 percent average load factor required of basic EAS.⁴ As explained in the City's Application, Advanced Air's proposal would result in *an average load factor of nearly 100 percent and leave unaccommodated nearly 2,800 passengers during the peak season*, based on last year's records.⁵ Moreover, the City has learned that in order to provide even this inadequate level of capacity, Advanced Air will have to convert the lavatory on its King Air 350 aircraft to a ninth seat, further diminishing the quality of air service relative to that which would be provided by Contour Airlines. Advanced Air asserts that "demand is there," but fails to explain how it intends to *meet* that demand. Advanced Air does not deny that its proposal therefore fails to satisfy basic EAS criteria.

Advanced Air's other points do not persuade the City that it is a better fit than continued service by Contour Airlines under an extension of the City's Alternate EAS Pilot Program grant:

- Advanced Air indicates that it could provide 30-seat aircraft or increased frequencies during the summer months; but Contour Airlines already provides sufficient capacity *year-round*, at less than the subsidy that Advanced Air would require over the same period.
- Advanced Air boasts an overall 99 percent completion factor at other airports; but Contour has already demonstrated the same level of reliability at *this* airport.
- Advanced Air proposed to provide service to two large hub airports (Phoenix and Los Angeles) but has no interline agreements with the dominant carriers at either airport; Contour also serves two large hub airports (Phoenix and Las Vegas) and has an interline agreement with the largest network carrier at Phoenix Sky Harbor International Airport.

As detailed in the City's Application, we firmly believe that continued service by Contour Airlines provides the capacity, quality, and connectivity that the City requires, and that an extension of the City's Alternate EAS grant at the existing subsidy level is appropriate and justified.

We look forward to the DOT's determination. If you have any questions or require further information in the interim, please do not hesitate to contact me.

Sincerely,



Darren Coldwell
City Manager

cc: Steven L. Osit, Esq., Kaplan Kirsch & Rockwell LLP (Counsel to Page, Arizona)
Docket No. DOT-OST-1997-2694

⁴ See 49 U.S.C. § 41732(b)(4).

⁵ Application, *supra* note 1, at IV.a.