

## Before the UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION WASHINGTON, D.C.

2006 DEC 28 A II: 05

**Essential Air Service at** 

PENDLETON, OREGON

under 49 U.S.C. 41731 et seq.

Docket OST-2004-19934-25

Response of Big Sky Transportation Co., doing business as Big Sky Airlines to 2006-6-19 Order Requesting Proposals for Essential Air Service at Pendleton, Oregon.

Communications with respect to this document should be directed to:

Mr. Fred L. deLeeuw President Big Sky Transportation Co. 1601 Aviation Place Billings, Montana 59105 Telephone: 406-247-3912 Fax: 406-247-3972

E-mail: fred.deleeuw@bigskyair.com

#### **Proposal to Provide Essential Air Service**

Big Sky Transportation Co. is pleased to provide a proposal for Essential Air Service at Pendleton, Oregon. It is our belief that our proposal to provide non-stop service to Portland, Oregon will enhance the level of service and ridership in the community. Big Sky maintains excellent relationships with all of the communities it serves, is an experienced provider of Essential Air service and looks forward to expanding its route network. Big Sky will schedule meetings with the Pendleton community in the near future to discuss our service proposal and provide and overview of Big Sky Airlines. The Big Sky EAS proposal for service is \$1,255,673 annually.

As the Department is well aware, Big Sky has implemented several operational and marketing programs in the EAS markets it serves, which have resulted in both increased passenger traffic and revenue. The reflecting to the Beechcraft 1900D aircraft has improved the service reliability and customer comfort, which along with the popularity of our EASYFARES has resulted in a greater use of Big Sky Airlines service. Big Sky recently reintroduced EASYTICKET, a bulk ticket purchase program which allows business and governmental agencies the ability to buy groups of tickets at discounted prices for future usage, without restrictions. Big Sky has also shown that it is able to transition an EAS market from another carrier, seamlessly. In fact, it is Big Sky's policy to offer employment to an incumbent's employees at the time of route transition.

Big Sky will continue aggressive marketing programs to stimulate traffic in these markets. Service to these communities represent a significant and important growth opportunity for Big Sky and therefore will receive significant operational, marketing and managerial oversight. In particular, Big Sky believes that ridership will increase as a result of Big Sky's proposal which provides non-stop service on all flights to Portland International Airport, where Big Sky's customers will have access to the national transportation system and the benefits of Big Sky's code-sharing agreements with US Airways, Northwest and potentially Alaska Airlines/Horizon Air. Big Sky has recently entered into an agreement with Delta Air Lines. The Company will seek to include these flights in the Delta program.

#### Route Proposals

Big Sky has one operational proposal. All flights will be operated with modern 19 passenger Beechcraft 1900D aircraft, offering a stand-up cabin.

The Big Sky proposal meets the requirements set forth in the Order Requesting Proposals. The flights are well timed and we believe meet the requirements of the communities. The proposed flight schedules are subject to change based on community input.

#### **Big Sky Product Offering**

Big Sky is a certificated Part 121 air carrier and has been in operation for 29 years.

The company has been an EAS provider for 26 years. Big Sky will operate the

Pendleton service proposed herein with the 19 seat Beechcraft 1900D aircraft. Big Sky does not capacity control fares and does not overbook flights. Big Sky recently upgraded its reservation system and now offers customers the ability to have interline e-ticketing available for flights connecting to Northwest Airlines, Alaska Airlines and Horizon Air. Similar service will be available with Delta Air Lines. Interline e-ticketing arrangements with additional airlines will be added in the near future.

#### **EASYFARES-**

Big Sky's EASYFARES have been successful in increasing passenger traffic at our EAS community's local airports. The implementation of EASYFARES, in our EAS markets, representing a net fare reduction of approximately 20%-30% has resulted in a 35% - 40% increase in ridership. Business travelers who often travel on short notice no longer have to purchase higher priced tickets under the EASYFARE program. Big Sky will continue to aggressively and competitively price its fares.

Big Sky's Easy Fares Allow:

-Lowest fare up to day of travel

-No advance purchase or ticketing requirements

-No Saturday night stay requirements

In comparison to currently available through fares, the combination of Big Sky's restriction free EASYFARES and other carriers local fares often times results in very competitively priced travel.

Big Sky's proposed unrestricted EASYFARES are:

Pendleton to Portland - \$99.00

Big Sky will also offer unrestricted promotional fares for the first 90 days of service. These fares will be:

Pendleton to Portland - \$79.00

These fares do not include PFC's or Security Fees.

#### SCHEDULE-

Big Sky's schedule provides flights at times that make it convenient to travel. Big Sky proposes to offer 18 weekly non-stop round trip flights in the Pendleton – Portland market.

Flights have been scheduled to make connections, not only with our code share partners, but also with most other airlines serving Portland.

#### **CODE-SHARING-**

Big Sky currently offers code-share service with its partners, Alaska Airlines, Horizon Air, US Airways, and Northwest Airlines. These code-sharing agreements provide single ticketing, through fares and baggage handling service, including the ability to earn frequent flyer credit, to virtually any city in the world through the extensive systems of our partners. Passengers arriving in Portland will be able to seamlessly transfer to our code-share partners. Internet booking is available at our website, <a href="www.bigskyair.com">www.bigskyair.com</a>, our code share partner's internet sites and through the internet booking sites, Travelocity, Orbitz and Expedia. In addition, reservations and information is available by

calling Big Sky's reservation phone center at 1-800-237-7788, by calling our code-share partners reservations center or through local travel agencies.

In addition, Big Sky maintains interline ticketing and baggage agreements with most major carriers that permit interline connections serving Boston which enables customers to travel with one ticket and check their luggage to their final destination.

#### ADVERTISING AND PROMOTIONS-

Big Sky advertises in the markets it serves. Furthermore, Big Sky is involved with the local community by joining the Chamber of Commerce as well as sponsoring events and sports teams which encourage economic development. In addition, Big Sky is committed to working with each community in order to support programs that build consumer awareness with the goal of having fewer people drive and more customers "Fly Local".

Respectfully submitted,

**BIG SKY TRANSPORTATION CO.** 

By:

Fred L. deLeeuw

President

Exhibit 1

Response of Big Sky Transportation Co., doing business as Big Sky Airlines to 2006-6-19 Order Requesting Proposals for Essential Air Service at Pendleton, Oregon.

# **Proposed Flight Schedule**

Pendleton to Portland				Portland to Pendleton					
Flight No.	Leave	Arrive	Stops	Frequency	Flight No.	Leave	Arrive	Stops	Frequency
1	6:30 AM	7:30 AM	0	Daily	2	8:15 AM	9:15 <b>AM</b>	o	<b>X</b> 67
11	10:45 AM	11:45 AM	o	X67	4	1:15 <b>PM</b>	2:15 PM	o	<b>X</b> 6
3	4:30 PM	5:30 PM	o	<b>X</b> 6	16	7:30 PM	8:30 PM	o	Daily

## Exhibit 2

# Response of Big Sky Transportation Co., doing business as Big Sky Airlines to 2006-6-19 Order Requesting Proposals for Essential Air Service at Pendleton, Oregon.

## **Financials**

Block Hours-Annual			1,835
Departures-Annual			1,835
Passengers-Annual			
Pendleton-Portland			16,000
Total Passengers			16,000
	foos)		
Average Revenue to Big Sky (Net of taxes and Pendleton-Portland	i ices)	\$	85.00
1 entitleton-1 of trains			
Passenger Revenue		•	1 260 000
Pendleton-Portland		\$	1,360,000
Total		\$	1,360,000
Operating Revenue			
	Passenger	\$	1,360,000
	Freight and other	\$	10,200
	Total Operating Revenue	\$	1,370,200
<b>Direct Operating Expenses</b>			044.055
	Flying Operations		266,075
	Fuel and Oil		630,781
	Direct Maintenance		348,650
	Maintenance Burden		34,865
	Aircraft Lease		408,000
	Hull Insurance		9,175
	Property Tax on Aircraft		28,560
	Total Direct Expenses		1,726,106
Indirect Operating Expenses			
	Advertising		5,000
	Departure Related Costs		550,500
	Traffic Related Costs		81,600
	Capacity Related Costs		137,625
	Total Indirect Expenses		774,725
			2,500,831
Total Operating Expenses			
Operating Loss		\$	(1,130,631)
Profit Element			125,042
Compensation Requirement		\$	1,255,673
•			

Exhibit 3

Response of Big Sky Transportation Co., doing business as Big Sky Airlines to 2006-6-19 Order Requesting Proposals for Essential Air Service at Pendleton, Oregon.

## **Operating Statistics**

Compensation per Block Hour	\$ 684.29
Compensation per Departure	\$ 684.29
Compensation per Passenger	\$ 78.48
ASM's	6,343,908
RPM's	2,912,000
Load Factor	45.9%

From	То	Leave	Arrive	Operates	Weekly Departures	Weekly ASM's	Weekly Block Hours
Pendleton	Portland	6:30	7:30	Daily	7	24,206	7.00
Portland	Pendleton	8:15	9:15	<b>x</b> 67	5	17,290	5.00
Pendleton	Portland	10:45	11:45	x67	5	17,290	5.00
Portland	Pendleton	13:15	14:15	хб	6	20,748	6.00
Pendleton	Portland	16:30	17:30	хб	6	20,748	6.00
Portland	Pendleton	19:30	20:30	Daily	7	24,206	7.00
Annual Scheduled					1,872	6,473,376	1,872
Annual Completed 98%					1,835	6,343,908	1,835