



Response to Order: 2025-8-11  
UNITED STATES OF AMERICA  
Department Of Transportation

DOT-OST-2019-0038

Proposal of Sterling Airways Inc. to Provide Subsidized  
EAS at

St. Paul Island, Alaska  
(St. Paul or SNP)

September 8<sup>th</sup>, 2025



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

In response to Order 2025-8-11, Sterling Airways, Inc. ("Sterling") is pleased to submit the attached proposal to provide Essential Air Service (EAS) to St. Paul (SNP), Alaska. Sterling will be the contracting and operating carrier of the proposed service.

Sterling is an established regional air carrier providing reliable, high-quality scheduled service in Alaska. Our team brings deep operational experience in the region, with a proven ability to navigate the unique challenges of flying in remote Alaskan communities. We currently operate the SAAB 2000, a fast, efficient turboprop.

Sterling's Alaska-based flight crews, maintenance personnel, and operations team were selected by the Company for their extensive experience in the region and their commitment to safety, reliability, and exceptional service. Our strong operational performance, with a 97% controllable completion rate and 86% on-time performance, ensures that our customers can depend on consistent, well-executed flights year-round.

In addition, Sterling is uniquely positioned to meet the specific requirements outlined in the Department's Order and reinforced by the community of St. Paul. The community has been clear that aircraft size, seating capacity, and onboard restroom facilities are essential to safe, practical, and reliable service, given the length of the flights and the needs of elders and residents with medical conditions. The Saab 2000 fully satisfies these requirements, providing 30+ seats, full lavatory facilities, and proven operational reliability. This ensures that the level of service delivered is fully consistent with what the community currently receives and expects.

The proposed subsidy requirements, service schedules, and financial details are outlined in the attached exhibits. Our comprehensive financial model is based on multi-year cost and operational analysis, ensuring a sustainable, cost-effective service that meets the needs of the Department and the communities we serve.

Sterling Airways hereby certifies that it is in full compliance with Department regulations regarding drug-free workplaces, nondiscrimination, and lobbying activities. Upon selection, Sterling will complete all required certifications as mandated by the DOT.

We appreciate the opportunity to submit this proposal and look forward to working with the Department and the community of St. Paul to deliver reliable, community-driven air service that keeps these essential connections strong.

Wayne Heller

Wayne Heller (Sep 8, 2025 21:18:40 EDT)

Wayne Heller

President & Chief Executive Officer



## Service Proposal & Schedule

Sterling Airways proposes to provide subsidized Essential Air Service (EAS) to St. Paul (SNP) in accordance with the levels outlined in the Department of Transportation's request. Sterling will provide Three (3) weekly round flights. All flights will operate to/from Anchorage (ANC) and will be operated using the SAAB2000 configured in a 30 seat configuration.

Sterling requests the ability to adjust scheduled service during peak and off-peak periods as needed, provided that annual operational and compensation limits outlined in this proposal are not exceeded. As part of this flexibility, Sterling reserves the ability to incorporate a maximum of one stop per flight for operational optimization.

### Proposed Schedule:

Flight	Route	Departure	Arrival	Block Time
1901	ANC → SNP	07:40 AM	10:30 AM	2:50
1902	SNP → ANC	11:00 AM	1:50 PM	2:50

### Service days:

- **St. Paul:** Tuesday, Thursday, Saturday

## Connectivity & Distribution

Sterling Airways is committed to ensuring that passengers have access to seamless connections to the broader national and international air transportation network. By leveraging interline agreements, global distribution channels, and major online travel agencies (OTAs), Sterling enhances accessibility and convenience for residents, business travelers, and visitors alike.

### Interline Agreements & Seamless Travel

Sterling Airways maintains interline agreements with Alaska Airlines and Delta Air Lines, the two largest carriers serving Ted Stevens Anchorage International Airport (ANC). These agreements provide significant advantages to passengers, including:

- **Seamless Ticketing:** Passengers can book multi-leg itineraries that include Sterling flights and connecting flights on Alaska Airlines and Delta within a single reservation.
- **Through-Checked Baggage:** Travelers connecting through ANC can check their baggage all the way to their final destination without needing to claim and recheck their bags.
- **Synchronized Schedules:** Sterling works closely with its interline partners to provide optimal connectivity, reducing layover times for passengers making connections at ANC.

These agreements ensure that travelers have easy access to the national and international air network via Anchorage, enhancing mobility for both personal and business travel.



Sterling Airways' flights are available on Sterling's own distribution website, and across all major Global Distribution Systems (GDS), including Amadeus, Sabre, Etc. This extensive GDS presence ensures that travel agents, corporate travel planners, and airline partners can efficiently book and manage Sterling Airways flights.

Additionally, Sterling is fully integrated with all major Online Travel Agencies (OTAs), including Expedia, Kayak, Google Flights, Orbitz, Skyscanner, Priceline and more.

By offering flights on these widely used booking platforms, Sterling ensures that passengers can easily search, compare, and book travel to and from the community, increasing accessibility and demand for these routes.

## **Enhancing Local & Regional Connectivity**

Sterling's investment in strong distribution networks and strategic airline partnerships demonstrates its commitment to ensuring that the community remain well-connected throughout the state of Alaska and beyond. Through these initiatives, Sterling provides residents and businesses in these communities with reliable, well-integrated air service that meets both local and regional transportation needs.

## **Aircraft & Operational Readiness**

Sterling Airways is committed to operating efficient and proven aircraft to ensure reliable and high-quality Essential Air Service (EAS). For this proposal, Sterling intends to operate the Saab 2000, a fast turboprop aircraft well-suited for the region's operational conditions. The Saab 2000 has long been approved for extended overwater operations through a manufacturer-issued service bulletin and kit that has been in place for more than a decade. Sterling is already working closely with Saab to complete this well-established installation and anticipates finalizing the process within 60–90 days, ensuring full compliance and readiness to serve St. Paul.

## **Certification & Contingency Plan**

Sterling Airways anticipates completing the Saab 2000 extended overwater kit installation and FAA authorization within 60–90 days. During this brief transition period, Sterling remains committed to uninterrupted Essential Air Service (EAS) for St. Paul. If needed, Sterling will utilize qualified subservice or charter arrangements to ensure reliable service is maintained, with every effort made to minimize any potential delay. This contingency ensures that EAS to St. Paul will be provided without disruption while the Saab 2000 authorization is finalized.

## **Operational Efficiency & Adaptability**

Sterling Airways has extensive experience operating scheduled air service in Alaska and understands the challenges of remote-region aviation. Our Aircraft is well-suited for the harsh operating conditions of Western Alaska, providing:

- **High reliability** with a dispatch rate optimized for severe weather conditions.
- **Fuel efficiency**, reducing operating costs and environmental impact.



- **Cabin comfort** with modern seating configurations and in-flight amenities tailored for regional service.

By leveraging Sterling's operational expertise, proven fleet, and contingency planning, the airline ensures that the community receives uninterrupted, high-quality, and sustainable air service.

## Reliability & Performance

Sterling Airways has a long-standing history of safe and reliable air service with decades of operational experience amongst its team members. Sterling expanded and launched its Alaska operations in 2021, solidifying its role as a trusted regional airline in the state. With a deep understanding of the unique challenges of operating in remote and harsh environments, Sterling consistently delivers high completion rates and on-time performance, ensuring dependable air service to these communities. Current Alaska operational metrics include a controllable completion rate of 97%, minimizing disruptions and ensuring schedule adherence, and a controllable on-time performance of 86%, exceeding regional standards within the state and reducing travel uncertainty for passengers. Sterling is committed to maintaining a minimum controllable on-time performance of 75% and a completion factor of 97% per quarter throughout the contract period, ensuring consistent and reliable service to the community.

Sterling's executive leadership brings decades of experience in commercial aviation, with expertise spanning airline operations, safety management, and regulatory compliance. The airline's Alaska-based operational team consists of highly skilled professionals who have been carefully selected for their extensive experience operating in the region's challenging flight environment. Many of Sterling's pilots, mechanics, and operations personnel have spent years flying and operating in Alaska, developing an intimate understanding of the region's unique weather patterns, terrain, and logistical challenges. Each team member was hired not only for their technical skills but also for their unwavering commitment to safety, reliability, and service to remote communities. Sterling's local presence ensures quick response times, proactive decision-making, and continuous engagement with the communities it serves, reinforcing the company's role as a trusted carrier in Alaska.

## Community Engagement & Marketing

Sterling Airways is deeply committed to the communities it serves and has engaged extensively with leaders, organizations, and residents in the community to ensure that this proposal aligns with their needs. Through direct discussions with community representatives, Sterling has incorporated valuable input regarding frequency, scheduling, and pricing, ensuring that the proposed service meets local expectations while maintaining operational efficiency.

To support and promote these routes, Sterling has allocated a dedicated annual marketing budget of \$25,000. This investment will be used to increase awareness, stimulate demand, and ensure the long-term success of the service through a combination of local outreach efforts, digital marketing campaigns, community sponsorships, and partnerships with local organizations. Sterling understands that successful Essential Air Service goes beyond transportation—it requires strong community ties and active promotion to drive consistent utilization.



Sterling is also committed to maintaining an ongoing dialogue with local stakeholders to continually refine its service based on feedback. The company's Alaska-based team and leadership remain accessible to address community concerns, evaluate operational adjustments, and work collaboratively to ensure that the community receives the highest quality air service possible.

## **Subsidy & Financials**

Sterling Airways has structured its proposal to provide reliable and cost-effective Essential Air Service (EAS) to the community while maintaining financial sustainability. The requested subsidy ensures that these critical air links remain viable, supporting the communities' transportation needs without compromising service quality.

Sterling's subsidy request is detailed in **Exhibit A**, where projected expenses, revenue estimates, and financial assumptions are outlined. The proposed subsidy covers operating costs, maintenance, personnel, fuel, and overhead expenses, ensuring that the service remains affordable and accessible for local travelers.

Sterling is open to a 2-year or 4-year contract term, providing the Department with flexibility in selecting the most suitable agreement structure. A standard 4% annual increase in the subsidy amount shall be applied to any subsequent year beyond the base year to account for inflationary pressures.

By balancing financial responsibility with Sterling's strong operational track record and deep community commitment, this proposal ensures that the community receives sustainable, high-quality air service well into the future.

## **Factors for Department Consideration under 49 U.S.C. § 41733(c)(1)**

### **(A) Demonstrated Reliability in Providing Scheduled Air Service**

Sterling Airways has a long-standing reputation for reliable operations, with nearly three decades of experience in air service. Having operated in Alaska since 2020, Sterling has demonstrated consistent performance with a 97% controllable completion rate and an 86% controllable on-time performance (OTP). Sterling is committed to maintaining at least 75% controllable OTP and 97% completion per year for the duration of the contract.

### **(B) Contractual, Marketing, Code-Share, or Interline Agreements**

Sterling maintains interline agreements with both major carriers serving Anchorage (ANC): Alaska Airlines and Delta Air Lines. These agreements ensure seamless ticketing, through-checked baggage, and optimized connections for passengers traveling beyond ANC. Additionally, Sterling's flights are available in all major Global Distribution Systems (GDS), including Sabre, Amadeus, and Travelport, and are bookable on all major Online Travel Agencies (OTAs) such as Expedia, Kayak, Google Flights, and Orbitz, maximizing accessibility and ease of booking.



### **(C) Preferences of the Actual and Potential Users of Air Transportation**

Sterling has actively engaged with the community to ensure that this proposal aligns with their transportation needs, scheduling preferences, and pricing expectations. Sterling remains committed to ongoing engagement with local stakeholders to refine service as needed.

The St. Paul community, including the City, the Aleut Community of Saint Paul Island, the Tanadgusix Corporation, and the Central Bering Sea Fishermen's Association, has clearly stated in its correspondence with the Department of Transportation that service must be consistent with what the community currently receives: three weekly round trips to Anchorage using aircraft with at least 25–30 seats. The community emphasized that smaller aircraft do not meet their needs, citing both passenger demand and the necessity of onboard restrooms given the length of the flights and the medical needs of elders and other residents.

Sterling Airways is uniquely positioned to meet these requirements. As the only bidder with direct operating experience in the region and with an aircraft of appropriate size and capability, Sterling's Saab 2000 provides the community with the reliability, comfort, and full lavatory facilities that have been identified as essential. This proposal fully aligns with both the Department's requirements and the community's expressed preferences, ensuring that Essential Air Service at St. Paul is delivered at the level the community deserves and depends on.

### **(D) Marketing Plan for Community Awareness**

Sterling has allocated a dedicated annual marketing budget of \$25,000 to ensure the long-term success of these routes. This budget will be used for community outreach, advertising, sponsorships, and partnerships with local businesses to increase awareness and drive consistent utilization of the service. Sterling's Alaska-based operations team will continue to work closely with each community to promote and refine the service as needed.

### **(E) Experience in Providing Air Service in Alaska**

Sterling's executive leadership and operational team bring extensive experience in Alaska's unique aviation environment, with team members specifically hired for their expertise in Alaskan flight operations, safety, and logistics. The airline has successfully operated scheduled air service in Alaska since 2020, ensuring reliable transportation in remote and weather-sensitive regions. Sterling's fleet is well-suited for these routes, offering high dispatch reliability, fuel efficiency, and passenger comfort in Alaska's challenging conditions.

### **(F) Total Compensation Proposed for Scheduled Air Service**

Sterling's subsidy request is detailed in Exhibit A, where we present a dynamic, comprehensive, and well-structured financial model designed to ensure long-term sustainability, efficiency, and cost-effectiveness of the proposed service. Our financial projections are based on multi-year operational analysis, real-world cost assessments, and scalable service structures that optimize the balance between subsidy efficiency and reliable operations.

Unlike a one-size-fits-all approach, Sterling's meticulous planning and financial structuring allow for optimized aircraft utilization, scalable service options, and cost efficiencies that provide the best value to both the Department and the communities served. This ensures that the subsidy is used effectively, delivering the highest-quality service at the most responsible cost.





## **Exhibit A - Financial Information**

### **St. Paul (SNP)**

EAS Station	SNP
Hub	ANC
Round trips per Week	3
Segments per week	6
Annual Scheduled Segments	312
Seats per departure	30
Annual Scheduled Seats	9,360
Completion Factor	98.0%
Total Passengers	3,672
Total Block Hours	857
Total Departures	306
Per Ticket Revenue to Carrier	\$ 399.00
Passenger Revenue	\$ 1,465,128
Other Revenue	14,688
<b>Total Revenue</b>	<b>\$ 1,479,816</b>
Crew	\$ 978,134
Direct Wages	\$ 919,446
Fuel and Deicing	842,234
Maintenance	1,794,960
Aircraft	2,567,526
Marketing	25,000
Landing and Airport Costs	589,365
<b>Total Direct Costs</b>	<b>\$ 7,716,665</b>
Indirect Costs	\$ 1,714,317
<b>Total Operating Expense</b>	<b>\$ 9,430,982</b>
Profit @ 5.0%	471,549
Economic Cost	\$ 9,902,531
<b>Required Annual Subsidy</b>	<b>\$ 8,422,715</b>
Per Passenger	\$ 2,294
Per Trip	\$ 27,525