



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

Issued by the Department of Transportation
on the 23rd Day of September, 2021

Essential Air Service at

PORT ALEXANDER, ALASKA
(FAIN: 69A3456022479)¹

DOCKET DOT-OST-1999-6244

under 49 U.S.C. § 41731 *et seq.*

ORDER SELECTING AIR CARRIER

Summary

By this Order, the U.S. Department of Transportation (the Department) selects Baranautica Air Service, LLC (BAS) to provide Essential Air Service (EAS) at Port Alexander, Alaska, for the four-year period from October 1, 2021, through September 30, 2025. BAS will provide a total of two round trips per week to Sitka, Alaska, using three-seat Cessna 185 aircraft, at the annual subsidy rates indicated below:

<u>Period</u>	<u>Subsidy</u>
<u>Initial Rate</u> October 1, 2021 - December 31, 2021	\$124,800
<u>Year 1</u> January 1, 2022 - December 31, 2022	\$127,920
<u>Year 2</u> January 1, 2023 - December 31, 2023	\$131,118
<u>Year 3</u> January 1, 2024 - December 31, 2024	\$134,396
<u>Final Rate</u> January 1, 2025 - September 30, 2025	\$137,756

¹ FAIN = Federal Award Identification Number.

Background

By Order 2019-10-1 (October 2, 2019), the Department selected BAS to provide EAS at Port Alexander for the two-year period from September 30, 2019, through September 30, 2021. Under the terms of that Order, BAS has been providing Port Alexander with two round trips per week to Sitka, using three-seat aircraft, at an annual subsidy rate of \$147,357.

In anticipation of the end of that contract, the Department issued Order 2021-6-19 (June 21, 2021), soliciting proposals for a new term, with or without subsidy, for service consistent with what Port Alexander currently receives.

Summary of Air Carrier Proposals

In response to the Department's solicitation, BAS and Kalinin Aviation LLC d/b/a Alaska Seaplane Service (Alaska Seaplanes) submitted proposals for consideration.

The proposals, as well as the community's entire docket, may be accessed online at www.regulations.gov, by entering "DOT-OST-1999-6244" in the search field.

Proposal of BAS

BAS proposed to continue its current level of service of providing Port Alexander with two round trips per week to Sitka, using three-seat Cessna 185 aircraft, at an initial subsidy rate of \$124,800 with a 2.5 percent annual increase starting January 1, 2022.

Proposal of Alaska Seaplanes

Alaska Seaplanes proposed to provide two round trips per week to Sitka, using 4-seat Cessna 206 aircraft, at a first-year annual subsidy of \$136,288 and a second-year annual subsidy of \$141,739.

Community and State Comments

On July 22, 2020, the Department requested community comments regarding this air carrier selection case.

In response, the Department received several letters from Port Alexander citizens in support of re-selecting BAS for a new term, noting they believe BAS has provided dependable air service to Port Alexander. The Department also received a few letters in support of the proposal of Alaska Seaplanes. Overall, the Department received many more letters of support for BAS than Alaska Seaplanes. The Department did not receive any letters from elected officials or the State of Alaska.

Decision

Title 49 U.S.C. § 41733(c)(1) directs the Department to consider six factors when making an air carrier selection for a community in Alaska, where basic EAS will not be provided without compensation:² (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 those

² The Department did not receive any proposals to provide EAS at Port Alexander without subsidy.

users; (E) the experience of the applicant in providing, in Alaska, scheduled air service or significant patterns of non-scheduled air service; and (F) whether the air carrier has included a plan in its proposal to market the EAS. In addition, Section 41732(b)(1)(B) requires basic EAS to include a level of service at least equal to that provided in 1976 or two round trips a week, whichever is greater, except that the Secretary of Transportation and the appropriate State authority of Alaska may agree to a different level of service after consulting with the affected community. Finally, the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (December 27, 2020), authorizes the Department to consider the relative subsidy requirements of the applicant air carriers.

The proposal from BAS meets the air carrier-selection criteria the Department is required to consider, and the Department finds its service and subsidy levels reasonable. Therefore, the Department is selecting BAS for a new, four-year term.

BAS has a proven record of providing reliable EAS at Port Alexander, its proposal was supported by many members of the community, and it requires less subsidy than Alaska Seaplanes. The Department's decision is fully consistent with the authority granted by the Consolidated Appropriations Act of 2021 to the Department to consider the relative subsidy requirements of the applicant air carriers in making its decision to award an EAS subsidy for a community.

With the Department's selection of BAS for a four-year term, the carrier will provide Port Alexander with two nonstop round trips per week to Sitka, using three-seat aircraft, at the annual subsidy rates indicated below:

<u>Period</u>	<u>Subsidy</u>
<u>Initial Rate</u> October 1, 2021 - December 31, 2021	\$124,800
<u>Year 1</u> January 1, 2022 - December 31, 2022	\$127,920
<u>Year 2</u> January 1, 2023 - December 31, 2023	\$131,118
<u>Year 3</u> January 1, 2024 - December 31, 2024	\$134,396
<u>Final Rate</u> January 1, 2025 - September 30, 2025	\$137,756

This Order is issued under authority delegated by the Secretary of Transportation in 49 CFR § 1.25a(b)(6)(ii)(D).

ACCORDINGLY,

1. The Department selects Baranautica Air Service, LLC to provide Essential Air Service at Port Alexander, Alaska, from October 1, 2021, through September 30, 2025, and establishes the annual subsidy rates as described in Appendix B;
2. The Department makes this selection contingent upon receiving properly-executed certifications from Baranautica Air Service, LLC that it is in compliance with the Department's regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations concerning lobbying activities;³
3. The Department directs Baranautica Air Service, LLC to retain all books, records, and other source and summary documentation to support claims for payment, including copies of flight logs for aircraft used to provide EAS under this Order and sold or disposed of, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. This documentation shall be retained for three years from the last day of service under this Order, or such longer period as the Department may notify the air carrier. If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. The air carrier may forfeit its compensation for any claim that is not supported under the terms of this Order;
4. The Department finds that Baranautica Air Service, LLC is a registered air taxi operating under 14 CFR Part 298 of the Department's regulations and holds a Part 135 operating certificate from the Federal Aviation Administration, and is capable of providing reliable Essential Air Service at Port Alexander, Alaska;
5. This docket will remain open pending further Department action; and

³ The certifications are available online under "Reports and Publications" at: <http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

6. The Department will serve this Order on the civic officials of Port Alexander, Alaska, the Alaska Department of Transportation and Public Facilities, Baranautica Air Service, LLC, and Kalinin Aviation LLC d/b/a Alaska Seaplane Service.

By:

Joel Szabat
Deputy Assistant Secretary
for Aviation and International Affairs

(SEAL)

An electronic version of this document is available at
<http://www.regulations.gov>

Baranautica Air Service, LLC

Annual Compensation Requirements for Essential Air Service at
Port Alexander, Alaska to provide two nonstop round trips each week to Sita, Alaska

Air Charters / Flight Seeing
Guided Fly Fishing
P.O. Box 8092
Port Alexander, AK 99836
907-568-2246 or
907-568-2399
480-225-2217 cell
kmullifish@aol.com



Essential Air Service Proposal

Purpose:

Baranautica Air Service LLC is responding to the Department of Transportation's request for proposals in providing Essential Air Service at Port Alexander, Alaska.

Baranautica Air Service LLC Background:

Baranautica Air Service LLC ("BAS") is based in Port Alexander, Alaska and is owned and operated by Kevin and Karen Mulligan. All scheduled maintenance is done in Sitka. Kevin Mulligan has been a commercial float plane pilot since 1997 and has over 5,000 hours float time flying Southeast Alaska without accidents or incidents. BAS was issued an Air Carrier Certificate # 845A5560 with Economic authority to haul mail and provide limited scheduled air service in Alaska June 11, 2018. BAS operates a Cessna 185 on strait floats and plans on having another Cessna 185 with strait floats on line in 2022. The company has provided dependable flight operations with over 90% completion rate on all EAS flights between Port Alexander and Sitka.

Proposal:

BAS proposes to continue conducting twice weekly round trips between Sitka and Port Alexander on a year around basis for a period of 4 years. Our proposal utilizes a 3 passenger Cessna 185 strait float plane to complete 100% of the service. BAS proposes to charge a per - seat fare of \$139.54 with passengers required to pay Federal Excise Tax of 7.5% for a total of \$150.00 each way. BAS's proposal asks the department for an annual subsidy of \$124,800. plus a 2.5% annual increase to cover inflation starting January 1, 2022. Questions or comments regarding this proposal should be addressed to:

Baranautica Air Service, LLC
Essential Air Service to be Provided at Port Alexander, Alaska
Docket DOT-OST-1999-6244

Contract Term: October 1, 2021, through September 30, 2025

Scheduled Service/Hub: Two round trips per week to Sitka, Alaska

Aircraft: Three-seat Cessna 185

Initial Rate (October 1, 2021, through December 31, 2021)/per Eligible Flight: \$600¹

Initial Weekly Ceiling: \$2,400²

Second Year (January 1, 2022, through December 31, 2022)/Rate per Eligible Flight: \$615³

Second Year Weekly Ceiling: \$2,460⁴

Third Year (January 1, 2023, through December 31, 2023)/Rate per Eligible Flight: \$630⁵

Third Year Weekly Ceiling: \$2,520⁶

Fourth Year (January 1, 2024, through December 31, 2024)/Rate per Eligible Flight: \$646⁷

Fourth Year Weekly Ceiling: \$2,584⁸

Final Rate (January 1, 2025, through September 30, 2025)/Rate per Eligible Flight: \$662⁹

Final Weekly Ceiling: \$2,648¹⁰

Note:

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 this rate, 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

1 Annual compensation of \$124,800 divided by 208 annual departures: 4 flights per week x 52 weeks.

2 4 arrivals and departures per week multiplied by \$600 per flight.

3 Annual compensation of \$127,920 divided by 208 annual departures: 4 flights per week x 52 weeks.

4 4 arrivals and departures per week multiplied by \$615 per flight.

5 Annual compensation of \$131,118 divided by 208 annual departures: 4 flights per week x 52 weeks.

6 4 arrivals and departures per week multiplied by \$630 per flight.

7 Annual compensation of \$134,396 divided by 208 annual departures: 4 flights per week x 52 weeks.

8 4 arrivals and departures per week multiplied by \$646 per flight.

9 Annual compensation of \$137,756 divided by 208 annual departures: 4 flights per week x 52 weeks.

10 4 arrivals and departures per week multiplied by \$662 per flight.

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 service amounts, 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 September 30, 2021. The Government's obligation for performance under this Order beyond September 30, 2021, 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 September 30, 2021, until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond September 30, 2021, 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 31; August claims must be submitted by November 30, and so on.