



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

Issued by the Department of Transportation
on the 13th day of July, 2020

Essential Air Service at

LAKE MINCHUMINA, ALASKA
(FAIN 69A3451960234)¹

under 49 U.S.C. § 41731 *et seq.*

DOCKET DOT-OST-2008-0237

ORDER SELECTING AIR CARRIER

Summary

By this Order, the U.S. Department of Transportation (the Department) is selecting Wright Air Service, Inc. (Wright Air) to provide Essential Air Service (EAS) at Lake Minchumina, Alaska, from November 1, 2020, through October 31, 2022. Wright Air will provide Lake Minchumina with one round trip per week, using either 9-seat Cessna 208 Caravan or Piper PA-31 aircraft, and a second round trip per week, using either a 4-seat Cessna 206 or 3-seat Beechcraft Bonanza A-36 aircraft, to Fairbanks International Airport (FAI), at an annual subsidy rate of \$142,400.²

Background

By Order 2018-11-3 (November 20, 2018), the Department selected Wright Air to provide EAS at Lake Minchumina from November 1, 2018, through October 31, 2020, at an annual subsidy of \$118,668. Under the terms of that contract, Wright Air has been providing the community with one round trip per week, using either 9-seat Cessna 208 Caravan or Piper PA-31 aircraft, and a second round trip per week, using either a 4-seat Cessna 206 or 3-seat Beechcraft Bonanza A-36 aircraft, to FAI.

In anticipation of the end of that rate term, the Department issued Order 2020-2-15 (February 24, 2020), soliciting proposals from air carriers interested in providing EAS at Lake Minchumina, with subsidy if necessary, for a new term beginning November 1, 2020. In response, Wright Air submitted the only proposal for consideration.

That proposal, as well as the complete public file for Lake Minchumina, may be accessed online through the Federal Docket Management System at <http://www.regulations.gov> by entering "DOT-OST-2008-0237" in the "Search" field.

¹ FAIN = Federal Award Identification Number.

² Such subsidy is calculated and distributed on a fiscal year basis, subject to the availability of funds.

Wright Air's Proposal

Wright Air proposed to continue to provide Lake Minchumina with one round trip per week, using either 9-seat Cessna 208 Caravan or Piper PA-31 aircraft, and a second round trip per week, using either a 4-seat Cessna 206 or 3-seat Beechcraft Bonanza A-36 aircraft, to FAI at an annual subsidy rate of \$142,400. Wright Air's proposal notes that this annual subsidy rate is a 20 percent increase over the previous rate because of a "recent significant increase in all costs" attributable to "pilot wages, mechanic wages, insurance, etc."

Community Comments

On March 18, 2020, the Department requested community comments regarding this air carrier selection case. In response, by letter dated April 23, 2020, Mr. Walter E. Maakestad, Vice President of the Minchumina Homeowners Association, expressed support for Wright Air and stated: "We find that even with substantial increase in Wright Air's subsidy request, the proven benefit of their past reliable service warrants their continuance as our EAS provider."

By letter dated April 22, 2020, the Lake Minchumina Postmaster, Ms. Lisa Griffiths, stated: "To my knowledge we are all in agreement that the Wright Air bid is appropriate & we are looking forward to another 2 years of service."

The Department received several other letters of support for Wright Air's continued EAS at Lake Minchumina.

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:³ (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 service, giving substantial weight to the views of the elected officials representing those users; (E) whether the air carrier has included a plan in its proposal to market the service; and (F) for an eligible place in Alaska, the experience of the applicant in providing, in Alaska, scheduled air service or significant patterns of non-scheduled air service. Finally, the Further Continuing Appropriations Act, 2020, Pub. L. No. 116-94 (December 19, 2019), authorizes the Department to consider the relative subsidy requirements of the applicant air carriers.

The Department is selecting Wright Air for a new two-year term to provide Lake Minchumina with one round trip per week to FAI, using either 9-seat Cessna 208 Caravan or Piper PA-31 aircraft, and a second round trip per week to FAI, using either a 4-seat Cessna 206 or 3-seat Beechcraft Bonanza A-36 aircraft, at an annual subsidy of \$142,400. Wright Air has provided reliable EAS at Lake Minchumina since 2010, and has provided scheduled air service at other Alaskan communities for many years. Additionally, the Lake Minchumina community and its Postmaster support the re-selection of Wright Air. This re-selection of Wright Air will help ensure the citizens of Lake Minchumina continue to have access to mail and freight distribution, as well as to the national air transportation system.

³ The Department did not receive any proposals to serve Lake Minchumina without subsidy, and there is no other scheduled air service at the community.

Air Carrier Fitness

Title 49 U.S.C. §§ 41737(b) and 41738 require the Department to find an air carrier fit, willing, and able to provide reliable service before it can provide subsidized EAS. Wright Air is subject to the Department's continuing fitness requirements, and no information has come to the Department's attention that would bring into question the air carrier's fitness at this time. The Federal Aviation Administration has been contacted, and it has raised no concerns that would negatively affect the Department's fitness findings. The Department therefore concludes that Wright Air is reliable and is fit to conduct the operations proposed here.

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

ACCORDINGLY,

1. The Department selects Wright Air Service, Inc. to provide Essential Air Service at Lake Minchumina, Alaska, at the service levels and subsidy rates as described in Appendix B, for the period from November 1, 2020, through October 31, 2022;
2. The Department directs Wright Air Service, Inc. 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;
3. This selection is contingent upon receiving properly-executed certifications from the air carrier that it is in compliance with the Department's regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations concerning lobbying activities;⁴
4. The Department finds that Wright Air Service, Inc. continues to be fit, willing, and able to operate as a certificated air carrier and capable of providing subsidized Essential Air Service at Lake Minchumina, Alaska;
5. This docket will remain open pending further Department action; and

4 The certifications are internet accessible 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 Lake Minchumina, Alaska, the Alaska Department of Transportation and Public Facilities, and Wright Air Service, Inc.

By:

David E. Short
Deputy Assistant Secretary
Aviation and International Affairs

(SEAL)

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

Wright Air Service, Inc.
Annual Compensation Requirements for
Essential Air Service at Lake Minchumina, Alaska

Proposal to Provide Essential Air Service at Lake Minchumina, Alaska,
Docket DOT-OST-2008-0237

Wright Air would provide two non-stop round trips per week, year-round, between Lake Minchumina and Fairbanks.

Service would be provided one time per week with a nine-seat I.F.R. certified Cessna 208 Caravan or an I.F.R. certified Piper PA-31 twin-engine.

Service would also be provided one time per week in a single-engine, four-seat Cessna 2016 or 3 seat Beechcraft Bonanza A36.

TOTAL Annual Subsidy Amount Requested: \$142,400.00

This proposal provides sufficient capacity to accommodate historical levels.

The total annual subsidy amount requested is 20% higher than the amount requested in 2018 --- this is based on a recent significant increase in all costs [pilot wages, mechanic wages, insurance, etc.] that is projected to effect the operating cost structure related to servicing Lake Minchumina during the two-year contract period.

Projected block hours have also remained the same.

Wright Air Service, Inc.
Essential Air Service to be Provided at Lake Minchumina, Alaska

Effective Period: From November 1, 2020, through October 31, 2022

Scheduled Service: Two (2) nonstop round trips per week to Fairbanks, Alaska

Aircraft: One per week with 9-seat Cessna 208 Caravan or 9-seat Navajo Piper PA-31 aircraft;
 One per week with 4-seat Cessna 206 or 3-seat Beechcraft Bonanza A36 aircraft

Rate per Eligible Flight: \$685¹

Weekly Ceiling: \$2,740²

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 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 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 31st; August claims must be submitted by November 30th and so on.

¹ Annual compensation of \$142,400 divided by 208 arrivals and departures: 4 flights per week x 52 weeks.

² The subsidy rate for each arrival/departure (\$685) multiplied by four eligible arrival and departures each week.