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September 2, 2020

Kevin Schlemmer
Office of Aviation Analysis
US Department of Transportation
1200 New Jersey Avenue, SE
Washington, D.C. 20590

Dear Mr. Schlemmer,

On July 15, you asked if Alaska Air Transit (AAT) would be able to provide Essential Air Service to McGrath without subsidy. A lot has happened since then, and we are now confident in proposing that we provide subsidy-free service.

In late May, the City of McGrath and the State of Alaska allowed resumption of commercial air service, subject to strict health and safety provisions. After AAT developed and implemented a state approved COVID-19 risk mitigation plan, it initiated twice weekly direct service from Anchorage to McGrath, and offered seat fares to McGrath on its bush mail run.

Initially, most passenger traffic was to serve state Medicaid and Alaska Native Medical Center patients. AAT also carried critical supplies on every flight to McGrath, including Priority freight like COVID testing materials, PPE, medicine, and fresh food.

With the loss of its EAS provider, AAT provided a critical lifeline to McGrath. As of today, no other operator has stepped up to serve the community.

AAT continues to offer the only scheduled flights to the community of McGrath, serving medical patients, health care providers, FAA Flight Service Station personnel, State of Alaska Firefighting personnel, and other critical infrastructure workers. To meet increasing passenger demand, AAT added a third direct McGrath flight on September 1.

AAT also increased flying in other critical markets, serving commercial clients such as the Bering Sea fishing fleet and processors in Dutch Harbor, and various contractors for state and federal agencies. AAT is currently experiencing record year to date revenue flight hours.

To meet the increased demand, AAT acquired an additional Pilatus in late July, increasing its capacity to three PC-12s. AAT continues to train pilots, and now has seven PIC's. The company developed an FAA approved Second-in-Command (SIC) training program, and its first SIC is now serving on select PC-12 flights.

AAT obtained its Certificate of Public Convenience and Necessity over two years ago, to provide mail service to McGrath's neighboring bush communities who were left without mail when their McGrath based mail carrier withdrew. Since then, AAT has been carrying the bush mail from McGrath to Takotna, Tatalina and Nikolai.

McGrath's mainline mail carrier is scheduled just twice per week. In order to improve mail service to McGrath, AAT will be requesting McGrath mail from the Postal Service, and it has applied for a two-character designator from IATA and filed a schedule for direct flights from Anchorage to McGrath with the Official Airline Guide.

Passenger traffic remains at low levels due to coronavirus. However, AAT is carrying increased freight volumes to McGrath. Adding Priority Mail will allow AAT to provide economically viable unsubsidized scheduled service, and allow it to match the frequency and seat offerings of ACE and Reeve Air Alaska, without EAS subsidy.

Some McGrath residents had hoped to be served by larger capacity aircraft, like those operated by previous EAS providers. However, Corvus/New RAVN withdrew its bid to serve McGrath. All remaining bids propose nine-passenger service.

The PC-12 is not only larger and more comfortable than other nine-passenger turboprops, it is the safest. Its accident rate is data proven to be one-third that of twin-turboprops overall.

For its part, AAT is widely supported by the McGrath community, including the Iditarod Area School District, the Alaska Native Medical Center, ARCTEC Alaska, the Tatalina USAF radar site operator, and many McGrath residents who submitted letters of support.

AAT is fit, willing, and able to serve McGrath without subsidy, and to provide the community with the benefits of a modern, safe and efficient aircraft, operated by a growing and economically diversified company. Of the current applicants for the McGrath EAS service, only AAT has proven its commitment by serving the community year round, both before and after the loss of RAVN. After providing unsubsidized direct flights to McGrath for the past four months, we know that we can provide up to five flights a week, as proposed by Reeve and ACE, without subsidy.

We hope this letter is sufficient to terminate the subsidy proceeding and allow AAT to expand its service to McGrath, with no subsidy burden on U.S. taxpayers.

Respectfully submitted,

A handwritten signature in black ink, reading "Daniel N. Owen". The signature is written in a cursive, flowing style.

Daniel N. Owen