



Correspondence

OST-8556

June 14, 2002

DEPT. OF TRANSPORTATION
LIBRETS
02 JUL -2 AM 11:20

Dennis DeVaney
Essential Air Service Div.
U.S.DOT
400 West 7th. St. SW
Washington D.C. 20590

Dear Dennis: OST-06-8556-43

You may recall that in February 2001, the U.S. DOT issued Order 2001-2-15 requesting proposals for service under the Essential Air Service program to Adak, Alaska. In response to this request, Northern Air Cargo, (NAC), submitted a proposal to provide scheduled airfreight and mail service between Anchorage and Adak, Alaska. Evergreen International Airlines also submitted a proposal for providing combi jet service to Adak. They stated in their proposal that they anticipated it would take them 90 days to acquire, refit and place into service such an aircraft. They simultaneously submitted an alternative proposal for once weekly all-cargo service using DC-9 freighter aircraft.

The community of Adak expressed an overwhelming preference for the proposal submitted by Evergreen International Airlines (Evergreen), to provide twice weekly combi aircraft using B727-100 carrying both passengers and cargo. Up until that point, Peninsula Airways had been providing scheduled passenger, cargo and mail service on an emergency basis ever since Reeve Aleutian Airways suspended all service in December 2000.

DOT awarded the EAS subsidy contract to Evergreen pursuant to their proposal. On an interim basis, DOT also awarded Evergreen the once weekly all cargo service contract for subsidized service to Adak and continued, also on an interim basis, the passenger service being provided by Peninsula Airways until such time as Evergreen could place the combi aircraft into service.

To date, Evergreen has reportedly not made any progress toward placing the combi jet into service. They have continued to provide the weekly cargo service and Peninsula Airways has continued to provide passenger service.

NAC has been providing scheduled and charter air cargo service within Alaska since 1956, and as such, has developed a reputation for providing safe and reliable air cargo service, and a correspondingly good relationship with the citizens of Alaska.




As a result of this relationship with the people and our history in the state, we sometimes find ourselves called upon by citizens and communities for serve as advisors for issues related to air transportation as well as actual cargo service. We have lately received a great many contacts from those associated with Adak expressing dissatisfaction with Evergreen's failure to 'prove-up' on the service promised in their proposal. So many contacts in fact that we feel compelled to comment to you directly.

Although the community of Adak expressed a clear preference for Evergreen's proposal, the service contained in that proposal has not materialized. The citizens of Adak and the entire region have therefore requested that a new solicitation be issued for EAS service to Adak as soon as possible. We concur and wish to express our interest in submitting a new proposal for subsidized service to Adak. It is our understanding that there are other carriers also willing to submit proposal for EAS service to Adak, at least some of which are willing and able to provide the services described in Evergreen's unfruitful proposal of last year.

Please rest assured that NAC stands ready to assist in any way it can to help the U.S. DOT in resolving this situation and to provide the transportation service of the quality and type required.

Sincerely,


R.J. Hallford
Executive Vice-President,
Northern Air Cargo, Inc

cc: Kevin Adams
Dave Jensen
City of Adak
Aleutians East Borough