



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

DEPT OF TRANSPORTATION

1200 New Jersey Avenue, SE
Washington, DC 20590

February 16, 2010

Debbie Alke
Administrator
Montana Department of Transportation, Aeronautics Division
P.O. Box 200750
Helena, Montana 59620

Dear Ms. Alke:

I would like to update you on the essential air service situation at West Yellowstone and give you an opportunity to submit any comments if you wish. As you know, by Order 2010-1-1, January 4, 2010, the Department solicited proposals from all interested air carriers to provide service at West Yellowstone. In response to that order, we received proposals from two carriers, SkyWest Airlines d/b/a Delta Connection ("SkyWest"), and Sovereign Air, Inc. ("Sovereign Air").

We have directed each carrier to serve its proposal(s) on you; in addition, copies of the proposals maybe accessed online through the Government's docketing system at www.regulations.gov by entering "2003-14626" in the "Enter keyword or ID" field.

SkyWest proposes to continue its historical level of subsidized service of two daily nonstop round trips to Salt Lake City as Delta Connection for the next two summers, from June 1, 2010, through September 30, 2010, and during the same months in 2011, utilizing 30-passenger Embraer Brasilia aircraft for an annual subsidy of \$427,757.

Sovereign Air has proposed to operate four daily nonstop round trips flights to Salt Lake City using 16-passenger Metroliner III aircraft for an annual subsidy of \$497,935.

Please note that the average passenger fares shown in the proposal do not necessarily reflect the average local fare West Yellowstone passengers would actually pay, but, rather, reflect a prorated portion of the total ticket price, e.g., the West Yellowstone – Salt Lake City portion of a West Yellowstone – Salt Lake City – Los Angeles ticket that SkyWest would realize. In addition, the fare shown is net of certain charges such as Federal transportation security fees, excise or ticket taxes, and Passenger Facility Charges. Of course, carriers have the discretion to charge fares they deem appropriate, and the passenger fares presented in their proposals have been developed for subsidy rate

computation purposes only. Based on the cost elements incorporated in the carriers' computation summaries, the carriers would have to realize passenger fares comparable to the averages shown in their proposals in order to achieve break-even or profitable operations without subsidy.

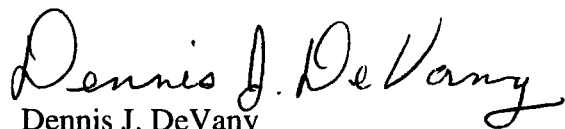
You should also note that the schedules that the carriers have submitted are illustrative only, and that they may make schedule changes to reflect changing conditions, *e.g.*, to better meet shifting connecting bank times at the hub. The Department expects subsidized air carriers to maintain well-timed and well-spaced flights in order to ensure full compensation.

We request that you review both carriers' proposals and submit any comments you may have before we submit a recommendation to the Assistant Secretary. We ask that you submit any comments you may have no later than March 16, 2010. We will carefully consider your comments before we submit a recommendation to the Assistant Secretary for a decision. Should you have any questions or need additional time to draft your comments, please let us know.

Please send your comments email at EAS@dot.gov or by fax to 202-366-7638. If you have any questions, please feel free to contact Kevin Schlemmer of my staff at kevin.schlemmer@dot.gov or 202-366-3176.

A similar letter has been sent to the Mayor and Operations Manager of the Town of West Yellowstone.

Sincerely,



Dennis J. DeVany
Chief, Essential Air Service Division, X-53
Office of Aviation Analysis