

EAS Proposal of Servant Air
at Akhiok and Karluk, AK

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Dennis Devany
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U.S. Department of Transportation
1200 New Jersey Avenue, SE
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DEPT OF TRANSPORTATION
DOT

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Dear Mr. Devany:

Kodiak is the bypass mail hub for 16 widely dispersed bush villages. Flying conditions are challenging, with a significant amount of over-water routing. Despite the number of villages served and difficult flying conditions, Kodiak is the only hub of its size where no turbo-prop aircraft are currently used. Aircraft such as the Cessna Caravan provide highly reliable service, instrument capability and lower unit operating costs over time. Designated Essential Air Service, by definition enforced single-carrier service, provides the opportunity of modernizing operations and equipment to the remote villages. The last turbo-prop service at Kodiak was Caravan service provided by the existing Essential Air Service carrier. With hopes of restoring this high quality service, Servant Air has proposed service to Akhiok with the Caravan. At the same time, Servant did not propose service to Karluk, which is currently served with subsidy by Island Air Service, so that that carrier could pursue its own plans. Servant Air does not currently serve Karluk.

Servant Air is well established at Akhiok by virtue of its reliable and flexible service. Servant has invested in the facilities and equipment to service this market, and that significant investment will be lost if it does not continue to be the designated Essential Air Service provider at Akhiok. The proposed Island Air service to Akhiok is a step backward. Rather than fleet and service improvement, Island Air simply proposes to extend the utilization of its existing fleet and facilities by adding Akhiok.

Obviously the same economies of scale would occur if Servant would be designated the Essential Air Service carrier at Akhiok and Karluk. Given that it is unlikely that Servant's bid for Caravan service will be accepted at Akhiok, and that additional aircraft and facility utilization will reduce Servant's operating costs, Servant withdraws its proposal for service to Akhiok. Instead, Servant proposes to provide the required Essential Air Service to Akhiok and Karluk for \$0 as the designated carrier for a period of two years.

Servant's fleet has more different aircraft types, and it can accommodate the variable demand more efficiently. The additional service generated by serving Karluk should provide greater utilization of existing facilities and aircraft. Specifically, Servant Air proposes to provide three round trips on a year around basis to Karluk with small aircraft, and also three round trips per week in the peak season and two round trips per week in the off-peak season with small aircraft to Akhiok as the designated Essential Air Service carrier for the two markets.

Servant is willing to begin this service on April 1, 2010, at the expiration of the existing rate agreements. While this bid represents some risk for Servant Air, it is less risky than losing its market at Akhiok.

- Servant Air requests that it be designated the Essential Service Carrier for Akhiok and Karluk. This proposal saves the Federal government subsidy expense and guarantees the current level of community service. Servant Air retains its right to reduce service on 90-days notice if the service situation at Akhiok and Karluk changes.

Respectfully submitted,

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