

DEPT. OF TRANSPORTATION
DOCKET SECTION

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February 4, 1998

Mr. Dennis DeVany
Chief, EAS & Domestic Analysis
US Department of Transportation
Office of the Secretary
400 Seventh St. S.W.
Washington, D.C. 20590

Docket OST-95-361-17

Dear Mr. DeVany;

Pursuant to our final offer to provide air service between Ely, NV., Reno, NV., and Salt Lake City, UT., please review the following:

	<u>1st Year</u>	<u>2nd Year</u>
Total operating expenses (SLC/ELYx3)	\$1,133,512	\$1,133,512
Add'l costs (RNO/ELYx2 & ELY/SLCx1):		
Pilot @ 33% more flight time	\$ 28,000	\$ 28,000
Co-Pilot @ 33% more flight time	20,000	20,000
Fuel @ 500 hrs. @ \$136.10	68,000	68,000
Maintenance @ 500 hrs. @ \$130.00	65,000	65,000
3rd Cheyenne (B/W CNY/ELY)	150,000	150,000
Navajo Reduction	<48,000>	<48,000>
Navajo Hull	< 8,000>	< 8,000>
Fuel Savings*1 (2,025 hrs. @90g.p.h. @ .15/gal)	<27,000>	<27,000>
Ely Overnight *2	<50,000>	<50,000>
RNO Station Expense (est.)	36,000	36,000
SLC Hangar Expense	<u>6,000</u>	<u>6,000</u>
Sub-Total	<u>\$ 240,000</u>	<u>\$ 240,000</u>
Total Operating Expenses	\$1,373,512	\$1,373,512
Total Economic Cost @ 5%	\$1,442,188	\$1,442,188

Revenue:

ELY/SLC @ \$96	\$ 86,400	
ELY/RNO @ \$110	302,500	
Other Revenue	<u>45,000</u>	
Total Revenue	<u>\$ 433,900</u>	<u>\$ 433,900</u>
Subsidy @ 98% completion	<u>\$ 988,122</u>	<u>\$ 988,122</u>

Footnotes:

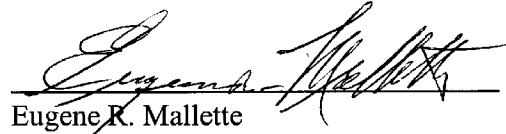
*1 See letter from El Aero Services.

*2 Base aircraft @ SLC-See proposed schedule.

Mr. DeVany, the additional expense to Reno two (2) times per day increases the subsidy \$10,078 per month for Ely, NV. Additionally, we currently have a joint-rate agreement with Delta Airlines, as well as others who serve the Salt Lake City hub. Additionally, we currently offer senior citizen discounts, pre-paid ticket discounts and frequent flier miles. The community has been most receptive to our efforts to fly to/from Reno, and hopefully with this new proposal, the community will receive this vital service link.

In conclusion, Mr. DeVany, Alpine will be in position to offer this proposed service prior to May 1, 1998.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eugene R. Mallette", is written over a horizontal line.

Eugene R. Mallette
C.E.O.,
Alpine Air