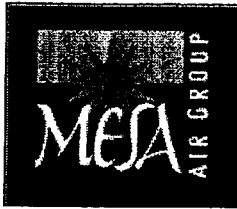


Bd



**EAS & Domestic Analysis Division  
X-53, Office of Aviation Analysis  
Room 6401  
Department of Transportation  
400 7<sup>th</sup> Street S.W.  
Washington, DC 20590**

2008 JAN -8 A 9:22

DEPT OF TRANSPORTATION  
ECONOMICS

**Proposal to Provide Essential Air Service at:  
Glasgow, Glendive, Havre, Lewistown, Miles City, Sydney, & Wolf Pointe, MT  
Docket OST-1997-2605**

Mesa Air Group, Inc on behalf of its wholly owned subsidiary Air Midwest Inc. is pleased to submit this proposal to provide Essential Air Service (EAS) to the Montana communities of: Glasgow, Glendive, Havre, Lewistown, Miles City, Sydney, & Wolf Pointe.

All of the flight options in this proposal will be operated by Beech 1900D aircraft. Air Midwest has a code share relationship with America West and we plan to offer these flights under America West Express brand. The Beech 1900D is a pressurized turboprop aircraft with 19 seats and a standup cabin. Currently Air Midwest operates the largest fleet of Beech 1900's in the world.

Enclosed with this proposal is a tentative schedule and an economic analysis of the option. The option describes the level of service to be offered and the operating statistics derived from the schedule listed. The subsidy amount for each option is based on the Air Midwest cost to operate the schedule less the forecast revenue.

**Options:**

The proposal consists of a two round trip schedule to Billings serving each city. This option requires \$4,954,922 per year in subsidy.

Please contact:  
Scott Lyon  
VP Planning  
602-685-4368

# Mesa Air Group, Inc.

## Subsidy Calculation for:

Operated By Air Midwest, Inc. (a wholly-owned subsidiary)

7 MONTANA CITIES

Glasgow, Glendive, Havre, Lewistown, Miles City, Sidney, & Wolf Point

---

Aircraft	Beech 1900D
Completed Departures	8,137
Block Hours per Flight	0.73
Total Block Hours	5,922
Average Seats per Departure	19
Round Trip Mileage	264
Average Mileage per Trip	132
Passengers per Trip	2.3
Total Passengers	18,576
ASM's	20,441,641
RPMs	3,641,742
Load Factor	17.8%
Average Fare	\$ 96.57
<b>Revenues</b>	
Passenger Revenue	\$1,793,936
Other Revenue	<u>17,939</u>
Total Revenue	\$1,811,875
<b>Direct Expenses</b>	
Crew & Training	\$906,981
Hull Insurance	\$41,041
Fuel & Oil	\$829,105
Maintenance	\$1,712,812
Aircraft Rent	<u>\$540,000</u>
MTX Base	\$450,000
Deicing	\$109,800
Total Direct Expenses	\$4,589,738
<b>Indirect Expenses</b>	
Traffic (RPM) Related	\$218,505
Marketing	\$35,000
Capacity (departure) Related	\$1,204,758
Capacity (ASM) Related	<u>\$396,568</u>
Total Indirect Expenses	<u>\$1,854,831</u>
Total Operating Expenses	\$6,444,569
Return	<u>322,228</u>
Operating Profit (Loss)	(\$4,954,922)
Compensation Required	<b>\$4,954,922</b>
Subsidy per Departure	\$ 608.94
Subsidy per Passenger	\$ 266.74

---

MESA AIR GROUP, INC.

Proposed Schedule  
Pair

Beech 1900D - 19-Seat Aircraft

7 Montana Cities

FILE #	ORIG-DEST	DEP	ARRV	BLK TIME	ERCO	EQUIP	Mileage Calculation	Block Hour Calculation	Trip Calculation
							M.E. Miles	S.A. Miles	S.U. Miles
							188	97	163
							97	0.65	1
							97	0.73	1
							134	0.72	1
							134	0.70	1
							211	0.90	1
							211	0.80	1
							244	1.12	1
							244	1.12	1
							73	0.48	1
							73	0.48	1
							49	0.37	1
							49	0.48	1
							105	0.38	1
							105	0.63	1
							105	0.63	1
							97	0.62	1
							97	0.62	1
							105	0.68	1
							105	0.70	1
							134	0.75	1
							134	0.75	1
							73	0.50	1
							73	0.48	1
							211	0.87	1
							211	1.00	1
							49	0.38	1
							49	0.38	1
							244	1.20	1
							244	1.20	1
							3,580	1,828	1,828
							8920	34894	34894
							Weekly ASMs	409,488	118,63333
							Annual ASMs	21,263,376	6,199
							Ann. Completed ASMs	20,441,641	8,479
							Weekly Stage Miles	21,552	8,137

Average Stage Length	132
Annual Completion	96%
Load Factor %	18%
RPMs	3,641,742

RPM Calculations	AVG	BEV	Unit Mileage	RPMs
GW	4,114	\$ 96.00	188	773,432
OLF	2,820	\$ 88.00	237	688,340
LWT	1,844	\$ 276,360	97	159,468
HVR	2,248	\$ 144,672	202	454,096
MLS	2,136	\$ 94.00	134	286,224
GDV	1,982	\$ 88.00	207	388,574
SDY	3,732	\$ 101.00	244	910,608

Totals	18,576	\$ 96.57	1,793,836	3,641,742
Average Fare				96.57278208



**Proposed Mesa Fares (Rountrip)**

<b><u>Days Advance</u></b> <b><u>Purchase</u></b>	<b><u>Glasgow</u></b>	<b><u>Glendive</u></b>	<b><u>Havre</u></b>	<b><u>Lewistown</u></b>	<b><u>Miles City</u></b>	<b><u>Sidney</u></b>	<b><u>Wolf Point</u></b>
21+	\$ 128.00	\$ 128.00	\$ 128.00	\$ 98.00	\$ 128.00	\$ 158.00	\$ 128.00
14	\$ 198.00	\$ 198.00	\$ 198.00	\$ 108.00	\$ 178.00	\$ 218.00	\$ 198.00
7	\$ 248.00	\$ 248.00	\$ 248.00	\$ 148.00	\$ 218.00	\$ 278.00	\$ 248.00
3	\$ 328.00	\$ 328.00	\$ 328.00	\$ 258.00	\$ 328.00	\$ 368.00	\$ 328.00
Walk							