

# Before the United States Department of Transportation

Washington, DC

May 10, 2006

Essential Air Service at

ALAMOSA, COLORADO  
CORTEZ, COLORADO

Docket OST-1997-2960  
Docket OST-1998-3508

under 49 U.S.C. 41731 et.seq.

This contains the response of Great Lakes Aviation, LTD. to Order Requesting Proposals 2006-4-5.

Great Lakes Aviation, LTD. is pleased to submit this proposal to provide essential air transportation to Alamosa and Cortez, Colorado. The company has more than 20 years of history of providing reliable Essential Air Service. This proposed service is being offered with local service marketed and priced utilizing the Great Lakes (ZK) Reservations system which includes customer ticket purchasing capability on both Great Lakes web site and on all major Web Booking Engines (Orbitz, Travelocity, Expedia, etc.)

The Great Lakes proposals contemplate conveniently timed connecting services with our Code Share partners United and Frontier at our Denver Hub. For each of these cities, Great Lakes proposes a schedule package that continues the current service pattern of three round trips into Denver. Our code share agreements will give both of these Colorado communities the greatest competitive opportunity available. In addition, Great Lakes maintains interline ticketing and baggage agreements with the majority of carriers serving their hub, which will allow for maximum utilization of our air service for passengers flying in and out of each of these communities.

In addition, for both Alamosa and Cortez, Great Lakes offers a proposal that would, in coordination with the city and at the company's discretion, allow the third round trip to go to an alternate hub. In the case of Alamosa, we have proposed that one of the three trips could go to Albuquerque, and in Cortez's case, we would offer service to either Phoenix or Las Vegas over Page, Arizona.

These proposals contemplate the use of pressurized 19 seat Beech 1900D's in each case. The Company has had a long and successful history of operating this fleet type. Costing has been broken out in order to provide a subsidy per passenger calculation. Great Lakes looks forward to continuing the successful service to both these communities that we have enjoyed in the past.

Questions and comments may be referred to:

Michael O. Matthews  
Chief Financial Officer  
Great Lakes Airlines  
1022 Airport Parkway  
Cheyenne, WY 82001  
(307) 432-7030  
[mmatthews@greatlakesav.com](mailto:mmatthews@greatlakesav.com)

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Proposal Number	Service Point	Hub(s) Served	Round Trips	Equipment	Subsidy Requirement	Passengers Forecast	Subsidy per Passenger	Current Subsidy	Difference
1	Alamosa	Denver	3	1900D	\$1,150,268	12,000	\$95.86	\$1,083,538	\$66,730
2	Alamosa	Denver, Albuquerque	2/1	1900D	\$1,150,642	11,150	\$103.20	\$1,083,538	\$67,104
3	Cortez	Denver	3	1900D	\$796,577	17,519	\$45.47	\$853,587	(\$57,010)
4	Cortez	Denver, PHX or LAS	2/1	1900D	\$796,953	15,278	\$52.16	\$853,587	(\$56,634)

To help understand fuel cost impact Great Lakes is providing the following calculations for information purposes:

Service Point	Annual Fuel Cost for Service			Fuel Cost per Passenger		
	New Rate	Old Rate	Increase	New Rate	Old Rate	Increase
Alamosa	\$555,359	\$259,949	\$295,409	\$46.28	\$26.45	\$19.83
Cortez	\$751,995	\$388,846	\$363,149	\$42.92	\$24.30	\$18.62

# Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at

Alamosa, Colorado

2006 Forecast - 3 rt Denver

(at 98 percent completion)

Departures:	1,840
Block Hours:	1,810
Revenue Passenger Miles:	2,148,000
Available Seat Miles:	6,259,336

Operating Revenues:					
Passenger: ALS-DEN	12,000	psgrs at	\$101.50	\$1,218,000	

    Other: (at 0.62% of passenger revenue) \$7,552

Total Operating Revenues: \$1,225,552

Operating Expenses:			
Direct:			
Aircraft and Hull Insurance			\$332,101
Fuel and Oil			\$555,359
Flying Operations			\$281,853
Maintenance			\$414,034

    Total Direct Expenses: \$1,583,347

    Total Indirect Expenses: \$679,338

Total Operating Expenses: \$2,262,685

Operating Loss (\$1,037,133)

Profit Element (5.0% of Total Operating Expenses) \$113,134

**Annual Compensation Requirement: \$1,150,268**

## Representative Schedule

Flt #	Freq	Flow	Schedule	Time	Equip
5054	1234567	ALS-DEN	0815-0915	60	BE1
5055	12345	DEN-ALS	1040-1138	58	BE1
5056	12345	ALS-DEN	1155-1255	60	BE1
5057	12345 7	DEN-ALS	1640-1738	58	BE1
5058	12345 7	ALS-DEN	1755-1855	60	BE1
5059	1234567	DEN-ALS	2012-2110	58	BE1

# Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at  
**Alamosa, Colorado**  
 2006 Forecast - 2 rt Denver, 1 rt Albuquerque  
 (at 98 percent completion)

Departures:	1,840
Block Hours:	1,784
Revenue Passenger Miles:	1,967,500
Available Seat Miles:	6,154,431

Operating Revenues:					
Passenger:	ALS-DEN	8,000	psgrs at	\$101.50	\$812,000
	ALS-ABQ	3,150	psgrs at	\$101.50	\$319,725
Other:	(at 0.62% of passenger revenue)				\$7,017

Total Operating Revenues: \$1,138,742

Operating Expenses:					
Direct:	Aircraft and Hull Insurance			\$332,101	
	Fuel and Oil			\$550,022	
	Flying Operations			\$277,804	
	Maintenance			\$411,241	
Total Direct Expenses:					\$1,571,168

Total Indirect Expenses: \$609,197

Total Operating Expenses: \$2,180,366

Operating Loss (\$1,041,624)  
 Profit Element (5.0% of Total Operating Expenses) \$109,018

**Annual Compensation Requirement: \$1,150,642**

## Representative Schedule

Flt #	Freq	Flow	Schedule	Time	Equip
5054	123456	ALS-DEN	0815-0915	60	BE1
5055	12345	DEN-ALS	1040-1138	58	BE1
5056	12345 7	ALS-ABQ	1155-1253	58	BE1
5057	12345 7	ABQ-ALS	1640-1735	55	BE1
5058	12345 7	ALS-DEN	1755-1855	60	BE1
5059	1234567	DEN-ALS	2012-2110	58	BE1

# Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at  
**Cortez, Colorado**  
 2006 Forecast - 3 rt Denver  
 (at 98 percent completion)

Departures:	1,840
Block Hours:	2,347
Revenue Passenger Miles:	4,870,282
Available Seat Miles:	9,721,204

Operating Revenues:					
Passenger: CEZ-DEN	17,519	psgrs at	\$119.50	\$2,093,521	

Other: (at 0.62% of passenger revenue)				\$12,980	
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Total Operating Revenues:					\$2,106,500
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Operating Expenses:					
Direct:					
Aircraft and Hull Insurance				\$332,101	
Fuel and Oil				\$751,995	
Flying Operations				\$365,475	
Maintenance				\$471,724	

Total Direct Expenses:					\$1,921,295
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Total Indirect Expenses:					<u>\$843,540</u>
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Total Operating Expenses:					\$2,764,835
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Operating Loss					(\$658,335)
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Profit Element (5.0% of Total Operating Expenses)					\$138,242
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<b>Annual Compensation Requirement:</b>					<b>\$796,577</b>
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## Representative Schedule

Flt #	Freq	Flow	Schedule	Time	Equip
5106	123456	CEZ-DEN	0620-0733	73	BE1
5107	12345	DEN-CEZ	0920-1040	80	BE1
5108	12345 7	CEZ-DEN	1100-1213	73	BE1
5105	12345 7	DEN-CEZ	1435-1555	80	BE1
5104	12345 7	CEZ-DEN	1615-1728	73	BE1
5109	1234567	DEN-CEZ	2051-2211	80	BE1

# Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at  
**Cortez, Colorado**  
 2006 Forecast - 2 rt Denver, 1 rt Page-Phoenix/Las Vegas  
 (at 98 percent completion)

Departures:	1,840
Block Hours:	2,076
Revenue Passenger Miles:	4,636,084
Available Seat Miles:	8,310,814

Operating Revenues:					
Passenger: CEZ-DEN	11,678	psgrs at	\$119.50	\$1,395,521	
CEZ-PHX/LAS	3,600	psgrs at	\$120.00	\$432,000	
Other:	(at 0.62% of passenger revenue)			\$11,331	

Total Operating Revenues: \$1,838,852

Operating Expenses:					
Direct:	Aircraft and Hull Insurance			\$332,101	
	Fuel and Oil			\$690,690	
	Flying Operations			\$323,275	
	Maintenance			\$442,610	
Total Direct Expenses:				\$1,788,676	
Total Indirect Expenses:					<u>\$721,614</u>

Total Operating Expenses: \$2,510,290

Operating Loss (\$671,439)  
 Profit Element (5.0% of Total Operating Expenses) \$125,515

**Annual Compensation Requirement: \$796,953**

## Representative Schedule

Flt #	Freq	Flow	Schedule	Time	Equip
5106	123456	CEZ-DEN	0620-0733	73	BE1
5107	12345	DEN-CEZ	0920-1040	80	BE1
5108	12345 7	CEZ-PGA-PHX/LAS	1100-1145	50	BE1
5105	12345 7	PHX/LAS-PGA-CEZ	1510-1555	50	BE1
5104	12345 7	CEZ-DEN	1615-1728	73	BE1
5109	1234567	DEN-CEZ	2051-2211	80	BE1