

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

_____)
Continuation of Certain Air Service)
Under Public Law 116-136 §§ 4005 and 4114(b))

Docket DOT-OST-2020-0037

**ALASKA AIRLINES, INC. REQUEST FOR EXEMPTION
FROM SERVICE OBLIGATION**

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Dated: April 10, 2020

**BEFORE THE
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**ALASKA AIRLINES, INC. REQUEST FOR EXEMPTION
FROM SERVICE OBLIGATION**

Alaska Airlines, Inc. (“Alaska”) hereby submits this request for exemption from its service obligation with respect to certain points referenced in Final Order 2020-4-2. Alaska submitted comments in support of the Department’s Order to Show Cause 2020-3-10 in this docket and is prepared to comply with its service obligation. For the reasons set forth below, however, Alaska requests a limited exemption from those obligations with respect to certain points where service as contemplated in the final order would be neither “reasonable” nor “practicable.” Alaska appreciates the Department’s commitment to “an expedient exemption process” that, among other things, will “allow[] the Department to adjudicate [exemption] requests swiftly.”¹

Specifically, Alaska seeks relief from its service obligation with respect to the following points because Alaska’s continued service at these points “is not reasonable or practicable”²:

- Kona, HI (KOA), Lihue, HI (LIH), and Kahului, HI (OGG)

¹ Final Order (Order 2020-4-2), at 9.

² Order to Show Cause (Order 2020-3-10), at 3. In response to the Order to Show Cause, Alaska requested that the Department remove Unalaska (Dutch Harbor), Alaska (DUT) from the list of Alaska’s covered points in Appendix B because neither Alaska nor its affiliate Horizon Air has served this point since October 17, 2019. The Department acknowledged this in the Final Order and removed that point from Alaska’s list of regular points. (Order 2020-4-2, n. 17). However DOT (apparently inadvertently) included DUT as a summer seasonal point for Alaska on Appendix C (OAG Schedule-Seasonal Service Comparison). Because Alaska ceased operating to Unalaska before March 1, 2020, Alaska does not propose to treat Unalaska as a point within the scope of its service obligation under the Final Order.

- Sun Valley, ID (SUN)

For the reasons set forth below, Alaska’s requested exemption is “warranted under the provisions of Sections 4005 and 4114(b)” of the Coronavirus Aid, Recovery, and Economic Security Act and therefore Alaska urges the Department to grant the requested exemption expeditiously so that it may move forward with implementing these service changes.³

I. Kona, HI (KOA), Lihue, HI (LIH), and Kahului, HI (OGG)

Alaska requests an exemption from serving Kona, Lihue, and Kahului, Hawaii. Alaska had preexisting plans to cancel service to all three of these points effective April 10, 2020. Thus, if Alaska were required to serve these points as part of its service obligation under the Final Order, Alaska would have to reinstitute discontinued services, which would be extremely expensive and burdensome, particularly in the current, highly challenging operating environment. Additionally, the state of Hawaii requires that all individuals arriving in the state be quarantined for two weeks upon arrival.⁴ This action by the state has effectively shut down these markets, which are primarily tourist destinations.⁵ Travelers to these points will not be negatively impacted by the Department’s grant of Alaska’s exemption request because these points will continue to be served by other carriers.⁶ While these Hawaiian airports remain open, there is not sufficient traffic to those points to make it “reasonable or practicable” for Alaska to continue

³ Final Order (Order 2020-4-2), Appendix D.

⁴ See State of Hawaii, Office of the Governor, Third Supplementary Proclamation (Mar. 23, 2020) available at <https://health.hawaii.gov/news/corona-virus/covid-19-daily-update-march-22-2020/> (imposing a mandatory 14-day quarantine on all travelers to Hawaii); see also “Hawaii tourism grinds to halt as virus restrictions tighten,” Associated Press (Mar. 29, 2020), available at <https://apnews.com/e0f5612a1a839efe7237f603bc4634f5>.

⁵ The Department recognized in its Final Order the impact of public “stay at home” orders and quarantine guidelines, which “have an impact on the demand for air travel and the ability of airlines to complete operations.” Final Order (Order 2020-4-2), at 10. The Department also noted that “if there are circumstances in which revised obligations are necessary, or airlines show a persuasive need for relief, airlines may utilize the exemption process.” *Id.*

⁶ Final Order (Order 2020-4-2), Appendix B at 20, 23, 35 (listing five or more carriers with service obligations at those points).

such service. Therefore, Alaska requests an exemption from its service obligation so that it will not be required to reinstitute service to these three Hawaiian points.⁷

II. Sun Valley, ID (SUN)

Alaska appreciates the Department's responsiveness to comments from carriers regarding "the significant operational and financial challenges that would be imposed on carriers operating seasonal services should they be required to operate them year-round."⁸ Alaska applauds the Department's decision to modify the final order to account for seasonal challenges, including allowing covered carriers to choose whether to provide seasonal services to the points served in the winter schedule 2020 or summer schedule 2019.

Alaska operates seasonal service to multiple communities, and will comply with its obligations under the Final Order to serve those communities. However, Alaska requests a limited exemption from its service obligation with respect to Sun Valley, ID (SUN), which Alaska serves during a portion of the summer on a seasonal basis. Alaska historically has not served SUN during the months of April and May (and never planned to do so during summer 2020). Therefore, Alaska requests an exemption from the requirement that it do so. Alaska respectfully submits that it would be neither reasonable nor practicable to require that Alaska serve a point that it does not normally serve during this timeframe.⁹

⁷ Final Order (Order 2020-4-2), at 1 (*citing* sections 4005 and 4114(b) of the CARES Act, which authorizes the Department to require, "to the extent reasonable and practicable," an air carrier receiving financial assistance under the act to maintain scheduled air transportation service as the Department deems necessary to ensure services to any point served by that air carrier before March 1, 2020." *Id.*

⁸ Final Order (Order 2020-4-2), at 5.

⁹ Alaska applauds the Department's grant of an industry-wide exemption for circumstances in which direct financial support arrangements between carriers and communities have ceased due to COVID-19, and its recognition that "in such instances it would not be equitable for the Department to impose a Service Obligation." Final Order (Order 2020-4-2), at 10. Alaska's seasonal service at SUN is supported financially by Fly Sun Valley Alliance, Inc. Alaska is working with Fly Sun Valley to evaluate the feasibility of service during the 2020 summer season.

For the foregoing reasons, Alaska requests that the Department grant Alaska the exemption from its service obligation for certain points under the Final Order, as described herein.

Respectfully submitted,



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Dated: April 10, 2020

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Request for Exemption by electronic mail upon the following:

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