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September 10, 2007

Department of Transportation
Office of the Secretary
1200 New Jersey Ave SE
Washington DC 20590

Comments of Hawaii Island Air
Concerning Oversales and Denied Boarding Compensation
(ANPRM - OST-01-9325)

To the Secretary of Transportation:

Hawaii Island Air ("Island Air") appreciates the opportunity to offer comments on DOT's proposed rulemaking concerning Airline Oversales and Denied Boarding Compensation ("DBC").

Identity of Commenter

Island Air is an Hawaiian regional carrier offering scheduled service between Honolulu and the Hawaiian islands of Moloka'i, Lana'i, Maui (Kapalua and Kahului), Kaua'i (Lihu'e) and the "Big Island" of Hawai'i (Kona and Hilo). Island Air currently operates a fleet of eight Dash-8 turbo-prop aircraft, each of which seats 37 passengers. Island Air has authority to operate larger aircraft but does not currently do so.

Island Air is not owned by or financially affiliated with any other carrier. Island Air is truly a small, independent airline that would be disproportionately impacted by a DBC rule designed for much larger carriers.

Island Air adheres to an internal policy of not overbooking flights. The carrier feels an obligation to provide promised services, particularly given that it is the only airline serving some remote Hawaiian locations, and if passengers were denied boarding, they would have no other way to reach their destinations.

The Small Aircraft Exclusion

Island Air wishes to comment primarily on DOT's proposal to have the small aircraft exclusion cover only flights on aircraft with less than 30 seats, a change from the current exclusion which covers aircraft of 60 seats or less. Island Air is, as described above, covered by the current exclusion. Nevertheless, Island Air's contract

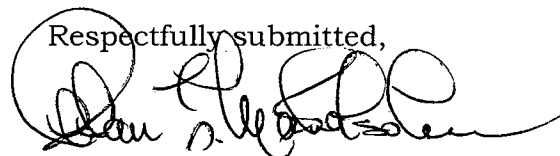
of carriage currently contains denied boarding provisions that closely mirror the current regulations, and, indeed, Island Air voluntarily offers DBC in the very rare case where, because of an unanticipated excess of passengers from a connecting mainland flight, a passenger is denied boarding on Island Air.

Despite the above, Island Air is nonetheless very concerned by the proposal to reduce the scope of the small aircraft exclusion. The carrier believes that forced compliance with denied boarding regulations would be highly burdensome to small, independent airlines whose operations result in substantially lower yields and smaller revenues than larger airlines enjoy. Rather, those independent airlines operating smaller aircraft should be encouraged simply to voluntarily comply with the regulations.

Island Air understands that the reason for the proposal to reduce the scope of the small aircraft exclusion is the growth in the number of regional jets which are generally owned and/or operated (directly, under a guaranteed revenue and /or capacity purchase agreement) by major carriers. Island Air submits that compliance with DBC regulations would be substantially less burdensome for small carriers so affiliated with larger carriers that are already bound by the DBC regulations.

Island Air therefore proposes that, if the DBC regulations are extended to smaller aircraft, that extension should be applied only to airlines that also operate larger aircraft, or that are affiliated under a guaranteed revenue and /or capacity purchase agreement with a carrier operating larger aircraft. This proposal would strike a successful balance between protecting the vast majority of passengers while also protecting small, independent regional airlines such as Island Air. Extending DBC rules to Island Air would impose a regulatory burden on a company that clearly has no need of Department regulation or oversight in the area of DBC.

Island Air thanks the Department for its consideration of these comments.

Respectfully submitted,


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