



August 19, 2020

Michael Martin  
United States Department of Transportation  
Office of Aviation Analysis  
1200 New Jersey Ave SE  
Washington, DC 20590

SkyWest Airlines' Essential Air Service Proposal for Brainerd, MN; International Falls, MN; Iron Mountain, MI; Rhinelander, WI; Sault Ste. Marie, MI

Dear Mr. Martin:

Thank you for considering SkyWest Airlines' Essential Air Service three year term proposal for:

- Brainerd, Minnesota, with 12 weekly nonstop round trips to Minneapolis-St. Paul International Airport
- International Falls, Minnesota, with 12 weekly nonstop round trips to Minneapolis-St. Paul International Airport
- Iron Mountain, Michigan, with 13 weekly nonstop round trips to a combination of Minneapolis-St. Paul International Airport and Detroit Metropolitan Wayne County International Airport
- Rhinelander, Wisconsin, with 14 weekly nonstop round trips Minneapolis-St. Paul International Airport
- Sault Ste. Marie, Michigan, with 13 weekly nonstop round trips to a combination of Minneapolis-St. Paul International Airport and Detroit Metropolitan Wayne County International Airport

SkyWest welcomes the opportunity to continue service at these communities under the Essential Air Service program. Our combination of safe and reliable aircraft, well-timed schedules, and access to one of the world's largest airline networks will continue to provide passengers with quality air service and further stimulate economic growth in the region. All flights are subject to gate availability and don't have up-line scheduling restrictions.

SkyWest believes this proposal provides the best overall option for air service to these communities, with excellent connectivity. We look forward to working with these communities and airport partners to provide exceptional air service.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read "Greg Atkin", written in a cursive style.

Greg Atkin  
Managing Director – Market Development  
SkyWest Airlines

## About SkyWest Airlines

With over 13,000 aviation professionals operating nearly 2,400 daily flights, SkyWest Airlines connects millions of passengers each month to 258 destinations across North America. SkyWest operates in partnership with Alaska Airlines, American Airlines, Delta Air Lines, and United Airlines and has a fleet of 484 aircraft.

Headquartered in St. George, Utah, SkyWest's industry-leading workforce and excellent leadership team have consistently generated top tier operational reliability, setting the standard for excellence in the regional airline industry.



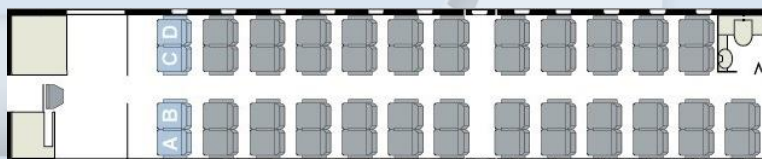
- Fortune World's Most Admired Companies 2019
- ATW *Regional Airline of the Year* three times
- Bombardier's top reliability award for the CRJ200 six times
- The FAA's AMT Employer Gold Award for Excellence multiple times





### 50 Seat Twinjet Service

The CRJ-200 is a quiet and modern twinjet that is both safe and reliable. All SkyWest CRJ-200 aircraft are serviced by a highly-trained flight attendant and each plane includes a restroom, further adding to the comfort and convenience of each passengers' flying experience. SkyWest Airlines operates 150 CRJ-200 aircraft and plans to operate this aircraft for many years to come.



### Superior Traffic Generation

SkyWest 50 seat jets provide the best opportunity for passenger growth in Essential Air Service Communities. CRJ-200 service provides higher seat capacity than most regional operators while delivering industry leading performance and reliability.







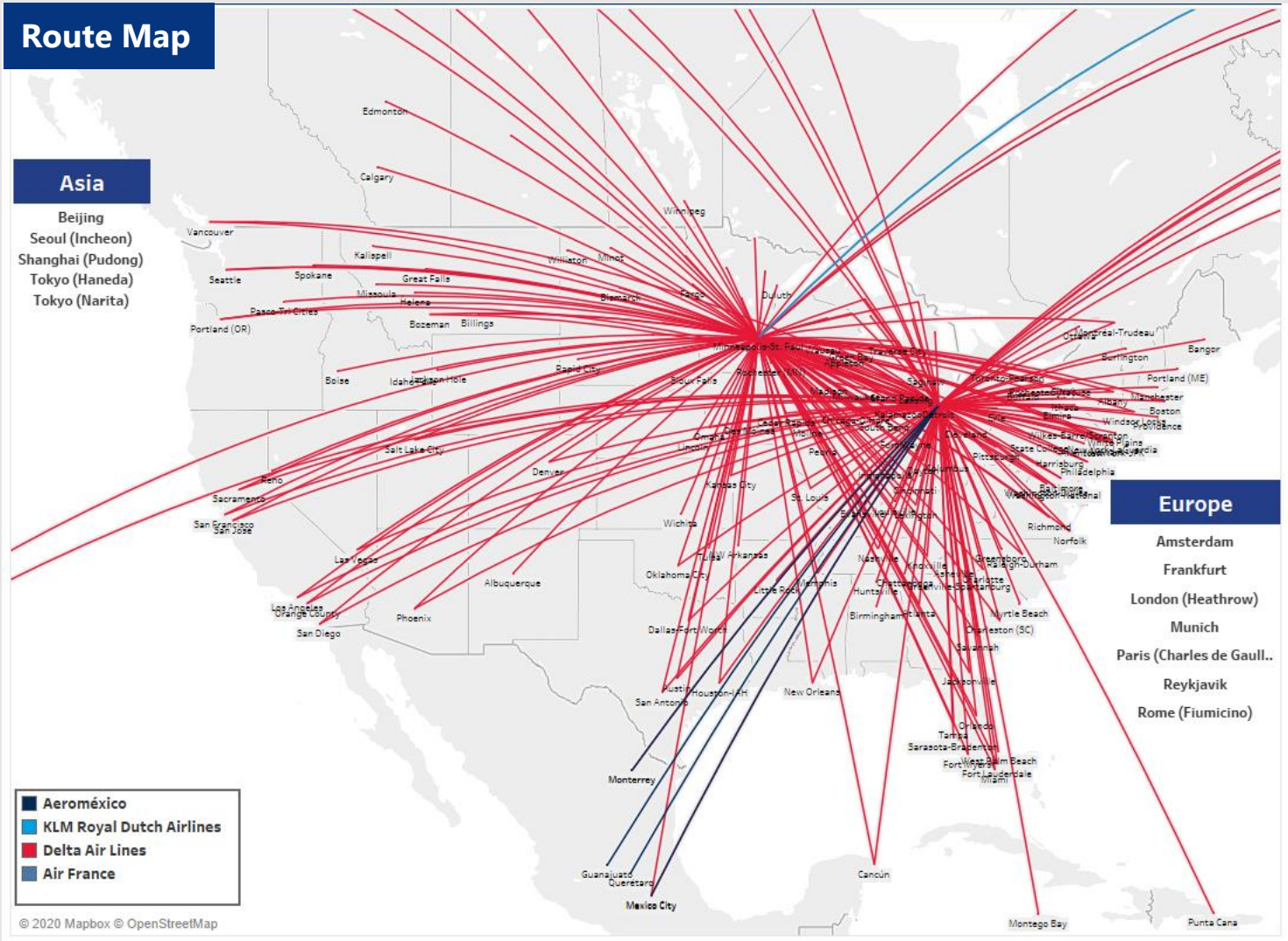
## Superior Network and Connectivity

This service will be marketed as Delta Connection and will feature seamless bookings, connections, and baggage transfers that will access Delta Air Lines' vast global network. This includes over 6,000 daily flights to more than 300 airports. Delta is also the largest and founding member of the SkyTeam network, which allows travelers to connect to hundreds of destinations worldwide.



## Superior Airports and Terminals

Minneapolis and Detroit airports are large hubs in the Delta Air Lines system where passengers can conveniently connect to Delta's vast global network.





### **Superior Reliability**

SkyWest has been named the most reliable CRJ-200 operator in North America five times since 2007, and has also been named the #1 On Time carrier for the contiguous 48 states several times.



### **Subsidy Cap Compliant**

All applicable SkyWest EAS communities are comfortably compliant with the DOT's passenger subsidy cap. All communities in our proposal are also well within compliance of the subsidy cap. The SkyWest proposal will provide measurable assurance in complying with DOT regulations and ensure that each community is well positioned for continued future air service.



### **Marketing Plan**

SkyWest will actively market the service with a variety of promotions. We will dedicate \$20,000 per year for marketing support. We advertise in print, digital, radio, online, and other means necessary. This effort will assist in generating awareness of the flight options offered.



## EAS Bid

### SkyWest Airlines Essential Air Service Bid 08/19/2020

	BRD MSP	CIU DTW/MSP	IMT DTW/MSP	INL MSP	RHI MSP
Number of Round Trips Per Week	12	13	13	12	14
Aircraft Type	CRJ	CRJ	CRJ	CRJ	CRJ
<b>Passenger Revenue</b>					
Passengers	31,000	34,500	30,500	22,500	39,000
Average Fare	\$ 76.00	\$ 109.00	\$ 87.00	\$ 99.00	\$ 86.00
Revenue	\$ 2,356,000	\$ 3,750,000	\$ 2,651,000	\$ 2,227,500	\$ 3,354,000
<b>Block Time</b>					
Trip Block Time (minutes)	57	93	83	76	70
Total Scheduled Block Time	1,186	2,092	1,874	1,581	1,699
Total Completed Block Time	1,113	1,964	1,759	1,484	1,594
<b>RPMS</b>					
Passengers	31,000	34,500	30,500	22,500	39,000
Stage Length	114	365	304	255	190
Total RPMs	3,534,000	12,516,000	9,274,000	5,737,500	7,410,000
<b>ASMs</b>					
Scheduled Departures	1,248	1,352	1,352	1,248	1,456
Completed Departures	1,232	1,336	1,336	1,232	1,437
Stage Length	114	365	304	255	190
Available Seats	50	50	50	50	50
Total ASMs	7,020,412	24,391,678	20,299,726	15,703,553	13,650,801
<b>Expenses</b>					
Marketing Costs	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Direct Operating Expenses	\$ 2,812,789	\$ 5,181,160	\$ 4,612,722	\$ 3,925,658	\$ 3,966,487
RPM Related	\$ 127,078	\$ 141,425	\$ 125,028	\$ 92,234	\$ 159,872
Departure Related	\$ 1,164,708	\$ 1,261,767	\$ 1,261,767	\$ 1,164,708	\$ 1,358,826
ASM Related	\$ 65,430	\$ 227,330	\$ 189,193	\$ 146,357	\$ 127,225
Total Expenses	\$ 4,190,005	\$ 6,831,683	\$ 6,208,710	\$ 5,348,957	\$ 5,632,410
Operating Income (loss)	\$ (1,834,005)	\$ (3,081,683)	\$ (3,557,710)	\$ (3,121,457)	\$ (2,278,410)
5% Profit Margin	\$ 209,500	\$ 341,584	\$ 310,436	\$ 267,448	\$ 281,621
<b>Annual Subsidy Requirement</b>	<b>\$ 2,043,505</b>	<b>\$ 3,423,267</b>	<b>\$ 3,868,146</b>	<b>\$ 3,388,905</b>	<b>\$ 2,560,031</b>
<b>Effective Subsidy Rate Per Unit</b>					
Subsidy Per Trip	\$ 1,659	\$ 2,563	\$ 2,895	\$ 2,752	\$ 1,782
Subsidy Per Passenger	\$ 66	\$ 99	\$ 127	\$ 151	\$ 66
<b>Load Factor</b>	<b>50%</b>	<b>51%</b>	<b>46%</b>	<b>37%</b>	<b>54%</b>