



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

Issued by the Department of Transportation  
on the 14<sup>th</sup> day of July, 2020

Essential Air Service at

**HYDABURG, ALASKA**

**DOT-OST-1999-6245**

Under 49 U.S.C. § 41731 *et seq.*

**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 Hydaburg, Alaska, for a new contract term beginning November 1, 2020, with or without subsidy. Air carriers should file their proposals no later than 11:59pm Eastern Standard Time, August 11, 2020.

**Background**

By Order 2015-10-17 (October 26, 2015), the Department selected Venture Travel, LLC, operating as Taquan Air Service (Taquan Air) to provide EAS at Hydaburg for the five year period from November 1, 2015, through October 31, 2020. Under the terms of that Order, Taquan Air provides three weekly nonstop round trips to Ketchikan using either 6-passenger de Havilland Canada DHC-2 Beaver (DHC-2) or Cessna Caravan 208 (C-208) aircraft.<sup>1</sup> The annual subsidy rate using the C-208 aircraft is \$195,319, and the annual subsidy rate using the DHC-2 aircraft is \$144,956.

The complete public file for EAS at Hydaburg may be accessed online through the Federal Docket Management System at [www.regulations.gov](http://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 Hydaburg, with or without subsidy, for a new contract period beginning November 1, 2020. Air carriers should file their proposals no later than August 11, 2020. Staff will then docket the proposals, thereby making them public, and direct each air carrier to serve a copy of its proposal on the civic parties and other applicants. Shortly afterwards, the Department will provide a summary of the proposals to the community and ask them to submit their final comments. The Department will give full consideration to all proposals that are timely filed.

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<sup>1</sup> Taquan Air serves Ketchikan via Ketchikan Harbor Seaplane Base (WFB).

The Department expects clear, well-documented proposals that will facilitate their evaluation by the community and the EAS team.<sup>2</sup> 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 all 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 to a large- or medium-hub airport that provides numerous connecting opportunities to the national air transportation system.<sup>3</sup> 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.<sup>4</sup> 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 communities and States' views before making a long-term air carrier decision.

Air carriers may propose more than one service option. They also need not limit themselves to these requirements if they envision other, potentially more attractive service possibilities—

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<sup>2</sup> 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 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 of the service; (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 service. In addition, the Further Consolidated Appropriations Act, 2020, Pub. L. 116-94 (Dec. 20, 2019) authorizes the Department to consider the relative subsidy requirements of the applicant air carriers. Interested carriers should also be aware that the general provisions governing Essential Air Service 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.

<sup>3</sup> For basic EAS in Alaska, service to a small hub or nonhub airport is acceptable. 49 U.S.C. § 41732(a)(2). Under certain circumstances, the Department may also require service from the eligible place to two (but not more than two) hubs.

<sup>4</sup> Source: Bureau of Transportation Statistics, Schedule T-100.

differing lengths of contract terms, for example—with subsidy requirements that remain competitive.

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 (18 U.S.C. § 1001).

### **Request for Proposals: Specific Requirements**

The Department expects proposals that are commensurate with Hydaburg's current level of air Service. For Hydaburg, that is at least three weekly round trips to Ketchikan using small aircraft.<sup>5</sup>

### **Community and State Comments**

The community and State 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 the community's needs, as they will not be able to amend them after the due date. As noted earlier, the Department will provide a summary of the proposals to the civic parties and ask them to submit their final comments shortly after August 11, 2020, the deadline for carrier proposals.

### **Other Air Carrier Requirements**

The Department is responsible for implementing various federal statutes governing lobbying activities, drug-free workplaces and nondiscrimination.<sup>6</sup> Consequently, all air carriers receiving federal subsidy to support 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 rate term must also certify that they are in compliance with the regulations governing lobbying activities. All air carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested air carriers requiring more detailed information regarding these requirements, as well as copies of the certifications, should contact the Office of Aviation Analysis at (202) 366-5903. The Department is prohibited from paying subsidy to air carriers that do not submit these documents.<sup>7</sup>

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.

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<sup>5</sup> While the Department expects proposals to serve Ketchikan, the Department may consider service proposals to a different airport, with community support..

<sup>6</sup> 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).

<sup>7</sup> The certifications are available on the web at <https://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

**ACCORDINGLY,**

1. The Department requests that air carriers interested in providing Essential Air Service at Hydaburg, Alaska, submit their proposals, with or without subsidy, no later than August 11, 2020. The proposals should be e-mailed to [EAS@dot.gov](mailto:EAS@dot.gov) and [venkatesh.paluvai@dot.gov](mailto:venkatesh.paluvai@dot.gov) with the title “Proposal to provide EAS at Hydaburg, Alaska”;<sup>8</sup>
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 Hydaburg, Alaska, the Alaska Department of Transportation and Public Facilities, and the courtesy distribution list for requests for proposals for EAS communities.

By:

**TODD M. HOMAN**  
Director  
Office of Aviation Analysis

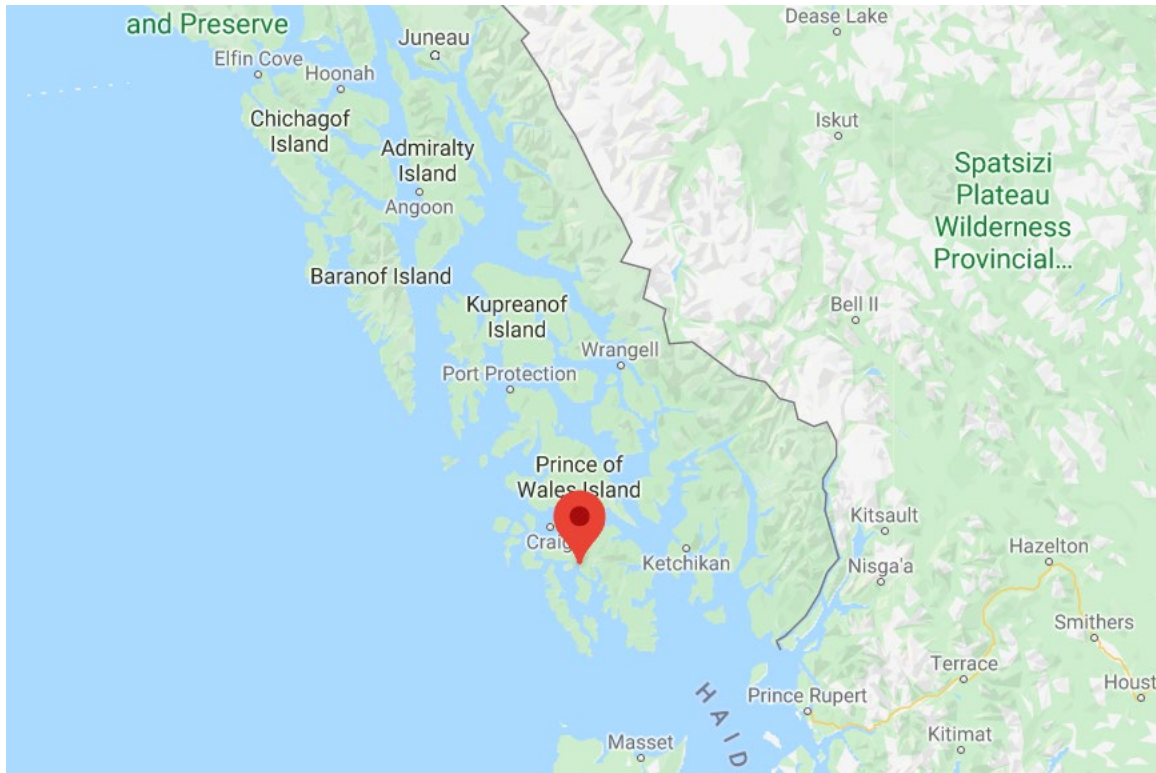
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*An electronic version of this document is available  
online at [www.regulations.gov](http://www.regulations.gov).*

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<sup>8</sup> Questions regarding filings in response to this Order may be directed to Mr. Venk Paluvai at (202) 366-5432 or [venkatesh.paluvai@dot.gov](mailto:venkatesh.paluvai@dot.gov).

## AREA MAP



Hydaburg to Ketchikan: 47 miles

**Passenger Traffic at Hydaburg<sup>1</sup>**

<b>Year</b>	<b>Month</b>	<b>Passengers</b>	<b>Mail (lbs.)</b>	<b>Freight (lbs.)</b>
2016	1	5	940	299
2016	2	1	1,260	528
2016	3	0	1,189	383
2016	4	2	1,344	250
2016	5	1	1,134	87
2016	6	8	2,121	603
2016	7	2	2,220	419
2016	8	2	1,780	457
2016	9	0	1,928	1,043
2016	10	0	1,987	1,326
2016	11	1	1,842	639
2016	12	1	2,892	897
<b>2016 Total</b>		<b>23</b>	<b>20,637</b>	<b>6,931</b>
2017	1	0	1,820	324
2017	2	1	1,942	503
2017	3	4	1,580	515
2017	4	1	2,763	762
2017	5	0	2,164	964
2017	6	4	1,445	798
2017	7	7	2,094	466
2017	8	4	2,702	2,024
2017	9	4	2,202	1,712
2017	10	2	1,599	1,014
2017	11	0	1,037	722
2017	12	1	2,109	883
<b>2017 Total</b>		<b>28</b>	<b>23,457</b>	<b>10,687</b>
2018	1	0	1,412	1,206
2018	2	1	1,524	531
2018	3	0	1,391	842
2018	4	4	1,848	1,367
2018	6	0	1,417	1,029
2018	7	3	1,169	709
2018	8	1	2,489	1,238
2018	9	2	3,135	2,564
2018	10	6	3,378	2,892
2018	11	0	1,032	615
2018	12	1	1,373	1,009
<b>2018 Total</b>		<b>18</b>	<b>20,168</b>	<b>14,002</b>
2019	1	3	1,407	1,443
2019	2	0	1,530	1,087
2019	3	5	2,990	2,237
2019	4	4	2,178	2,822
2019	5	2	2,081	2,007
2019	6	3	4,170	1,867
2019	7	0	2,024	3,849
2019	8	1	1,641	2,745
2019	9	0	1,941	3,106
2019	10	0	1,744	1,302
2019	11	1	1,074	946
2019	12	0	536	2,255
<b>2019 Total</b>		<b>19</b>	<b>23,316</b>	<b>25,666</b>
<b>Grand Total</b>		<b>88</b>	<b>87,578</b>	<b>57,286</b>

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<sup>1</sup> Source: Bureau of Transportation Statistics: Schedule T-100 Market data.

**Example of General Terms and Conditions for Essential Air Service**

The 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 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 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 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 carrier to provide service on these routes. The 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 complete, 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 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 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, 2020. The Government's obligation for performance under this Order beyond September 30, 2020, 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, 2020, until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond September 30, 2020, the Department will provide notice in writing to the 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<sup>st</sup>; August claims must be submitted by November 30<sup>th</sup>, and so on.