

Scenic Airlines Essential Air Service at Page, AZ  
 Docket # OST-1997-2694  
 Based on a 2 year contract - Subsidy requirement per year  
 BEECHCRAFT 1900C PROPOSAL

**OST - 97 - 2694 - 20**

Flight Hours-Note 1

PGA - LAS / PGA - PHX

RT Pax \$198 4,000

**Option 1**  
 18 RTs per week  
 Non Stop

**Option 2**  
 12 RTs/Wk Oct - Mar  
 18 RTs/Wk Apr - Sep  
 Non Stop

Other Revenue

Aircraft Lease, 1 full Aircraft \$25,000/mo

Hull Insurance (\$2.62% x \$1.8 m)

Pax and Liability/War Insurance (RPM x \$.0347)

Total Fixed Expense

Captain (2.5) @ \$50,000 ea.

First Officer (2) @ \$35,000 ea.

Dispatcher

Mechanics (1.5) @ \$45,000

Ticket Agent - PGA (1.5) (\$35K ea.)

Ticket Agent - LAS (1.5) (\$35K ea.)

Vacation Time - Salary, Airfare, Hotel, Per Diem

Benefits & Taxes (18%)

**Total Wages and Benefits**

Reservations Agents @ \$2.50/pax.

CRS per Pax. @ \$8.35/pax.

Passenger Inconvenience @ \$2.50/pax.

Commissions @ 7%

Total Rev. and Psgr. Related

Crew Car / Housing / Per Diem (a/c based LAS)

Counter Rental - PGA \$1,200/mo

PHX Fees - Note 5

Advertising & Promotion

Deicing Expense

GPU Cost-Note 2

Uniforms - Cost & Maintenance (10 emp x \$35/mo)

Landing Fees - Note 3

Misc / Depreciation

Crew Training - Note 4

Misc. Operating Expense

Fuel (\$300/hr) (150 gph @ \$2.00 per gallon)

Airframe / Avionics Parts (\$89/FH)

Engine MX Reserves (\$205/FH)

Variable Directs

TOTAL EXPENSES Before Profit and G&A

G&A at 6.4%

Profit at 5%

Total Economic Cost

**Subsidy Request @ 98% Completion**

1,951

\$792,000

\$6,000

\$798,000

\$300,000

\$47,160

\$33,728

\$380,888

\$150,000

\$70,000

\$0

\$67,500

\$52,500

\$52,500

\$25,000

\$75,150

\$492,650

\$10,000

\$33,400

\$10,000

\$55,440

\$108,840

\$0

\$14,400

\$173,000

\$24,000

\$0

\$2,500

\$3,500

\$29,000

\$59,843

\$23,100

\$329,343

\$585,300

\$173,639

\$399,955

\$1,158,894

\$2,470,616

\$158,119

\$131,437

\$2,760,172

**\$1,962,172**

1,605

\$760,000

\$6,000

\$766,000

\$300,000

\$47,160

\$32,464

\$379,624

\$100,000

\$70,000

\$0

\$67,500

\$52,500

\$52,500

\$25,000

\$66,150

\$433,650

\$9,600

\$32,064

\$9,600

\$53,200

\$104,464

\$0

\$14,400

\$155,000

\$24,000

\$0

\$2,500

\$3,500

\$22,500

\$55,000

\$23,100

\$300,000

\$481,500

\$142,845

\$329,025

\$953,370

\$2,171,108

\$138,951

\$115,503

\$2,425,561

**\$1,659,561**

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DEPT. OF TRANSPORTATION  
 DOCKETS

**Notes Based on 18 RT's per week:**

Note 1 - PGA - PHX: 24 flts./week one way x 1.13 hours x 52 weeks x .98 = 1,382 ft. hrs.

243 miles IFR, average one way 1.13 hours

PGA - LAS: 12 flts/week one way x .93 hours x 52 weeks x .98 = 569 ft. hrs.

215 miles IFR, average one way .93 hours

Note 2 - \$5,000 (smaller battery cart) amortized over 2 years x 1 station=\$2500

Note 3 - Landing Fees

PGA - Beechcraft landing weight = 16,765# x \$1.10 per 1000# x 918 landings/year = \$17,000

PHX - Beechcraft landing weight = 16,765# x \$1.10 per 1000# x 612 landings/year = \$12,000

Note 4 - \$5,000 per captain upgrade x 2 captains plus two co-pilots @ \$8,000

Per Diem - \$40/day x 45 days x 4 persons = \$7,200

1 replaced pilot x \$8,000 + check rides every 6 months \$5,000.

Total = \$46,200 divided by 2 years. = \$23,100.

Note 5 - Contract Counter @ PHX \$250/turn=\$153,000

Misc. Fees - \$20,000

**Scenic Airlines**  
**EAS at Page, AZ**  
**Docket #OST-1997-2694**  
**BEEHCRAFT 1900C PROPOSAL**

<u>Miscellaneous Expenses</u>	<u>Estimated Annual Cost</u>
Office Supplies (1 station) \$250/month each	\$ 3,000
Copier (1 station) - Lease @ \$350 each	\$ 4,200
Fax Machine (1 station) - \$500 over 2 years	\$ 250
Telephone - Long Distance (1 station)	\$ 3,000
Telephone - Cellular (4 phones)	\$ 3,600
Credit Card Fees (3.5% of 50% of business + machine fees)	\$ 14,460
Initial Training - Counter Employees - 2 stations (5 days hotel & per diem)	\$ 1,200
Overnight & Away - Management of Station (2 days/month hotel & per diem)	\$ 2,000
Postage & Shipping	\$ 1,000
Operating Supplies- Ticket Stock, Ticket Jackets, Bag Tags, Printing, Ramp, Safety, etc	\$ 18,000
Badging, Drug Testing	\$ 800
Unknown expenses	\$ 5,000
	<u>\$ 56,510</u>

<u>Depreciation Expense</u>	<u>Value</u>	<u>Life</u>	<u>Depreciation/Yr.</u>
Ramp - Handicap	\$ 12,000	10	\$ 1,200
Computer Equipment (1 station)	\$ 4,000	3	\$ 1,333
Phone System / Office Furniture & Equip (1 station)	\$ 4,000	5	\$ 800
			<u>\$ 3,333</u>

**TOTAL MISC/DEPR EXPENSES** \$ 59,843