

278168 Proposal

Docket OST-97-2649-11

April 16, 2004

Kevin Adams
US Department of Transportation
Office of the Secretary
EAS and Domestic Analysis
400 Seventh Street. S.W.
Washington DC 20590

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DEPT. OF TRANSPORTATION
DOCKETS

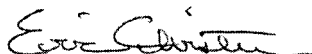
Dear Kevin:

Attached is SkyWest's airline proposal for continued air service to Crescent City, California.

A proposal is provided for the existing service pattern that includes one dedicated round trip to San Francisco and two to Sacramento via Eureka. An alternative service pattern is also provided at reduced subsidy that retains the one non-stop round trip to San Francisco, and one of the two round trips to Sacramento via Eureka.

All service will continue to be provided in the 30 passenger Embraer Brasilias, operating as United Express.

Sincerely,



Eric Christensen
Vice President Planning
SkyWest Airlines

SkyWest Airlines
CEC subsidy 2004
25-Feb-04

| | | Existing Service Pattern A | | | Proposed Service Pattern B | | |
|--|-------------|----------------------------|----------------|------------------|----------------------------|----------------|------------------|
| | | CEC SFO | CEC AVC | Total | CEC SFO | CEC AVC | Total |
| Daily round trips | Service | 1 | 2 | | 1 | 1 | |
| Assumptions | | | | | | | |
| Average fare | Actual 2003 | 75.10 | 25.10 | | 75.10 | 25.10 | |
| Passengers | Actual 2003 | 15,694 | 5,762 | 21,456 | 15,694 | 2,881 | 18,575 |
| Block Hour costs | 2004 budget | 930.36 | 930.36 | | 930.36 | 930.36 | |
| Departure Costs | 2004 budget | 85.77 | 85.77 | | 85.77 | 85.77 | |
| Passenger Costs | 2004 budget | 24.92 | 24.92 | | 24.92 | 24.92 | |
| Block time | Schedule | 87 | 34 | | 87 | 34 | |
| Completion | Assumption | 98.0% | 98.0% | | 98.0% | 98.0% | |
| Stage Length | Actual | 304 | 56 | | 304 | 56 | |
| Income Statement | | | | | | | |
| Passenger Revenue | | 1,178,619 | 144,634 | 1,323,253 | 1,178,619 | 72,317 | 1,250,936 |
| Block hour costs | | 824,958 | 644,795 | 1,469,753 | 824,958 | 322,397 | 1,147,355 |
| Departure costs | | 52,451 | 104,901 | 157,352 | 52,451 | 52,451 | 104,901 |
| Passenger costs | | 391,041 | 143,569 | 534,610 | 391,041 | 71,785 | 462,826 |
| | | <u>1,268,450</u> | <u>893,265</u> | <u>2,161,715</u> | <u>1,268,450</u> | <u>446,633</u> | <u>1,715,082</u> |
| Operating income (loss) | | (89,830) | (748,631) | (838,462) | (89,830) | (374,316) | (464,146) |
| Subsidy requirement | | | | 946,547 | 153,253 | 396,647 | 549,900 |
| Margin on expenses | | | | 5% | | | 5% |
| Derivative Statistics | | | | | | | |
| Block Hours | | 887 | 693 | 1,580 | 887 | 347 | 1,233 |
| Departures | | 612 | 1,223 | 1,835 | 612 | 612 | 1,223 |
| RPMS | | 4,770,976 | 322,672 | 5,093,648 | 4,770,976 | 161,336 | 4,932,312 |
| ASMs | | 6,524,448 | 2,403,744 | 8,928,192 | 6,524,448 | 1,201,872 | 7,726,320 |
| Load Factor | | 73% | 13% | 57% | 73% | 13% | 64% |
| Cost per hour | | 1,431 | 1,289 | 1,368 | 1,431 | 1,289 | 1,391 |
| CEC/AVC prorated onboard prorated revenue | | | | | Aircraft flow | | |
| | Annual pax | Average Fare | Stage Length | Prorated Fare | CEC/ACV/SMF/SFO | SFO/CEC/SFO | SFO/SMF/AVC/CEC |
| CEC/AVC | 563 | 45.12 | 56 | 45.12 | | | |
| CEC/SMF | 5,199 | 104.02 | 254 | 22.93 | | | |
| Weighted average of CEC/AVC on board revenue | 5,762 | | | 25.10 | | | |
| CEC/SFO Fare - Fares provided by United | | | | | | | |
| Local traffic | 15% | 138.00 | 20.70 | | | | |
| Connect traffic | 85% | 64.00 | 54.40 | | | | |
| Weighted average | 100% | | 75.10 | | | | |