Order: 2025-4-1
Issued: April 1, 2025

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

Issued by the Department of Transportation
on the 1st day of April, 2025

Essential Air Service at **PIERRE, SOUTH DAKOTA** (FAIN 69A3452560473)[1] **WATERTOWN, SOUTH DAKOTA** (FAIN 69A3452560474) Under 49 U.S.C. § 41731 *et seq*.	**DOT-OST-2011-0138** **DOT-OST-2001-10644**

ORDER SELECTING AIR CARRIER

Summary
By this Order, the U.S. Department of Transportation (the Department) selects SkyWest Airlines, Inc. (SkyWest), branded as United Express, to provide Essential Air Service (EAS) at Pierre and Watertown, South Dakota, using 50-seat CRJ-200 aircraft, for the four-year term from June 1, 2025, through May 31, 2029.

At Pierre, SkyWest will provide 12 total weekly round trips to Denver International Airport (DEN), at the annual subsidy rates in the table below.[2]

Annual Subsidy (Year 1)	Annual Subsidy (Year 2)	Annual Subsidy (Year 3)	Annual Subsidy (Year 4)
$5,481,736	$5,646,188	$5,815,573	$5,990,041

At Watertown, SkyWest will provide 12 total weekly round trips to Chicago O'Hare International Airport (ORD) and DEN, at the annual subsidy rates in the table below.

[1] FAIN = Federal Award Identification Number.

[2] Such subsidy is calculated on a fiscal year basis, subject to the availability of funds.

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

Background

By Order 2023-4-9 (April 14, 2023), the Department selected Key Lime Air Corp. d/b/a Denver Air Connection (DAC) to provide EAS at Pierre and Watertown, South Dakota, using 50-seat Embraer ERJ-145 regional jet aircraft, for the two-year term from June 1, 2023, through May 31, 2025.

Under the terms of that order, at Pierre, DAC provides a total of 12 weekly nonstop round trip to DEN and Minneapolis−Saint Paul International Airport (MSP), at a first-year annual subsidy of $5,745,454 and a second-year annual subsidy of $6,147,636.

At Watertown, DAC provides a total of 12 weekly nonstop round trips to DEN and ORD, at a first-year annual subsidy of $6,329,521 and a second-year annual subsidy of $6,772,587.

On December 4, 2024, the Department issued Order 2024-12-1 requesting proposals from air carriers interested in providing EAS at both Pierre and Watertown, with a due date of January 6, 2025. Air Wisconsin, DAC, and SkyWest submitted proposals.

Summary of Air Carrier Proposals

Pierre										
Air Wisconsin										
Service Option	**Annual Subsidy (Year 1)**	**Annual Subsidy (Year 2)**	**Annual Subsidy (Year 3)**	**Annual Subsidy (Year 4)**	**Community Support?**	**Hub(s)**	**Round Trips per Week**	**Aircraft**	**Seats**	**Interline/ Codeshare**
Option 1	$7,433,241	$7,953,568	N/A	N/A	No	ORD	12	CRJ-200	50	Yes
Option 2	$6,713,266	$7,183,894	N/A	N/A	No	DEN/ORD	12	CRJ-200	50	Yes
Key Lime Air d/b/a Denver Air Connection (DAC)										
Service Option	**Annual Subsidy (Year 1)**	**Annual Subsidy (Year 2)**	**Annual Subsidy (Year 3)**	**Annual Subsidy (Year 4)**	**Community Support?**	**Hub(s)**	**Round Trips per Week**	**Aircraft**	**Seats**	**Interline/ Codeshare**
Option 1	$5,910,468	$6,324,201	$6,766,895	$7,240,577	Yes	DEN/ORD	12	ERJ-145	50	Yes
SkyWest										
Service Option	**Annual Subsidy (Year 1)**	**Annual Subsidy (Year 2)**	**Annual Subsidy (Year 3)**	**Annual Subsidy (Year 4)**	**Community Support?**	**Hub(s)**	**Round Trips per Week**	**Aircraft**	**Seats**	**Interline/ Codeshare**
Option 1	$5,481,736	$5,646,188	$5,815,573	$5,990,041	Yes, including formal city recommendation	DEN/ORD	12	CRJ-200	50	Yes

Watertown										
Air Wisconsin										
Service Option	**Annual Subsidy (Year 1)**	**Annual Subsidy (Year 2)**	**Annual Subsidy (Year 3)**	**Annual Subsidy (Year 4)**	**Community Support?**	**Hub(s)**	**Round Trips per Week**	**Aircraft**	**Seats**	**Interline/ Codeshare**
Option 1	$6,793,219	$7,268,745	N/A	N/A	No	ORD	12	CRJ-200	50	Yes
Option 2	$7,183,357	$7,686,192	N/A	N/A	No	DEN/ORD	12	CRJ-200	50	Yes
Key Lime Air d/b/a Denver Air Connection (DAC)										
Service Option	**Annual Subsidy (Year 1)**	**Annual Subsidy (Year 2)**	**Annual Subsidy (Year 3)**	**Annual Subsidy (Year 4)**	**Community Support?**	**Hub(s)**	**Round Trips per Week**	**Aircraft**	**Seats**	**Interline/ Codeshare**
Option 1	$6,346,825	$6,791,102	$7,266,480	$7,775,133	Yes	DEN/ORD/ MSP	12	ERJ-145	50	Yes
SkyWest										
Service Option	**Annual Subsidy (Year 1)**	**Annual Subsidy (Year 2)**	**Annual Subsidy (Year 3)**	**Annual Subsidy (Year 4)**	**Community Support?**	**Hub(s)**	**Round Trips per Week**	**Aircraft**	**Seats**	**Interline/ Codeshare**
Option 1	$6,301,661	$6,490,711	$6,685,433	$6,885,996	Yes, including formal city recommendation	DEN/ORD	12	CRJ-200	50	Yes

The complete public file, including the air carrier proposals, for EAS at Pierre and Watertown may be accessed online through the Federal Docket Management System at www.regulations.gov by entering the community's docket number in the "Search" field.

Community Comments

On January 7, 2025, the Department requested comments from the communities of Pierre and Watertown on this EAS carrier-selection case.

In response, by letter received January 28, 2025, The Honorable Steve Harding, Mayor of Pierre, stated:[3]

> After careful review of all three submissions, the Pierre City Commission finds the SkyWest four-year contract proposal most advantageous for those traveling in and out of central South Dakota. Our findings are based on a variety of factors including SkyWest's ability to provide seamless ticketing and connections with mainline carriers, improved access to connecting flights, reasonable pricing, and frequent flyer benefits. We also note these advantages are provided at the lowest subsidy of the proposals received.

By letter dated February 6, 2025, The Honorable Reid Holien, Mayor of Watertown, and Interim City Manager, Kristen Bobzien, stated:[4]

> This letter serves as Watertown's official endorsement of SkyWest Airlines as our selected Essential Air Service (EAS) provider. After extensive research and

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[3] *See* "City of Pierre, South Dakota (Letter of Recommendation)" January 29,2025, *available at* https://www.regulations.gov/document/DOT-OST-2011-0138-0143.

[4] *See* "City of Watertown, South Dakota (Correspondence)" February 11, 2025, *available at* https://www.regulations.gov/document/DOT-OST-2001-10644-0217.

> careful deliberation, both the airport board and the City Council voted in favor of SkyWest.

The Department received community comments from both Pierre and Watertown supporting DAC and SkyWest. Commenters supported DAC for its customer service, reliability, and community partnership. SkyWest was supported for its connectivity, ticketing and baggage agreement with United, and lower subsidy cost.

Decision

Title 49 U.S.C. § 41733(c)(1)[5] directs the Department to consider, among other things, five specific factors when making an air carrier selection for a community not in Alaska where basic EAS will not be provided without compensation: (A) the demonstrated reliability of the applicant in providing scheduled air service; (B) the contractual, marketing, code-share, or interline arrangements the applicant has made with a larger air carrier serving the hub airport; (C) the preferences of the actual and potential users of air transportation at the eligible place, including the views of the elected officials representing the users; (D) whether the air carrier has included a plan in its proposal to market its services to the community; and (F) the total compensation proposed by the air carrier for providing scheduled air service under this section. In addition, for a place not in Alaska, section 41732(b)(1)(A) requires basic EAS to include at least two daily round trips six days a week.

Having analyzed the proposals and considered the specific facts and circumstances for EAS at Pierre and Watertown, the Department finds that SkyWest's proposals at both Pierre and Watertown align best overall with the air carrier selection factors the Department is required to consider. The air carrier's codeshare arrangements with United will provide passengers connectivity to the national air transportation system as well as global access through major hubs at DEN and ORD. The proposals are supported by the communities' civic officials as well as several community members, and SkyWest will allocate $20,000 per year to market its service. Furthermore, while the statute does not require the Department to select the least expensive air service proposal, SkyWest's proposals at both Pierre and Watertown are the lowest cost options among the proposals received, and the Department finds its service and subsidy levels reasonable. Therefore, the Department selects SkyWest for a new, four-year term.

The Department notes that DAC has served both Pierre and Watertown reliably over the past four years and is well regarded by the communities, as reflected in many of the community comments submitted as part of this selection case. Its proposals, however, do not align as well overall as SkyWest's with the statutory factors in this particular selection case. While DAC has also proposed to spend $20,000 per year on marketing, its requested subsidy is higher than SkyWest and DAC did not receive the same level of community support as SkyWest in that neither community's civic officials supported DAC's proposals and multiple community comments assert that SkyWest's codeshare relationship with United is significantly more convenient than DAC's interline relationships with major air carriers.

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[5] As amended by the FAA Reauthorization Act of 2024, Pub L. No. 118-63, May 16, 2024, 138 Stat 1025, 1215 ("FAA 2024").

Air Wisconsin's proposals did not receive any community support and have the highest requested subsidy amounts of all the proposals received.

Service Transition
The Department expects SkyWest and DAC to work together to make a smooth transition at both Pierre and Watertown with no service hiatus. Before DAC suspends service, the Department expects the air carrier to notify all passengers holding reservations for travel after the suspension date, to assist those passengers in making alternate air transportation arrangements, or to provide a full refund of the ticket price, without penalty, if requested.

Reminder About EAS Eligibility
To remain eligible for EAS, communities must comply with all applicable EAS eligibility requirements. The Department notes that many of the eligibility requirements, including those below, do not apply for Fiscal Year 2025, pursuant to the Full-Year Continuing Appropriations and Extensions Act, 2025, H.R. 1968, March 15, 2025. However, unless Congress waives this eligibility criteria for future fiscal years, compliance will resume at the beginning of Fiscal Year 2026 (October 1, 2025).

Title 49 U.S.C. § 41731(a)(1)(B) provides that a community must maintain an average of 10 enplanements per service day, as determined by the Secretary of Transportation, during the most recent fiscal year, to remain eligible for EAS. Communities, such as Pierre and Watertown, that are more than 175 driving miles from the nearest large or medium hub airport are exempt from this requirement under 49 U.S.C. § 41731(d).

As amended by FAA 2024, 49 U.S.C. § 41731(a)(1)(C)(iii)[6] requires that EAS communities less than 175 miles from the nearest large or medium hub airport have an average subsidy per passenger, as determined by the Secretary, of less than $650. Pierre and Watertown are not subject to this requirement because they are more than 175 miles from the nearest large- or medium-hub airport.

All EAS communities, regardless of distance from a hub (except for those in Alaska and Hawaii), must have had an average subsidy per passenger of less than $1,000 during the most recent fiscal year, regardless of the distance to the nearest large- or medium-hub airport.[7] Effective October 1, 2026, this amount is reduced to $850.[8]

The Department expects SkyWest and both Pierre and Watertown to work together to ensure that the communities will comply with the applicable requirements. Communities that fail to comply with the applicable above requirements may risk having their eligibility in the EAS program terminated. In the event the Department terminates a community's eligibility for EAS due to lack of compliance, that action will supersede this Order.

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[6] Under 49 U.S.C. § 41731(c), this requirement does not apply to EAS eligible communities located in the states of Alaska and Hawaii.

[7] *See* 49 U.S.C. § 41731(a)(1)(C)(i), as amended by FAA 2024.

[8] *See* 49 U.S.C. § 41731(a)(1)(C)(ii), as amended by FAA 2024.

Air Carrier Fitness
Title 49 U.S.C. §§ 41737(b) and 41738 require that the Department find an air carrier fit, willing, and able to provide reliable service before the Department may subsidize it to provide EAS. SkyWest is subject to the Department's continuing fitness requirements, and no information has come to the Department's attention that would cause the Department to question the air carrier's fitness at this time. In addition, the Federal Aviation Administration has not raised concerns that would negatively affect the Department's fitness findings. The Department therefore concludes that SkyWest remains fit to conduct the operations proposed at Pierre and Watertown.

This Order is issued under authority redelegated by the Under Secretary of Transportation for Policy in 49 CFR § 1.25a(b)(6)(ii)(D), as further authorized in 49 CFR 1.60(b).

Accordingly,
1. The Department selects SkyWest Airlines, Inc. to provide Essential Air Service at Pierre and Watertown, South Dakota, for the four-year term from June 1, 2025, through May 31, 2029, in accordance with the proposals set forth in Appendix A, and establishes the annual subsidy rates as described in Appendix B;

2. The Department makes this selection contingent upon receiving properly executed certifications from SkyWest Airlines, Inc. that it is in compliance with the Department's regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations concerning lobbying activities;[9]

3. The Department directs SkyWest Airlines, Inc. to retain all books, records, and other source and summary documentation to support claims for payment, including copies of flight logs for aircraft used to provide EAS under this Order and sold or disposed of, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. This documentation shall be retained for three years from the last day of service under this Order, or such longer period as the Department may notify the air carrier. If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. The air carrier may forfeit its compensation for any claim that is not supported under the terms of this Order;

4. The Department finds that SkyWest Airlines, Inc. is fit, willing, and able to perform Essential Air Service at Pierre and Watertown, South Dakota;

5. These dockets will remain open pending further Department action; and

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[9] The certifications are available online under "Reports and Publications" at http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports.

6. The Department will serve this Order on the Mayors of Pierre and Watertown, South Dakota, the airport managers of Pierre Regional Airport and Watertown Regional Airport, Air Wisconsin, Key Lime Air Corp. d/b/a Denver Air Connection, and SkyWest Airlines, Inc.

By:

CINDY A. BARABAN
Deputy Assistant Secretary
for Aviation and International Affairs

(SEAL)

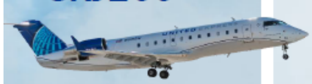
An electronic version of this document is available at
www.regulations.gov

SkyWest Airlines-Proposal to Provide EAS at Pierre

Number of round trips per week from PIR to DEN

12

50 SEAT CRJ200



Passenger Revenue		
Passengers		32,448
Average fare	$	115.00
Revenue	$	$3,731,520

Block Time	Minutes
Trip block time	92
Total scheduled block time	1,914
Total completed block time	1,856

RPMs	
Passengers	32,448
Stage length	385
Total RPMs	12,492,480

ASMs	
Scheduled departures	1,248
Completed departures	1,211
Stage length	385
Available Seats	50
Total ASMs	24,024,000

Revenue	$	3,731,520

Marketing costs	$	20,000
Direct operating expenses	$	5,254,987
Departure related	$	3,275,639
ASM related	$	223,904
Total expenses	$	8,774,529

Operating income (loss)	$	($5,043,009)
5% profit margin	$	438,726

Annual subsidy requirement (Year 1)	**$**	**5,481,736**
Annual subsidy requirement (Year 2)	**$**	**5,646,188**
Annual subsidy requirement (Year 3)	**$**	**5,815,573**
Annual subsidy requirement (Year 4)	**$**	**5,990,041**

Effective subsidy rate per unit		
Subsidy per trip	$	4,528
Subsidy per passenger	$	169
Load factor		52%

SkyWest will dedicate $20,000 annually to market air service

SkyWest Airlines-Proposal to Provide EAS at Watertown

Number of round trips per week from ATY to ORD/DEN

12.0

Passenger Revenue		
Passengers		32,136
Average fare	$	112.50
Revenue	$	3,595,800

Block Time	Minutes
Trip block time	112
Total scheduled block time	2,330
Total completed block time	2,260

RPMs	
Passengers	32,136
Stage length	513
Total RPMs	16,532,568

ASMs	
Scheduled departures	1,248
Completed departures	1,211
Stage length	513
Available Seats	50
Total ASMs	32,011,200

Revenue	$	3,595,800

Marketing costs	$	20,000
Direct operating expenses	$	5,832,170
Departure related	$	3,275,639
ASM related	$	298,344
Total expenses	$	9,426,154

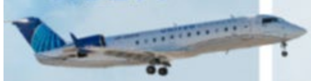
Operating income (loss)	$	(5,830,354)
5% profit margin	$	471,308

Annual subsidy requirement (Year 1)	**$**	**6,301,661**
Annual subsidy requirement (Year 2)	**$**	**6,490,711**
Annual subsidy requirement (Year 3)	**$**	**6,685,433**
Annual subsidy requirement (Year 4)	**$**	**6,885,996**

Effective subsidy rate per unit		
Subsidy per trip	$	5,206
Subsidy per passenger	$	196
Load factor		52%

SkyWest will dedicate $20,000 annually to market air service

50 SEAT CRJ200



SkyWest Airlines, Inc.
Essential Air Service to be provided at Pierre, South Dakota
DOT-OST-2011-0138

Contract Term:	June 1, 2025, through May 31, 2029
Annual Subsidy:	See chart below
Hubs:	Denver International Airport (DEN)
Scheduled Service:	12 round trips per week
Aircraft/Seats:	50-passenger CRJ-200
Subsidy Rate per Flight:[1]	See chart below
Weekly Ceiling:[2]	See chart below

Effective Period	Annual Subsidy	Rate per Flight	Weekly Ceiling
June 1, 2025 – May 31, 2026	$5,481,736	$4,527	$108,648
June 1, 2026 – May 31, 2027	$5,646,188	$4,662	$111,888
June 1, 2027 – May 31, 2028	$5,815,573	$4,802	$115,248
June 1, 2028 – May 31, 2029	$5,990,041	$4,946	$118,704

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 flights that can be safely operated. Flights that overfly points for lack of traffic will not be compensated. In

1 Annual compensation divided by 1,211 annual departures (24 weekly departures x 52 weeks x 97 percent completion). Use same calculation for subsequent years.
2 24 weekly departures multiplied by rate per flight. Use same calculation for subsequent years.

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.

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

Contract Term:	June 1, 2025, through May 31, 2029
Annual Subsidy:	See chart below
Hubs:	Chicago O'Hare International Airport (ORD)/ Denver International Airport (DEN)
Scheduled Service:	12 round trips per week
Aircraft/Seats:	50-passenger CRJ-200
Subsidy Rate per Flight:[3]	See chart below
Weekly Ceiling:[4]	See chart below

Effective Period	Annual Subsidy	Rate per Flight	Weekly Ceiling
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

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