

Proposal  
261922

Docket OST-361-42



DEPT. OF TRANSPORTATION  
DOT/ELIS

2003 DEC 16 P 4:20

**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**

**Proposal to Provide Essential Air Service at:  
ELY, NV      Docket OST-95-361**

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 community of Ely, Nevada.

This proposal includes one option for the community and DOT to consider. The proposal is for 6 round trip flights per week to Las Vegas McCarran International Airport. Mesa expects to offer these flights under an America West Express code and brand. This code would allow travelers to connect to the multitude of flights offered by America West by purchasing one ticket. We have found that offering flights under this code share arrangement allows the passenger to pay less for air travel when they would otherwise purchase multiple tickets on differing carriers in order to reach a final destination. We are asking for an annual subsidy of \$799,421 to operate this schedule. Our revenue forecast includes an increase in passengers and a modest fare to entice the traveling populace who are not currently utilizing air service from ELY. Mesa would be willing to initiate service to McCarran as soon as an accepted TSA security plan is in place at ELY.



All of the flights in this proposal will be operated by Beech 1900D aircraft. 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 each option. The subsidy amount for this option is based on the Air Midwest cost to operate the schedule less the forecast revenue.

Please contact:  
Scott Lyon  
VP Planning  
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## Mesa Air Group, Inc.

### Subsidy Calculation for:

ELY

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

ELY

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Aircraft	Beech 1900D
Completed Departures	799
Block Hours per Flight	0.96
Total Block Hours	763
Average Seats per Departure	19
Round Trip Mileage	377
Average Mileage per Trip	189
Passengers per Trip	2.5
Total Passengers	2,000
ASM's	2,860,616
RPMs	444,000
Load Factor	15.5%
Average Fare	\$ 40.00
<b><u>Revenues</u></b>	
Passenger Revenue	\$80,000
Other Revenue	<u>800</u>
Total Revenue	\$80,800
<b><u>Direct Expenses</u></b>	
Crew & Training	\$116,911
Hull Insurance	\$5,290
Fuel & Oil	\$109,926
Maintenance	\$220,784
Aircraft Rent	<u>\$180,000</u>
Total Direct Expenses	\$632,911
<b><u>Indirect Expenses</u></b>	
Traffic (RPM) Related	\$26,640
Marketing	\$5,000
Capacity (departure) Related	\$118,258
Capacity (ASM) Related	<u>\$55,496</u>
Total Indirect Expenses	<u>\$205,394</u>
Total Operating Expenses	\$838,306
Return	<u>41,915</u>
Operating Profit (Loss)	(\$799,421)
Compensation Required	<b>\$799,421</b>
Subsidy per Departure	\$ 1,000.88
Subsidy per Passenger	\$ 399.71

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MESA AIR GROUP, INC.

Proposed Schedule  
Pair

Beech 1900D - 19-Seat Aircraft

ELY-LAS

FL.#	ORG-DEST	DEP	ARR	BLK TIME	REQ	EQUIP
106	ELY-LAS	7:30	8:35	1:080	12345_7	
107	LAS-ELY	18:00	19:05	1:080	12345_7	
103	MTX	11:40	13:15	0:583	57	
104	MTX	13:00	12:40	0:583	57	

**Mileage Calculation**

M-F Miles	Sa Miles	Su Miles
222		222
222		222
	88	88
	88	88
<b>Plane Miles</b>		
444	176	820
8436	3344	11760
<b>Weekly ASMs</b>		
57,304		2,879,808
2,880,616		2,880,616
<b>Weekly Plane Miles</b>		
3,018		

**Block Hour Calculation**

M-F Hours	Sa Hours	Su Hours
1,080		1,080
1,080		1,080
	0.583	0.583
	0.583	0.583
<b>Weekly Block</b>		
2.16	1.17	3.33
<b>Annual Block</b>		
Weekly Trips		16
Annual Trips		832
Annual Completed Trips		769

**Trip Calculation**

M-F	Sa	Su
1		1
1		1
	1	1
	1	1
<b>Weekly Trips</b>		
2	2	4
<b>Annual Trips</b>		
Weekly Trips		16
Annual Trips		832
Annual Completed Trips		769

**RPM Calculations**

PAX	AVG	REV	Per Mileage	RPMs
2,000	\$ 40.00	\$80,000	222	444,000
0	\$ -	\$0	0	0
0	\$ -	\$0	0	0
0	\$ -	\$0	0	0
<b>Average Stage Length</b>				
189				
<b>Annual Completion</b>				
96%				
<b>Load Factor %</b>				
16%				
<b>RPM's</b>				
444,000				

**Totals**

2,000	80,000	40	444,000
<b>Average Fare</b>			