



Proposal of Hyannis Air Service, Inc. dba "Cape Air" to provide subsidized Essential Air Service for:

# Bar Harbor, Maine

DOCKET DOT-OST-2011-0185

Non-stop to/from Boston 3x Daily in Winter; 1x Daily in Summer



Hyannis Air Service, Inc., dba Cape Air  
Attn: Andrew Bonney, 660 Barnstable Road, Hyannis, MA 02601  
(508) 862-9719

**January 6, 2012**

# Cape Air is a small but robust commuter airline, operating and growing since 1989

## Key facts

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- First route was Boston – Provincetown, begun in October 1989 with one aircraft
- 64 Cessna 402s in five regions, and two ATR-42s in Micronesia
- Operating up to 600 flights daily
- In 2011 flew almost 700,000 passengers
- Stable, mature and growing company

## Cape Air: Leading the pack nine at a time



Photo courtesy Mark Garfinkel (August 7, 2000, Boston)



# Cape Air 2011

- 2011 revenue approached \$100M
- Consistently profitable

- Cape Air has purchased six more Cessnas, which will bring the fleet total to 70
- 39 airports served, 16 in EAS



Captain Krista Poppe  
Hyannis based

# For smaller communities and niche markets, Cape Air's nine-seat planes have proven to be a good fit

## Cape Air highlights

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- **High-frequency, non-stop** service
- **Interline** e-ticketing and baggage agreements
- Complete **GDS** sales channels:
  - 866-Cape-Air
  - In-house Sabre reservations office
- **Reliability** thanks to spare aircraft availability
- MOCHA HGoTDI<sup>†</sup> **culture** and community investment

## “Key West Express”



Cape Air began service in 1989 with three aircraft...

### Cape Air Begins Service From P'Town

Cape Air has begun operation of its scheduled commuter airline service between the Provincetown Airport and Boston's Logan Airport.

Cape Air's fall/winter schedule offers three to four daily departures from Provincetown and three to four departures from Gate No. 28, lower level of American Airlines Terminal B in Boston.

Cape Air is a division of Hyannis Air Service, Inc., an air charter service and fixed base operator at the Barnstable Municipal Airport in Hyannis. For more information, call 1-800-352-0714 or 775-8171.



# ...And one route: Boston – Provincetown

Original Cape Air route map



November 1989 schedule

# Today, Cape Air serves 16 communities in the Northeast...

Northeast route map

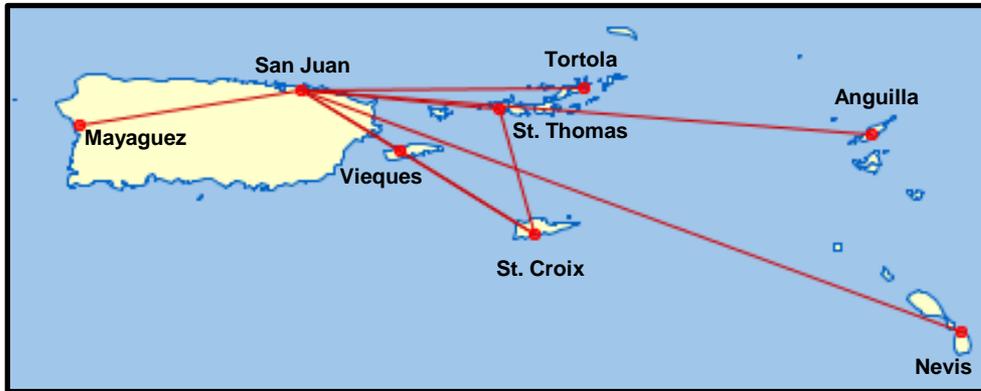


January 2012 route map (including summer-seasonal service)

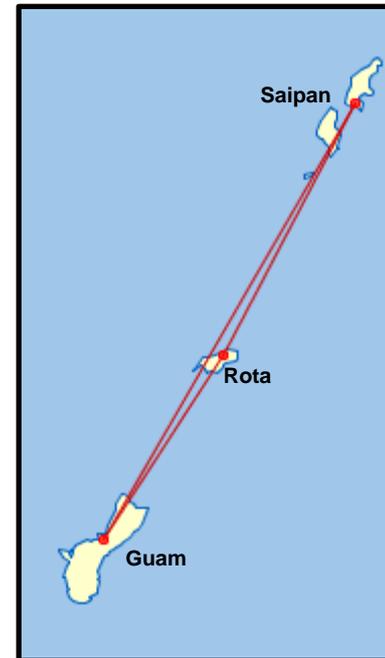


...And has developed niches along the East Coast, in the Caribbean, Midwest and Micronesia

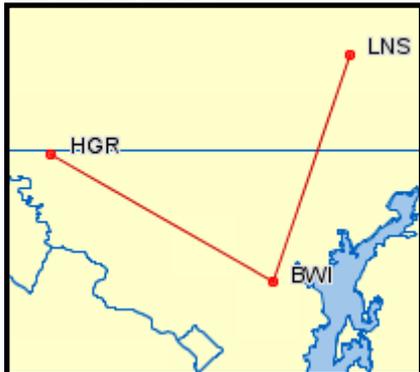
### Caribbean



### Micronesia



### Mid-Atlantic



January 2012 route maps; Maps not to scale



### Florida Keys



The Cessna 402 is the workhorse of Cape Air's fleet



Over more than 20 years in business Cape Air has invested in the airline features smaller communities need

<u>Feature</u>	<u>Established</u>
Reliability	
Tickets sold through Expedia, Orbitz, Travelocity	
Interline e-ticketing with all legacy airlines	
Checked luggage transfer with all legacy airlines	
TSA security program	



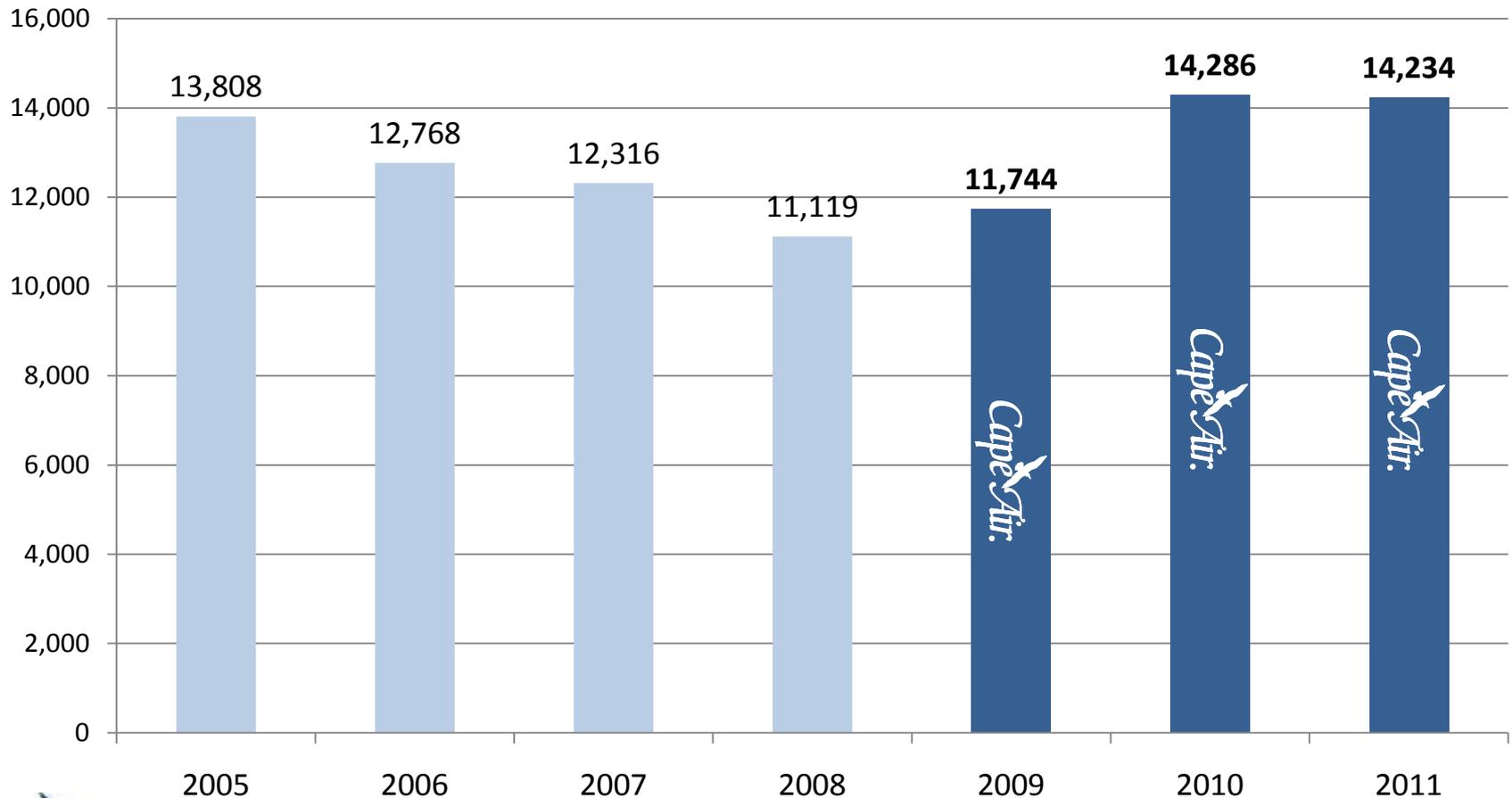
Thriving in Maine

# **AIR SERVICE FOR BAR HARBOR**



Since Cape Air entered the Maine market in late 2008 with service at Knox County Regional Airport, their ridership has increased above historical highs

**Rockland passengers**

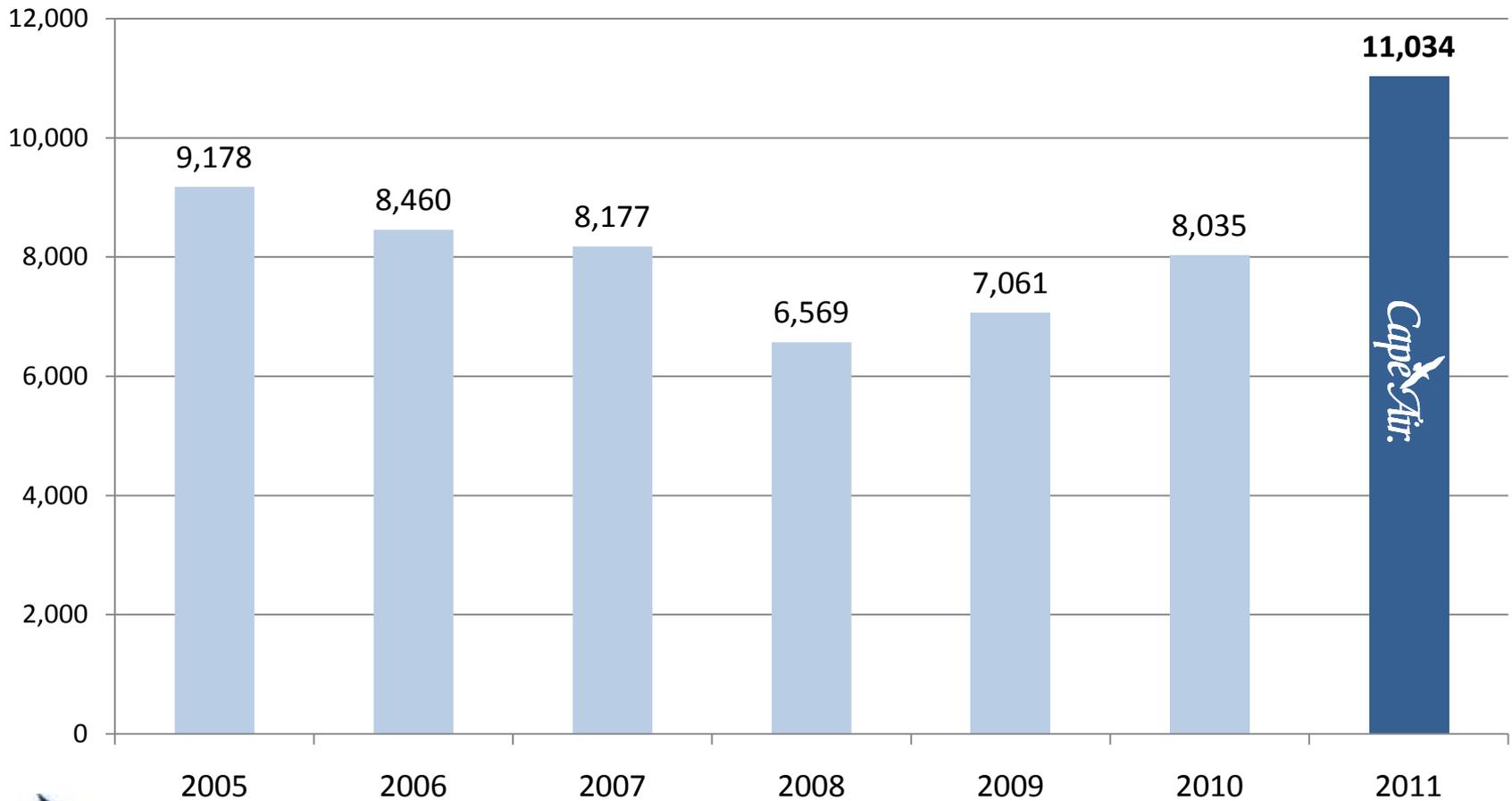


Source: US DOT RFPs and Cape Air



# When Cape Air started serving Augusta in late 2010, ridership also increased to modern highs

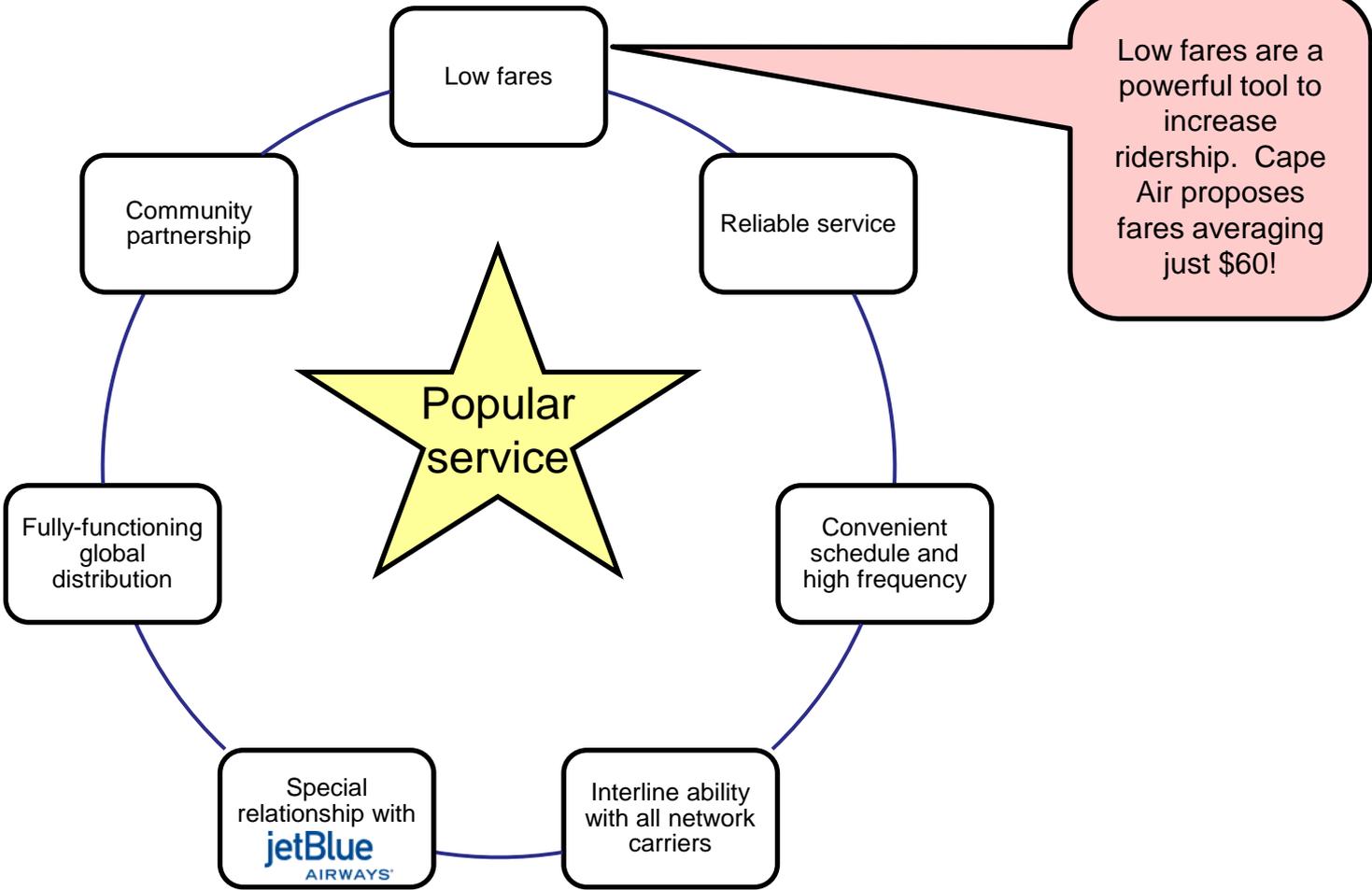
**Augusta passengers**



Source: US DOT RFPs and Cape Air



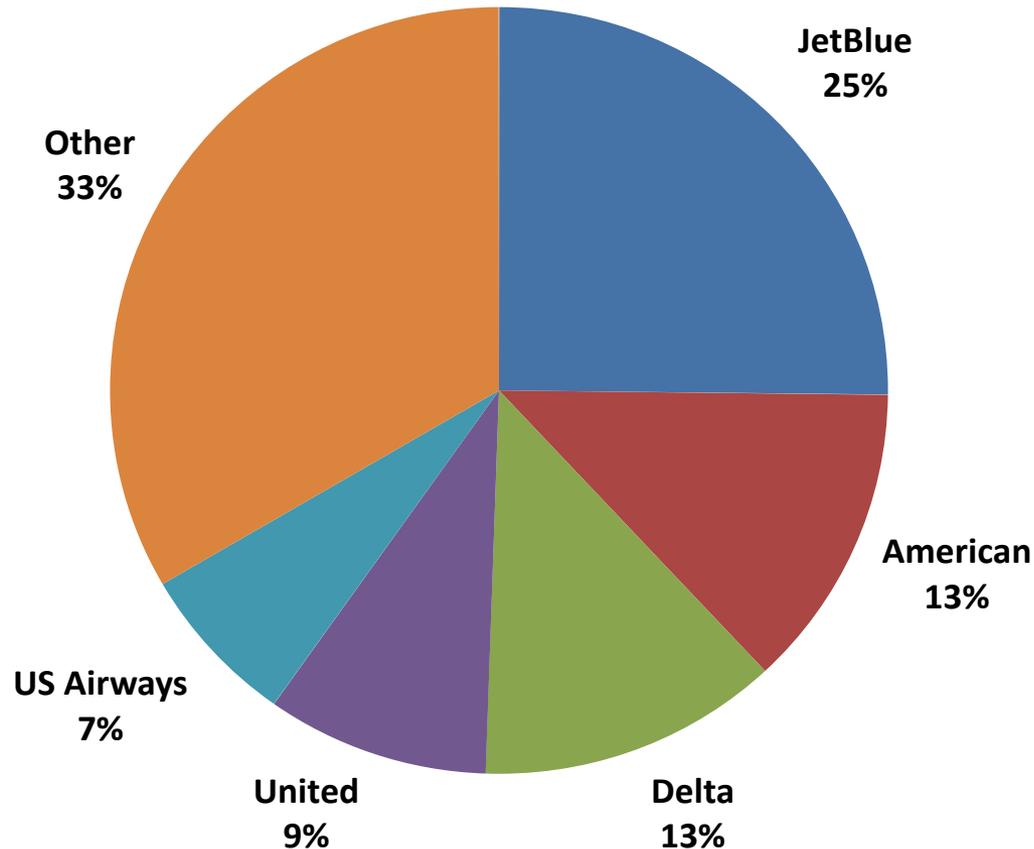
# The popularity of Cape Air's Maine service is due to complex, inter-related contributions by Cape Air *and* our community partners



Cape Air's partner at Boston, jetBlue, is the largest airline at Boston, with 25% of capacity; Cape Air also interlines with all of the other legacy airlines

**Boston available seat miles**

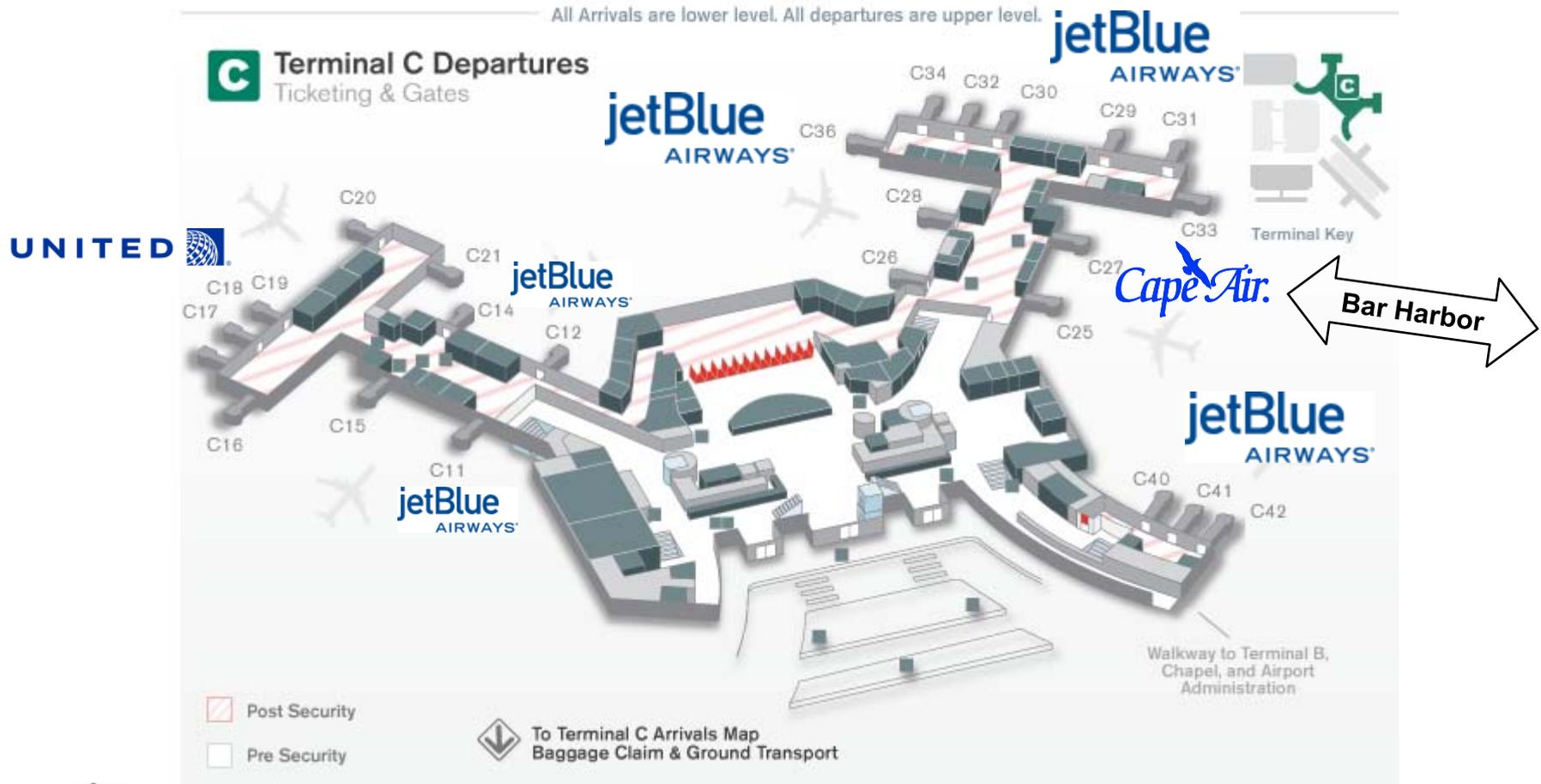
March 2012



Source: OAG



# Cape Air cities connect seamlessly within Logan's Terminal C with JetBlue, and now United, too



Source: Massport



# JetBlue serves most major markets from Boston non-stop, with a total of 100 daily departures

## JetBlue Airways' daily flights from Boston

March 2012

<u>Rank</u>	<u>Destination</u>	<u>Daily Departures</u>	<u>Rank</u>	<u>Destination</u>	<u>Daily Departures</u>
1	Fort Lauderdale, FL	8.0	21	Los Angeles, CA	1.8
2	Orlando, FL	7.0	22	Richmond, VA	1.8
3	New York-JFK, NY	6.8	23	Aruba, AW	1.6
4	Washington-National, DC	6.7	24	Cancun, MX	1.2
5	Fort Myers, FL	5.9	25	Austin, TX	1.0
6	Baltimore, MD	5.0	26	New Orleans, LA	1.0
7	West Palm Beach, FL	5.0	27	Nassau, BS	1.0
8	Tampa, FL	5.0	28	Phoenix, AZ	1.0
9	Newark, NJ	3.9	29	San Diego, CA	1.0
10	Washington-Dulles, VA	3.8	30	Seattle/Tacoma, WA	1.0
11	Raleigh/Durham, NC	3.7	31	Sarasota/Bradenton, FL	1.0
12	San Juan, PR	3.0	32	St. Thomas, VI	0.8
13	Buffalo, NY	2.8	33	Long Beach, CA	0.6
14	Pittsburgh, PA	2.8	34	Santo Domingo, DO	0.6
15	San Francisco, CA	2.8	35	Punta Cana, DO	0.5
16	Charlotte-Douglas, NC	2.0	36	Santiago, DO	0.4
17	Jacksonville, FL	2.0	37	St. Maarten, SX	0.4
18	Chicago-O'Hare, IL	2.0	38	Montego Bay, JM	0.3
19	Denver, CO	1.8	39	Providenciales, TC	0.3
20	Las Vegas, NV	1.8	40	San Jose, CA	0.1

Source: OAG



# JetBlue connections stretch from coast to coast

## JetBlue Airways' Boston route map

March 2012



Source: OAG



# As with all Cape Air cities served from Boston, Bar Harbor connections would appear on Jetblue.com

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### Select your flights

1 Flights | 2 Travelers | 3 Seats | 4 Payment

Sort by: Time - early to late | Class: Coach

\*Business and First class seats are for partner airlines only, not on JetBlue.

**A** **Departing flight: Rockland, ME (RKD) to Fort Lauderdale, FL (FLL)**  
\*Prices displayed are oneway per person and do not include taxes and fees.

Did you know you can click on a JetBlue flight number to see its on-time performance?

Prev
Sat 05/12
Sun 05/13
Mon 05/14
**Tuesday May 15**
Wed 05/16
Thu 05/17
Fri 05/18
Next

Departs/Arrives	Route	Flight	Operated by	Info	Lowest Price/Person*
06:45 AM 07:50 AM	Rockland, ME (RKD) to Boston, MA (BOS)	9K1850	Cape Air	<b>3 seats</b> left at this price	\$166
10:59 AM 02:17 PM	Boston, MA (BOS) to Fort Lauderdale, FL (FLL)	<a href="#">969</a>	jetBlue		
11:10 AM 12:15 PM	Rockland, ME (RKD) to Boston, MA (BOS)	9K1854	Cape Air	<b>3 seats</b> left at this price	\$166
02:15 PM 05:35 PM	Boston, MA (BOS) to Fort Lauderdale, FL (FLL)	<a href="#">971</a>	jetBlue		

**Sign in to TrueBlue**

Sign in to speed up the booking process. We'll help fill in your information!

[Sign in](#)

**Your itinerary**

1 traveler oneway:  
**Rockland, ME (RKD) to Fort Lauderdale, FL (FLL)**

[Edit search](#)

**Departing**

**RKD** > **FLL**

Not yet selected

**Airfare**

Fare: \$ -----

Taxes & Fees: \$ -----

**Total:** \$ -----



# Itineraries connecting between Cape Air and Continental are available on continental.com



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SEARCH FLIGHTS → CHOOSE FLIGHTS → TRIP ITINERARY → TRAVELER INFORMATION → COMPLETE PURCHASE → CONFIRMATION

## Select Departing Flight

**One Way** ([Start New Search](#))  
 Depart: **Rockland, ME (RKD)**  
 Arrive: **New York/Newark, NJ (EWR - Liberty)**  
 Date: **Tue., May. 15, 2012** Time: **Anytime**  
 Cabin: **Economy** Travelers: **1**

**First Year Free.**  
 Get \$50 back and earn up to 40,000 bonus miles.  
[Learn more >](#)

**OUR LOWEST FARES**  
 Buy Now — limited tickets at our lowest price

<b>With Stops</b> from <b>\$176</b>	<b>Flexible Fare</b> from <b>\$514</b>	<b>Business Class/BusinessFirst</b> from <b>\$600</b>	<b>First Class</b> from <b>\$600</b>
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Fares listed are for the entire trip per person and do not include all [taxes and fees](#). [Additional bag charges may apply](#).  
 The fare displayed is the lowest available for the dates requested; however some flights may not be in the cabin you requested.  
 Continental/United flights include those operated by our Express and Connection partners.

Price	Departing	Arriving	Travel Time	OnePass Miles	
<b>Partner Flights with stops from \$176</b>					
from <b>\$176</b>  2 tickets at this price  <a href="#">Select</a>  	Depart: <b>6:45 a.m.</b> <b>Tue., May. 15, 2012</b> Rockland, ME (RKD)	Arrive: <b>7:50 a.m.</b> <b>Tue., May. 15, 2012</b> Boston, MA (BOS)	Flight Time: 1 hr 5 mn	OnePass Miles/ Elite Qualification*:	Flight: <b>9K1850</b> Operated by Cape Air. Aircraft: <b>Cessna 402</b> <a href="#">Fare Class: Economy (W)</a> Meal: <b>None</b> <a href="#">See On-Time Performance</a>
	<b>Change Planes.</b> Connect time in Boston, MA (BOS) is 55 minutes.				
	Depart: <b>8:45 a.m.</b> <b>Tue., May. 15, 2012</b> Boston, MA (BOS)	Arrive: <b>10:00 a.m.</b> <b>Tue., May. 15, 2012</b> New York/Newark, NJ (EWR - Liberty)	Flight Time: 1 hr 15 mn  Travel Time:	OnePass Miles/ Elite Qualification*: 201 /100% Total Miles:	Flight: <b>CO1688</b> Aircraft: <b>Boeing 737-500</b> <a href="#">Fare Class: Economy (W)</a> Meal: <b>None</b>



At Boston Cape Air interlines with all of the big airlines;  
we sell joint e-tickets, and connect checked luggage



U-S AIRWAYS



# Participation in the global distribution system gives Cape Air's communities access to the world

Cape Air is sold through:

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Cape Air has had its own reservations center, using the industry-standard **Sabre** / Airline Solutions / system, for more than 15 years

Cape Air's Telephone Reservations Center



Toll free reservations: 866-CAPE-AIR  
Never a booking fee!

The key to Cape Air's success is our friendly people...

**Daffodil "Daffy" Day at Cape Air reservations**



...And our mantra:

**MOCHA HAGOTDI**

Cape Air celebrates Valentine's Day in the Caribbean



Make  
Our  
Customers  
Happy,  
And

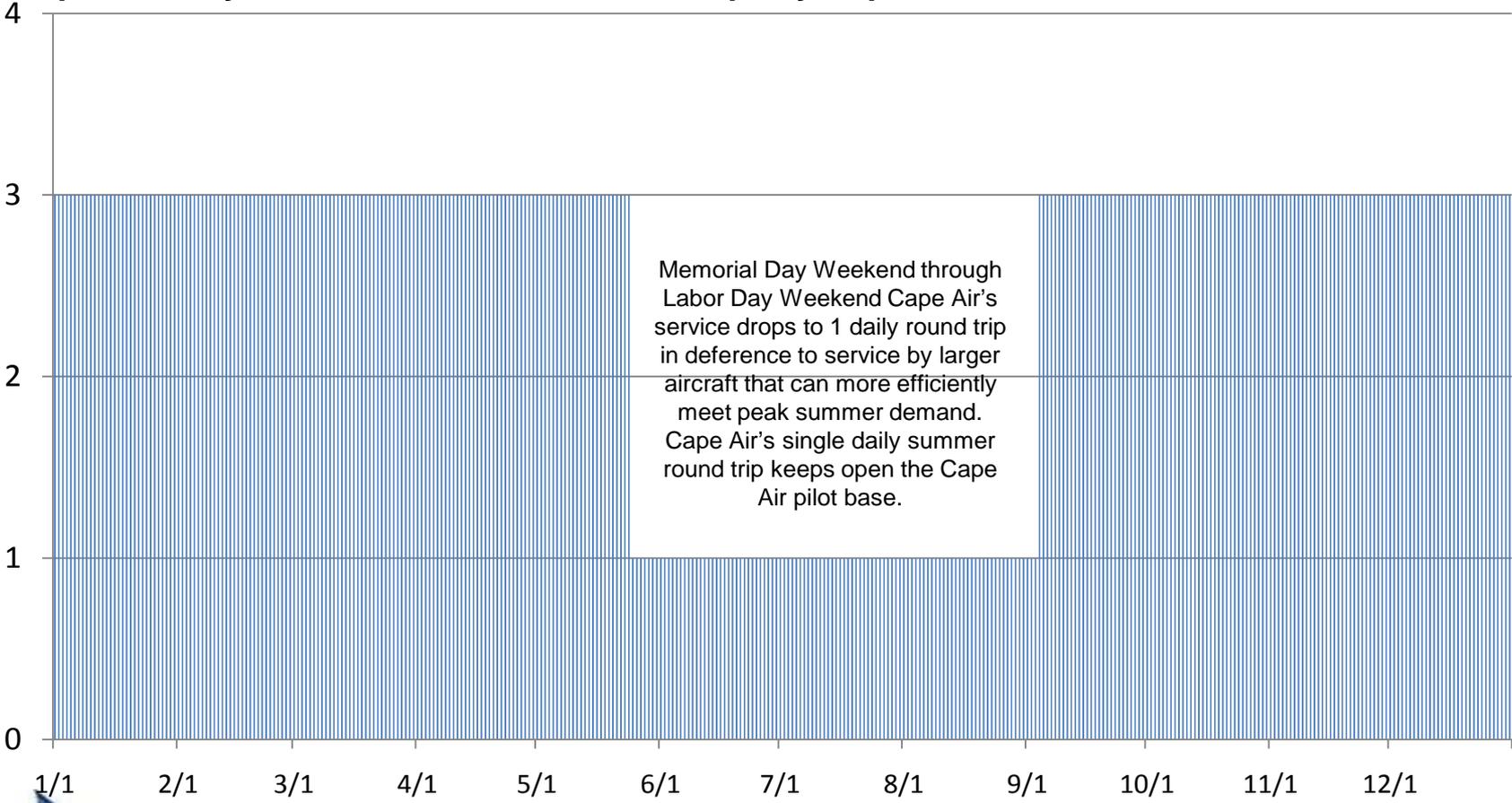
Have  
A  
Good  
Time  
Doing  
It!

Cape Air takes its environmental responsibility seriously, and now powers its headquarters with a rooftop solar array



# Cape Air's economical Cessnas can provide 3 daily round trips during the off-season, and can be complemented by summer-seasonal service in larger aircraft

**Proposed daily Bar Harbor – Boston round trips by Cape Air**



**Cape Air's summer reduction would run 102 days from the Friday before Memorial Day through Labor Day Monday**

# Nominal Bar Harbor – Boston schedule

**Winter: Tuesday after Labor Day through the Thursday before Memorial Day**

<b>To Boston</b>		<b>From Boston</b>	
<u>Departure</u>	<u>Arrival</u>	<u>Departure</u>	<u>Arrival</u>
6:00 AM	7:24 AM	10:00 AM	11:18 AM
11:38 AM	1:02 PM	2:00 PM	3:18 PM
3:38 PM	5:02 PM	5:27 PM	6:45 PM

**Summer: Memorial Day Weekend through Labor Day Weekend**

<b>To Boston</b>		<b>From Boston</b>	
<u>Departure</u>	<u>Arrival</u>	<u>Departure</u>	<u>Arrival</u>
6:00 AM	7:24 AM	5:27 PM	6:45 PM



# Cape Air proposes Bar Harbor service at an annualized rate of \$1.67M

## Drivers

Sched. RTs/Day	2.37
Annual Sched. Dpts	1,784
Completion Rate	97%
Annual Actual Dpts	1,730
PDEW	10.5
Pax/Dpt	4.4
Load Factor	49%
Annual Passengers	7,631

### Frequency note:

To accommodate the unusually strong seasonality of the Bar Harbor market Cape Air proposes 3x daily service from the Tuesday after Labor Day through the Thursday before Memorial Day. From the Friday before Memorial Day through Labor Day Cape Air proposes one daily round trip. This service pattern can be complimented by summer-seasonal service in a larger aircraft.

## Economics

Fuel	\$583,246
Maintenance	\$581,803
Pilots	\$171,640
Ownership	\$88,969
Stations	\$269,239
Marketing	\$56,015
De-icing	\$29,341
ARFF	\$156,891
General & Admin./Other	\$85,256
Operating expense	\$2,022,401
Return of 5%	\$106,442
Economic Expense	\$2,128,844
Passenger Revenue	\$458,912
Profit	(\$1,669,932)

### Two-year contract

<b>Subsidy Required</b>	<b>\$1,669,932</b>
<b>Per Departure</b>	<b>\$963</b>

### Four-year contract discount

<b>Subsidy Required</b>	<b>\$1,631,223</b>
<b>Per Departure</b>	<b>\$941</b>



# Cape Air would be a great air service provider for Bar Harbor

## **Cape Air offers the airline amenities Bar Harbor needs:**

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- ✓ Low fares
- ✓ Improved non-stop frequency
- ✓ Ample fleet of back-up aircraft available at Boston and Hyannis to ensure reliability
- ✓ Same terminal connections to JetBlue, Boston's largest airline
- ✓ Full interline connectivity, allowing same-ticket connections with the world
- ✓ Global distribution

**Cape Air is a great choice for  
Bar Harbor**



Thank you!



 Cape Air



Appendix  
Interline Examples on Online Travel Agencies



# Cape Air is on Expedia.com

## Screenshot from Expedia.com showing Cape Air

LNS-PHX search for travel 22SEP09

The screenshot shows the Expedia.com interface for a flight search from Lancaster, PA (LNS) to Phoenix, AZ (PHX) on September 22, 2009. The search results table lists various flight options, including nonstop and flights with 1 or 2 stops, with Cape Air being the most competitive option. A prominent banner advertises 'Book Any Flight Online WITHOUT BOOKING FEES'. The selected flight details show a departure at 3:09 pm from Lancaster and arrival at 7:11 pm in Phoenix, with a duration of 7 hours and 2 minutes. The total price is \$169.56, including taxes and fees. The flight is operated by Cape Air 1526 and US Airways 678, connecting in Baltimore (BWI).

**Start search over**

**Change your search**

Departure airport: LNS (Lancaster)

Destination airport: PHX (Phoenix)

Departing: (mm/dd/yyyy) 9/22/2009

Anytime

Airline: No Preference

Class: Economy / Coach

Nonstop flights only

Refundable flights only

**Go**

**Lancaster, PA (LNS) to Phoenix, AZ (PHX)**

	All Results	Cape Air Cape Air	Delta	Continental	US Airways	American Airlines
<b>Nonstop</b>	---	---	---	---	---	---
<b>1 stop</b>	\$156 \$169 total see below	\$156 \$169 total	---	---	\$156 \$169 total	---
<b>2+ stops</b>	\$141 \$158 total see below	\$141 \$158 total	\$141 \$158 total	\$141 \$161 total	---	\$176 \$197 total

**Book Any Flight Online WITHOUT BOOKING FEES** [See details](#)

**Note:** Prices are per person for roundtrip travel, they are e-ticket prices and include all flight taxes and fees. If your itinerary requires paper tickets there will be an additional charge. Prices do not include baggage fees or other fees charged directly by the airline. These results cover a metro area with several airports. Review your choices carefully.

**1 Choose a one way flight** or [view top 11 picks](#)

Sort by:  Price  Duration  Departure time  Arrival time

**\$156.46** + \$13.10 taxes & fees = \$169.56

**3:09 pm** Depart Lancaster (LNS)  
Arrive Phoenix (PHX) **7:11 pm**

Tue **22-Sep**  
Duration: 7hr 2mn

**Cape Air** 1526  
**US Airways** 678  
Connect in Baltimore (BWI)

[Preview seat availability](#)

**Choose this flight**

**Book this flight online now without booking fees!** [See details](#)



# Cape Air is on Travelocity.com

## Screenshot from Travelocity.com showing Cape Air

ATL-MAZ search for travel 22SEP09

The screenshot shows the Travelocity website interface. At the top, the Travelocity logo is on the left, and 'Customer Care | My Stuff' is on the right. A navigation bar includes 'Home', 'Flights', 'Hotels', 'Cars/Rail', 'Vacation Packages', 'Cruises', 'Last Minute Packages', 'Deals', 'Activities', and 'ExperienceFinder'. Below this, there are links for 'Search Flights', 'Top Deals', 'Web Fares', 'Low Fare Alert', and 'Last Minute Packages RSS'. A progress bar shows 'search', 'select', 'review', 'reserve', and 'confirm' steps.

The main heading is 'Your Flight to Mayaguez, Puerto Rico (MAZ)'. Below it, it says 'Departing: Tue, Sep 22 | 1 Adult' and 'Change Your Search'. A red banner on the right asks 'Looking for Cheap Airfares? Compare more sites with just one click.' Below the banner, there is a 'Your Search' box showing 'Depart Tue, Sep 22 from \$224' and a 'Help with this page' link.

A note states: 'Prices shown are for e-tickets. Paper tickets require additional fees. Baggage fees are not included and may apply.' Below this is a table with columns for Delta Air Lines, US Airways, and American Airlines. The table shows flight options for '1-Stops Only' and 'All 7 Flights displayed below'.

	Delta Air Lines	US Airways	American Airlines
<b>1-Stops Only</b> 2 flights	\$224 <a href="#">2 flights</a>	--- 0 flights	--- 0 flights
<b>All 7 Flights</b> displayed below	\$224 <a href="#">2 flights</a>	\$227 <a href="#">3 flights</a>	\$228 <a href="#">2 flights</a>

Below the table is a section 'Select Departing Flight for Tue, Sep 22' with '7 flight options: 1 - 7'. A 'Sort By' dropdown is set to 'Price'. Below this is a table with columns: Airline, Departure Time, Arrival Time, Total Travel Time, and One Way Price.

Airline	Departure Time	Arrival Time	Total Travel Time	One Way Price
<b>Delta Air Lines</b> Flight 539 <b>Cape Air</b> Flight 39	9:40am Atlanta, GA (ATL)	4:17pm Mayaguez, Puerto Rico (MAZ)	6hrs 37min - 1 Stop Change planes in San Juan, Puerto Rico (SJU) Flight #539 on-time: No data available	<b>\$224</b> per person <b>3 seats left at this price</b> <a href="#">Select</a>
<b>Delta Air Lines</b> Flight 423 <b>Cape Air</b> Flight 43	11:10am Atlanta, GA (ATL)	6:47pm Mayaguez, Puerto Rico (MAZ)	7hrs 37min - 1 Stop Change planes in San Juan, Puerto Rico (SJU)	<b>\$224</b> per person <a href="#">Select</a>

Additional text for the first flight option: 'No Booking Fees! [more](#) Turboprop Service [more](#)'.



# Cape Air is on Orbitz.com

## Screenshot from Orbitz.com showing Cape Air

ART-DCA search for travel 22SEP09

**ORBITZ** FEES CUT NO FEES

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ORBITZ **MATRIX**™ DISPLAY

**My Search**

Find flights by: Cape Air  
Airline Cape Air

Stops Price

Stops	Price
Non-stop	
1 stop	\$280 total \$299
2+ stops	\$256 total \$286

NO FLIGHT FEES + PRICE ASSURANCE  
UNBEATABLE VALUE  
Learn more

Fares are per person in US dollars, using e-tickets. Total fare includes all taxes and fees.  
Additional baggage charges may apply.  
Some itineraries require paper tickets with an additional charge. Changes after purchase are subject to change fees.

Sort flights by: Lowest price Departure time Shortest flight Airport codes

**Change Search**

From City name or airport  
ART  
 incl. nearby airports

To City name or airport  
 incl. nearby airports

Leave 09/22/09  
Depart Anytime

Showing **lowest priced flights** (45 flights out of 82 total) [See all 82 flights](#)

**Select** \$256 + \$30 taxes & fees = \$286 per person **PRICE ASSURANCE**

Leave	Tue, Sep 22	Cape Air 1800
	Depart: 7:05am Arrive: 8:00am	Watertown, NY (ART) Albany, NY (ALB)
	<b>3 stops</b>	Economy   55min   Cessna Prop
	<b>Change Airline.</b> Time between flights: 2hr 0min	
		<b>US Airways 4531</b> operated by US Airways Express - Piedmont Airlines
	Depart: 10:00am	Albany, NY (ALB)





Appendix  
Boston Air Service Route Maps from Massport





# Boston Logan has Nonstop International Service to 29 Destinations



Note: Includes Seasonal Service, Source: OAG & Innovata Schedules