

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, DC**

Essential Air Service at
Grand Island, Nebraska

Under 49 U.S.C §41731 et seq.

DOT-OST-2002-13983

**AMERICAN AIRLINES' PROPOSAL TO PROVIDE ESSENTIAL AIR SERVICE AT GRAND
ISLAND, NEBRASKA**

American Airlines, a wholly owned subsidiary of American Airlines Group, Inc., respectfully submits its proposal to continue subsidized Essential Air Service to Grand Island, Nebraska. American Airlines seeks to continue service between American's largest hub, Dallas/Fort Worth International Airport ("DFW"), and the Grand Island Regional Airport ("GRI"), with twelve weekly roundtrips.

The service would be operated by American Airlines' regional brand, American Eagle, using a 50 seat ERJ-145 regional jet, which is an increase in number of seats from prior bid. We may also continue to substitute a larger airplane with more capacity or add additional frequencies as we have done in the past. Aircraft type will be decided based on market demand and aircraft availability.

We had made great progress in developing air-service Grand Island, and saw the influence of the current service to redefine the local catchment area. Our previous bids reflected our belief that the Essential Air Service subsidy is vital, and the market is on a trajectory to one day be self-sufficient.

As it has been for much of the United States and the World, this has been a very difficult year financially for American Airlines, Inc. ("American") and for the aviation industry in general due to the ongoing COVID-19 crisis and the resulting loss of passenger demand for air transportation. These are unprecedented times and unfortunately American needs to make changes to improve its financial performance and allow it to protect as many of the over 100,000 team members it employs around the United States and the World. The current bid reflect this reality with an increase in subsidy in year 1 and a return to prior subsidy level when adjusted for seats in year 2.

American Airlines regional feed is operated under the American Eagle brand. American Airlines customers have access to 345 cities, 56 countries, and more than 6,900 daily departures. Through our oneworld alliance, customers have access to more than 1,010 destinations and 159 countries.

The service proposed by American Airlines continues existing service to American's largest hub, Dallas/Fort Worth International Airport. At DFW, American and American Eagle will offer between 750 and 900 departures to nearly 225 non-stop destinations. This direct access provides the community of Grand Island and its visitors unparalleled connecting opportunities across the world. Additionally, when traffic level would warrant it, American will actively look at adding service to another gateway, which in turn will increase the level of connectivity for the community.

We believe that our success in the past in these communities is demonstrative of the American Airlines network and marketing programs. American Airlines fully intend to communicate on the route on any platform that the Marketing team sees as adequate (Online, Traditional or Social Media) as part of its normal course of action.

American requests that the DOT and Grand Island waive the right to hold-in American Airlines service upon issuance of 120 days-notice to terminate service. Although our intent is to remain in the GRI market for the long term, we cannot be operationally constrained and kept in a market indefinitely without the ability to adapt to changing circumstances.

We look forward to serving the Grand Island area for many years to come and appreciate the community's and the Department of Transportation's consideration of continued American Airlines service.

Sincerely,



Jason Reisinger
Managing Director
Global Planning – Network Planning
American Airlines

EAS Bid Summary

DFW-GRI @ 1 5/7 Daily RT Frequency with a E145

Prepared December 2020

EAS Market

DFW-GRI

<u>Stats</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Total Period</u>
A/C Type	E145	E145	E145
Seats Per Departure	50	50	50
Weekly Round Trips	12	12	12
Annual Departures (99% completion factor)	1,236	1,236	2,471
Stage Length (Miles)	561	561	561
Block Hours Per Departure	1.8	1.8	1.8
Annual Block Hours (Factors)	2,244	2,244	4,489
RPMs ('000s)	24,259	25,646	49,905
ASMs ('000s)	34,656	34,656	69,313
Estimated Load Factor	70%	74%	72%
<u>Pasenger Revenue</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Total Period</u>
Average Onboard Fare	\$122	\$136	\$129
Onboard Pax	<u>43,243</u>	<u>45,714</u>	<u>88,957</u>
	\$5,265,972	\$6,237,671	\$11,503,642
<u>Revenue Forecast</u>	<u>Year 1</u>	<u>Year 1</u>	<u>Total Period</u>
Passenger Revenue	\$5,265,972	\$6,237,671	\$11,503,642
<u>Other Revenue</u>	<u>\$463,406</u>	<u>\$717,332</u>	<u>\$1,180,738</u>
Total Revenue	\$5,729,377	\$6,955,003	\$12,684,380
<u>Expense Forecast</u>			
Direct Expense	\$4,926,147	\$5,314,827	\$10,240,974
Indirect Expense	\$716,051	\$754,140	\$1,470,191
<u>Aircraft Ownership and Overhead</u>	<u>\$817,422</u>	<u>\$1,001,266</u>	<u>\$1,818,689</u>
Total Expense	\$6,459,621	\$7,070,233	\$13,529,854
Profit/(Loss)	(\$730,244)	(\$115,230)	(\$845,474)
Profit Element	\$286,469	\$347,750	\$634,219
Subsidy Requirement	\$1,016,713	\$462,981	\$1,479,693
<u>Subsidy Requirement</u>			
Subsidy Per Trip	\$823	\$375	\$599
Subsidy Per Passenger	\$24	\$10	\$17