



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 14th of April, 2025

Essential Air Service at

WATERTOWN, SOUTH DAKOTA

DOT-OST-2001-10644

Under 49 U.S.C. § 41731 *et seq.*

ORDER APPROVING ALTERNATE SERVICE PATTERN

Summary

By this Order, the U.S. Department of Transportation (the Department) approves the request of SkyWest, Inc. (SkyWest) to change its Essential Air Service (EAS) pattern at Watertown, South Dakota, effective August 1, 2025.

With this approval, SkyWest will provide Watertown a dual-carrier model, with service marketed as United Express to Denver International Airport (DEN) and/or service marketed as Delta Connection to Minneapolis-St. Paul International Airport (MSP). There is no change to the annual subsidy, type of aircraft, number of weekly flights, or the contract end date of SkyWest's term at Watertown.

Background

By Order 2025-4-1 (April 1, 2025), the Department selected SkyWest, marketed as United Express, to provide EAS at Watertown using 50-seat Bombardier CRJ-200 aircraft. That Order selected SkyWest to provide 12 total weekly round trips to Chicago O'Hare International Airport (ORD) and DEN for the four-year term from June 1, 2025, through May 31, 2029, at the following annual subsidy rates:¹

¹ That order also selected SkyWest to provide EAS at Pierre, South Dakota.

<u>Annual Subsidy</u> <u>(Year 1)</u>	<u>Annual Subsidy</u> <u>(Year 2)</u>	<u>Annual Subsidy</u> <u>(Year 3)</u>	<u>Annual Subsidy</u> <u>(Year 4)</u>
\$6,301,661	\$6,490,711	\$6,685,433	\$6,885,996

Airline Proposal

In Watertown's discussions with SkyWest, the community requested that SkyWest change its hub from ORD to MSP. DEN service would remain as is.

Community Comments

By letter dated April 4, 2025, Mr. Ian Meriwether-Chalfant, Airport Manager of the Watertown Regional Airport, stated:

This change would allow for a dual-carrier model, with United Express (UE) continuing to operate the Denver route, while Delta Connection (DC) would take over service to Minneapolis under SkyWest Airlines as a split code.

The primary driver behind this request is strong community input over the past several years. Many residents have expressed a clear preference for Minneapolis, citing both leisure and business travel needs. In reviewing historical data, this sentiment aligns with a consistent disparity in load factors between Chicago and Denver.

The lower demand for flights to Chicago, compared to Denver, is well-documented. When coupled with overwhelming community support for restoring service to Minneapolis, this change presents a logical path forward. Both the community and the board strongly support this transition, and in discussions with SkyWest, they have also expressed their alignment with this change.²

Decision

The Department approves SkyWest's request, which meets the three conditions necessary for approval under authority assigned under 14 CFR 385.12(h)(3) of the Department's Regulations: (1) the alternate service pattern is equal or greater than that determined to be essential; (2) the community does not object to the alternate service pattern; and (3) the alternate service pattern will not increase SkyWest's subsidy.

² See City of Watertown, South Dakota (Request for EAS Route Change) at, <https://www.regulations.gov/document/DOT-OST-2001-10644-0228>, and SkyWest Airlines (Concurrence with City of Watertown Request for EAS Route Change), at <https://www.regulations.gov/document/DOT-OST-2001-10644-0229>.

Because the Department is simply *allowing* the alternate service pattern and not *requiring* it, SkyWest may revert to the original service pattern at any time. However, the Department wishes to make clear that SkyWest must maintain twelve (12) weekly round trips at the community. Furthermore, the Department is prohibited from paying subsidy to a community with service to more than two (2) hub airports.³

This Order is issued under authority assigned in 14 CFR § 385.12(h)(3).

ACCORDINGLY,

1. The Department approves the alternate service pattern requested by SkyWest, Inc. to provide Essential Air Service at Watertown, South Dakota to Denver International Airport (DEN) *and/or* Minneapolis-St. Paul International Airport (MSP), effective August 1, 2025;
2. This docket will remain open until further order of the Department; and
3. The Department will serve this Order on the mayor of Watertown, South Dakota, the airport manager of the Watertown Regional Airport, and SkyWest, Inc.

By:

TODD M. HOMAN

Director

Office of Aviation Analysis

(SEAL)

*An electronic version of this document is available at
www.regulations.gov*

³ 14 C.F.R. § 398.2(b)(4).

SkyWest Airlines, Inc.
Essential Air Service to be provided at Watertown, South Dakota
DOT-OST-2001-10644

Contract Term: August 1, 2025, through May 31, 2029
Annual Subsidy: See chart below
Hubs: Denver International Airport (DEN)/Minneapolis-St. Paul International Airport (MSP)
Scheduled Service: 12 round trips per week
Aircraft/Seats: 50-passenger CRJ-200
Subsidy Rate per Flight:⁴ See chart below
Weekly Ceiling:⁵ See chart below

<u>Effective Period</u>	<u>Annual Subsidy</u>	<u>Rate per Flight</u>	<u>Weekly Ceiling</u>
June 1, 2025 – May 31, 2026	\$6,301,661	\$5,204	\$124,896
June 1, 2026 – May 31, 2027	\$6,490,711	\$5,360	\$128,640
June 1, 2027 – May 31, 2028	\$6,685,433	\$5,521	\$132,504
June 1, 2028 – May 31, 2029	\$6,885,996	\$5,686	\$136,464

Note: The air carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate Order, including the service plans outlined in the Order and any other significant elements of the required service, without prior approval. The air carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight. Absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the air carrier does not schedule or operate its flights in full conformance with the Order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the air carrier contemplates any such changes beyond the scope of the Order during the applicable period of this rate, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement air carrier to provide service on these routes. The air carrier must complete all

⁴ Annual compensation divided by 1,211 annual departures (24 weekly departures x 52 weeks x 97 percent completion). Use same calculation for subsequent years.

⁵ 24 weekly departures multiplied by rate per flight. Use same calculation for subsequent years.

flights that can be safely operated. Flights that overfly points for lack of traffic will not be compensated. In determining whether a subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this Order, then, at the end of the period for which the Department does make payments in the stipulated service amounts, the air carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and air carrier do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time.

Funds may not be available for performance under this Order beyond September 30, 2025. The Government's obligation for performance under this Order beyond September 30, 2025, is subject to the availability of funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this order beyond September 30, 2025, until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond September 30, 2025, the Department will provide notice in writing to the air carrier.

All claims for payment, including any amended claims, must be submitted within 90 days of the last day of the month for which compensation is being claimed. For example, claims for service provided in July must be filed by October 31; August claims must be submitted by November 30, and so on.