

EMPOWERING PACIFIC NORTHWEST COMMUNITIES

NORTHWEST REGIONAL AIR SERVICE INITIATIVE MARKET ANALYSIS



These materials are sponsored by

Oregon Department of Aviation
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INTRODUCTION

BACKGROUND

The goals of the Northwest Regional Air Service Initiative (NWRASI) are to: (1) improve air service to a broad section of the Oregon and Washington traveling community; (2) provide better access from secondary markets in Oregon and Washington to the national air transportation system; and (3) engage small communities in Oregon and Washington in finding solutions to regional air service issues. The NWRASI plan for realizing these goals is to empower communities through education, identify communities in Oregon and Washington that can support air service improvements, and develop options and recommendations for implementing broad air service improvements across the two states. The three phases of the NWRASI are shown in Exhibit 1.1.

Phase I of the NWRASI included the creation of the NWRASI Air Service Development Tool Kit and the NWRASI Mentor Program. After

EXHIBIT 1.1 NORTHWEST REGIONAL AIR SERVICE INITIATIVE

PHASE I.
AIR SERVICE
DEVELOPMENT
TOOL KIT

PHASE II. AIR
SERVICE MARKET
ANALYSIS

PHASE III. AIR
SERVICE STRATEGIES

completion of Phase I, communities in Oregon and Washington interested in investigating air service improvements were given the opportunity to use these resources and decide whether or not to participate in and fund the project's next phase, Phase II *Market Analysis*. Phase II includes the identification of NWRASI communities that have air travel markets that are potentially strong enough to successfully support air service improvements. Table 1.1 shows the communities that elected to take part in Phase II.

TABLE 1.1 PARTICIPATING COMMUNITIES

COMMUNITY	STATE
Astoria	OR
Klamath Falls	OR
Moses Lake	WA
Newport	OR
Pendleton	OR
Port Angeles	WA
Pullman-Moscow	WA
Redmond	OR
Roseburg	OR
Salem	OR
Wenatchee	WA
Yakima	WA

A market analysis typically entails two major tasks. The first is to quantify the community's total air travel market and the distribution of those passengers across destinations. This is a big picture look at each community's potential air travel market without consideration of factors like airfares, aircraft, and the economics of air service.

Section 2 Market Potential of this report accomplishes this task. It answers the question, “Where do people want to fly to or from, and how many people are there?”

With the air travel information developed in *Section 2 Market Potential* in hand, the second *Market Analysis* task is to evaluate which communities might successfully support air service. The aim of *Section 3 Air Service Evaluation* is to accomplish a practical assessment of each community’s potential to support air service. Here, in addition to pas-

senger traffic, critical factors such as aircraft seating capacity, flight frequency, connecting airports, and other basic service criteria are considered. The final test is to evaluate the economic performance of each market taking into account ticket prices, operating costs, and other information. The output of *Section 3 Air Service Evaluation* is NWRASI markets that have the passengers and, importantly, the economic potential to support specific air service initiatives.

This *Market Analysis* report presents important data that can be used in developing a plan for air

service improvements in Oregon and Washington. First, it estimates the potential air service market for each participating airport and community, and second, it identifies service possibilities and tests each for economic feasibility. The output of the *Market Analysis* process is NWRASI markets that are judged to be viable air service opportunities. The third and last phase of the NWRASI project, *Strategies*, builds on Phase II. It examines each NWRASI air service opportunity with regard to alternative options and strategies for securing air service improvements.



MARKET POTENTIAL

Quantifying market potential is the first step to understanding the strength and needs of an air travel market. Market potential, or true market, is an estimate of the total number of existing air travelers generated by the population of a particular geographic area, also called the airport catchment area. Airport catchment areas for NWRASI airports and communities are shown in *Appendix A*. To be useful for identifying gaps in air service or new service opportunities, market potential information must also include origin and destination information for these air travelers. The purpose of this section is to quantify the volume of air travelers in the market and where they are coming from or traveling to.

The methodologies used in this section to identify the true market of each NWRASI community are explained in *Appendix A, Methodologies*. It is important to understand that a true market estimate includes the air travelers that currently use the local airport as well as those that use competing airports. In markets that do not currently have commercial air service, the true market estimate includes all air travelers from the airport catchment area now using other airports. True market estimates for the top 50 destinations for each participating community are included in *Appendix B, True Market Estimate*. The true market estimates developed in this section will be used



TABLE 2.1 NWRASI AIRPORTS BY REGION

REGION	NWRASI AIRPORTS
Coastal	AST, ONP, CLM
Eastern Cascades	LMT, RDM, EAT, YKM
Eastern	MWH, PDT, PUW
Willamette-Umpqua Valley	RBG, SLE

in Section 3 Air Service Evaluation to identify possible air service opportunities for NWRASI participants. In recognition of regional similarities, NWRASI airports and communities have been grouped into four regions within Oregon and Washington (Table 2.1).

COASTAL REGION

The NWRASI Coastal Region airports include Astoria, Newport, and Port Angeles. Relatively isolated, Coastal Region travelers face long drives in order to access larger airports such as Seattle-Tacoma International Airport or Portland International Airport. These drives are primarily on two-lane, winding roadways with adverse snow and ice conditions in the winter and congestion by coastal tourism in the summer. With demand fueled by local business and tourism interests, these communities would benefit from regularly scheduled air service.

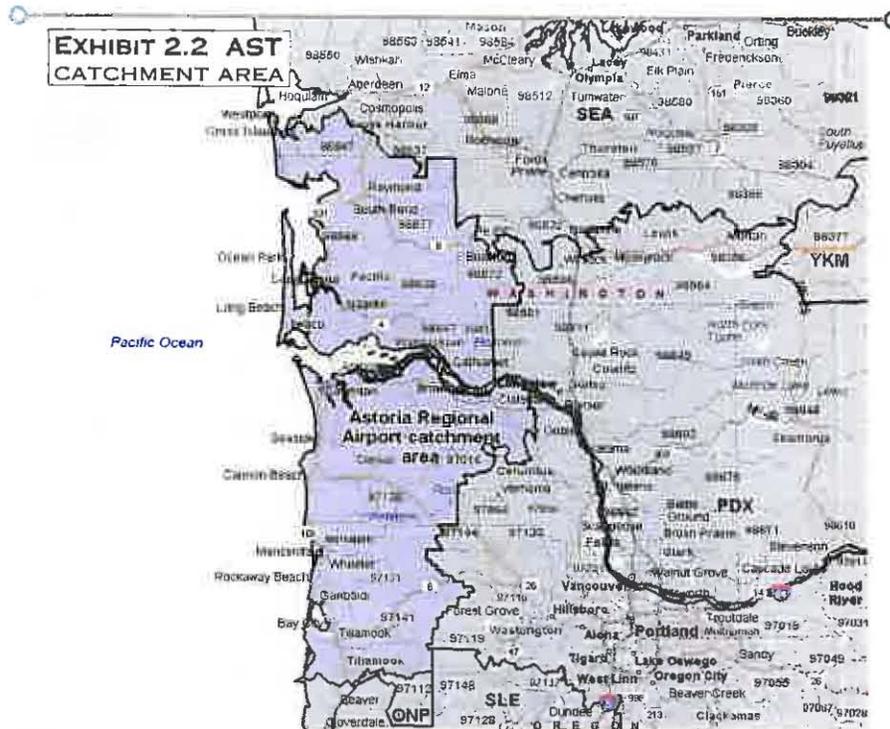
Currently, the Coastal Region airports have little or no air service. Astoria and Newport do not have any commercial air service. In July 2007, Kenmore Air provided Port Angeles with an average of eight flights daily to Seattle's Boeing Field (Exhibit 2.1) using single engine turboprop aircraft with 11 seats per departure.

ASTORIA

LOCATION

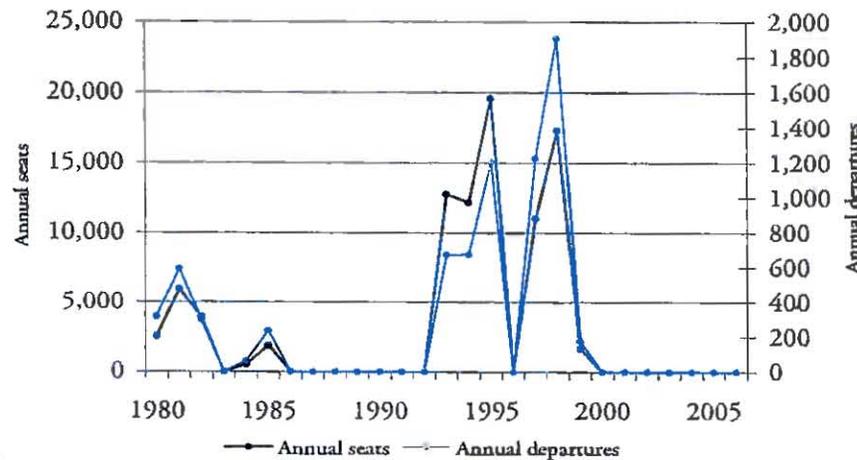
Astoria Regional Airport is located in Warrenton, Oregon at the mouth of the Columbia River. To get to Portland International Airport, located approximately 100 miles southeast, people must drive along winding Highway 30 following the Columbia River or on Highway 26 through the Coastal Range. Seattle-Tacoma International Airport is about 170 miles to the north and requires a difficult drive via winding country roads and traffic congestion near Seattle on Interstate 5.

The Astoria catchment area (identified in blue in Exhibit 2.2) is comprised of 29 zip codes with a population of 90,739. A catchment area, sometimes called the service area, is the geographic area surrounding an airport from which that airport can reasonably expect to draw passenger traffic. The fact that Astoria and Warrenton are nationally significant historic regions at the western end of the Lewis and Clark Trail make them important tourism destinations. Astoria is also the oldest American settlement west of the Rockies. While tourism is a major industry for the Astoria-Warrenton area, the region is also dependent on fishing and timber as cornerstones of its economy.



Source: Microsoft MapPoint 2006

EXHIBIT 2.3 AST ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions

HISTORICAL AIR SERVICE

Over the past 25 years, airlines have periodically provided Astoria Regional Airport service to Portland and Seattle-Tacoma. Horizon Air served the Portland market from 1994 to 1995. Empire Airlines served Portland and Seattle in 1993, and Harbor Air served the Portland and Seattle markets in 1997 and 1998. Exhibit 2.3 shows the fluctuation in annual seats and departures from 1980 to 2006.

Origin and destination passengers (passengers arriving and departing an airport) fluctuated during the service period from 1994 to 1998 (Table 2.2 on the next page). Astoria's greatest reported passenger traffic occurred in 1995. In this year there were 19,575 seats and more than 1,200 departures to Portland. Service was dropped in 1996 and resumed in 1997 with service to both Portland and Seattle. Although there were slightly higher departures, fewer seats were available resulting in less passengers using the airport.

TRUE MARKET ESTIMATE

The Astoria catchment area has a true market of more than 125,000 origin and destination passengers. Not surprising, the majority, 93 percent, of Astoria catchment area travelers use Portland for air travel

(Table 2.3). The remaining travelers use Seattle-Tacoma. Travelers drive almost 100 miles (about two hours) to Portland; Seattle-Tacoma is significantly farther at almost 170 miles (about three hours).

Over 15 percent of Astoria travelers are destined for Seattle and Los Angeles, the top two destinations for Astoria travelers. Leisure destinations rank high on Astoria's top 20 markets (Table 2.4) with Orange County, Las Vegas, and San Diego in the top 10. Several airline hub markets are also included in the top 20, specifically Seattle, Phoenix, Denver, and San Francisco. It is important to note, however, that local market sizes are fairly small for these destinations, ranging from only three passengers per day each way at San Francisco to 14 at Seattle. Astoria travelers tend to focus their travel on the West Coast with 15 of the top 20 destinations in the western US - California, Idaho, Nevada, Oregon, or Washington. California is a primary draw. Top 50 markets for Astoria catchment area travelers are presented in *Appendix B, Table B.1.*

TABLE 2.2 AST REPORTED PASSENGERS

DESTINATION	1993	1994	1995	1996	1997	1998	1999
Portland	700	2,230	3,890	0	1,110	1,970	80
Spokane	0	360	730	0	130	320	0
Seattle	700	470	730	0	810	1,890	110
Oakland	20	360	600	0	50	60	0
Los Angeles	0	300	490	0	50	70	0
San Francisco	0	320	450	0	40	60	0
San Diego	0	320	320	0	80	100	0
Orange County	0	120	260	0	70	30	20
Phoenix	0	140	240	0	20	60	0
Sacramento	0	340	230	0	30	60	0
Other	10	2,460	3,530	0	790	1,520	20
Total	1,430	7,420	11,470	0	3,180	6,140	230

Source: Data Base Products, Inc.; ranked by 1995 passengers

TABLE 2.3 AST TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Portland (PDX)	110,612	93	7,201	93	117,813	93
2	Seattle (SEA)	7,828	7	572	7	8,400	7
True market		118,440	100	7,773	100	126,213	100



Astoria and Columbia River

TABLE 2.4 AST TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	ORIGIN AIRPORT		TRUE MARKET	PDEW
		PDX	SEA		
1	Seattle	9,253	665	9,919	14
2	Los Angeles	6,855	1,172	8,027	11
3	Phoenix	5,406	254	5,660	8
4	Orange County	5,378	111	5,489	8
5	Las Vegas	5,055	119	5,175	7
6	San Diego	4,092	0	4,092	6
7	Oakland	3,760	0	3,760	5
8	Denver	3,341	159	3,500	5
9	Sacramento	3,323	0	3,323	5
10	Anchorage	1,927	1,144	3,071	4
11	San Jose	2,646	0	2,646	4
12	Boise	2,626	0	2,626	4
13	Ontario	2,461	0	2,461	3
14	Spokane	2,262	163	2,424	3
15	Chicago (ORD)	2,133	0	2,133	3
16	San Francisco	2,060	0	2,060	3
17	Baltimore	1,866	43	1,910	3
18	Houston (IAH)	1,713	59	1,772	2
19	Juneau	1,470	106	1,575	2
20	Burbank	1,370	152	1,522	2

Note: PDEW - Passengers Daily Each Way

NEWPORT

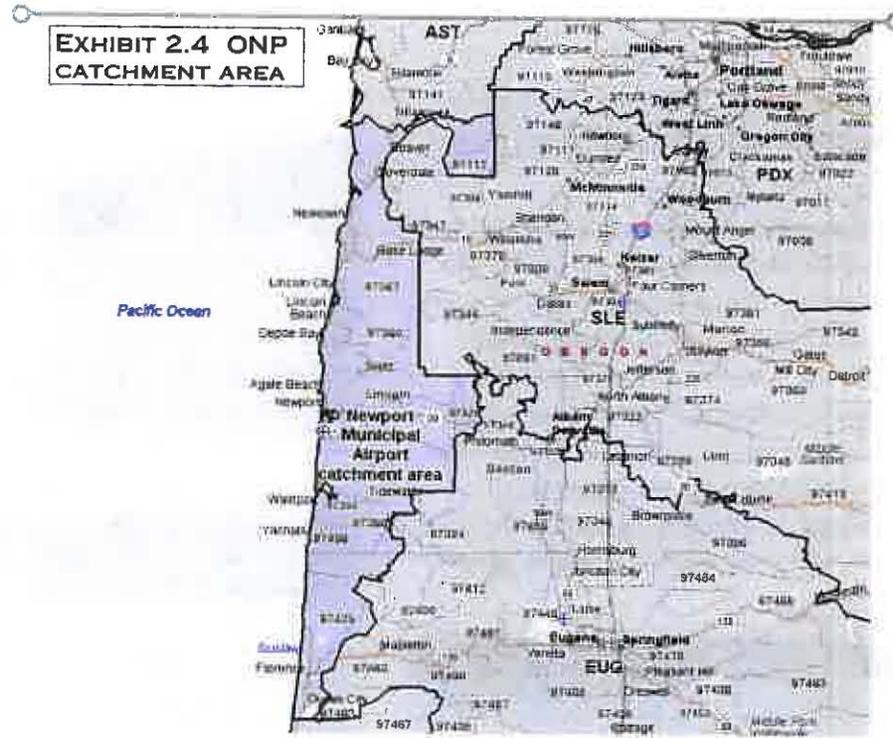
LOCATION

Newport is located on the scenic yet remote Oregon coast. Driving from Newport to commercial service airports is difficult. Portland International Airport, located approximately 130 miles north, requires a drive along Highway 101 and Highway 18 through the Coastal Range. Eugene Airport is approximately 85 miles to the southeast and also requires a drive along challenging two-lane narrow highways.

The catchment area (identified in blue in Exhibit 2.4) has 20 zip codes with a population of 62,293. The airport could also serve the city of Florence.

HISTORICAL AIR SERVICE

Newport Municipal Airport has had limited commercial air service over the past 25 years as demonstrated in Exhibit 2.5, next page. Harbor Air served Newport to Corvallis and Portland from 1998 to 2000. With



Source: Microsoft MapPoint 2006

departures ranging from 617 in 1998 to 1,678 in 2000, Harbor provided minimal service with small turbo-prop aircraft. In the early 1980s, Air Oregon also provided service to North Bend and Portland with small 13-seat aircraft. From 1998 to 2000, the Corvallis and Portland service carried between 3,510 and 8,070 origin and destination passengers (Table 2.5). Harbor served the highest number of passengers in 1999, the only full year of service.

TABLE 2.5 ONP REPORTED PASSENGERS

DESTINATION	1998	1999	2000
Portland	2,090	5,290	1,720
Seattle	310	600	590
Sacramento	80	250	100
Spokane	70	160	20
San Diego	80	160	80
San Francisco	180	160	250
Los Angeles	100	140	150
Oakland	60	130	140
Boise	30	90	70
Ontario	20	90	40
Other	490	1,000	1,070
Total	3,510	8,070	4,230

Source: Data Base Products, Inc.; ranked by 1999 passengers



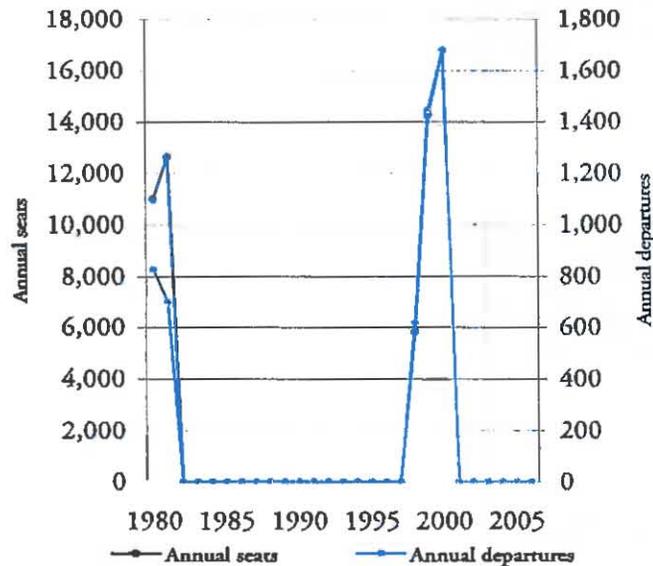
TRUE MARKET ESTIMATE

The Newport catchment area has more than 85,000 estimated origin and destination travelers (Table 2.6, next page). With the majority of travelers destined domestically, Portland serves the highest percentage of travelers (71 percent). The remaining 29 percent of travelers use Eugene for their air service needs. A higher percentage of international air travelers use Portland than domestic travelers. Eugene, located about 85 miles to the southeast, is the closest airport offering commercial air service; however, the broader range of air service options and nonstop flights offered at Portland leads travelers to drive the extra distance, about 130 miles to Portland. North Bend Municipal Airport, located about 95 miles to the south, offers commercial air service; however, the limited air service offering and the rigorous coastal highway does not entice Newport travelers to drive south for air service.

Las Vegas tops the list of top 20 destinations for Newport travelers. Although Las Vegas is the largest

market, the local market size is still relatively small with only nine daily passengers each way. The greater Los Angeles area attracts a large share of Newport travelers with 10,431 annual passengers to and from Orange County, Los Angeles, Ontario, and Burbank combined. Similar to Astoria, leisure destinations play a large role in the top markets for Newport. Honolulu, Kauai, Las Vegas, Orlando, and several leisure California markets like Palm Springs are included in the top 20 destinations. Hub markets such as Phoenix, Denver, and San Francisco also made the top 10 domestic destinations. Directionally, many passengers are destined for the western US including Arizona, California, Hawaii, Idaho, and Nevada. Top 50 markets for Newport catchment area travelers are included in *Appendix B, Table B.2*.

EXHIBIT 2.5 ONP ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions

TABLE 2.6 ONP TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Portland (PDX)	56,709	70	4,574	86	61,283	71
2	Eugene (EUG)	24,601	30	762	14	25,363	29
True market		81,310	100	5,336	100	86,646	100

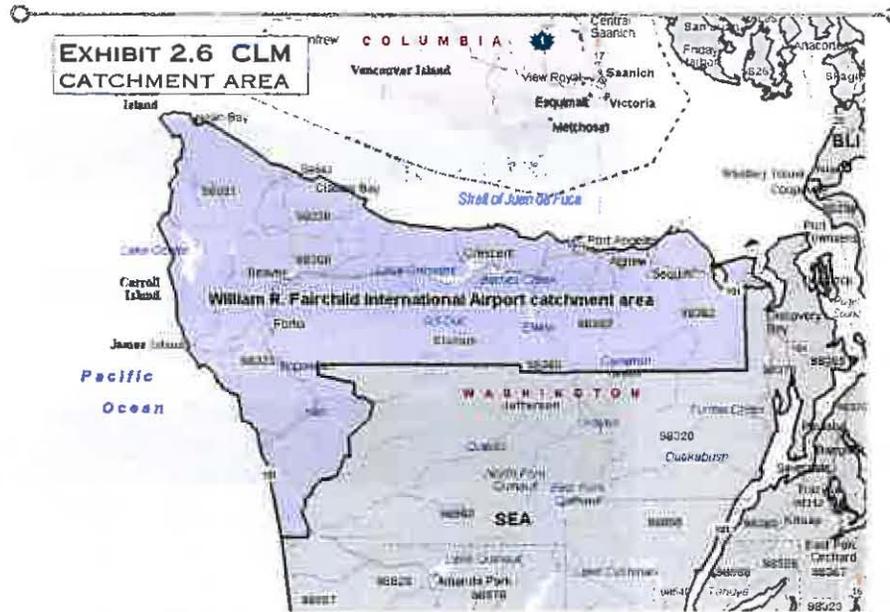
TABLE 2.7 ONP TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	ORIGIN AIRPORT		TRUE MARKET	PDEW
		PDX	EUG		
1	Las Vegas	4,780	1,856	6,635	9
2	Orange County	3,290	956	4,245	6
3	Los Angeles	2,052	1,237	3,290	5
4	San Diego	1,828	1,181	3,008	4
5	Honolulu	2,615	394	3,008	4
6	Phoenix	1,856	1,125	2,980	4
7	Denver	1,603	759	2,362	3
8	San Francisco	590	1,546	2,137	3
9	Ontario	872	787	1,659	2
10	Newark (EWR)	1,406	197	1,603	2
11	Kauai Island	1,518	56	1,574	2
12	Tampa	1,209	337	1,546	2
13	Sacramento	928	478	1,406	2
14	Chicago (ORD)	1,181	225	1,406	2
15	Minneapolis	1,012	309	1,321	2
16	Orlando	1,153	169	1,321	2
17	Boise	1,209	84	1,293	2
18	Dallas (DFW)	956	281	1,237	2
19	Burbank	647	590	1,237	2
20	Palm Springs	703	478	1,181	2

PORT ANGELES

LOCATION

Port Angeles' William R. Fairchild International Airport is located on the Strait of Juan de Fuca at the northern edge of the Olympic Peninsula. Though the airport is only 75 air miles from Seattle-Tacoma International Airport, it is 130 miles by road. The catchment area (identified in blue in Exhibit 2.6) is comprised of 10 zip codes with a population of 68,656.



Source: Microsoft MapPoint 2006

TABLE 2.8 CLM DEPARTURES BY DESTINATION AND AIRLINE

DESTINATION	AIRLINE	ANNUAL DEPARTURES				
		2002	2003	2004	2005	2006
Seattle (BFI)	Kenmore-San Juan	0	0	2,966	4,141	2,041
Seattle (SEA)	Horizon	1,401	1,410	22	0	0

Source: Back Aviation Associates



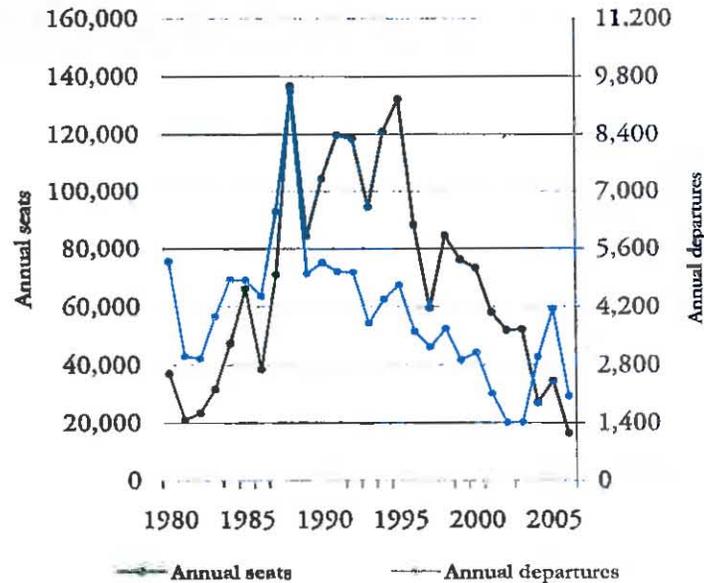
Oil tanker in Port Angeles harbor.

HISTORICAL AIR SERVICE

Port Angeles currently has Kenmore service to Seattle's Boeing Field. Over the past 25 years, several other airlines have also served the Seattle market including Horizon (1987 to 2004), United Airlines (1987 to 1989), San Juan Airlines (1982 to 1987), and Pearson Aircraft (1980 to 1982). Exhibit 2.7, next page, provides annual seats and departures from 1980 to 2006. Other markets served include limited United and San Juan service to Portland from 1987 to 1988, brief Horizon Bellingham service from 1987 to 1989, and Victoria, BC service from 1983 to 1987 provided by four different airlines including Pearson, San Juan, United, and Horizon. Both seats and departures reached a peak in 1988 with the majority of service provided by United.

Table 2.8 provides annual Port Angeles departures by destination and airline for the past five years. Seattle departures increased significantly when Kenmore and San Juan replaced Horizon's Seattle-Tacoma International Airport service with Boeing Field service in 2004. Although departures increased from 2002 to 2006, passengers remained relatively unchanged (Table 2.9, next page). Unfortunately, Kenmore and San Juan's reporting requirements

EXHIBIT 2.7 CLM ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions

TABLE 2.9 CLM REPORTED PASSENGERS

DESTINATION	1997	1999	2001	2003	2005
Seattle	7,090	18,460	8,380	6,120	43,280
San Diego	1,660	1,910	1,900	2,290	0
Las Vegas	1,120	1,330	1,570	2,140	0
Phoenix	1,650	1,810	1,740	2,040	0
Orange County	1,270	1,060	1,370	1,840	0
Los Angeles	2,290	2,520	1,940	1,770	0
Oakland	1,840	1,590	1,670	1,750	0
Sacramento	1,370	1,140	1,140	1,690	0
San Jose	1,610	1,670	1,330	1,400	0
Ontario	1,140	1,240	730	1,290	0
Other	20,710	23,860	22,790	22,160	0
Total	41,750	56,590	44,560	44,490	43,280

Source: Data Base Products, Inc.; ranked by 2003 passengers; even numbered years not shown

provide only online destination information, and final destination information is therefore not available.

Market performance of the Kenmore service has been strong with an average load factor of 71 percent in 2005 and 68 percent in 2006. Horizon's service in larger aircraft in 2004 and prior years did not do as well, with load factors in the mid-40 percentile range from 2001 to 2004, dropping below 40 percent on average between 1998 and 2000.

TRUE MARKET ESTIMATE

The Port Angeles catchment area has a true market of 129,855 (Table 2.10). The majority of travelers, 78 percent, use Seattle-Tacoma International Airport for air travel. However, approximately 22 percent use Kenmore's Port Angeles-Boeing Field service for their travel needs. A small percentage, only two percent of travelers, use Port Angeles to travel internationally.

TABLE 2.10 CLM TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Seattle (SEA)	95,858	77	5,210	89	101,068	78
2	Port Angeles (CLM)	28,154	23	633	11	28,787	22
True market		124,012	100	5,843	100	129,855	100

Note: CLM % of international estimated based on CY 2003 reported passengers.



Northwest Research and Services, Inc.

Southern destinations including Los Angeles, Las Vegas, Phoenix, Oakland, and San Diego top the list of destinations for Port Angeles travelers (Table 2.11). California destinations draw a large portion of travelers representing seven top 20 markets and 37 daily passengers each way. Hub markets like Denver, San Francisco, Chicago, Minneapolis, and Salt Lake City also rank high as destinations for Port Angeles travelers. Top 50 markets for Port Angeles catchment area travelers are included in Appendix B, Table B.3.

California destinations draw large numbers
California destinations draw a large portion of travelers representing seven top 20 markets and 37 daily passengers each way.



Ferry bound for Canada from Port Angeles, Washington.

TABLE 2.11 CLM TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	TRUE MARKET	POEW
1	Los Angeles	5,576	8
2	Las Vegas	5,556	8
3	Phoenix	4,874	7
4	Oakland	4,773	7
5	San Diego	3,807	5
6	San Jose	3,532	5
7	Denver	3,448	5
8	Spokane	3,384	5
9	San Francisco	3,263	4
10	Orange County	3,078	4
11	Chicago (ORD)	3,024	4
12	Sacramento	2,882	4
13	New York (JFK)	2,482	3
14	Minneapolis	2,481	3
15	Dallas (DFW)	2,376	3
16	Salt Lake City	2,286	3
17	Honolulu	2,254	3
18	Anchorage	2,230	3
19	Newark (EWR)	2,163	3
20	Boise	2,054	3

Note: Split between CLM and SEA origin not available on a destination basis.



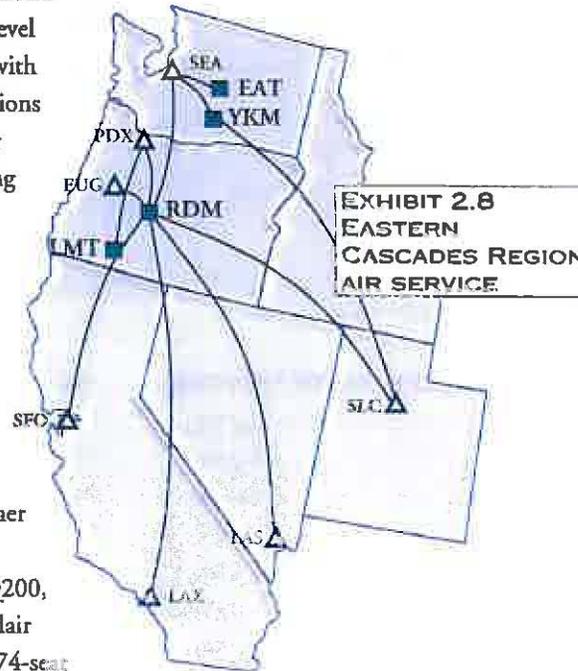
Crater Lake, Oregon on a sunny summer day.

EASTERN CASCADES REGION

The NWRASI Eastern Cascades Region airports include Klamath Falls, Redmond, Wenatchee, and Yakima. From this somewhat isolated region, Eastern Cascades' travelers must navigate over mountain passes to access medium or large hub airports with more air service options. Wenatchee and Yakima travelers must drive over Snoqualmie Pass to access Seattle-Tacoma International Airport. Klamath Falls' travelers have two alternate airport options. They can drive north to Portland International Airport or south to Reno-Tahoe International Airport, distances of 300 and 250 miles, respectively. In each case, mountain passes can be challenging in the winter. Redmond travelers must drive more than 140 miles to the north over mountainous terrain to use Portland. Weather and relative isolation make these communities dependent on local commercial air service.

The four Eastern Cascades Region airports currently have commercial air service (Exhibit 2.8). Horizon Air flies in and out of Klamath Falls, Wenatchee, and Yakima providing service to Portland or Seattle. In June 2007, Delta Air Lines began twice daily service between Yakima and Salt Lake City. In July 2007, weekly departures totaled 20 at Klamath Falls, 35 at Wenatchee, and 56 at Yakima. Redmond

had a higher level of air service with seven destinations served by four airlines totaling 164 weekly departures. Redmond service is provided on a variety of aircraft including the 30-seat Embraer 120, 37-seat Bombardier Q200, 50-seat Canadair Regional Jet, 74-seat Bombardier Q400, and 150-seat MD-80.

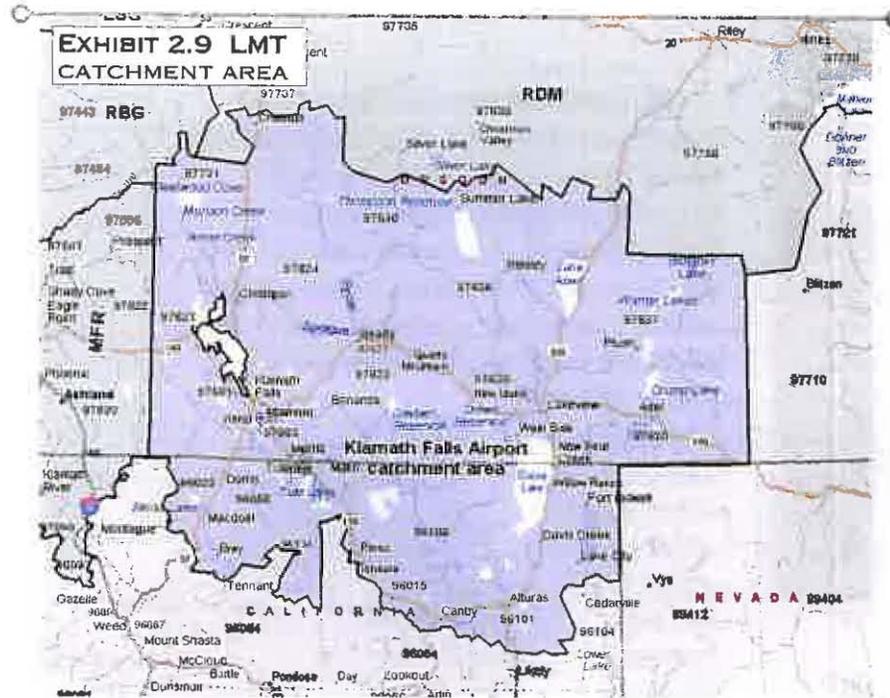


**EXHIBIT 2.8
EASTERN
CASCADES REGION
AIR SERVICE**

KLAMATH FALLS

LOCATION

Klamath Falls is located in south-central Oregon about 15 miles north of the Oregon and California border. It is situated on the eastern slope of the Cascade Mountains and the southern shore of the Upper Klamath Lake. The Klamath Falls Airport catchment area encompasses not only a large portion of southeastern Oregon it also includes portions of northern California. Overall it serves a large geographic area with a growing population. An estimated 78,368 people reside in the Klamath Falls catchment area (identi-



Source: Microsoft MapPoint 2006

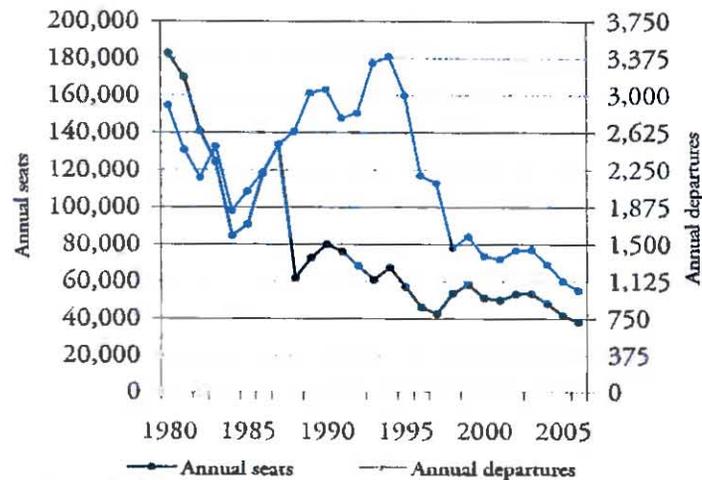
away. Despite Klamath Falls being in Oregon, it is about 50 miles closer to Reno than Portland.

HISTORICAL AIR SERVICE

Departures and available seats are at a 25-year low for Klamath Falls Airport (Exhibit 2.10). Annual departures reached a high in 1994 with almost 3,400 departures with Horizon and United service to and over Chico, Portland, Redding, and Redmond. Available seats were at a high in 1980 with service to and over Medford, Redding, Redmond, and Reno. Over the period, Klamath Falls had nonstop hub service to Portland (1992 to current) and San Francisco (1984 to 1988).

During the past five years, service has been restricted to Horizon service to Portland (Table 2.12). Annual departures have decreased from 1,440 in 2002 to 1,034 in 2006, a 28 percent decrease in departures.

EXHIBIT 2.10 LMT ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions

fied in Exhibit 2.9 in blue). Driving to competing airports is difficult. Medford has the closest competing airport and is 80 miles to the west beyond the Cascades. The nearest medium-hub airport is the Reno-Tahoe International Airport 250 miles

TABLE 2.12 LMT DEPARTURES BY DESTINATION AND AIRLINE

DESTINATION	AIRLINE	ANNUAL DEPARTURES				
		2002	2003	2004	2005	2006
Portland	Horizon	1,440	1,449	1,300	1,128	1,034

Source: Back Aviation Associates

Despite the decrease in seats and departures, origin and destination passengers have increased (Table 2.13). From 1997 to 2005, passengers increased 31 percent, with significant increases in the Portland, Denver, and Anchorage markets. With declining departures and increasing passengers, load factors have been on the rise. Horizon achieved an average load factor of 74 percent in 2006. This is a marked improvement over 2003 and 2004 load factors of 53 and 58 percent, respectively, and a modest improvement on the 2005 load factor of 70 percent.

TRUE MARKET ESTIMATE

The Klamath Falls' catchment area has a true market of 119,334 origin and destination passengers (Table 2.14). Almost one-half of those passengers use Klamath Falls Airport for their air service needs. Twenty-six percent use Medford's airport and the remaining use Reno, Portland, Sacramento, or San Francisco. Less than eight percent are international travelers.

TABLE 2.13 LMT REPORTED PASSENGERS

DESTINATION	1997	1999	2001	2003	2005	CHANGE 97-05
Portland	14,560	32,420	27,530	23,940	20,470	41
Seattle	5,250	6,180	5,770	5,640	4,980	-5
Denver	780	340	340	1,030	2,040	162
Los Angeles	1,280	1,810	1,430	1,390	1,590	24
Anchorage	580	770	800	760	1,330	129
Spokane	1,090	1,120	1,090	1,280	1,290	18
San Diego	1,100	1,530	1,240	1,440	1,180	7
Phoenix	820	1,730	1,400	1,110	1,130	38
Orange County	700	750	660	780	920	31
Las Vegas	500	1,090	1,140	1,440	910	82
Other	15,490	16,060	15,100	14,680	19,170	24
Total	42,150	63,800	56,500	53,490	55,010	31

Source: Data Base Products, Inc.; ranked by 2005 passengers; even numbered years not shown.

TABLE 2.14 LMT TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNA- TIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Klamath Falls (LMT)	54,113	49	1,731	18	55,844	47
2	Medford (MFR)	27,542	25	3,105	33	30,647	26
3	Reno (RNO)	11,946	11	577	6	12,523	10
4	Portland (PDX)	8,565	8	1,841	20	10,406	9
5	Sacramento (SMF)	5,449	5	824	9	6,273	5
6	San Francisco (SFO)	2,349	2	1,292	14	3,641	3
True market		109,964	100	9,370	100	119,334	100



Entry to Klamath Falls Airport

Portland is the top destination for Klamath Falls' travelers (Table 2.15); this is in large part due to the nonstop service available and the community's connection with Oregon's business center. Other top destinations representing large western US markets include Los Angeles, Seattle, and Denver. Leisure destinations such as Orlando and Las Vegas fall farther down the list of top markets compared to other NWRASI catchment area markets. Top 50 markets for Klamath Falls catchment area travelers are included in *Appendix B*, Table B.4.

TABLE 2.15 LMT TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	LMT	ORIGIN AIRPORT				TRUE MARKET	PDEW
			MFR	RNO	PDX	OTHER		
1	Portland	19,189	159	0	0	0	19,348	27
2	Los Angeles	1,597	2,725	282	940	470	6,014	8
3	Seattle	4,742	998	0	0	0	5,741	8
4	Denver	1,927	1,204	723	361	361	4,576	6
5	Houston (IAH)	379	759	0	2,276	1,518	4,932	7
6	Phoenix	1,178	2,892	321	0	0	4,391	6
7	Dallas (DFW)	978	140	280	489	1,957	3,844	5
8	Raleigh-Durham	300	1,198	0	1,797	0	3,295	5
9	Atlanta	190	1,897	569	190	379	3,225	4
10	Anchorage	1,268	634	845	0	0	2,747	4
11	Orlando	629	943	157	550	314	2,595	4
12	Honolulu	260	964	556	0	964	2,744	4
13	Orange County	1,288	59	117	468	0	1,932	3
14	Minneapolis	799	479	0	639	0	1,917	3
15	San Diego	1,258	484	48	0	0	1,790	2
16	Las Vegas	889	444	47	281	47	1,707	2
17	Boise	669	429	164	194	38	1,494	2
18	Spokane	1,228	175	0	0	0	1,403	2
19	Baltimore	280	419	419	280	0	1,398	2
20	Ontario	1,058	294	0	0	0	1,352	2



Mt. Hood from Trillium Lake. Photo courtesy of the Oregon Division of Tourism.

REDMOND

LOCATION

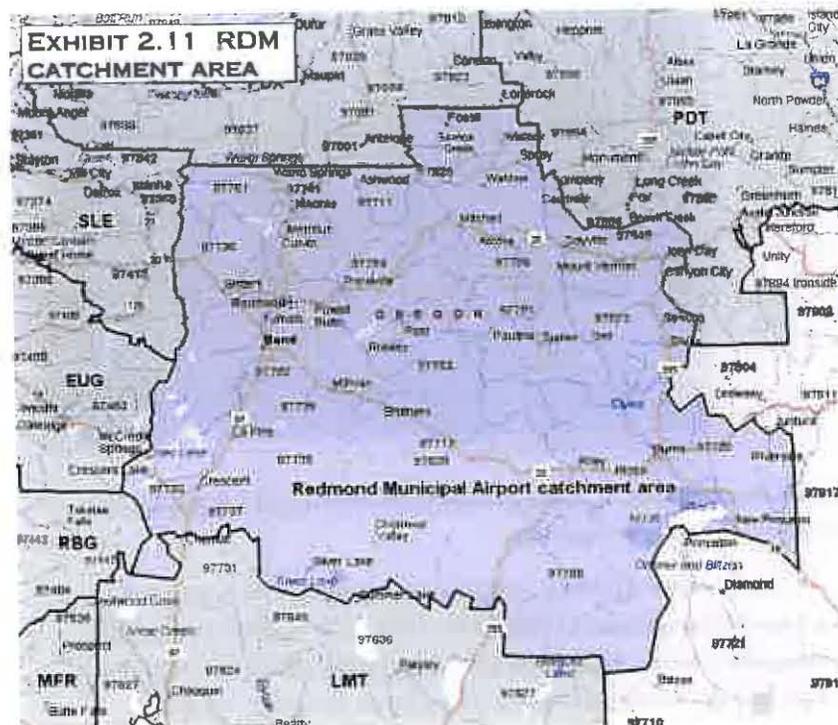
The Redmond Municipal Airport serves the rapidly growing Bend-Redmond area. The Redmond catchment area (identified in blue in Exhibit 2.11) is comprised of 35 zip codes with a population of 192,256. Redmond, like many cities east of the Cascades, is isolated from the large metropolitan areas. Reaching Portland International Airport requires a 140-mile mountainous drive along winding Highway 26 which can be hazardous in the winter.

HISTORICAL AIR SERVICE

Unlike many NWRASI airports, Redmond Municipal Airport's air service has improved over the last 25 years (Exhibit 2.12). Starting at 4,533 departures in 1980, annual departures increased to 7,738 in

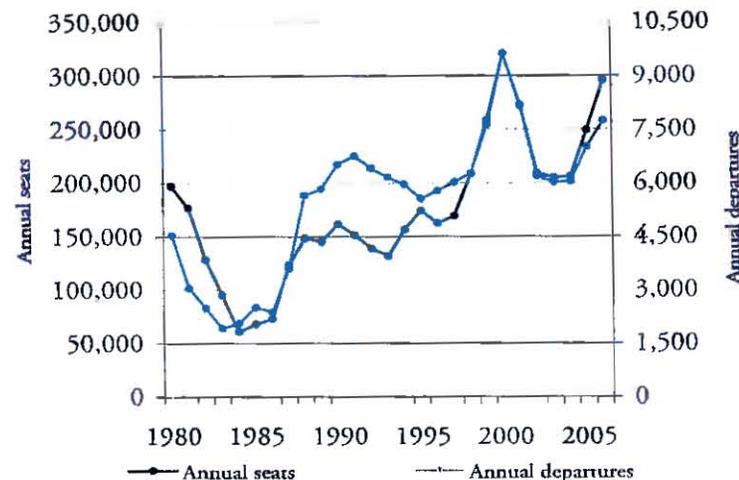
2006. Seats also increased to almost 300,000 from less than 200,000 in 1980. Over the period, seats and departures have fluctuated reaching a low in the early 1980s when service to Eugene, Klamath Falls, and Portland was reduced. A high was reached in 2000-2001 when departures to Portland, San Francisco, and Seattle were increased. Subsequently, departures decreased due to September 11, 2001 but have rebounded in 2006 and approached previous record levels with new service to Denver, Los Angeles, and Salt Lake City.

Most recently, annual departures increased 25 percent over the last five years (Table 2.16, next page). This is in large part due to Horizon's new Los Angeles service, United's new Denver service (summer weekends only), Delta Air Lines' new Salt Lake City service, and increased departures



Source: Microsoft MapPoint 2006

EXHIBIT 2.12 RDM ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions

NORTHWEST REGIONAL AIR SERVICE INITIATIVE



United Express Embraer 120

by Horizon to Seattle. This was partially offset by decreased departures by Horizon and United to Portland.

The new service offerings in recent years resulted in increased origin and destination passengers (Table 2.17). From 1997 to 2005, passengers increased 65 percent. Although the Portland market decreased 14 percent, several markets increased more than 100 percent, including San Diego, Las Vegas, Phoenix, Denver, and Salt Lake City. Most remarkably, Salt Lake City and Seattle markets increased more than 10,000 passengers each. Load factors followed suit averaging 73 to 75 percent in 2004, 2005, and 2006, an improvement of 67 percent above the average for 2002. Highest performing markets included United's Denver weekend service at a load factor of 82 percent in 2006, Horizon's Los Angeles service at 76 percent, Horizon's Portland service at 77 percent, and Delta's Salt Lake City service at 77 percent. Horizon's Seattle service and United's San Francisco service also performed well with average load factors of 75 percent and 71 percent, respectively. The San Francisco load factor is high for Embraer 120 (30-seat) service. United's Portland service lagged behind with a load factor of 59 percent.

TABLE 2.16 RDM DEPARTURES BY DESTINATION AND AIRLINE

DESTINATION	AIRLINE	ANNUAL DEPARTURES				
		2002	2003	2004	2005	2006
Denver	United	0	0	0	0	34
Eugene	Horizon	0	0	0	0	151
Los Angeles	Horizon	0	0	0	0	299
Portland	Horizon	2,166	1,987	1,911	2,012	1,833
Portland	United	1,729	1,728	1,755	1,756	1,693
Salt Lake City	Delta	0	0	0	632	908
San Francisco	United	1,089	852	732	864	1,080
Seattle	Horizon	1,192	1,450	1,629	1,737	1,740
Total		6,176	6,017	6,027	7,001	7,738

Source: Back Aviation Associates

TABLE 2.17 RDM REPORTED PASSENGERS

DESTINATION	1997	1999	2001	2003	2005	% CHANGE 97-05
Portland	41,590	47,770	40,590	34,690	35,800	-14
Seattle	23,890	32,550	39,460	27,500	34,400	44
San Francisco	13,700	22,510	19,530	18,280	19,080	39
San Diego	6,710	8,070	9,830	8,630	13,510	101
Las Vegas	4,820	7,760	9,220	11,010	12,190	153
Phoenix	5,640	9,010	8,690	9,080	11,540	105
Denver	3,680	6,100	6,610	7,510	11,390	210
Los Angeles	11,550	12,010	12,810	11,270	11,270	-2
Salt Lake City	800	1,630	1,430	1,000	11,240	1,305
Orange County	6,040	5,490	6,830	8,380	11,080	83
Other	79,400	101,250	106,630	109,000	154,580	95
Total	197,820	254,150	261,630	246,350	326,080	65

Source: Data Base Products, Inc.; ranked by 2005 passengers; even numbered years not shown

TRUE MARKET ESTIMATE

The Redmond market generates more than 600,000 origin and destination true market passengers (Table 2.18). Most travelers, 71 percent, use Redmond Municipal Airport. Twenty-seven percent drive north to Portland and only two percent use the Eugene Airport. Of total travelers, seven percent travel internationally.

Of the top 20 markets (Table 2.19), markets with nonstop service rise to the top including Seattle, Portland, San Francisco, Denver, and Los Angeles, all destinations in the top 10. With the exception of Denver, nonstop market retention is also higher than average ranging from 82 percent to Los Angeles to 100 percent to Portland. Top 10 destinations without nonstop service and experiencing lower retention rates include Las Vegas (service started in March 2007), San Diego, Phoenix, Orange County, and Chicago. Top 50 markets for Redmond catchment area travelers are included in *Appendix B, Table B.5*.

TABLE 2.18 RDM TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Redmond (RDM)	406,447	72	21,322	51	427,769	71
2	Portland (PDX)	145,768	26	19,733	48	165,501	27
3	Eugene (EUG)	9,647	2	472	1	10,119	2
True market		561,862	100	41,527	100	603,389	100

TABLE 2.19 RDM TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	ORIGIN AIRPORT			TRUE MARKET	PDEW
		RDM	PDX	EUG		
1	Seattle	40,538	2,111	633	43,282	59
2	Portland	39,629	0	79	39,708	54
3	Las Vegas	15,810	9,097	1,108	26,014	36
4	San Francisco	22,288	2,576	495	25,359	35
5	San Diego	17,306	6,214	802	24,322	33
6	Phoenix	14,844	6,619	1,755	23,218	32
7	Denver	14,395	6,623	274	21,291	29
8	Orange County	14,142	4,795	489	19,426	27
9	Los Angeles	14,349	2,937	122	17,408	24
10	Chicago (ORD)	8,849	4,324	50	13,223	18
11	Salt Lake City	10,897	1,653	75	12,625	17
12	Burbank	8,734	3,032	243	12,009	16
13	Honolulu	2,992	7,170	0	10,162	14
14	Ontario	7,871	2,218	0	10,089	14
15	Washington (IAD)	3,705	5,161	0	8,866	12
16	Orlando	4,913	3,485	121	8,520	12
17	San Jose	7,698	724	0	8,422	12
18	Sacramento	5,822	1,963	262	8,047	11
19	Dallas (DFW)	5,293	2,237	382	7,912	11
20	Minneapolis	5,995	1,638	0	7,633	10

Nonstop market retention is higher than average

With the exception of Denver, nonstop market retention is also higher than average ranging from 82 percent to Los Angeles to 100 percent to Portland

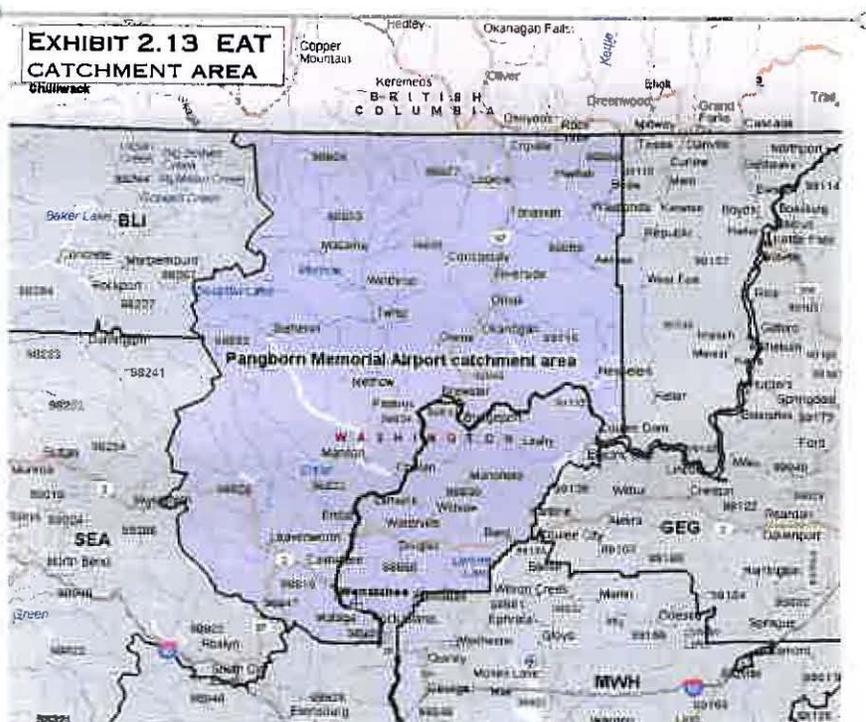


United Express Embraer 120

WENATCHEE

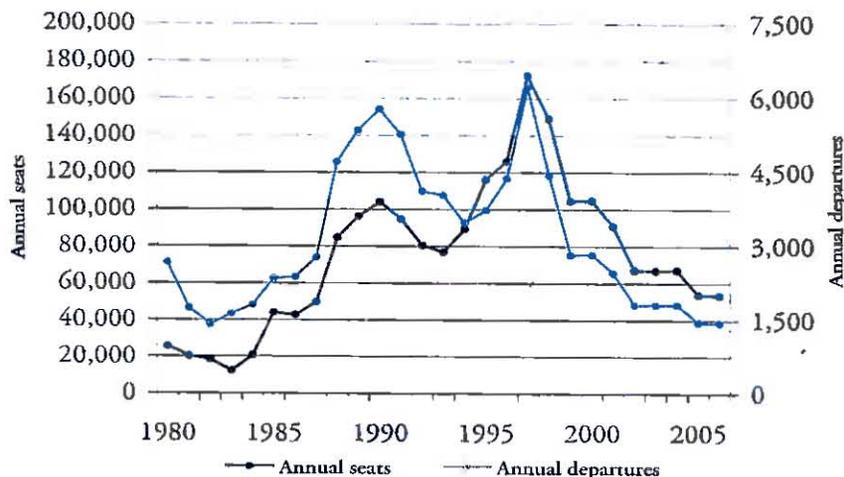
LOCATION

Pangborn Memorial Airport is located in Wenatchee, Washington at the confluence of the Columbia and Wenatchee Rivers. Pangborn Memorial Airport serves a large catchment area that includes the cities of Wenatchee and East Wenatchee and extends north through rural Washington to the Canadian border. Yakima and Moses Lake border the catchment area. While Seattle-Tacoma International Airport is slightly closer (155 miles to the west) than Spokane International Airport (165 miles to the east), the drive to Spokane does not require traversing the Cascades. The catchment area (identified in blue in Exhibit 2.13) is comprised of 40 zip codes and contains a population of 144,021.



Source: Microsoft MapPoint 2006

EXHIBIT 2.14 EAT ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions



Picturesque Mt. Rainier

HISTORICAL AIR SERVICE

Wenatchee's commercial air service has fluctuated from 1980 to 2006 (Exhibit 2.14). Reaching peaks in 1990 and 1997, departures have ranged from a low of 1,415 in 1982 with service limited to Seattle (Cascade Airways) and Yakima to a high in 1997 of 6,234 with service to Moses Lake, Seattle (Horizon and United), and Walla Walla. Departures in 2006 were similar to 1982 totaling 1,448. Seats have fluctuated with departures.

In the last five years, service has been restricted to Horizon service to Seattle (Table 2.20, next page). Departures decreased over the last five years by 20 percent – 1,815 departures to 1,448 departures.

Origin and destination passengers have also decreased (Table 2.21). From 1997 to 2005, passengers decreased 36 percent. The market with the most significant decrease in passengers was Seattle. Total passengers decreased by almost 21,000 from 37,120 in 1997 to 16,450 in 2005. The Portland and Los Angeles markets also decreased significantly with reductions of 51 and 54 percent, respectively. Despite the decrease in passenger traffic, the reduction in departures and seats led to increasing load factors. With a 76 percent load factor in 2005 and a 78 percent load factor in 2006, the market is performing well for Horizon. This is a significant improvement over 2002, 2003, and 2004 with average load factors of 63 percent.

TRUE MARKET ESTIMATE

Wenatchee is currently serving almost 50 percent of its estimated true market (Table 2.22). With a true market of 170,450, about 73,166 passengers or 43 percent of the true market are using Seattle. The remaining travelers are using Spokane, Pasco, Moses Lake, or Yakima. Almost 21,000 travelers (about 13 percent) are destined internationally.

TABLE 2.20 EAT DEPARTURES BY DESTINATION AND AIRLINE

DESTINATION	AIRLINE	ANNUAL DEPARTURES				
		2002	2003	2004	2005	2006
Seattle	Horizon	1,815	1,812	1,821	1,457	1,448

Source: Back Aviation Associates

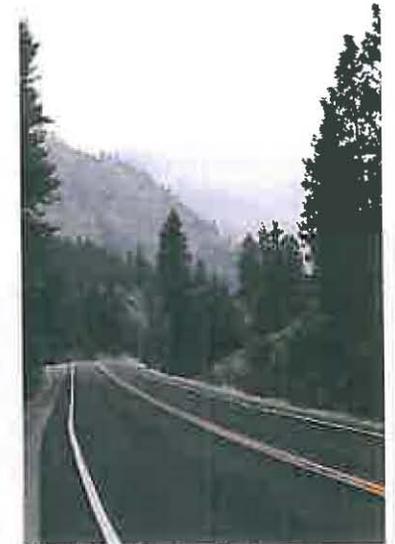
TABLE 2.21 EAT REPORTED PASSENGERS

DESTINATION	1997	1999	2001	2003	2005	% CHANGE 97-05
Seattle	37,120	35,830	29,290	18,450	16,450	-56
Portland	9,010	7,580	6,840	5,050	4,410	-51
Las Vegas	3,480	3,400	4,100	4,770	3,630	4
Phoenix	3,320	2,850	3,610	3,800	3,320	0
San Diego	3,370	2,960	2,800	2,630	2,820	-16
Sacramento	2,690	2,320	2,430	2,860	2,550	-5
Los Angeles	5,050	4,370	3,520	2,270	2,300	-54
Orange County	2,330	1,530	1,900	2,560	2,170	-7
Anchorage	1,700	1,600	1,610	1,820	2,100	24
Oakland	2,540	2,580	2,000	2,400	2,010	-21
Other	43,170	34,310	32,000	29,740	31,450	-27
Total	113,780	99,330	90,100	76,350	73,210	-36

Source: Data Base Products, Inc.; ranked by 2005 passengers; even numbered years not shown

TABLE 2.22 EAT TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Wenatchee (EAT)	76,452	51	4,636	22	81,088	48
2	Seattle (SEA)	57,819	39	15,347	73	73,166	43
3	Spokane (GEG)	9,939	7	829	4	10,768	6
4	Pasco (PSC)	2,065	1	24	0	2,089	1
5	Moses Lake (MWH)	2,041	1	0	0	2,041	1
6	Yakima (YKM)	1,225	1	73	0	1,298	1
True market		149,541	100	20,909	100	170,450	100



Traveling to Wenatchee, Washington

Table 2.23 shows the top 20 markets by origin airport. Seattle is the top market with 28 daily passengers each way. This is largely a function of the available nonstop service. Other top markets include Phoenix, Las Vegas, Portland, and Los Angeles, all large markets in the western US. Wenatchee's retention, more than 60 percent, was highest for the Seattle, Portland, Reno, San Diego, and San Francisco Bay Area airports. Top 50 markets for Wenatchee catchment area travelers are included in *Appendix B, Table B.6*.



Delta Connection Comair Regional Jet

TABLE 2.23 EAT TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	ORIGIN AIRPORT						TRUE MARKET	PDEW
		EAT	SEA	GEG	PSC	MWH	YKM		
1	Seattle	18,200	0	1,431	572	0	229	20,433	28
2	Phoenix	3,547	4,387	607	93	0	0	8,634	12
3	Las Vegas	3,495	2,845	186	0	62	0	6,588	9
4	Portland	4,688	533	426	107	320	0	6,072	8
5	Los Angeles	2,323	2,693	845	53	0	0	5,913	8
6	Sacramento	2,416	3,185	0	0	0	220	5,821	8
7	Orange County	2,333	2,739	0	34	0	169	5,275	7
8	Anchorage	2,147	3,220	0	0	0	0	5,367	7
9	San Diego	2,800	1,200	360	0	0	120	4,480	6
10	Orlando	1,110	2,166	159	370	0	0	3,805	5
11	Boise	1,234	0	686	0	1,645	0	3,565	5
12	Chicago (ORD)	1,452	1,483	158	0	0	63	3,156	4
13	San Jose	1,898	896	0	158	0	53	3,005	4
14	Oakland	2,002	743	57	114	0	0	2,917	4
15	Denver	1,452	856	337	52	0	0	2,696	4
16	Ontario	1,369	1,084	57	0	0	0	2,510	3
17	Reno	1,410	882	0	71	0	0	2,362	3
18	San Francisco	1,348	661	0	0	0	0	2,010	3
19	Washington (DCA)	778	972	83	28	0	83	1,944	3
20	Newark (EWR)	799	665	133	0	0	133	1,730	2

YAKIMA

LOCATION

Yakima Air Terminal is located on the high desert of central Washington approximately 60 miles north of the Oregon border and serves Yakima and outlying areas. The catchment area contains the largest population of the Eastern Cascades Region. An estimated 259,546 people reside in the Yakima catchment area identified in Exhibit 2.15 in blue. Three airports with a higher level of service border

the catchment area; Seattle–Tacoma International Airport about 150 miles to the northwest, Portland International Airport about 180 miles to the southwest, and Tri-Cities Airport (Pasco) about 90 miles to the southeast.

HISTORICAL AIR SERVICE

Like many NWRASI airports, air service at Yakima has declined over the last 25 years (Exhibit 2.16). Historically, Yakima has had nonstop service to and over a number of

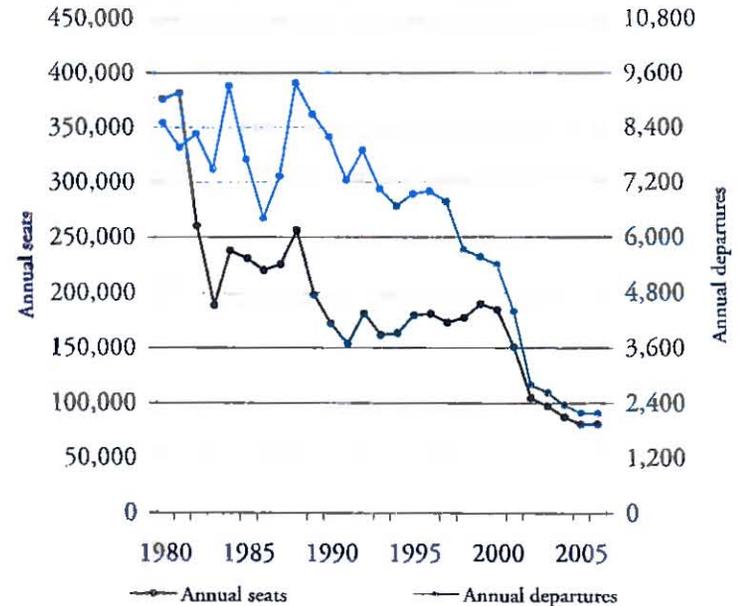
destinations including Lewiston, Moses Lake, Olympia, Pasco, Portland, Pullman, Seattle, Spokane, Walla Walla, and Wenatchee. By 2006, only Seattle service remained. Departures have declined from a 1988 high of 9,381 to a 2006 low of 2,175. The high for available seats occurred in 1981 with 381,812 seats; this has decreased to 80,637 in 2006. More recently, departures continued to decline although at a much slower pace than prior years. Annual departures decreased from 2,782 in 2002 to 2,175 in 2006, representing

Yakima has seen dramatic decreases like many NWRASI airports. Air service at Yakima has declined in the past 25 years. Historically, nonstop service to and over destinations including Lewiston, Moses Lake, Olympia, Pasco, Portland, Pullman, Seattle, Spokane, Walla Walla, and Wenatchee. By 2006, only Seattle service remained.



Source: Microsoft MapPoint 2006

EXHIBIT 2.16 YKM ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions

a 22 percent decrease (Table 2.24). Seats have declined at the same rate indicating little change in type of aircraft used at the airport. In June 2007, Delta added nonstop service to Salt Lake City, which will likely lead to an increase in departures and seats from 2006 to 2007.

In line with departures, origin and destination passengers have also declined. Total passengers have decreased 35 percent since 1997 (Table 2.25). The Seattle market decreased by more than 24,000 passengers. Los Angeles, Sacramento, and San Francisco also experienced a significant drop in passengers. Despite the decrease in passengers, Horizon's load factors have been strong approximating 70 percent over the last two years. This is an improvement over 2002 to 2004 load factors which averaged between 57 and 62 percent.



Horizon Air Bombardier 200

TABLE 2.24 YKM DEPARTURES BY DESTINATION AND AIRLINE

DESTINATION	AIRLINE	ANNUAL DEPARTURES				
		2002	2003	2004	2005	2006
Seattle	Horizon	2,782	2,616	2,356	2,179	2,175

Source: Back Aviation Associates

TABLE 2.25 YKM REPORTED PASSENGERS

DESTINATION	1997	1999	2001	2003	2005	% CHANGE 97-05
Seattle	51,040	56,780	38,870	26,180	26,650	-48
Las Vegas	5,460	5,440	6,660	6,920	5,490	1
Phoenix	4,950	5,770	5,050	5,290	4,720	-5
Los Angeles	7,680	7,360	6,160	3,500	3,580	-53
Oakland	3,470	3,790	3,210	3,390	3,040	-12
San Francisco	4,740	4,460	3,990	3,470	2,880	-39
Sacramento	4,800	3,830	3,360	3,380	2,840	-41
Orange County	2,950	3,070	2,700	2,270	2,360	-20
San Jose	3,250	3,660	2,750	2,270	2,260	-30
Anchorage	2,610	1,710	1,750	2,040	2,190	-16
Other	69,250	68,650	60,400	44,220	48,690	-30
Total	160,200	164,520	134,900	102,930	104,700	-35

Source: Data Base Products, Inc.; ranked by 2005 passengers; even numbered years not shown

TABLE 2.26 YKM TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Yakima (YKM)	102,927	49	6,031	21	108,958	46
2	Seattle (SEA)	72,587	35	12,191	43	84,778	36
3	Pasco (PSC)	19,098	9	1,219	4	20,317	9
4	Portland (PDX)	10,244	5	7,933	28	18,177	8
5	Spokane (GEG)	2,457	1	240	1	2,697	1
6	Wenatchee (EAT)	1,723	1	600	2	2,323	1
True market		209,036	100	28,214	100	237,250	100

TRUE MARKET ESTIMATE

The Yakima catchment area has an estimated 237,250 origin and destination travelers (true market). Forty-six percent of travelers use Yakima's airport, and 36 percent use Seattle-Tacoma (Table 2.26, previous page). A high percentage of the true market travel internationally (12 percent). Most international travelers drive to Seattle or Portland to access commercial air service.

The top five markets for Yakima include Seattle, Phoenix, Los Angeles, Las Vegas, and Sacramento, all western US destinations (Table 2.27). The Seattle market is estimated at 42 daily passengers each way; this is in large part due to the nonstop service available and the community's connection with Washington's business center. Including Los Angeles and Sacramento, California represents a large draw for Yakima travelers. Eight of the top 20 markets are located in California (57 daily passengers each way). Top 50 markets for Yakima catchment area travelers are included in *Appendix B, Table B.7.*

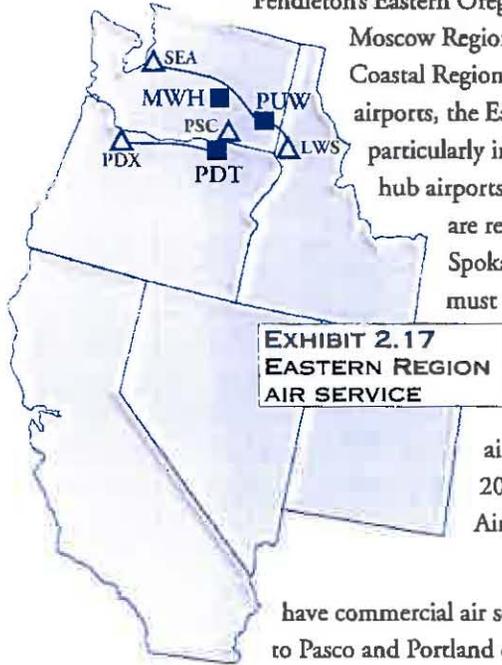
TABLE 2.27 YKM TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	YKM	ORIGIN AIRPORT					TRUE MARKET	PDEW
			SEA	PSC	PDX	GEG	MWH		
1	Seattle	27,064	0	2,937	0	0	701	30,702	42
2	Phoenix	4,343	4,411	914	800	160	23	10,652	15
3	Los Angeles	3,326	3,998	671	1,221	183	31	9,430	13
4	Las Vegas	5,300	2,785	614	539	105	30	9,373	13
5	Sacramento	3,010	2,131	338	1,387	101	0	6,968	10
6	Oakland	2,892	2,450	120	361	40	0	5,864	8
7	San Diego	2,803	1,838	353	297	56	19	5,365	7
8	Orange County	2,280	2,084	74	490	49	0	4,977	7
9	Denver	2,181	1,442	1,043	95	133	38	4,932	7
10	Anchorage	1,747	2,514	43	43	43	0	4,389	6
11	Chicago (ORD)	1,895	1,746	272	87	50	25	4,075	6
12	San Jose	2,260	685	274	240	68	0	3,527	5
13	Orlando	1,234	1,423	353	201	126	13	3,349	5
14	Honolulu	434	2,553	26	329	0	0	3,343	5
15	Dallas (DFW)	1,658	1,115	186	100	43	29	3,131	4
16	Ontario	2,171	498	121	166	0	60	3,016	4
17	Reno	1,579	879	194	313	0	15	2,980	4
18	Kahului	316	2,272	73	0	0	0	2,660	4
19	Long Beach	1,017	1,072	322	88	41	3	2,543	3
20	Portland	1,737	0	391	0	0	391	2,519	3



EASTERN REGION

The Eastern Region includes Moses Lake's Grant County International Airport, Pendleton's Eastern Oregon Regional Airport, and Pullman-Moscow Regional Airport (Exhibit 2.17). Similar to Coastal Region and Eastern Cascades Region airports, the Eastern Region airports are isolated particularly in relation to medium hub or large hub airports. Although Moses Lake and Pullman are relatively close (80 to 100 miles) to Spokane, a small hub airport, travelers must drive almost 300 miles from Pullman and approximately 185 miles from Moses Lake to Seattle-Tacoma International Airport, a large hub airport. Similarly, Pendleton is more than 200 miles from Portland International Airport, the closest larger airport.



Two of the three airports, Pendleton and Pullman, currently have commercial air service. In July 2007, Pendleton had 19 departures per week to Pasco and Portland on 37-seat Bombardier Q200 aircraft provided by Horizon. Pullman had 35 Horizon departures per week to Lewiston and Seattle. Until October 2006, Moses Lake had Big Sky Airlines' service to Boise and Portland.



Long drives to access commercial service

Grant County International Airport does not offer commercial air service. As a result, people wishing to travel by air must drive at best 65 miles to Wenatchee or at worst 185 miles to Seattle to access scheduled commercial air service.

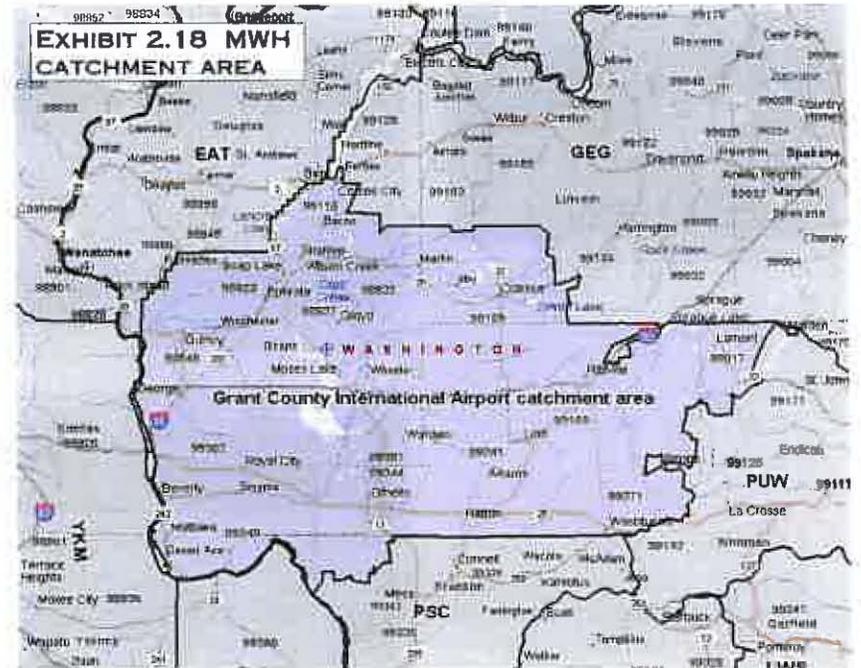
MOSES LAKE

LOCATION

Moses Lake is located on the Washington high desert approximately 100 miles west of the Washington and Idaho border. Grant County International Airport does not currently offer scheduled commercial air service. As a result, people wishing to travel by air must drive at best 65 miles to Wenatchee or at worst 185 miles to Seattle to access scheduled commercial air service. If air service returned to Moses Lake, it would likely draw passengers destined to and from the catchment area shown in Exhibit 2.18, identified in blue. The catchment area has a population of 96,724.

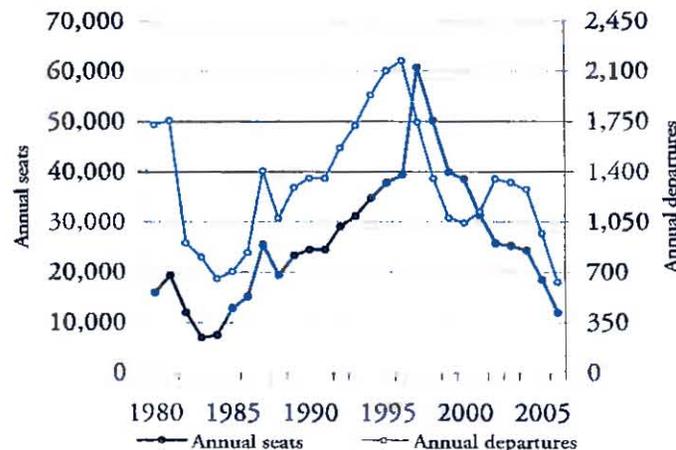
HISTORICAL AIR SERVICE

Commercial air service at Grant County International Airport has fluctuated over the last 25 years (Exhibit 2.19). Although Seattle service existed for most of the period (no service from 1984 to 1991), the number of departures has changed over time from a low in 1983 of 77 departures to a high of 1,523 departures in 1995. The only other hub and/or point-to-point service offered was as follows: to Spokane in 1980 to 1984, 1987 to 1988, and 2001 to 2005 and Boise and Portland in 2005 and 2006. The remaining service was essentially tag service over Pasco, Pullman, Walla Walla, Wenatchee, and Yakima.



Source: Microsoft MapPoint 2006

EXHIBIT 2.19 MWH ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions



Big Sky Airlines Beechcraft 1900

TABLE 2.28 MWH DEPARTURES BY DESTINATION AND AIRLINE

DESTINATION	AIRLINE	ANNUAL DEPARTURES				
		2002	2003	2004	2005	2006
Boise	Big Sky	0	0	0	282	211
Portland	Big Sky	0	0	0	594	417
Seattle	Big Sky	990	971	939	61	0
Spokane	Big Sky	360	355	338	30	0
Total		1,350	1,326	1,277	967	628

Source: Buck Aviation Associates

TABLE 2.29 MWH REPORTED PASSENGERS

DESTINATION	1997	1999	2001	2003	2005	% CHANGE 97-05
Portland	1,730	1,790	800	230	3,660	112
Boise	110	490	430	90	1,800	1,536
Seattle	7,860	9,580	7,170	5,350	550	-93
Los Angeles	1,230	890	680	120	130	-89
San Jose	510	400	270	60	130	-75
Sacramento	760	490	380	120	130	-83
Phoenix	440	470	490	120	100	-77
San Francisco	460	370	160	130	100	-78
Las Vegas	580	740	780	210	80	-86
Oakland	570	390	440	170	80	-86
Other	6,000	6,120	4,760	2,000	750	-88
Total	20,250	21,730	16,360	8,600	7,510	-63

Source: Data Base Products, Inc.: ranked by 2005 passengers; even numbered years not shown

In 2006, only Boise and Portland service remained with a total of 628 departures (Table 2.28). Service was eliminated in October 2006 leaving Moses Lake with no commercial air service. The Boise and Portland service did not perform well for Big Sky with Portland load factors at 45 percent in 2005 and only 25 percent in 2006. Boise load factors were similar at 46 percent in 2005 and 34 percent in 2006.

Following the downward trend in departures and seats, origin and destination passengers also declined (Table 2.29). From 1997 to 2005, passengers decreased 63 percent. Although the Portland and Boise markets experienced increases in passengers due to the nonstop service that was initiated in 2005, most markets declined with Seattle and Los Angeles losing the highest number of passengers.

TRUE MARKET ESTIMATE

The Moses Lake catchment area has a true market of 114,371 origin and destination passengers (Table 2.30). Most recently, when commercial air service was available, only five percent of the market passengers used the Moses Lake airport. A large portion of travelers, 46 percent, used Spokane International Airport. Twenty-seven percent used Seattle while 13 percent used Pasco. Less than 10 percent of travelers used Wenatchee or Yakima for air travel.

Top destinations for Moses Lake catchment area travelers include Seattle and Phoenix, both hub markets (Table 2.31). A large share of travelers used the nonstop Seattle service from Pasco, Wenatchee, and Yakima when destined for Seattle. Other top markets include Las Vegas, Portland, Sacramento, and Orange County, all markets located in the western US. Market retention in individual markets was low in most Moses Lake markets. However, due to the nonstop service available in 2005-2006, Moses Lake captured a larger than average share of Portland and Boise destined passengers. Top 50 markets for Moses Lake catchment area travelers are included in *Appendix B, Table B.8.*



Lost Lake in Moses Lake, Washington

TABLE 2.30 MWH TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Spokane (GEG)	48,729	49	4,199	30	52,928	46
2	Seattle (SEA)	24,875	25	6,164	44	31,039	27
3	Pasco (PSC)	11,567	12	3,228	23	14,795	13
4	Wenatchee (EAT)	8,521	8	181	1	8,702	8
5	Moses Lake (MWH)	5,496	5	90	1	5,586	5
6	Yakima (YKM)	1,140	1	181	1	1,321	1
True market		100,328	100	14,043	100	114,371	100

TABLE 2.31 MWH TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	ORIGIN AIRPORT						TRUE MARKET	PDEW
		GEG	SEA	PSC	EAT	MWH	YKM		
1	Seattle	4,201	0	2,801	5,041	560	1,120	13,722	19
2	Phoenix	3,643	1,487	595	0	74	0	5,798	8
3	Las Vegas	2,574	1,207	161	322	161	0	4,424	6
4	Portland	1,020	170	680	510	1,699	0	4,078	6
5	Los Angeles	2,648	1,083	120	120	0	0	3,971	5
6	Sacramento	2,666	711	178	0	355	0	3,910	5
7	Orange County	2,362	945	236	0	0	0	3,543	5
8	Anchorage	700	2,801	0	0	0	0	3,501	5
9	San Diego	2,507	334	84	0	84	0	3,009	4
10	Orlando	1,325	757	331	95	47	0	2,555	4
11	Boise	958	0	0	0	1,437	0	2,394	3
12	Chicago (ORD)	1,170	877	73	0	0	0	2,120	3
13	San Jose	202	1,312	404	101	0	0	2,018	3
14	Oakland	653	1,306	0	0	0	0	1,959	3
15	Denver	1,344	58	321	88	0	0	1,811	2
16	Ontario	843	492	0	351	0	0	1,686	2
17	Reno	529	317	423	106	212	0	1,587	2
18	San Francisco	540	135	540	0	135	0	1,350	2
19	Washington (DCA)	804	301	100	100	0	0	1,306	2
20	Newark (EWR)	0	697	465	0	0	0	1,162	2

PENDLETON

LOCATION

The Eastern Oregon Regional Airport is located in Pendleton, nearly equidistant from Portland, Boise, and Spokane. However, all three are located more than 200 miles away. The airport serves a large area, and Pendleton is the economic hub of the area. The airport's catchment area identified in blue in Exhibit 2.20 is comprised of 30 zip codes with a population of 116,942 making it the most populous catchment area of the Eastern Region NWRASI airports.

HISTORICAL AIR SERVICE

Over the last 25 years, the Pendleton community has consistently had nonstop Portland service; however, carriers offering the service and the number of departures have changed. Air Oregon, Horizon, and United all offered nonstop service to Portland. Departures ranged from a 1996 high of 1,718 to a 2004 low of 281 (Exhibit 2.21). To supplement the Portland service, Horizon began tag service over Pasco in 1987 and continued to offer that service through 2006.



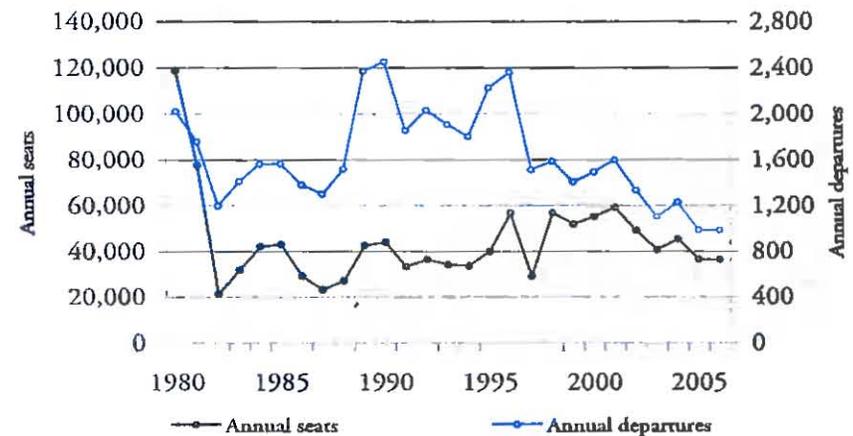
Source: Microsoft MapPoint 2006

TABLE 2.32 PDT DEPARTURES BY DESTINATION AND AIRLINE

DESTINATION	AIRLINE	ANNUAL DEPARTURES				
		2002	2003	2004	2005	2006
Pasco	Horizon	693	459	522	718	625
Portland	Horizon	639	645	281	270	362
Walla Walla	Horizon	0	0	369	0	0
Total		1,332	1,104	1,172	988	987

Source: Back Aviation Associates

EXHIBIT 2.21 PDT ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions

More recently, in the last five years, departures have declined 26 percent (Table 2.32, previous page). In 2002, Horizon offered 639 nonstop departures to Portland; since then, Horizon has decreased nonstop service to Portland and kept departures on the tag service over Pasco fairly level. Load factors on the Portland service averaged 54 percent for Horizon in 2006.

Not surprising, origin and destination passengers have decreased as departures have declined (Table 2.33). From 1997 to 2005, passengers decreased 27 percent. In the interim, passengers increased from 1997 to 1999 reflecting the increase in Portland nonstop service but declined after 2001 as departures were reduced.

TRUE MARKET ESTIMATE

Although the Pendleton catchment area generates 111,044 true market origin and destination passengers annually, only a small portion of those passengers, 13 percent, use Pendleton's airport (Table 2.34). The top three airports used by area travelers are Portland, Pasco, and Boise, each with 20 to 30 percent of catchment area travelers. Other airports used by travelers include Seattle, Walla Walla, Spokane, Redmond, and Yakima.

TABLE 2.33 PDT REPORTED PASSENGERS

DESTINATION	1997	1999	2001	2003	2005	% CHANGE 97:05
Portland	7,010	11,250	9,760	5,180	3,740	-47
Seattle	1,250	2,100	2,080	1,030	840	-33
Phoenix	360	570	810	540	720	100
Sacramento	410	940	1,260	650	650	59
Oakland	440	580	880	420	480	9
Los Angeles	480	910	570	400	460	-4
Anchorage	210	250	220	490	440	110
Las Vegas	260	680	1,190	890	430	65
Orange County	250	500	420	400	430	72
San Diego	320	660	710	560	420	31
Other	6,860	9,350	8,340	6,250	4,350	-37
Total	17,850	27,790	26,240	16,810	12,960	-27

Source: Data Ease Products, Inc.; masked by 2005 passengers; even numbered years not shown

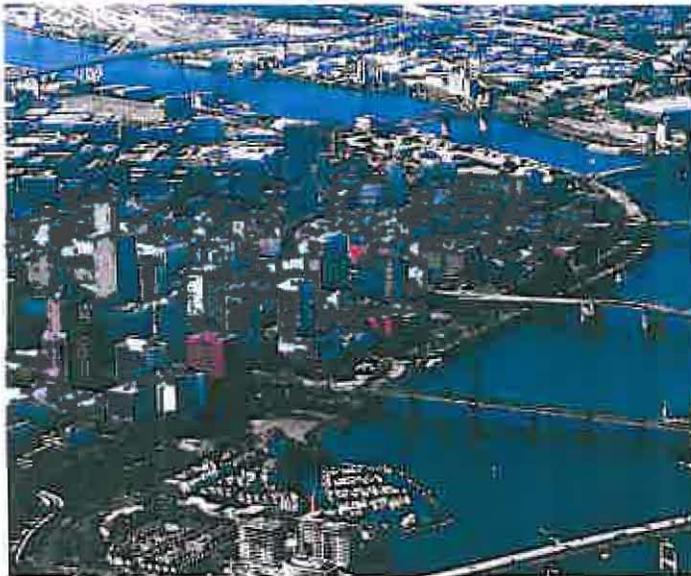
TABLE 2.34 PDT TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Portland (PDX)	25,716	26	7,290	57	33,006	30
2	Pasco (PSC)	22,011	22	1,834	14	23,845	21
3	Boise (BOI)	19,875	20	1,881	15	21,756	20
4	Pendleton (PDT)	14,300	15	348	3	14,648	13
5	Seattle (SEA)	11,066	11	1,393	11	12,459	11
6	Walla Walla (ALW)	2,199	2	23	0	2,222	2
7	Spokane (GEG)	2,144	2	23	0	2,167	2
8	Redmond (RDM)	677	1	47	0	724	1
9	Yakima (YKM)	217	0	0	0	217	0
True market		98,205	100	12,839	100	111,044	100

Passenger use of competing airports is high

The Pendleton catchment area generates 111,044 true market origin and destination passengers annually. Only a small portion of those passengers, 13 percent, use Pendleton's airport. The top three airports used by area travelers are Portland, Pasco, and Boise, each with 20 to 30 percent of catchment area travelers.

Top markets for catchment area travelers include Los Angeles and Portland (Table 2.35). Pendleton does not currently retain a high percentage of Los Angeles travelers, five percent; however, Pendleton retains 85 percent of Portland passengers due to the nonstop service. Although many of the top destinations are in the western US, the Dallas market ranks third. Top 50 markets for Pendleton catchment area travelers are included in *Appendix B, Table B.9*.



An aerial picture of Portland, Oregon taken during the summer of 2006.

TABLE 2.35 PDT TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	ORIGIN AIRPORT						TRUE MARKET	PDEW
		PDX	PSC	BOI	PDT	SEA	OTHER		
1	Los Angeles	3,799	1,710	2,374	475	1,425	285	10,068	14
2	Portland	0	307	307	4,570	0	192	5,376	7
3	Dallas (DFW)	1,182	1,148	1,182	169	1,182	338	5,201	7
4	Seattle	0	2,181	436	981	0	1,527	5,125	7
5	Phoenix	1,011	1,090	1,090	665	558	160	4,574	6
6	Ontario	1,684	89	709	443	1,064	177	4,166	6
7	Burbank	1,011	1,025	809	264	413	97	3,619	5
8	Orange County	443	936	788	295	246	148	2,856	4
9	Anchorage	404	187	591	591	653	218	2,644	4
10	Oakland	1,203	67	334	401	334	201	2,540	3
11	Fresno	317	317	1,372	106	211	211	2,533	3
12	Orlando	795	590	846	74	26	154	2,485	3
13	Sacramento	759	416	367	686	196	49	2,474	3
14	Washington (DCA)	1,098	675	68	84	422	68	2,415	3
15	San Diego	491	491	600	528	255	36	2,402	3
16	Denver	554	712	271	158	622	45	2,363	3
17	Nashville	440	733	513	53	0	49	1,787	2
18	Honolulu	1,319	37	0	53	293	73	1,775	2
19	Chicago (ORD)	606	563	152	42	22	43	1,428	2
20	Salt Lake City	98	528	489	42	117	137	1,410	2

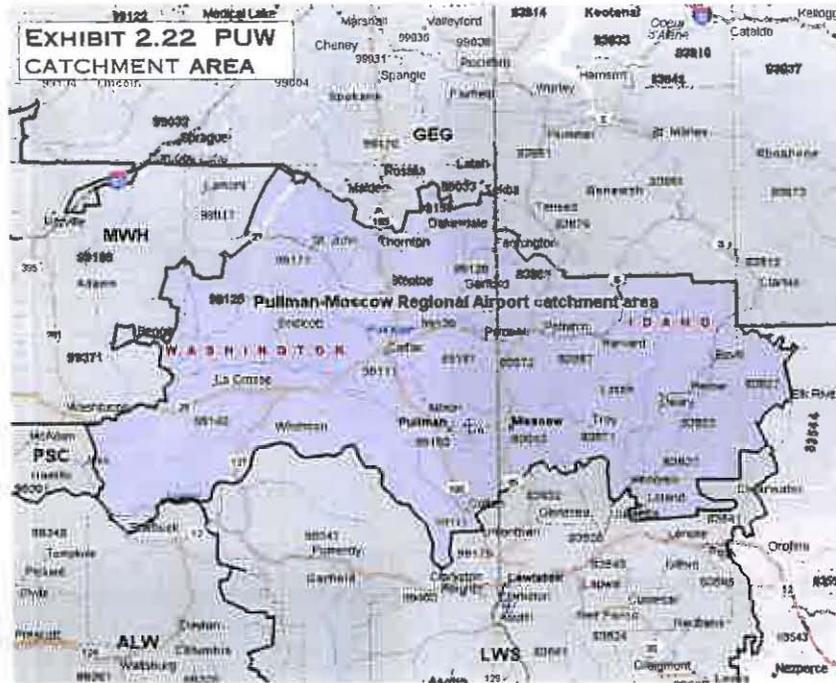
PULLMAN

LOCATION

The Pullman–Moscow Regional Airport located in the Palouse Region of Eastern Washington serves a portion of both Washington and Idaho. The airport catchment area identified in blue in Exhibit 2.22 is comprised of 26 zip codes with a population of 71,320 and is isolated from major metropolitan areas. Seattle is nearly 300 miles to the west and Portland is 350 miles to the southwest. Spokane International Airport, while considerably closer than Seattle or Portland, is still a substantial drive at 80 miles. Lewiston airport, 40 miles away, is the closest competing airport though its service is only slightly better than that available at Pullman–Moscow Regional Airport.

HISTORICAL AIR SERVICE

Similar to other Eastern Region NWRASI markets, annual departures and seats have fluctuated over the last 25 years (Exhibit 2.23, next page). Peak departures and seats occurred in 1990 with 8,260 departures and



Source: Microsoft MapPoint 2006

Nearby airport competes for passengers
The Lewiston airport, 40 miles away, is the closest competing airport though its service is only slightly better than that available at Pullman-Moscow Regional Airport.

181,265 available seats. During that year, Horizon offered nonstop Spokane and Seattle service and tag service over Lewiston and Pasco. United also offered nonstop Seattle service and tag service over Lewiston. From 1991 to 1997, Horizon offered nonstop Portland service. By 2006, only Horizon service to Seattle and Lewiston remained with

TABLE 2.36 PUW DEPARTURES BY DESTINATION AND AIRLINE

DESTINATION	AIRLINE	ANNUAL DEPARTURES				
		2002	2003	2004	2005	2006
Lewiston	Horizon	359	180	828	728	707
Seattle	Horizon	1,091	1,197	992	796	836
Total		1,450	1,377	1,820	1,524	1,543

Source: Back Aviation Associates

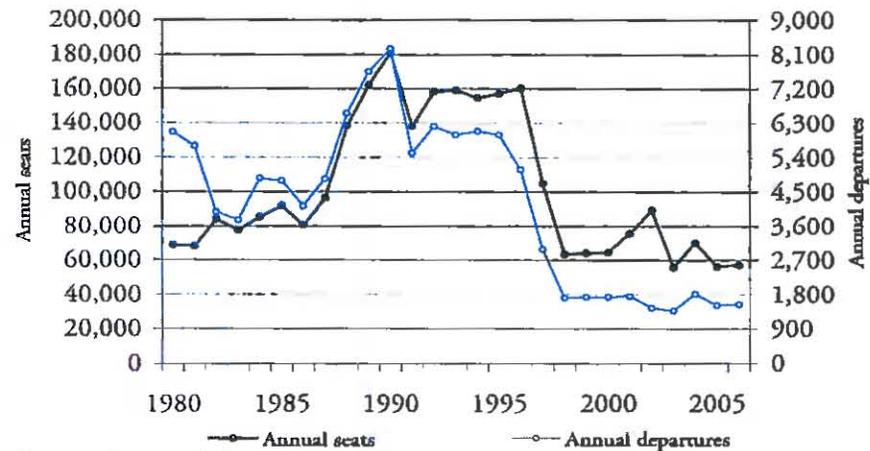


Horizon Air Bombardier 200

1,547 departures and 57,313 seats. Over the last five years, nonstop Seattle service declined from 1,091 departures in 2002 to 836 departures in 2006 (Table 2.36, previous page). However, Lewiston tag departures increased from 359 to 707. Although nonstop Seattle service is optimal, the Lewiston service provides an essential link that ensures more frequency and a higher load factor for Horizon.

In line with the decrease in departures of 48 percent and the decrease in seats of 45 percent from 1997 to 2005, origin and destination passengers decreased 36 percent (Table 2.37). Most markets experienced declines in passenger traffic with the exception of Anchorage, San Diego, Sacramento, Washington DC, and Orange County. In particular, the Seattle and Portland markets suffered significant losses in passengers over the period contributing to the 23,220 total passenger loss.

EXHIBIT 2.23 PUW ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions

TABLE 2.37 PUW REPORTED PASSENGERS

DESTINATION	1997	1999	2001	2003	2005	CHANGE 97-05
Seattle	24,100	33,940	25,380	17,550	16,400	-32
Portland	5,730	6,690	3,930	2,780	2,090	-64
Los Angeles	2,310	2,330	1,820	2,350	1,760	-24
Anchorage	750	800	1,360	1,490	1,410	88
San Francisco	2,140	1,410	1,180	980	1,300	-39
San Diego	1,030	1,090	1,190	1,460	1,200	17
Sacramento	1,170	1,040	800	1,040	1,180	1
Washington (DCA)	360	460	410	460	1,170	225
Orange County	420	790	900	860	910	117
San Jose	1,500	1,460	1,230	1,790	890	-41
Other	25,330	15,370	14,550	14,610	13,310	-47
Total	64,840	65,380	52,750	45,370	41,620	-36

Source: Data Base Products, Inc.; ranked by 2005 passengers; even numbered years not shown

TRUE MARKET ESTIMATE

Pullman's catchment area has a true market of 173,657 origin and destination passengers (Table 2.38). Twenty-seven percent of those passengers use the Pullman airport for their air service needs. The majority, 52 percent, use Spokane International Airport. The remaining travelers use Lewiston (13 percent), Seattle (eight percent), or Boise (one percent). Almost nine percent of the total true market is destined internationally.

With nonstop service, it is not surprising that Seattle is Pullman's top destination (Table 2.39). The majority, 57 percent, of Seattle destined passengers use the local airport. Other top destinations include Anchorage, Los Angeles, San Diego, and Sacramento. With three of the top five markets, California is a dominant destination for area travelers. The top 20 destinations include nine California markets with 55 daily passengers each way. Top 50 markets for Pullman catchment area travelers are included in Appendix B, Table B.10.



Between Palouse, Washington and Moscow, Idaho on a spring day

TABLE 2.38 PUW TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Spokane (GEG)	83,076	52	7,299	49	90,375	52
2	Pullman (PUW)	43,278	27	3,263	22	46,541	27
3	Lewiston (LWS)	20,944	13	1,053	7	21,997	13
4	Seattle (SEA)	10,220	6	3,141	21	13,361	8
5	Boise (BOI)	1,243	1	140	1	1,383	1
True market		158,761	100	14,896	100	173,657	100

TABLE 2.39 PUW TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	ORIGIN AIRPORT					TRUE MARKET	PDEW
		GEG	PUW	LWS	SEA	BOI		
1	Seattle	11,113	17,076	1,706	0	0	29,895	41
2	Anchorage	3,019	1,725	288	2,157	144	7,332	10
3	Los Angeles	4,229	2,047	359	284	15	6,935	9
4	San Diego	3,887	1,549	569	348	63	6,416	9
5	Sacramento	3,716	863	431	697	0	5,707	8
6	Portland	2,806	1,871	302	0	106	5,084	7
7	Fresno	3,072	468	1,057	101	0	4,698	6
8	Orange County	1,785	1,050	997	682	0	4,514	6
9	Boise	985	437	2,945	0	0	4,366	6
10	Las Vegas	2,374	624	911	360	0	4,269	6
11	Chicago (ORD)	2,147	582	642	381	0	3,753	5
12	San Jose	2,534	967	170	52	13	3,736	5
13	Phoenix	2,270	540	676	135	54	3,675	5
14	Burbank	1,646	779	520	433	0	3,378	5
15	Denver	2,248	468	299	169	0	3,183	4
16	Washington (DCA)	1,345	946	399	326	105	3,121	4
17	Minneapolis	1,925	260	307	97	16	2,605	4
18	San Francisco	931	1,102	372	109	0	2,514	3
19	Dallas (DFW)	1,402	333	475	166	0	2,376	3
20	Oakland	969	1,102	133	171	0	2,374	3

WILLAMETTE-UMPQUA VALLEY REGION

Roseburg Regional Airport and Salem Municipal Airport are included in the Willamette-Umpqua Valley Region (Exhibit 2.24). Roseburg does not currently have commercial air service. In June 2007, Delta Air Lines began twice daily Salem-Salt Lake City service. Located on the Interstate 5 corridor, the communities have access to other airports with commercial air service. It seems reasonable, however, that their population size, business activity, and Salem's status as the state capital warrant local air service. Salem travelers currently drive north to Portland International Airport, a 60-mile often congested drive, or south to Eugene at almost 70 miles. Roseburg travelers drive 80 miles north to Eugene or 95 miles south to Medford. To access a medium hub airport with air service options, Roseburg travelers must drive 190 miles to Portland International Airport.



ROSEBURG

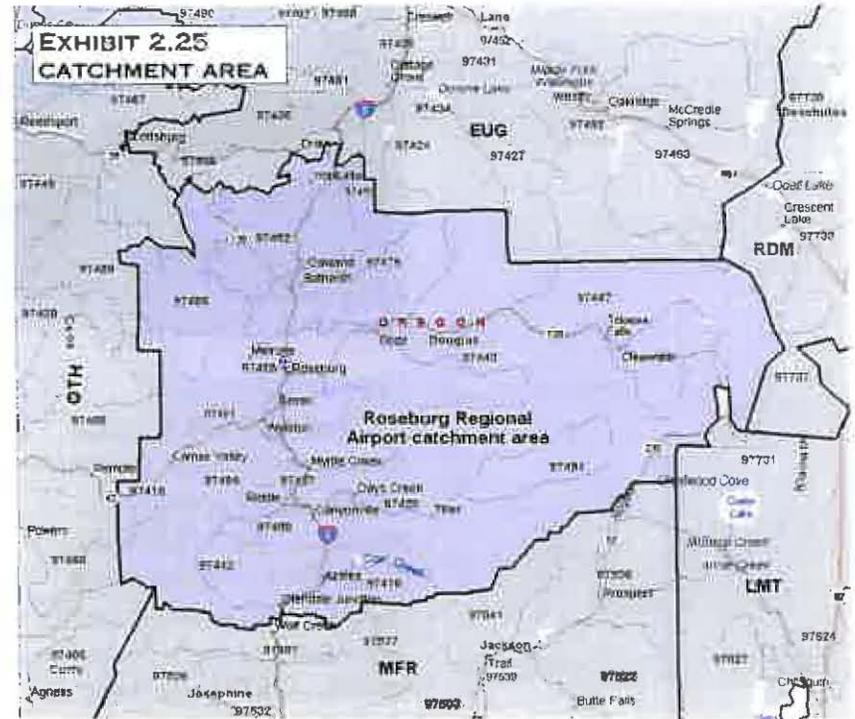
LOCATION

Roseburg is located in the Umpqua Valley of Oregon approximately 130 miles north of the Oregon and California border. Roseburg Regional Airport does not currently have scheduled commercial air service. People wishing to travel by air must drive approximately 80 miles to Eugene Airport or 100 miles to Rouge Valley International Airport in Medford to access air service. If Roseburg Regional Airport had commercial air service, it would draw passengers destined to and from the catchment area shown in Exhibit 2.25 in blue. An estimated 93,341 people reside in the catchment area.

Limited commercial service
 Within the last 25 years, the only year Roseburg had commercial air service was in 1980 when Air Oregon provided nonstop service to Eugene and Portland.

HISTORICAL AIR SERVICE

Historically, Roseburg has had limited commercial air service. Within the last 25 years, the only year Roseburg had commercial air service was in 1980 when Air Oregon provided nonstop service to Eugene and Portland. Air Oregon provided 88 departures during 1980 with eight-seat aircraft.



Source: Microsoft MapPoint 2006

TABLE 2.40 RBG TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Eugene	92,128	53	5,265	32	97,393	51
2	Portland	73,829	42	10,515	64	84,344	44
3	Medford	9,524	5	555	3	10,079	5
True market		175,481	100	16,335	100	191,816	100

NORTHWEST REGIONAL AIR SERVICE ROUTING



United Express Canadair Regional Jet

stop service probably has an impact on Roseburg traveler's destination distribution. Several leisure destinations such as Las Vegas, Orange County, Honolulu, Kahului, and Orlando are also in the top 20 destinations. Top 50 markets for Roseburg catchment area travelers are included in *Appendix B, Table B.11.*

TRUE MARKET ESTIMATE

Roseburg Regional Airport's true market is estimated at almost 200,000 origin and destination passengers (Table 2.40, previous page). With no local commercial air service, area travelers use one of three airports – Eugene, Portland, or Medford. The majority, 51 percent, use the Eugene Airport; another 44 percent use Portland International Airport. Only five percent drive south to use Medford's Rogue Valley International Airport. A moderate percentage of travelers are destined internationally, representing almost nine percent of total travelers.

Top destinations for area travelers (Table 2.41) include San Francisco, Los Angeles, Phoenix, and Denver, all destinations with nonstop service from Eugene. Eugene's non-

TABLE 2.41 RBG TOP 20 DOMESTIC MARKETS

RANK	AIRPORT	ORIGIN AIRPORT			TRUE MARKET	PDEW
		EUG	PDX	MFR		
1	San Francisco	11,156	1,816	2,724	15,697	22
2	Los Angeles	6,257	4,457	1,554	12,268	17
3	Phoenix	4,638	2,359	640	7,638	10
4	Denver	5,019	2,530	41	7,591	10
5	Las Vegas	3,172	3,192	399	6,763	9
6	San Diego	3,639	1,799	572	6,011	8
7	Salt Lake City	3,655	2,014	149	5,818	8
8	Seattle	4,906	419	120	5,444	7
9	Orange County	2,686	2,181	372	5,239	7
10	Honolulu	526	4,014	55	4,596	6
11	Oakland	2,368	2,120	90	4,578	6
12	Chicago (ORD)	1,663	2,015	96	3,774	5
13	Anchorage	936	1,685	187	2,808	4
14	Kahului	148	2,646	0	2,794	4
15	Minneapolis	676	1,978	17	2,672	4
16	Orlando	927	1,642	93	2,662	4
17	San Jose	1,209	989	330	2,527	3
18	Atlanta	1,314	1,018	21	2,353	3
19	Dallas (DFW)	1,262	1,014	77	2,353	3
20	Boston	705	1,562	0	2,267	3

SALEM

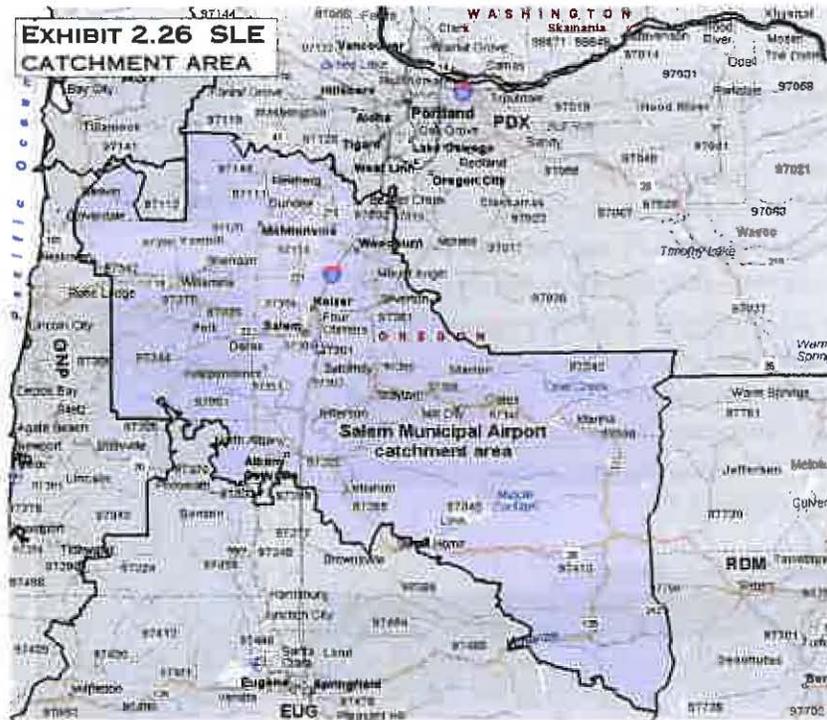
LOCATION

Salem is located at the north end of the Willamette Valley approximately 60 miles south of Portland and the Washington border. Salem Municipal Airport's catchment area is identified in blue in Exhibit 2.26. The catchment area has a population of approximately 594,398 residents making it the most populous of the NWRASI catchment areas.

HISTORICAL AIR SERVICE

Although Salem Municipal Airport has not had commercial air service since 1994, past service was provided to and over Eugene, Klamath Falls, Medford, North Bend, Portland, and Redding (Exhibit 2.27). Peak departures and seats were reached in 1980 and declined until 1987 when Horizon reinstated nonstop Portland service.

In 1990, Horizon's Portland service carried 11,400 origin and destination passengers (Table 2.42, next page). Each year from 1991 to 1994 passengers declined reflecting the decreasing level of service in the market. By 1994, the last year of service, passengers decreased to 2,270 passengers. In June 2007, Delta Air Lines began twice daily service



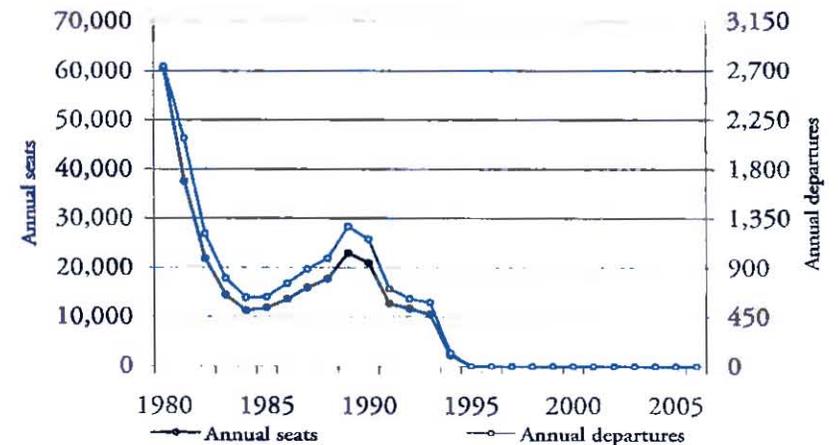
Source: Microsoft MapPoint 2006

to Salt Lake City. This represents the first commercial air service in Salem since 1994.

TRUE MARKET ESTIMATE

The largest NWRASI market in terms of population and true market, the Salem Municipal Airport catchment area has a true market of 2,451,941 (Table 2.43, next page). The catchment area is a quasi-bedroom community adjacent to Portland and is also the state capital. The majority of travelers drive north

EXHIBIT 2.27 SLE ANNUAL SEATS AND DEPARTURES



Source: Back Aviation Solutions

to Portland to access air travel; only 10 percent traveled south to the Eugene Airport for their air service needs.

Similar to many NWRASI catchment area markets, Las Vegas tops the list as the number one destination for Salem catchment area travelers with an estimated 141 daily passengers each way (Table 2.44). The Phoenix, Los Angeles, San Diego, and San Francisco markets also have a large number of catchment area travelers with each market having more than 100 daily passengers each way. The combined Los Angeles metro area (Los Angeles, Orange County, Burbank, and Ontario) tops 265 daily passengers each way; the combined San Francisco Bay Area (San Francisco, San Jose, and Oakland) also has more than 200. Not surprising since Salem is the state's political center, the combined Washington DC area has an estimated 146 passengers daily each way. Top 50 markets for Salem catchment area travelers are included in *Appendix B, Table B.12*.

TABLE 2.42 SLE REPORTED PASSENGERS

DESTINATION	1990	1991	1992	1993	1994
Seattle	1,890	1,260	840	670	140
Phoenix	610	670	430	310	40
Los Angeles	580	630	450	410	110
Anchorage	450	320	240	190	0
Spokane	430	410	260	330	80
Oakland	400	350	210	190	200
San Diego	400	310	280	280	80
Ontario	330	270	440	330	20
San Francisco	330	750	370	410	130
Portland	300	950	490	50	10
Other	5,680	4,900	5,620	5,760	1,460
Total	11,400	10,820	9,630	8,930	2,270

Source: Data Base Products, Inc.; ranked by 1990 passengers

TABLE 2.43 SLE TRUE MARKET

RANK	ORIGIN AIRPORT	DOMESTIC	% OF TOTAL	INTERNATIONAL	% OF TOTAL	TRUE MARKET	% OF TOTAL
1	Portland (PDX)	2,063,965	90	161,173	95	2,225,138	91
2	Eugene (EUG)	218,418	10	8,385	5	226,803	9
True market		2,282,383	100	169,558	100	2,451,941	100

TABLE 2.44 SLE TOP 20 DOMESTIC MARKETS

RANK	ORIGIN AIRPORT		TRUE MARKET	PDEW	
	AIRPORT	PDX			EUG
1	Las Vegas	95,376	7,768	103,144	141
2	Phoenix	84,700	9,720	94,421	129
3	Los Angeles	82,166	10,427	92,593	127
4	San Diego	70,618	8,557	79,176	108
5	San Francisco	56,328	21,310	77,639	106
6	Washington (DCA)	60,524	8,350	68,874	94
7	Denver	56,453	6,646	63,100	86
8	Orange County	57,533	3,032	60,566	83
9	Chicago (ORD)	54,501	4,777	59,278	81
10	Boise	54,251	2,035	56,287	77
11	Orlando	52,258	3,365	55,622	76
12	Salt Lake City	37,718	6,148	43,866	60
13	Honolulu	41,789	1,579	43,368	59
14	Atlanta	36,722	3,822	40,543	56
15	Sacramento	35,725	3,905	39,629	54
16	Reno	35,849	2,659	38,508	53
17	Washington (IAD)	35,600	2,700	38,300	52
18	Dallas (DFW)	35,101	2,326	37,428	51
19	San Jose	35,725	665	36,389	50
20	Oakland	35,558	789	36,348	50

Seattle, and Spokane were identified as hubs with varying degrees of connecting possibilities.

Understanding that connecting traffic is a key to the success of new service at the NWRASI airports, codeshare relationships at these hub airports are an absolute necessity. It is assumed that potential service providers will have codeshare agreements as follows:

- US Airways in Phoenix
- Delta Air Lines in Salt Lake City
- United Airlines in Denver and San Francisco
- Alaska Airlines and Horizon Air and their codeshare partners in Portland and Seattle
- A universal codeshare with all airlines serving Boise and Spokane.

These assumptions permit the most favorable forecasts and provide the fairest evaluation of service potential. Without these codeshare arrangements, air service would likely not be possible since interline connections are normally more expensive and less convenient for the customer.

CONNECTING HUBS

Estimating traffic for each hub is done by laminating the market potential numbers by origin and destination for each community in the study over the hubs that provide convenient one-stop single-connect routings. In many cases this involves traffic

flowing over more than one hub. This estimation eliminates hub options that are insufficient to support at least two roundtrips and limits the hub options for each NWRASI community.

It must be recognized that only a portion of the market potential can be captured in any city pair. Since air service at NWRASI airports will be limited due to their market size, a share of their potential passenger traffic will not use the local service due to lower fares, more conveniently timed flights, and more flight options at competing airports. In short these airports, like most small airports, can be expected to capture a relatively modest percentage of the total passenger traffic.

PRO FORMA ANALYSIS

The next step in air service evaluation is to complete a pro forma economic forecast for each service option. The pro forma projects how a flight schedule will perform, considering the critical factors of passengers carried, revenue, cost, and profitability. Passengers using the service are estimated based on the number of trips and connections the schedule provides compared to the number of trips and connections available with other travel options. In the case of airports with limited service, accessing current air travel options may involve driving to large neighboring airports that have more service. Revenue projections are derived by multiplying the number of forecast passengers by the airfare for each destination. If a market does not have air service,

Codeshare relationships are an absolute necessity

Understanding that connecting traffic is a key to the success of new service at the NWRASI airports, codeshare relationships at these hub airports are an absolute necessity. Without these codeshare arrangements, air service would likely not be possible since interline connections are normally more expensive and less convenient for the customer.

airfares from similar markets have been used as a proxy. Cost estimates are based on cost information (by aircraft type) submitted to the US DOT by airlines.

Profitability is estimated from two perspectives: segment and system. On a segment basis, the cost of flying from a NWRASI airport to the connecting hub is compared to the revenue from the local passenger flying just to the hub airport plus a prorated share of the revenue paid by passengers that are connecting to beyond points. Since flying short distances is very expensive, it is frequently difficult to exhibit profitability on a segment basis. Profitability on a system basis measures all revenue generated compared to the cost of flying the first segment plus a cost increment added to cover the expense of carrying additional passengers on connecting flights. This normally produces positive profitability. If not, there is no justification for operating the flight from the NWRASI airport to the hub.

COASTAL REGION

ASTORIA

With a population of more than 90,000 and an estimated true market of almost 175 daily passengers each way, Astoria catchment area demand appears sufficient to support scheduled air service. True market traffic potential to various Pacific Northwest and western hubs is shown in Table 3.1. The

TABLE 3.1 AST AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	3.6	61.4	65.0	Insufficient demand
Denver	United	4.8	38.4	43.2	Insufficient demand
Phoenix	US Airways	7.8	46.5	54.3	Insufficient demand
Portland	Alaska-Horizon	0.0	110.9	110.9	Secondary option to Seattle
Salt Lake City	Delta	1.6	49.7	51.3	Insufficient demand
San Francisco	United	2.8	80.4	83.2	Insufficient demand
Seattle	Alaska-Horizon	13.6	112.5	126.1	Pro forma analysis
Spokane	N/A	3.3	37.4	40.7	Insufficient demand

Source: APGDat, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

175 potential true market passengers daily each way could travel via a number of different hubs with some connections more convenient than others. The true market potential is a maximum market size. The number of catchment area passengers that would use Astoria air service is 40 to 60 percent of the true market since some travelers would continue to drive to Portland in pursuit of lower fares or nonstop service. Given this reality, the Boise, Denver, Phoenix, Salt Lake City, and Spokane markets have insufficient demand to support air service since 50-seat regional jets would be needed in the market with the possible exception of Spokane. High southbound demand to

California, Arizona, and Nevada has a potential of almost 60 passengers per day each way. This number would be augmented by approximately 24 eastbound passengers if service was provided to San Francisco. Since 50-seat regional jets would be required due to the distance involved and recognizing the drive diversion to Portland, demand is insufficient to economically support service.

The best opportunity for successful scheduled service is 19-seat turbo-prop service to Portland or Seattle. With minimal differences in circuitry and more nonstop destinations, Seattle service is preferable. Flight segment costs would be only slightly higher since the incrementally longer distance would involve very little additional flight time. There is also the possibility of capturing some local passengers,

a scenario unlikely in the case of Portland. Since service to Portland or Seattle would be dependent on many of the same connecting passengers, service to both cities is improbable, and Seattle appears to offer the greatest opportunity for success.

A pro forma analysis was completed for Seattle service with three roundtrips per day on 19-seat Beechcraft 1900 aircraft. A summary of the results of the pro forma analysis is included in Table 3.2. Since Astoria currently has no scheduled air service, potential service providers will approach resuming air service cautiously. Three roundtrips which provide

time of day coverage in aircraft that can most cost effectively serve a 116-mile flight segment is the preferred initial service offering. Though the pro forma forecast suggests support for more frequency and/or larger aircraft, such service would be dependent on a strong market response to the initial service offering. Accordingly, the initial service offering is capped at 65 percent, which is near the maximum achievable load factor on 19-seat aircraft where each passenger represents five load factor points. The achievement of this load factor entails the new service attracting 31 percent of all Astoria catchment area passengers in markets receiving one-stop or nonstop service. This recognizes that the habit of driving to Portland and Seattle in some cases will be hard to break. The fares in connecting markets are expected to be \$25 higher than Portland fares each way. Due to the high cost of flying short distances, the Astoria-Seattle flight segment is forecast to produce an annual revenue shortfall of \$258,480. However, on a system basis, the service would produce an annual profit of \$1,595,159.

TABLE 3.2 AST PRO FORMA RESULTS

SUMMARY	AST-SEA
Total estimated passengers	44,481
Load factor (capped)	65%
Existing AST passengers	0
Retained passengers	27,047
Stimulated passengers	0
Onboard passengers	27,047
Segment revenue	\$1,625,404
Segment cost	\$1,883,884
Segment profit or (loss)	(\$258,480)
System revenue	\$4,664,156
System cost	\$3,068,997
System profit or (loss)	\$1,595,159

NEWPORT

The modest catchment area population of 62,293 is estimated to generate approximately 86,700 air travelers or 119 daily passengers each way to all destinations. Since demand will only support smaller aircraft and more flying is required, Newport's fares will necessarily be higher than Portland fares. With 70 percent of Newport catchment area travelers currently using Portland, only a portion of them will use service at the local airport and pay the required higher fares.

Table 3.3 provides the local and beyond true market size for each Pacific Northwest potential hub market. With a maximum demand of 119 daily passengers in each direction to all destinations, potential air service is limited to a single large connecting hub. Since it is likely that a fairly high proportion of catchment area true market travelers will continue to drive to Portland, there is inadequate demand to support air service to Denver, Phoenix, Salt Lake City, or San Francisco. Fifty-seat



Fishermen selling crabs from their anchored boats in port of Newport, Oregon.

regional jets would be required due to the distance, and maximum traffic potential ranges from 36 to 69 passengers per day each way. Boise, Seattle, and Spokane with true market potentials of 27 to 40 passengers per day each way would have inadequate retained demand to support even turboprop service. Seattle service in 19-seat turboprop aircraft offers the best opportunity for successful air service. Such a short flight segment is costly and success would be dependent on catchment area travelers'

willingness to pay higher airfares for the convenience of using the local airport rather than enduring the drive to Portland.

A pro forma analysis was completed for Newport–Seattle service on 19-seat Beechcraft 1900 aircraft (Table 3.4). Three

TABLE 3.3 ONP AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	1.8	38.4	40.2	Insufficient demand
Denver	United	3.2	33.0	36.3	Insufficient demand
Phoenix	US Airways	4.1	42.6	46.6	Insufficient demand
Portland	Alaska–Horizon	0.6	66.5	67.1	Insufficient demand
Salt Lake City	Delta	1.4	38.8	40.2	Insufficient demand
San Francisco	United	2.9	66.1	69.0	Insufficient demand
Seattle	Alaska–Horizon	1.5	71.1	72.6	Pro forma analysis
Spokane	N/A	0.4	26.7	27.1	Insufficient demand

Source: APGDat, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

TABLE 3.4 ONP PRO FORMA RESULTS

SUMMARY	ONP–SEA
Total estimated passengers	25,585
Load factor	61%
Existing ONP passengers	0
Retained passengers	25,585
Stimulated passengers	0
Onboard passengers	25,585
Segment revenue	\$1,461,138
Segment cost	\$2,974,050
Segment profit or (loss)	(\$1,512,912)
System revenue	\$4,664,473
System cost	\$4,223,351
System profit or (loss)	\$441,122

roundtrips per day provide good time of day coverage and are forecast to produce a respectable 61 percent load factor. Limiting service to two daily roundtrips would possibly increase load factor but would lessen the convenience of the service. The result would be less incentive to use the local service compared to the option of driving to Portland. To achieve the projected passenger loads, it is necessary for the service to attract approximately 55 percent of all catchment area passengers in markets receiving nonstop and one-stop connecting service or 29 percent of the projected true market. This could prove to be a challenging goal. Due to the high cost of short-haul flying in small aircraft, the suggested service would still have a \$1,512,912 annual revenue shortfall on the Newport–Seattle flight segment. On a system basis, the market would produce a \$441,122 profit.

Short flight segments are costly to operate

Ideally, Port Angeles would best be served by 19-seat turboprops to Seattle-Tacoma International Airport with a true market size of 127 daily passengers.

PORT ANGELES

Port Angeles catchment area passengers currently have a choice – Kenmore service in 11-seat Cessna aircraft to Boeing Field and a bus shuttle to Seattle-Tacoma International Airport or a long drive and ferry boat ride to Seattle-Tacoma International Airport. Due to its remoteness from a travel time standpoint, quality air service is a high priority for the Port Angeles catchment area.

The catchment area has a population of approximately 69,000 and a true market of almost 130,000 or 178 passengers per day each way.

Table 3.5 summarizes potential local and beyond

traffic for a number of hub services though the same beyond passengers are included in many cases via multiple hubs. Due to the flight segment length, 50-seat regional jets are required to reach the Denver, Phoenix, Salt Lake City, and San Francisco hubs. Only a portion of the true market potential can be retained at Port Angeles. This means there is insufficient demand to support such service. In the case of Boise and Spokane, the beyond traffic is dependent on codeshares, limited connecting frequency, and interline connections with Southwest Airlines. The quality and marketability of the service is questionable. It is probable that retention at the local airport would be further limited, making demand insufficient for turboprop service, which would be marginal at best.

Ideally, Port Angeles would best be served by 19-seat turboprops to Seattle-Tacoma International

Airport with a true market size of 127 daily passengers. However, such service potentially presents a unique mix of problems. Short flight segments are costly to operate. Port Angeles-Seattle service would require a significant premium above Seattle fares and may be unacceptable to the market. Historically high airport costs at Seattle-Tacoma International Airport would exacerbate the cost problem associated with the short segment. There are also potential gate access problems at the airport, although the new Seattle-Tacoma International Airport Small Community Air Service Development Pilot Program will improve the situation.

In addition, service to Seattle-Tacoma would likely mean the end of Kenmore service which currently serves an estimated 35 percent of the true market very well. A less costly option would be 19-seat turboprop service to Portland to serve a true

TABLE 3.5 CLM AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	2.8	65.9	68.7	Insufficient demand
Denver	United	4.7	54.3	59.0	Insufficient demand
Phoenix	US Airways	6.7	65.9	72.6	Insufficient demand
Portland	Alaska-Horizon	1.6	97.2	98.7	Pro forma analysis
Salt Lake City	Delta	3.1	66.1	69.2	Insufficient demand
San Francisco	United	4.5	79.5	83.9	Insufficient demand
Seattle	Alaska-Horizon	0.0	127.0	127.0	Pro forma analysis
Spokane	N/A	4.6	58.3	63.0	Insufficient demand

Source: APGDar, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

market of approximately 99 daily passengers each way to Oregon, California, Arizona, and Nevada as well as providing connecting opportunities to the east. Since Portland has less service than Seattle, travel options are fewer, but the possibility of losing Kenmore service to Boeing Field, carrying about 30,000 passengers annually, would be substantially reduced. While some passengers transfer to Seattle-Tacoma International Airport for beyond travel, current reporting requirements do not permit these passengers to be quantified using standard information sources.

A pro forma analysis was completed for both Portland and Seattle service with three roundtrips daily using 19-seat Beechcraft 1900 aircraft. Table 3.6 provides a summary of the pro forma analyses. As indicated, any new Fort Angeles air service requires working through conflicting considerations. The market previously had service in 37-seat turboprop aircraft to Seattle-Tacoma International Airport, but the service was eliminated based on unsatisfactory economic results. Since that time, service to Seattle Boeing Field in 1-seat aircraft has yielded acceptable economic results. Service in 19-seat aircraft to Seattle-Tacoma



Driftwood and hydrangea on beach near Fort Angeles, Washington.

SUMMARY		
CLM-SEA	CLM-PDX	CLM-SEA
Total estimated passengers	28,653	40,931
Load factor (capped)	65%	65%
Existing CLM passengers	0	0
Retained passengers	27,047	27,047
Simulated passengers	0	0
Onboard passengers	27,047	27,047
Segment revenue	\$1,533,559	\$1,017,614
Segment cost	\$2,632,665	\$1,383,216
Segment profit or (loss)	(\$1,099,106)	(\$365,602)
System revenue	\$4,581,147	\$4,946,130
System cost	\$3,821,225	\$2,915,337
System profit or (loss)	\$759,922	\$2,030,793

TABLE 3.6 CLM PRO FORMA RESULTS

International Airport appears to be the best market fit since it offers the most nonstop connecting options. However, such service would likely result in the demise of the existing Boeing Field service and, as noted earlier, it serves a segment of the market very well. Though offering fewer connecting opportunities, a second option is 19-seat turboprop service to Portland which could coexist with the Boeing Field service. Three turboprop roundtrips to Portland are forecast to have an annual segment revenue shortfall of \$1,099,106 but a system profit of \$759,922. Similar service to Seattle-Tacoma International Airport would produce a segment annual revenue shortfall of \$365,602 and a system profit of \$2,030,793.



Located in southern Oregon, Crater Lake is the deepest fresh water lake in the United States at 1,949 feet. The island pictured is Wizard Island.

EASTERN CASCADES REGION

KLAMATH FALLS

The Klamath Falls catchment area has high demand for the San Francisco Bay area and Southern California business markets as well as the more leisure oriented Las Vegas and Phoenix markets. Since these travelers are reluctant to fly north to Portland before starting their trip south, Klamath Falls Airport has only been able to capture slightly less than half of the catchment area passenger potential. Medford, which is approximately 80 miles distant, captures approximately 26 percent of catchment area air travelers with southbound service to San Francisco, Los Angeles, and limited Las Vegas and Phoenix service as well as limited eastbound service to Denver and Salt Lake City. A similar combined percent elect to make the onerous drive to either Portland, Reno, Sacramento, or San Francisco.

Table 3.7 provides the local and beyond true market size for hubs potentially serving Pacific Northwest markets. Of the approximate 40 Klamath Falls catchment area passengers per day each way (29,250 passengers annually) destined

for Anchorage, Portland, Seattle, and Spokane, 90 percent use the convenient existing Horizon Air service to Portland. Nonstop Seattle service would provide little additional utility. With an overall passenger retention rate of 47 percent and an estimated true market of approximately 160 daily passengers each way, there is a need for improved air service to the east and particularly to the south. Turboprop service to San Francisco, two or three times a day, could serve the following passengers in the estimated true market:

- Approximately 29 passengers per day each way to California, Arizona, and Nevada
- 13 international passengers per day each way
- Six Hawaii passengers per day each way;
- 35 potential eastbound single connect passengers.

Eastbound traffic represents approximately 60 passengers per day among Klamath Falls' top 100 markets. Though this represents a sizeable market, it is not sufficient to support service to Denver, Phoenix, or Salt Lake City since such service would require the use of 50-seat regional jet aircraft and a need for two roundtrips to capture the traffic potential. Given the importance and predominance of Klamath Falls' north-south traffic flow, the routing of eastbound traffic via Portland and San Francisco is acceptable and contributes to supporting the schedule frequency needed in those markets. As the Klamath Falls catchment area air travel market continues to grow, direct eastbound service to Salt Lake City or Denver will merit further evaluation in the future. Traffic potential to Boise or Spokane is inadequate to support air service since it includes eastbound traffic that would have better options via Portland or San Francisco.

TABLE 3.7 LMT AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	2.0	32.2	34.3	Insufficient demand
Denver	United	6.3	43.8	50.1	Insufficient demand
Phoenix	US Airways	6.0	48.6	54.6	Insufficient demand
Portland	Alaska-Horizon	26.5	49.9	76.4	Existing service
Salt Lake City	Delta	1.1	60.3	61.4	Insufficient demand
San Francisco	United	1.4	68.0	69.4	Pro forma analysis
Seattle	Alaska-Horizon	7.9	49.4	57.2	Insufficient demand
Spokane	N/A	1.9	11.9	13.8	Insufficient demand

Source: APGDat, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

A pro forma analysis was completed for Klamath Falls–San Francisco service with 30-seat Embraer Brasilia 120 aircraft three times daily (Table 3.8). With existing Klamath Falls' service, catchment area travelers to the south and east experience inconvenient routings. Travelers are required to travel 239 miles north to Portland where a limited number of online connections are available or drive to Medford. Service to San Francisco opens up direct routings to large California, Arizona, and Nevada markets. Single connect routings to the east are available in greater numbers and are less circuitous in many instances. With three roundtrips in the market providing good time of day coverage, it is expected that the service will attract three out of four existing passengers in nonstop and single connect markets and recapture a number of passengers currently diverting to other airports. This will result annually in an estimated Klamath Falls–San Francisco segment profit of \$734,118 and a system profit of \$3,901,787.

TABLE 3.8 LMT PRO FORMA RESULTS

SUMMARY	LMT-SFO
Total estimated passengers	41,674
Load factor	63%
Existing LMT passengers	20,314
Retained passengers	15,490
Stimulated passengers	5,870
Onboard passengers	41,674
Segment revenue	\$4,592,794
Segment cost	\$3,858,676
Segment profit or (loss)	\$734,118
System revenue	\$9,785,693
System cost	\$5,883,906
System profit or (loss)	\$3,901,787

REDMOND

The combination of significantly improved air service in the last three years and the area's relative remoteness has enabled Redmond Municipal Airport to capture 71 percent of its catchment area travelers with only 27 percent diverting to Portland. The catchment area's outdoor recreational opportunities, rapidly growing retirement community, second and/or vacation homes, and relocated businesses, particularly high-tech, have resulted in an estimated traveler true market of more than 825 passengers per day each way.

The catchment area's continuing economic boom promises to create demand for future improvements in air service. The most pressing need is upgrading equipment to regional jets in the San Francisco market (Table 3.9). Operating restrictions frequently limit capacity to two to three seats less than the 30-seat capacity of turboprop aircraft currently serving the market. With a true market potential to San Francisco and other California destinations, Arizona, Nevada and beyond points (excluding Los Angeles, Las Vegas, Oakland, and San Jose) of approximately 190 passengers per day each way, the inadequacy of 90 seats per day or less is obvious.

90-seats per day or less is inadequate

The catchment area's continuing economic boom promises to create demand for future improvements in air service. The most pressing need is upgrading equipment to regional jets in the San Francisco market.

TABLE 3.9 RDM AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	4.7	279.4	284.1	Not a competitive connecting option
Denver	United	29.2	204.1	233.3	Additional service
Phoenix	US Airways	31.8	251.7	283.5	Pro forma analysis
Portland	Alaska–Horizon	54.4	489.5	543.9	Existing service
Salt Lake City	Delta	17.3	260.9	278.2	Existing service
San Francisco	United	34.7	367.2	401.9	Upgrade equipment
Seattle	Alaska–Horizon	59.3	192.6	251.9	Existing service
Spokane	N/A	6.3	82.6	88.9	Not a competitive connecting option

Source: APGDar, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

In terms of additional new nonstop markets, Denver service in 50-seat regional jets is an opportunity. Among Redmond's top 100 markets, 230 passengers per day each way are destined to Denver and beyond but Delta Air Lines' 100 Salt Lake City seats provide the only direct eastbound service. Phoenix service with 50-seat regional jets is a possibility based on a true market potential of approximately 32 local and greater than 275 connecting

passengers per day each way, but US Airways has recently reduced service in markets that included north-south flying and were reliant on connecting passengers. Boise and Spokane true market traffic potential includes eastbound and/or southbound traffic based on codeshare relationships and potential interline connections to Southwest Airlines. Here the air service opportunities are not apparent since existing connecting service via Portland, Salt Lake City, and San Francisco are superior, and there is minimal local market demand.

A pro forma analysis was completed for Denver and Phoenix with two roundtrips daily on 50-seat regional jets. A pro forma analysis was also completed to replace existing turboprop service to San Francisco with three 50-seat regional jet roundtrips. A summary of the pro forma results is presented in Table 3.10.

The rapid economic growth in the Redmond-Bend catchment area has enabled the area to assimilate new service and capacity increases during the last three years, and it remains primed to support additional new service. Eastbound

TABLE 3.10 RDM PRO FORMA RESULTS

SUMMARY	RDM-DEN	RDM-PHX	RDM-SFO
Total estimated passengers	79,724	63,442	79,145
Load factor (capped)	80%	80%	72%
Existing RDM passengers	33,193	32,784	65,015
Retained passengers	13,508	13,032	10,864
Stimulated passengers	11,699	12,584	3,266
Onboard passengers	58,400	58,400	79,145
Segment revenue	\$8,379,814	\$8,187,023	\$7,941,328
Segment cost	\$8,900,990	\$8,841,584	\$8,608,730
Segment profit or (loss)	(\$521,176)	(\$654,561)	(\$667,402)
System revenue	\$13,479,203	\$12,379,057	\$14,997,442
System cost	\$10,889,752	\$10,476,477	\$11,360,614
System profit or (loss)	\$2,589,451	\$1,902,580	\$3,636,828



At sunset, while hundreds of vehicles pick up or drop off passengers at Denver International Airport, the dramatic Elroy Jeppesen Terminal's roof glows against a darkening sky. Photo provided courtesy of Denver International Airport

Salt Lake City service has been strongly supported since its inception, as was weekend Denver service in summer 2006. Two Denver regional jet roundtrips are forecast to result in an annual segment revenue shortfall of \$521,176 but generate a \$2,589,451 profit on a system basis. Two Phoenix roundtrips with 50-seat regional jets has a similar forecast with the Redmond-Phoenix segment projected to incur a \$654,561 annual revenue shortfall but produce a system profit of \$1,902,580. The Redmond-San Francisco segment would also have an annual revenue shortfall, \$667,402, but a projected system profit of \$3,636,828.

TABLE 3.11 EAT AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	4.9	70.7	75.5	Not a competitive connecting option
Denver	United	3.7	45.4	49.1	Insufficient demand
Phoenix	US Airways	11.8	55.9	67.7	Insufficient demand
Portland	Alaska-Horizon	8.3	133.0	141.3	Pro forma analysis
Salt Lake City	Delta	1.0	99.0	100.0	Pro forma analysis
San Francisco	United	2.8	94.0	96.8	Insufficient demand
Seattle	Alaska-Horizon	28.0	143.0	171.0	Existing service
Spokane	N/A	0.2	73.1	73.3	Not a competitive connecting option

Source: APGDar, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

WENATCHEE

The Wenatchee catchment area has strongly supported existing service with high load factors. However, additional service options are needed since more than half of catchment area travelers bypass the local airport to use other airports, notably the 43 percent who drive over the Cascade Range to Seattle-Tacoma International Airport. The topography and need to travel a two-lane highway for a portion of the trip limit the attractiveness of this option though it is used by about 100 catchment area air travelers per day each way.

As is the case with most West Coast communities, north-south travel is dominant in the Wenatchee catchment area with approximately 38 percent of travelers destined for Oregon, California,

Arizona, or Nevada. Though the routing through Seattle is reasonable, the short flight segment is expensive for larger aircraft. A second southbound option is desirable. San Francisco would likely require a regional jet and the market at approximately 67 passengers per day each way is too small at present to support service in addition to the service available via Seattle (Table 3.11). Portland, where smaller turboprops could be used, offers a routing alternative to Seattle

though it too would involve a short flight segment.

Eastbound service is also desirable though routings via Seattle or Portland do not involve a great deal

TABLE 3.12 EAT PRO FORMA RESULTS

SUMMARY	EAT-PDX	EAT-SLC
Total estimated passengers	21,536	39,348
Load factor (capped)	65%	54%
Existing EAT passengers	8,780	15,738
Retained passengers	5,630	16,575
Stimulated passengers	3,621	7,035
Onboard passengers	18,031	39,348
Segment revenue	\$1,457,991	\$4,649,189
Segment cost	\$1,665,668	\$6,802,743
Segment profit or (loss)	(\$207,677)	(\$2,153,554)
System revenue	\$2,824,234	\$8,907,199
System cost	\$2,198,503	\$8,463,367
System profit or (loss)	\$625,731	\$443,832

of circuitry. With an estimated market of approximately 60 passengers per day each way and a competitive routing for the 40 passengers per day each way in the Las Vegas and Southern California markets, Salt Lake City service merits evaluation. There is insufficient demand to support the regional jet service required in the Denver and Phoenix markets. Regional service in small turboprop equipment to Spokane or Boise does not have sufficient demand to support service. There are few connecting opportunities in Spokane and Boise other than interline connections with Southwest Airlines, which would also be available at Seattle or Portland.

Two pro forma analyses were completed for Wenatchee: two roundtrips daily with 50-seat regional jet aircraft to Salt Lake City and two roundtrips daily to Portland with 19-seat Beechcraft 1900 aircraft. Refer to the summary of the pro forma analyses in Table 3.12.

Like many NWRASI communities, Wenatchee air service would benefit greatly by improved eastbound and southbound service rather than having all service funneled through Seattle. Like Redmond, Salem, and Yakima, Wenatchee has aspirations for Salt Lake City service. Two Salt Lake City regional jet roundtrips are forecast to result in a Wenatchee-Salt Lake City annual segment revenue shortfall of \$2,153,554 and a system profit of \$443,832. Two Beechcraft 1900 roundtrips to Portland providing modestly improved southbound routings are forecast to result in a \$207,677 annual segment revenue shortfall but a \$625,731 system profit.

Southbound service potential

With the advent of Salt Lake City service, Yakima's service improvement needs are focused on additional and better southbound travel options.

YAKIMA

Though load factors are good, the limited amount of air service at Yakima has resulted in the local airport capturing only 46 percent of catchment area travelers. Table 3.13 summarizes Yakima's true market potential for the hubs serving the Pacific Northwest. Eastbound service to Denver, Phoenix, or Salt Lake City has a potential of 70 to 90 passengers per day each way and avoids the backhaul routing via Seattle. Delta Air Lines recognized this opportunity and offer two regional jet roundtrips that began in June 2007. A further assessment of eastbound opportunities will await the results of this new service.

Southbound service to California, Arizona, and Nevada markets via San Francisco has a market

potential of approximately 100 passengers per day each way which appears sufficient to support two 50-seat regional jet roundtrips. However, obtaining San Francisco service may be difficult, considering that Spokane has no San Francisco nonstop service. Also Redmond, which has proven turboprop service to San Francisco, has not succeeded in getting regional jet service. A secondary option is 19-seat turboprop service to Portland with connections beyond. Portland service would capture a portion of the southbound passengers and a few backhaul eastbound passengers, alleviating the need for additional Seattle frequency or larger aircraft on the existing frequencies. Boise and Spokane beyond traffic is a mixture of southbound and eastbound traffic but is dependent on codeshare connections and connections with Southwest Airlines. This makes Boise and Spokane much less attractive options than other available services.

A pro forma analysis was completed for Portland and San Francisco service. The Portland service assumed two roundtrips daily with 19-seat Beechcraft 1900 aircraft. The San Francisco service includes two roundtrips daily with 50-seat regional jets. A summary of the pro forma analyses is included in Table 3.14.

With the advent of Salt Lake City service, Yakima's service improvement needs are focused on additional and better southbound travel options. Service to the San Francisco hub is the preferred option, but this service would require a 50-seat regional jet. It is projected that the Yakima-San Francisco segment would incur a \$3,717,843 revenue shortfall with two roundtrips and a \$2,131,922 shortfall on a system basis. However, the annual revenue shortfall on the Yakima-Portland segment based on two Beechcraft 1900 roundtrips is forecast to be \$163,502, but yields a system profit of \$1,052,218.

TABLE 3.13 YKM AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	3.1	97.9	100.9	Insufficient demand
Denver	United	6.8	70.0	76.7	Insufficient demand
Phoenix	US Airways	14.6	83.6	98.2	Insufficient demand
Portland	Alaska-Horizon	3.5	185.3	188.8	Pro forma analysis
Salt Lake City	Delta	1.7	143.3	145.0	Service pending
San Francisco	United	3.3	131.9	135.2	Pro forma analysis
Seattle	Alaska-Horizon	42.1	180.1	222.1	Existing service
Spokane	N/A	2.0	134.2	136.2	Insufficient demand

Source: APGDat, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

TABLE 3.14 YKM PRO FORMA RESULTS

SUMMARY	YKM-PDX	YKM-SFO
Total estimated passengers	17,729	26,907
Load factor	64%	37%
Existing YKM passengers	8,905	11,643
Retained passengers	6,974	12,289
Stimulated passengers	1,850	2,975
Onboard passengers	17,729	26,907
Segment revenue	\$1,135,729	\$3,192,976
Segment cost	\$1,299,231	\$6,910,819
Segment profit or (loss)	(\$163,502)	(\$3,717,843)
System revenue	\$3,128,712	\$5,792,846
System cost	\$2,076,494	\$7,924,768
System profit or (loss)	\$1,052,218	(\$2,131,922)

EASTERN REGION

MOSES LAKE

The limited number of nonstop markets and high fares at neighboring airports has limited catchment area diversion to Pasco, Wenatchee, and Yakima. In spite of the distances involved, the availability of interstate highway has resulted in nearly 75 percent of catchment area passengers driving to either Spokane or Seattle. Spokane is less onerous due to the shorter drive and less traffic congestion and is favored by nearly a two-to-one margin. The ability to avoid lengthy drives of two to three hours or longer underscores the importance of air service to Moses Lake's citizens even though a fare premium is required.

The catchment area population of 97,000 generates true market demand of nearly 115,000 passengers or 157 passengers per day each way. Table 3.15 recaps true market traffic potential for hubs that serve the Pacific Northwest. Passenger potential of 35 to 65 passengers per day each way is insufficient to support regional jet service to Denver, Phoenix, Salt Lake City, or San Francisco. However, there are in excess of 50 passengers per day each way that potentially could travel via Boise, Portland, or Seattle using smaller turboprop aircraft. The largest local market is Seattle with 20 passengers per day each way, supported potentially by approximately 10 passengers per day each way to Alaska and Hawaii. Seattle service would capture some portion of the 19 international pas-

sengers per day each way, the 50 California, Arizona, and Nevada passengers

per day each way, and approximate 25 eastbound passengers per day each way. Southbound and eastbound routings are slightly circuitous and, when combined with higher fares, will result in a share of the market continuing to drive to Seattle and Spokane.

The Portland market is slightly more than five local passengers per day each way, but southbound service would be less circuitous. Alaska, Hawaii, and international opportunities are limited and the number of southbound and eastbound connecting opportunities are less than Seattle. Boise local traffic is only three passengers per day each way, and there is no local Spokane market. Southbound and eastbound connecting opportunities are limited in both instances but routings are more favorable to the south via Boise. Much of the traffic potential would need to be attracted by the opportunity to travel in conjunction with Southwest Airlines' low-fare service.

TABLE 3.15 MWH AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	3.3	47.5	50.7	Pro forma analysis
Denver	United	2.5	30.5	33.0	Insufficient demand
Phoenix	US Airways	7.9	37.6	45.5	Insufficient demand
Portland	Alaska-Horizon	5.6	89.3	94.9	Pro forma analysis
Salt Lake City	Delta	0.7	66.5	67.1	Insufficient demand
San Francisco	United	1.8	63.2	65.0	Insufficient demand
Seattle	Alaska-Horizon	18.8	95.9	114.7	Pro forma analysis
Spokane	N/A	0.1	49.1	49.2	Insufficient demand

Source: APGDat, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

TABLE 3.16 MWH PRO FORMA RESULTS

SUMMARY	MWH-BOI	MWH-PDX	MWH-SEA
Total estimated passengers	8,921	26,259	46,685
Load factor (capped)	32%	63%	65%
Existing MWH passengers	0	0	0
Retained passengers	8,921	26,259	27,047
Stimulated passengers	0	0	0
Onboard passengers	8,921	26,259	27,047
Segment revenue	\$757,646	\$1,750,969	\$1,656,074
Segment cost	\$2,455,414	\$2,747,458	\$2,220,663
Segment profit or (loss)	(\$1,697,768)	(\$996,489)	(\$564,589)
System revenue	\$1,398,821	\$4,384,193	\$4,483,814
System cost	\$2,705,472	\$3,774,415	\$3,323,482
System profit or (loss)	(\$1,306,651)	\$609,778	\$1,160,332



Great Lakes Airlines Beechcraft 1900

While service in the Boise, Portland, and Seattle markets has been unsuccessful in the recent past, there is sufficient demand to sustain air service. However, it will require codeshare arrangements and the right-sized aircraft. Nineteen-seat turboprops are appropriate for the Portland and Boise markets with the possibility that the Seattle market could support a larger turboprop aircraft. Boise service and either Portland or Seattle service should be able to coexist, but there is too much overlap for both Portland and Seattle to be viable.

A pro forma analysis for Boise, Portland, and Seattle was completed. The Boise service assumed two roundtrips with 19-seat Beechcraft 1900 aircraft. The Portland and Seattle service assumed three roundtrips with the 19-seat Beechcraft 1900. The three pro forma analyses are summarized in Table 3.16 (on previous page).

Of the three hub options, only Boise is a possibility in an easterly direction, but the Moses

Lake–Boise segment is forecast to have an annual \$1,697,768 revenue shortfall and a system revenue shortfall of \$1,306,651. The Moses Lake–Portland segment has a projected annual shortfall of \$996,489 and a system profit of \$609,778. The Moses Lake–Seattle segment has an expected annual revenue shortfall of \$564,589 and a system profit of \$1,160,332.

PENDLETON

The relative remoteness of Pendleton’s catchment area makes air service vitally important to its population of approximately 117,000. Only 13 percent (20 passengers per day each way) of the estimated true market of 152 passengers per day in each direction use the current Horizon Air service. Nearly 45 passengers per day each way divert to Portland, 30 passengers per day each way divert to Boise, 17 passengers per day each way divert to Seattle, and 33 passengers per day each way divert to Pasco.

Considering the high diversion rate of current service, the market would be best served with small

turboprops (19 seats) serving more destinations. Since the Portland and Seattle local markets are similar size (seven passengers per day each way), two roundtrips in each market would provide connections in all directions and appears supportable (Table 3.17). Boise service in 19-seat turboprop aircraft would provide linkage where there is a community of interest as well as more direct connections in select eastbound markets and additional transfer opportunities to Southwest Airlines. The Denver, Phoenix, Salt Lake City, and San Francisco markets require 50-seat regional jets due to the stage length, and catchment area demand is insufficient to support aircraft this large. Spokane service would fulfill a similar role as Boise service but involves greater circuitry.

TABLE 3.17 PDT AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	0.6	46.4	47.0	Pro forma analysis
Denver	United	3.2	33.1	36.4	Insufficient demand
Phoenix	US Airways	6.3	33.3	39.5	Insufficient demand
Portland	Alaska–Horizon	7.4	91.8	99.2	Existing service
Salt Lake City	Delta	1.9	43.5	45.4	Insufficient demand
San Francisco	United	1.6	71.2	72.7	Insufficient demand
Seattle	Alaska–Horizon	7.0	93.0	100.0	Pro forma analysis
Spokane	N/A	0.0	46.1	46.1	Duplicates BOI service

Source: APGDat, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

Pro forma analyses were completed for Boise and Seattle service (Table 3.18). Both pro formas assumed the use of 19-seat Beechcraft 1900 aircraft with two roundtrips to Boise and three roundtrips to Seattle. Though Pendleton is far enough inland that it would benefit from eastbound service, its market size makes Boise the only possible option. The proposed Pendleton–Boise service is forecast to produce an annual segment revenue shortfall of \$1,152,031 and an annual system shortfall of \$441,870. Pendleton–Seattle service is projected to result in a segment annual revenue shortfall of \$828,450 but a system profitability of \$1,606,719.

TABLE 3.18 PDT PRO FORMA RESULTS

SUMMARY	PDT–BOI	PDT–SEA
Total estimated passengers	8,763	32,144
Load factor (capped)	32%	65%
Existing PDT passengers	988	3,596
Retained passengers	7,660	21,667
Simulated passengers	115	1,784
Onboard passengers	8,763	27,047
Segment revenue	\$676,989	\$2,041,059
Segment cost	\$1,829,020	\$2,869,509
Segment profit or (loss)	(\$1,152,031)	(\$828,450)
System revenue	\$1,841,187	\$6,033,140
System cost	\$2,283,057	\$4,426,421
System profit or (loss)	(\$441,870)	\$1,606,719

Salt Lake City's dual role

Salt Lake City service would serve a dual role of providing much improved eastbound routings and also providing a competitive southbound routing to Arizona, Southern California, and Las Vegas.

PULLMAN

The Pullman–Moscow Regional Airport has a catchment area population of 71,320 and is the local airport for two major state universities. The catchment area true market is estimated at almost 174,000 passengers or 238 passengers per day each way. However, the local airport serves only 27 percent of the true market potential with more than half the passengers driving to Spokane to access air service and another 13 percent driving to Lewiston. The current air service to Seattle consists of a mixture of nonstop and one-stop flights; however, it requires eastbound and southbound passengers to endure a circuitous routing via Seattle. The catchment area is in need of service to hub(s) that permits more direct routings to the south and east. Table 3.19 summarizes traffic potential to the primary hubs providing service to Pacific Northwest markets.

Eastbound service improvement is confined to a single option. Catchment area demand is insufficient to support 50-seat regional jet service to Denver which would be required due to the

distance. Salt Lake City service would serve a dual role of providing much improved eastbound routings and also providing a competitive southbound routing to Arizona, Southern California, and Las Vegas. The catchment area true market potential appears sufficient at approximately 95 passengers per day to support 50-seat regional jets that are required to operate the longer distances. Obtaining Salt Lake City service may be difficult since Delta Air Lines already provides regional jet service to nearby Lewiston and may feel that Pullman service would compromise their existing traffic. From the standpoint of traffic flowing both southbound and eastbound, Boise is similar to Salt Lake City. However, even though a potential of 73 passengers per day each way exists, capturing the necessary traffic may be difficult with no dominant carrier, no existing codeshare agreements, and dependence on Southwest Airlines' interline connections. Due to geographic location, Phoenix is poorly situated to connect either eastbound or southbound traffic, and there is insufficient traffic potential to support the 50-seat regional jet which distance requires.

TABLE 3.19 PUW AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	6.0	67.1	73.1	Pro forma analysis
Denver	United	4.4	44.6	48.9	Insufficient demand
Phoenix	US Airways	5.0	52.6	57.7	Insufficient demand
Portland	Alaska–Horizon	7.0	143.0	150.0	Pro forma analysis
Salt Lake City	Delta	1.0	93.1	94.0	Pro forma analysis
San Francisco	United	3.4	88.6	92.0	Pro forma analysis
Seattle	Alaska–Horizon	41.0	141.4	182.4	Existing service
Spokane	N/A	0.0	107.7	107.7	Insufficient demand

Source: APGDat, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

Southbound service to San Francisco is potentially supportable in 50-seat regional jets with a traffic potential of greater than 90 passengers per day each way. This may not be a short-term option since United Airlines has not elected to serve other Washington markets with good potential to San Francisco. A second more promising option is 19-seat turboprop service to Portland. With a catchment area true market potential of 150 passengers per day each way, ample demand is present. It also offers a modest improvement for southbound passengers over a Seattle routing though traffic potential overlaps between the two markets.

The flight segment to Spokane is too short to be economically viable and offers few benefits compared to other options. Nineteen-seat turboprop service to Boise may be viable but would have to compete with existing service from nearby Lewiston.

Pro forma analyses were completed for the following markets: Boise, Salt Lake City, Portland, and San Francisco. Each pro forma analysis assumed two roundtrips daily with the 19-seat Beechcraft 1900 aircraft to Boise and Portland and 50-seat regional jets to Salt Lake City and San Francisco. Table 3.20 provides a summary of the pro forma analyses.

Pullman's geographic location at the far eastern border of Washington makes routing options other than Seattle highly desirable, particularly to the east and south. The Pullman-Boise segment is forecast to have an annual revenue shortfall of \$784,051 and a system profit of \$128,227. Pullman-Salt Lake City service would be preferable but is projected

to have an annual segment revenue shortfall of \$1,673,752 and a system profit of \$1,074,910. The preferred southbound service to the San Francisco hub would be expected to produce an annual segment revenue shortfall of \$4,169,296 and a system shortfall of \$2,702,570. Though less of a southbound routing improvement, Pullman-Portland service is forecast to have an annual segment shortfall of \$634,666 but a system profit of \$348,778.



Delta Connection Canadair Regional Jet

TABLE 3.20 PUW PRO FORMA RESULTS

SUMMARY	PUW-BOI	PUW-PDX	PUW-SLC	PUW-SFO
Total estimated passengers	14,662	21,993	40,891	26,220
Load factor (capped)	53%	65%	56%	36%
Existing PUW passengers	3,378	4,874	8,060	5,337
Retained passengers	10,379	11,530	27,461	18,593
Stimulated passengers	905	1,627	5,370	2,290
Onboard passengers	14,662	18,031	40,891	26,220
Segment revenue	\$1,238,528	\$1,701,181	\$4,253,753	\$3,129,934
Segment cost	\$2,022,579	\$2,335,847	\$5,927,505	\$7,299,230
Segment profit or (loss)	(\$784,051)	(\$634,666)	(\$1,673,752)	(\$4,169,296)
System revenue	\$2,734,066	\$3,313,384	\$8,759,756	\$5,534,403
System cost	\$2,605,839	\$2,964,606	\$7,684,846	\$8,236,973
System profit or (loss)	\$128,227	\$348,778	\$1,074,910	(\$2,702,570)

WILLAMETTE-UMPQUA VALLEY REGION

ROSEBURG

With an estimated true market of 260 passengers per day each way, the Roseburg catchment area demand may be sufficient to support northbound and southbound service. Catchment area true market potential to hubs serving the Pacific Northwest is recapped in Table 3.21. Eastbound potential to Denver is estimated to be in excess of 78 passengers per day each way, and Phoenix and Salt Lake City potential is estimated to be approximately 95 passengers per day each way. Due to distance, these markets would require regional jet equipment and Roseburg's 4,600-foot runway is inadequate for these aircraft.

Northbound service to Portland has a traffic potential of approximately 70 passengers per day in each direction, and southbound San Francisco potential is about

100 passengers per day each way to California, Arizona, Nevada, and Hawaii. Both northbound and southbound traffic potential would be augmented by eastbound travelers connecting in Portland, San Francisco, or Seattle. Where eastbound nonstop service is available, the Portland

routing would attract more eastbound travelers as less circuitry is involved. However, eastbound traffic potential via Portland, San Francisco, or Seattle routings is lessened since a portion of these travelers would continue to elect to drive to Eugene, Medford, or Portland and use their direct eastbound service. Though there appears to be enough demand to support southbound service to San Francisco in 30-seat turboprop aircraft, obtaining such service has proven difficult for Klamath Falls and North Bend, who are similarly situated. Portland service in 19-seat turboprop aircraft appears justified. It is better than Boise or Spokane service, which relies on limited codeshare connections and transfers to Southwest Airlines, an option less convenient and much less marketable. Runway length could also be an issue in the San Francisco market, particularly on high temperature days.

TABLE 3.21 RBG AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	1.7	73.7	75.4	Insufficient demand
Denver	United	10.4	68.0	78.4	Runway length issue
Phoenix	US Airways	10.5	84.2	94.7	Runway length issue
Portland	Alaska-Horizon	3.0	66.5	69.5	Pro forma analysis
Salt Lake City	Delta	8.0	87.4	95.4	Runway length issue
San Francisco	United	21.5	131.7	153.2	Pro forma analysis
Seattle	Alaska-Horizon	7.5	68.5	76.0	PDX and/or SFO service superior
Spokane	N/A	2.5	28.1	30.6	PDX and/or SFO service superior

Source: APGDat, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

Pro forma analyses were completed for Portland and San Francisco service. The Portland service assumed two roundtrips with 19-seat Beechcraft 1900 aircraft. The San Francisco service included three roundtrips with 30-seat Embraer 120 aircraft. Table 3.22 provides a summary of the pro forma analyses. This builds on Roseburg's need for both northbound and southbound service, though the demand potential is substantially greater southbound. The Roseburg-Portland segment annual revenue shortfall is \$618,702 while system profitability is expected to be \$564,603. The proposed Roseburg-San Francisco service is projected to have an annual segment revenue shortfall of \$838,274 but a system profit of \$1,879,297. Any need to restrict capacity because of runway length would negatively impact the forecast economics of these services.

TABLE 3.22 RBG PRO FORMA RESULTS SUMMARY

SUMMARY	RBG-PDX	RBG-SFO
Total estimated passengers	25,512	63,121
Load factor (capped)	65%	70%
Existing RBG passengers	0	0
Retained passengers	25,512	45,990
Stimulated passengers	0	0
Onboard passengers	25,512	45,990
Segment revenue	\$1,027,254	\$3,663,338
Segment cost	\$1,645,956	\$4,501,612
Segment profit or (loss)	(\$618,702)	(\$838,274)
System revenue	\$2,967,099	\$8,118,372
System cost	\$2,402,496	\$6,239,075
System profit or (loss)	\$564,603	\$1,879,297

SALEM

Due to its proximity to Portland International Airport, the Salem catchment area is served through the larger airport. Though this may have been a reasonable decision by the airlines at an earlier point in time, population and economic growth in the Salem catchment area combined with escalating highway congestion between the area and Portland International Airport has created a demand for air service at the more convenient local airport. The catchment area population is estimated at almost 600,000. True market air travel potential is estimated at nearly 2.5 million origin and destination passengers or approximately 3,360 passengers per day in each direction. Only a portion of the true market would use the local airport due to the greater number of airline options, nonstop markets, flight frequency, and likelihood of lower fare availability at Portland International Airport. Notwithstanding the advantages available at the larger airport, there is a growing demand among Salem catchment area travelers for the convenience and time savings afforded by air service at the state capital's local airport.

While there are a number of markets that are capable of supporting service (Table 3.23), the best scenario for re-introducing scheduled air service in Salem begins with northbound, southbound, and eastbound service that does not overlap and then builds on that success. The local Seattle northbound market is approximately 40 passengers per day each way with more than 180 additional beyond passengers per day each way to Alaska, Idaho, Montana, and other Washington points. This demand appears capable of supporting three to four smaller turboprop roundtrips daily. The

southbound San Francisco market is approximately 105 passengers per day each way with greater than 800 beyond passengers per day each way to Nevada, Arizona, and other California points. Three regional jet roundtrips appear to be a supportable initial service offering. Eastbound service to Salt Lake City (60 local passengers) or Denver (86 local passengers) with more than 1,200 potential beyond connecting passengers appears sufficient to support two to three regional jet roundtrips. Potential traffic to the Phoenix hub is slightly higher but involves greater circuitry in most instances and is less



United Express Canadair Regional Jet

TABLE 3.23 SLE AIR SERVICE MARKET POTENTIAL

POTENTIAL MARKET	PREFERRED AIRLINE	TRUE MARKET			CONCLUSION AND NEXT STEP
		LOCAL	BEYOND	TOTAL	
Boise	N/A	77.1	1,111.7	1,188.8	Not competitive with other hubs
Denver	United	86.4	1,182.3	1,268.7	Pending DL results
Phoenix	US Airways	129.3	1,281.3	1,410.7	Pending DL results
Portland	Alaska-Horizon	0.0	0.0	0.0	Stage length issue
Salt Lake City	Delta	60.1	1,306.9	1,367.0	Service pending
San Francisco	United	106.4	1,650.6	1,757.0	Pro forma analysis
Seattle	Alaska-Horizon	39.7	2,055.9	2,095.6	Pro forma analysis
Spokane	N/A	34.2	674.8	709.0	Not competitive with other hubs

Source: APGDat, February 2007

Note: Same beyond passengers may be included in flow passengers via more than one hub.

Success of the initial service may lead to rapid expansion

If the new Salt Lake City service and the proposed service is quickly embraced by the Salem service, increased service in these markets and other new markets could quickly follow.

marketable. Delta Air Lines began two regional jet roundtrips to Salt Lake City starting in June 2007 in an effort to tap the eastbound potential. Traffic potential for Boise and Spokane reveals similarly large numbers. However, limited service frequency, primarily codeshare connections, circuitry of routings to California, Arizona, and Nevada markets, and the need to transfer to Southwest Airlines in many markets substantially limits the traffic potential that could be captured.

As previously indicated, only a portion of the catchment area true market passengers would use the new Salem service initially, but the suggested service levels are conservative and minimize risk. Still, convincing airlines to offer service will not be an easy task. It can be projected that the success of the initial service offering will lead to rapid expansion. Other markets such as Las Vegas, Phoenix, and Los Angeles appear capable of supporting regional jet service and might quickly follow success in the initial markets. Even though the true market sizes suggest that larger aircraft could potentially be supported, smaller aircraft are proposed because they involve less risk. Regional jets can operate from Salem Municipal Airport's 5,800-foot runway, but mainline jet aircraft may encounter capacity limitations.

A pro forma analysis was completed for service to San Francisco and Seattle with three roundtrips daily. The San Francisco service assumes the use of 50-seat regional jets; the Seattle service used the 37-seat Bombardier 200 aircraft. Table 3.24 provides a summary of the pro forma analyses.

Salem has a large true market demand, with nearly all passengers currently using Portland service. The willingness of passengers to use Salem Municipal Airport and break with old habits is difficult to predict. If the new Salt Lake City service and the service proposed here are quickly embraced by the Salem market, increased service in these markets and other new markets could quickly follow. Salem-San Francisco segment results are forecast to produce an annual revenue shortfall of \$1,711,160 and a system profit of \$2,243,089. Salem-Seattle segment results are projected to create an annual revenue shortfall of \$1,313,584 and a system profit of \$3,101,399.



Horizon Air Bombardier 200

TABLE 3.24 SLE PRO FORMA RESULTS

SUMMARY	SLE-SFO	SLE-SEA
Total estimated passengers	273,199	233,324
Load factor (capped)	80%	70%
Existing SLE passengers	0	0
Retained passengers	87,600	56,721
Stimulated passengers	0	0
Onboard passengers	87,600	56,721
Segment revenue	\$7,395,448	\$3,011,956
Segment cost	\$9,106,608	\$4,325,540
Segment profit or (loss)	(\$1,711,160)	(\$1,313,584)
System revenue	\$13,877,823	\$10,249,633
System cost	\$11,634,734	\$7,148,234
System profit or (loss)	\$2,243,089	\$3,101,399

EMPOWERING PACIFIC NORTHWEST COMMUNITIES

NORTHWEST REGIONAL AIR SERVICE INITIATIVE MARKET ANALYSIS

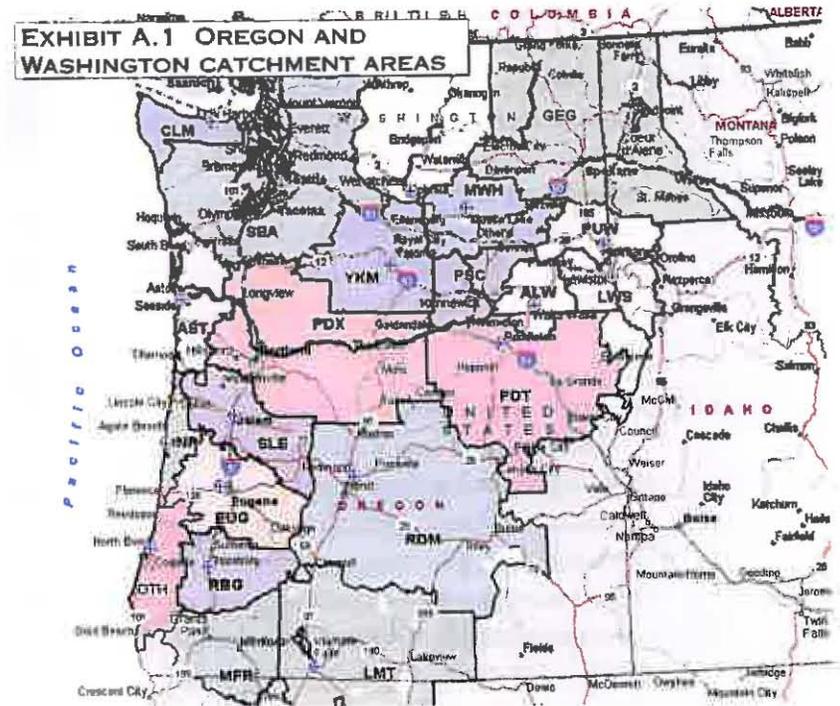


APPENDICES

AIRPORT CATCHMENT AREA

When estimating air travel markets, the geographic size and population of the area served by the local airport is critical. The greater the population, the higher the number of potential travelers. Likewise, the larger the geographic area that can be served by the local airport without competition from a larger airport, the larger the potential air travel market. The dynamics of and methods for defining an airport's catchment area are an important part of understanding how air travel demand is estimated.

An airport catchment area (sometimes called the service area) is the geographic area surrounding an airport from which that airport can reasonably expect to draw passenger traffic. Airport catchment areas are identified by zip code to determine market boundaries for each airport included in this study. The airport catchment area represents the population of travelers that should use a particular airport based on drive times to the nearest available commercial service airport and represents the majority of travelers using or who could be expected to use the local airport.



Source: Microsoft MapPoint 2006

Marketing Information Data Tapes (MIDT) data provided by the Global Distribution Systems (GDS) was gathered for November 2005 through October 2006 for the zip codes included in each airport catchment area. The information included originating airports, destinations, and airlines and is used primarily to determine diversion (passengers who do not use the local airport for air travel, but instead use a competing airport to originate the air portion of their trip) from the local airport to surrounding airports. For the purposes of this study, MIDT includes bookings made by travel agencies in the defined airport catchment areas. The data used to determine diversion does not capture passenger bookings issued directly by airline Web sites, agency Internet sites such as Travelocity or Expedia, or di-

NORTHWEST REGIONAL AIR SERVICE INITIATIVE

rectly through airline reservation offices. Data from agency Internet sites was not used in this study because MIDT is sorted by zip code. Internet sites record all bookings as originating from the zip code in which the server resides. For example, all Expedia bookings are recorded with a Seattle area zip code regardless of the traveler's location. MIDT samples are generally viewed by airline planners as an acceptable method for evaluating air travel markets.

TRUE MARKET ESTIMATE

Estimating the "true" size of air travel markets often requires the use of multiple sources of information and sometimes different methodologies. This is true because, to some extent, each NWRASI airport has its own unique air service market, and the same type and quality of information is not available for each market. The longer a community has had commercial air service and the more air service a community has, the better the quality of information. The true market for an airport is defined as the total number of travelers, including those who are using a competing airport, in the geographic area served by the local airport. The true market estimate includes the size of the total market as well as estimates for specific destinations. An airport with current commercial service activity such as Redmond is estimated differently than an airport without commercial air service such as Newport. Therefore, two basic methods were used to estimate the true market or total air service demand for each of the participating airports.

TABLE A.1 TRUE MARKET ESTIMATE ASSUMPTIONS

AIRPORT	TRAVEL FACTOR PROXY	MARKET DISTRIBUTION PROXY
Astoria	North Bend	North Bend
Moses Lake	Wenatchee	Wenatchee
Newport	North Bend	North Bend
Port Angeles	Port Angeles (2003)	Seattle
Roseburg	Eugene	Eugene
Salem	Portland	MIDT data

METHODOLOGY FOR AIRPORTS WITH EXISTING COMMERCIAL AIR SERVICE

MIDT data is mathematically combined with US Department of Transportation (DOT) airline data by destination in order to estimate the size of the total market and the number of passengers traveling to each destination. Domestic airlines report traffic statistics to the US DOT on a quarterly basis. This data is airport specific, so by itself, does not quantify the total size of an air service market. However, by combining MIDT information with the US DOT airline reports, the total air travel market can be estimated along with passenger estimates for each destination.

True market estimates include only domestic markets on a destination basis. International data has been included in aggregate and is estimated using a combination of US DOT and MIDT data. This limitation is due to federal restrictions placed on the use of US DOT international data. This method of assessing catchment area demand was used for the following airports: Klamath Falls, Pendleton, Pullman, Redmond, Wenatchee, and Yakima.

METHODOLOGY FOR AIRPORTS WITHOUT OR WITH LIMITED COMMERCIAL AIR SERVICE

For airports without current commercial air service or with minimal commercial air service, data is limited, particularly data reported to the US DOT. The primary methodology used for airports without commercial air service is a travel factor estimate. A travel factor is defined as the propensity of the catchment area population to travel by air. For example, if a community has a population of 50,000 people that generate 75,000 origin and destination air trips per year its travel factor is 1.5. Where there is little or no air travel information for a NWRASI community, known travel factors of similar proxy communities have been used. Applying proxy travel factors for those communities listed in the first column of Table A.1 provides an estimate of each community's total true market.

In reference to the third column of Table A.1, in all but two communities – Roseburg and Port Angeles – the distribution of the true market estimate by origin and destination was accomplished using the same proxy community that was used for estimating the true market. Roseburg and Port Angeles were treated differently because they are located close to large airports. The distribution of their true markets was based on other information that reflects local travel habits.

APPENDIX B TRUE MARKET ESTIMATE

TABLE B.1 AST TOP 50 MARKETS

RANK	CODE	AIRPORT	AST TRUE MARKET	% OF DOMESTIC	ORIGIN AIRPORT	
					PDX	SEA
1	SEA	Seattle, WA	9,919	8	9,253	665
2	LAX	Los Angeles, CA	8,027	7	6,855	1,172
3	PHX	Phoenix, AZ	5,660	5	5,406	254
4	SNA	Orange County, CA	5,489	5	5,378	111
5	LAS	Las Vegas, NV	5,175	4	5,055	119
6	SAN	San Diego, CA	4,092	3	4,092	0
7	OAK	Oakland, CA	3,760	3	3,760	0
8	DEN	Denver, CO	3,500	3	3,341	159
9	SMF	Sacramento, CA	3,323	3	3,323	0
10	ANC	Anchorage, AK	3,071	3	1,927	1,144
11	SJC	San Jose, CA	2,646	2	2,646	0
12	BOI	Boise, ID	2,626	2	2,626	0
13	ONT	Ontario, CA	2,461	2	2,461	0
14	GEG	Spokane, WA	2,424	2	2,262	163
15	ORD	Chicago, IL	2,133	2	2,133	0
16	SFO	San Francisco, CA	2,060	2	2,060	0
17	BWI	Baltimore, MD	1,910	2	1,866	43
18	IAH	Houston, TX	1,772	1	1,713	59
19	JNU	Juneau, AK	1,575	1	1,470	106
20	BUR	Burbank, CA	1,522	1	1,370	152
21	ATL	Atlanta, GA	1,458	1	1,354	104
22	MCI	Kansas City, MO	1,436	1	1,340	96
23	DTW	Detroit, MI	1,382	1	1,290	93
24	HNL	Honolulu, HI	1,346	1	1,162	184
25	EWR	Newark, NJ	1,223	1	1,004	218

RANK	CODE	AIRPORT	AST TRUE MARKET	% OF DOMESTIC	ORIGIN AIRPORT	
					PDX	SEA
26	DCA	Washington DC	1,183	1	1,104	79
27	SLC	Salt Lake City, UT	1,154	1	1,154	0
28	MSP	Minneapolis, MN	1,148	1	612	536
29	MCO	Orlando, FL	1,124	1	1,077	47
30	DFW	Dallas, TX	1,097	1	1,068	29
31	TUS	Tucson, AZ	911	1	850	61
32	ORF	Norfolk, VA	909	1	848	61
33	BOS	Boston, MA	878	1	533	345
34	FAT	Fresno, CA	697	1	650	47
35	KTN	Ketchikan, AK	697	1	650	47
36	PHL	Philadelphia, PA	681	1	681	0
37	KOA	Kona, HI	638	1	614	24
38	MSO	Missoula, MT	636	1	593	43
39	TUL	Tulsa, OK	629	1	587	42
40	STL	St Louis, MO	617	1	576	41
41	LGA	New York, NY	606	1	606	0
42	PSP	Palm Springs, CA	606	1	606	0
43	CMH	Columbus, OH	577	0	539	39
44	BDL	Hartford, CT	576	0	537	39
45	PSC	Pasco, WA	545	0	509	37
46	IND	Indianapolis, IN	532	0	497	34
47	EAT	Wenatchee, WA	515	0	480	35
48	PVD	Providence, RI	515	0	480	35
49	OKC	Oklahoma City, OK	513	0	478	34
50	TPA	Tampa, FL	494	0	494	0
Domestic			118,440	100	110,612	7,829
International			7,773	N/A	7,201	572
Total all markets			126,213	N/A	117,813	8,400

www.fly.fly.fly Regional Air Service Initiative

TABLE B.2 ONP TOP 50 MARKETS

RANK	CODE	AIRPORT	ONP TRUE MARKET	% OF DOMESTIC	ORIGIN AIRPORT	
					PDX	EUG
1	LAS	Las Vegas, NV	6,635	8	4,780	1,856
2	SNA	Orange County, CA	4,245	5	3,290	956
3	LAX	Los Angeles, CA	3,290	4	2,052	1,237
4	SAN	San Diego, CA	3,008	4	1,828	1,181
5	HNL	Honolulu, HI	3,008	4	2,615	394
6	PHX	Phoenix, AZ	2,980	4	1,856	1,125
7	DEN	Denver, CO	2,362	3	1,603	759
8	SFO	San Francisco, CA	2,137	3	590	1,546
9	ONT	Ontario, CA	1,659	2	872	787
10	EWR	Newark, NJ	1,603	2	1,406	197
11	LIH	Kauai Island, HI	1,574	2	1,518	56
12	TPA	Tampa, FL	1,546	2	1,209	337
13	SMF	Sacramento, CA	1,406	2	928	478
14	ORD	Chicago, IL	1,406	2	1,181	225
15	MSP	Minneapolis, MN	1,321	2	1,012	309
16	MCO	Orlando, FL	1,321	2	1,153	169
17	BOI	Boise, ID	1,293	2	1,209	84
18	DFW	Dallas, TX	1,237	2	956	281
19	BUR	Burbank, CA	1,237	2	647	590
20	PSP	Palm Springs, CA	1,181	1	703	478
21	SEA	Seattle, WA	1,125	1	394	731
22	ANC	Anchorage, AK	1,097	1	759	337
23	SLC	Salt Lake City, UT	1,040	1	534	506
24	OGG	Kahului, HI	984	1	984	0
25	RNO	Reno, NV	956	1	731	225

RANK	CODE	AIRPORT	ONP TRUE MARKET	% OF DOMESTIC	ORIGIN AIRPORT	
					PDX	EUG
26	IAH	Houston, TX	900	1	759	141
27	ABQ	Albuquerque, NM	843	1	422	422
28	SAT	San Antonio, TX	843	1	703	141
29	KOA	Kona, HI	843	1	815	28
30	MCI	Kansas City, MO	815	1	703	112
31	ADQ	Kodiak, AK	787	1	337	450
32	TUS	Tucson, AZ	759	1	197	562
33	OAK	Oakland, CA	759	1	478	281
34	DCA	Washington DC	759	1	590	169
35	FLL	Fort Lauderdale, FL	675	1	253	422
36	IAD	Washington DC	647	1	534	112
37	BWI	Baltimore, MD	619	1	534	84
38	BOS	Boston, MA	590	1	450	141
39	RDU	Raleigh-Durham, NC	590	1	281	309
40	CMH	Columbus, OH	562	1	253	309
41	BNA	Nashville, TN	506	1	394	112
42	CLT	Charlotte, NC	478	1	309	169
43	OKC	Oklahoma City, OK	478	1	112	366
44	IND	Indianapolis, IN	478	1	281	197
45	ICT	Wichita, KS	478	1	281	197
46	AUS	Austin, TX	450	1	225	225
47	PDX	Portland, OR	422	1	0	422
48	DTW	Detroit, MI	422	1	309	112
49	MSY	New Orleans, LA	366	0	253	112
50	LGA	New York, NY	366	0	337	28
Domestic			81,310	100	56,709	24,601
International			5,336	N/A	4,574	762
Total all markets			86,646	N/A	61,283	25,363

TABLE B.3 CLM TOP 50 MARKETS

RANK	CODE	AIRPORT	CLM TRUE MARKET	% OF DOMESTIC
1	LAX	Los Angeles, CA	5,576	4
2	LAS	Las Vegas, NV	5,556	4
3	PHX	Phoenix, AZ	4,874	4
4	OAK	Oakland, CA	4,773	4
5	SAN	San Diego, CA	3,807	3
6	SJC	San Jose, CA	3,532	3
7	DEN	Denver, CO	3,448	3
8	GEG	Spokane, WA	3,384	3
9	SFO	San Francisco, CA	3,263	3
10	SNA	Orange County, CA	3,078	2
11	ORD	Chicago, IL	3,024	2
12	SMF	Sacramento, CA	2,882	2
13	JFK	New York, NY	2,482	2
14	MSP	Minneapolis, MN	2,481	2
15	DFW	Dallas, TX	2,376	2
16	SLC	Salt Lake City, UT	2,286	2
17	HNL	Honolulu, HI	2,254	2
18	ANC	Anchorage, AK	2,230	2
19	EWR	Newark, NJ	2,163	2
20	BOI	Boise, ID	2,054	2
21	ONT	Ontario, CA	2,047	2
22	BUR	Burbank, CA	2,038	2
23	ATL	Atlanta, GA	1,966	2
24	BOS	Boston, MA	1,954	2
25	MCO	Orlando, FL	1,821	1

RANK	CODE	AIRPORT	CLM TRUE MARKET	% OF DOMESTIC
26	IAD	Washington DC	1,689	1
27	RNO	Reno, NV	1,674	1
28	PHL	Philadelphia, PA	1,413	1
29	IAH	Houston, TX	1,404	1
30	DTW	Detroit, MI	1,237	1
31	BWI	Baltimore, MD	1,235	1
32	DCA	Washington DC	1,198	1
33	PDX	Portland, OR	1,155	1
34	LGB	Long Beach, CA	1,124	1
35	STL	St Louis, MO	1,123	1
36	OGG	Kahului, HI	1,037	1
37	MDW	Chicago, IL	1,012	1
38	MCI	Kansas City, MO	936	1
39	PSP	Palm Springs, CA	913	1
40	TPA	Tampa, FL	870	1
41	ABQ	Albuquerque, NM	791	1
42	TUS	Tucson, AZ	776	1
43	AUS	Austin, TX	769	1
44	FLL	Fort Lauderdale, FL	722	1
45	BNA	Nashville, TN	688	1
46	IND	Indianapolis, IN	675	1
47	MIA	Miami, FL	646	1
48	RDU	Raleigh-Durham, NC	636	1
49	SAT	San Antonio, TX	634	1
50	CLE	Cleveland, OH	561	0
Domestic			124,012	100
International			5,843	N/A
Total all markets			129,855	N/A

Note: Split between CLM and SEA origin not available on a destination basis.

TABLE B.4 LMT TOP 50 MARKETS

RANK	CODE	AIRPORT	REPORTED PAX	RETEN- TION %	LMT TRUE MARKET	ORIGIN OF DIVERTING PAX			
						MFR	RNO	PDX	OTHER
1	PDX	Portland, OR	19,189	99	19,348	159	0	0	0
2	LAX	Los Angeles, CA	1,597	27	6,014	2,725	940	282	470
3	SEA	Seattle, WA	4,742	83	5,741	998	0	0	0
4	DEN	Denver, CO	1,927	42	4,576	1,204	361	723	361
5	IAH	Houston, TX	379	8	4,932	759	2,276	0	1,518
6	PHX	Phoenix, AZ	1,178	27	4,391	2,892	0	321	0
7	DFW	Dallas, TX	978	25	3,844	140	489	280	1,957
8	RDU	Raleigh-Durham, NC	300	9	3,295	1,198	1,797	0	0
9	ATL	Atlanta, GA	190	6	3,225	1,897	190	569	379
10	ANC	Anchorage, AK	1,268	46	2,747	634	0	845	0
11	MCO	Orlando, FL	629	24	2,595	943	550	157	314
12	HNL	Honolulu, HI	260	9	2,744	964	0	556	964
13	SNA	Orange County, CA	1,288	67	1,932	59	468	117	0
14	MSP	Minneapolis, MN	799	42	1,917	479	639	0	0
15	SAN	San Diego, CA	1,258	70	1,790	484	0	48	0
16	LAS	Las Vegas, NV	889	52	1,707	444	281	47	47
17	BOI	Boise, ID	669	45	1,494	429	194	164	38
18	GEG	Spokane, WA	1,228	88	1,403	175	0	0	0
19	BWI	Baltimore, MD	280	20	1,398	419	280	419	0
20	ONT	Ontario, CA	1,058	78	1,352	294	0	0	0
21	SFO	San Francisco, CA	280	26	1,056	745	0	31	0
22	BNA	Nashville, TN	339	36	950	68	136	136	272
23	ORD	Chicago, IL	489	56	870	217	54	54	54
24	BUR	Burbank, CA	719	87	829	55	0	0	55
25	KOA	Kona, HI	90	10	917	593	0	162	72
26	TUS	Tucson, AZ	150	18	824	599	75	0	0
27	SLC	Salt Lake City, UT	260	32	816	408	37	74	37
28	BOS	Boston, MA	300	41	727	257	171	0	0
29	AUS	Austin, TX	319	45	713	205	92	78	18
30	STL	St Louis, MO	290	41	703	124	41	124	124
31	CID	Cedar Rapids, IA	100	15	649	50	0	499	0
32	IAD	Washington DC	190	30	632	253	63	126	0
33	EWR	Newark, NJ	290	47	615	253	0	0	72

TABLE B.4 LMT TOP 50 MARKETS (CONTINUED FROM PREVIOUS PAGE)

RANK	CODE	AIRPORT	REPORTED PAX	LMT TRUE MARKET	ORIGIN OF DIVERTING PAX				
					MFR	RNO	PDX	OTHER	
34	BIL	Billings, MT	270	45	602	173	78	66	15
35	FAI	Fairbanks, AK	270	45	602	173	78	66	15
36	SAT	San Antonio, TX	329	59	560	165	66	0	0
37	DTW	Detroit, MI	250	45	557	160	72	61	14
38	OKC	Oklahoma City, OK	150	31	487	150	75	37	75
39	GPT	Gulfport, MS	50	11	474	25	0	349	50
40	BDL	Hartford, CT	210	45	468	135	61	51	12
41	PSP	Palm Springs, CA	270	58	462	77	0	39	77
42	DCA	Washington DC	369	83	443	37	0	37	0
43	TPA	Tampa, FL	170	40	424	113	113	28	0
44	IND	Indianapolis, IN	190	45	424	122	55	47	11
45	JNU	Juneau, AK	190	45	424	122	55	47	11
46	MCI	Kansas City, MO	180	43	419	150	90	0	0
47	OAK	Oakland, CA	170	45	379	109	49	42	10
48	ORF	Norfolk, VA	170	45	379	109	49	42	10
49	CMH	Columbus, OH	160	45	357	102	46	39	9
50	GTF	Great Falls, MT	160	45	357	102	46	39	9
Domestic			54,113	100	109,964	27,543	11,946	8,565	7,798
International			1,731	N/A	9,370	3,105	577	1,841	2,116
Total all markets			55,844	N/A	119,334	30,648	12,523	10,406	9,914

TABLE B.5 RDM TOP 50 MARKETS

RANK	CODE	AIRPORT	REPORTED PAX		RDM TRUE MARKET	ORIGIN OF DIVERTING PAX	
						PDX	EUG
1	SEA	Seattle, WA	40,538	94	43,282	2,111	633
2	PDX	Portland, OR	39,629	100	39,708	0	79
3	LAS	Las Vegas, NV	15,810	61	26,014	9,097	1,108
4	SFO	San Francisco, CA	22,288	88	25,359	2,576	495
5	SAN	San Diego, CA	17,306	71	24,322	6,214	802
6	PHX	Phoenix, AZ	14,844	64	23,218	6,619	1,755
7	DEN	Denver, CO	14,395	68	21,291	6,623	274
8	SNA	Orange County, CA	14,142	73	19,426	4,795	489
9	LAX	Los Angeles, CA	14,349	82	17,408	2,937	122
10	ORD	Chicago, IL	8,849	67	13,223	4,324	50
11	SLC	Salt Lake City, UT	10,897	86	12,625	1,653	75
12	BUR	Burbank, CA	8,734	73	12,009	3,032	243
13	HNL	Honolulu, HI	2,992	29	10,162	7,170	0
14	ONT	Ontario, CA	7,871	78	10,089	2,218	0
15	IAD	Washington DC	3,705	42	8,866	5,161	0
16	MCO	Orlando, FL	4,913	58	8,520	3,485	121
17	SJC	San Jose, CA	7,698	91	8,422	724	0
18	SMF	Sacramento, CA	5,822	72	8,047	1,963	262
19	DFW	Dallas, TX	5,293	67	7,912	2,237	382
20	MSP	Minneapolis, MN	5,995	79	7,633	1,638	0
21	OAK	Oakland, CA	5,604	75	7,472	1,868	0
22	OGG	Kahului, HI	1,968	27	7,288	5,320	0
23	ATL	Atlanta, GA	5,063	74	6,877	1,814	0
24	EWR	Newark, NJ	4,637	70	6,608	1,971	0
25	IAH	Houston, TX	3,003	46	6,507	3,322	182

RANK	CODE	AIRPORT	REPORTED PAX	RETENTION %	RDM TRUE MARKET	ORIGIN OF DIVERTING PAX	
						PDX	EUG
26	ANC	Anchorage, AK	4,879	77	6,367	1,488	0
27	BOS	Boston, MA	3,556	66	5,380	1,731	94
28	PSP	Palm Springs, CA	4,419	83	5,337	918	0
29	MCI	Kansas City, MO	2,451	51	4,783	2,332	0
30	GEG	Spokane, WA	3,912	86	4,564	652	0
31	BWI	Baltimore, MD	3,095	71	4,358	1,263	0
32	KOA	Kona, HI	1,507	37	4,129	2,556	66
33	DCA	Washington DC	2,462	63	3,896	1,323	110
34	ABQ	Albuquerque, NM	1,979	51	3,871	1,892	0
35	TUS	Tucson, AZ	3,118	82	3,802	641	43
36	SBA	Santa Barbara, CA	3,245	90	3,605	144	216
37	BOI	Boise, ID	2,221	65	3,396	1,045	131
38	LIH	Kauai Island, HI	886	28	3,196	2,215	95
39	FLL	Fort Lauderdale, FL	1,392	47	2,966	1,574	0
40	DTW	Detroit, MI	2,175	78	2,790	615	0
41	PHL	Philadelphia, PA	2,244	81	2,772	528	0
42	AUS	Austin, TX	2,336	88	2,651	316	0
43	STL	St Louis, MO	1,795	69	2,596	673	128
44	BDL	Hartford, CT	1,853	72	2,580	728	0
45	BIL	Billings, MT	932	36	2,563	1,553	78
46	RNO	Reno, NV	1,680	67	2,511	757	74
47	TPA	Tampa, FL	1,910	78	2,443	533	0
48	IND	Indianapolis, IN	1,162	48	2,397	1,235	0
49	LGA	New York, NY	990	42	2,358	1,179	189
50	RDU	Raleigh-Durham, NC	1,484	65	2,298	718	96
Domestic			406,447	72	561,862	145,768	9,647
International			21,322	51	41,527	19,734	472
Total all markets			427,769	71	603,389	165,501	10,119

TABLE B.6 EAT TOP 50 MARKETS

RANK	CODE	AIRPORT	REPORTED		EAT TRUE	ORIGIN OF DIVERTING PAX				
			PAX			SEA	GEG	PSC	MWH	YKM
1	SEA	Seattle, WA	18,200	89	20,433	0	1,431	572	0	229
2	PHX	Phoenix, AZ	3,547	41	8,634	4,387	607	93	0	0
3	LAS	Las Vegas, NV	3,495	53	6,588	2,845	186	0	62	0
4	PDX	Portland, OR	4,688	77	6,072	533	426	107	320	0
5	LAX	Los Angeles, CA	2,323	39	5,913	2,693	845	53	0	0
6	SMF	Sacramento, CA	2,416	42	5,821	3,185	0	0	0	220
7	ANC	Anchorage, AK	2,147	40	5,367	3,220	0	0	0	0
8	SNA	Orange County, CA	2,333	44	5,275	2,739	0	34	0	169
9	SAN	San Diego, CA	2,800	63	4,480	1,200	360	0	0	120
10	MCO	Orlando, FL	1,110	29	3,805	2,166	159	370	0	0
11	BOI	Boise, ID	1,234	35	3,565	0	686	0	1,645	0
12	ORD	Chicago, IL	1,452	46	3,156	1,483	158	0	0	63
13	SJC	San Jose, CA	1,898	63	3,005	896	0	158	0	53
14	OAK	Oakland, CA	2,002	69	2,917	743	57	114	0	0
15	DEN	Denver, CO	1,452	54	2,696	856	337	52	0	0
16	ONT	Ontario, CA	1,369	55	2,510	1,084	57	0	0	0
17	RNO	Reno, NV	1,410	60	2,362	882	0	71	0	0
18	SFO	San Francisco, CA	1,348	67	2,010	661	0	0	0	0
19	DCA	Washington DC	778	40	1,944	972	83	28	0	83
20	EWR	Newark, NJ	799	46	1,730	665	133	0	0	133
21	MSP	Minneapolis, MN	539	34	1,603	831	233	0	0	0
22	DTW	Detroit, MI	373	23	1,600	1,013	213	0	0	0
23	HNL	Honolulu, HI	332	24	1,372	1,018	22	0	0	0
24	DFW	Dallas, TX	726	53	1,370	493	151	0	0	0
25	STL	St Louis, MO	280	20	1,369	964	124	0	0	0
26	PSP	Palm Springs, CA	944	69	1,368	377	47	0	0	0
27	KOA	Kona, HI	135	10	1,341	1,128	78	0	0	0
28	FAT	Fresno, CA	705	55	1,293	529	0	59	0	0
29	BUR	Burbank, CA	892	71	1,263	372	0	0	0	0
30	MIA	Miami, FL	124	10	1,243	1,118	0	0	0	0
31	BOS	Boston, MA	601	53	1,143	481	60	0	0	0
32	JNU	Juneau, AK	456	40	1,135	566	94	13	0	6
33	IAH	Houston, TX	415	37	1,122	661	46	0	0	0

TABLE B.6 EAT TOP 50 MARKETS (CONTINUED FROM PREVIOUS PAGE)

RANK	CODE	AIRPORT	REPORTED PAX	RETEN- TION %	EAT TRUE MARKET	ORIGIN OF DIVERTING PAX				
						SEA	GEG	PSC	MWH	YKM
34	EUG	Eugene, OR	436	40	1,084	540	90	12	0	5
35	BNA	Nashville, TN	135	14	994	708	152	0	0	0
36	ABQ	Albuquerque, NM	145	15	958	407	407	0	0	0
37	MFR	Medford, OR	384	40	955	476	79	11	0	5
38	TUS	Tucson, AZ	436	49	890	379	76	0	0	0
39	FAI	Fairbanks, AK	353	40	877	437	73	10	0	4
40	ATL	Atlanta, GA	384	44	876	433	30	0	0	30
41	BIL	Billings, MT	321	40	800	399	66	9	0	4
42	IAD	Washington DC	321	40	800	399	66	9	0	4
43	AUS	Austin, TX	290	40	722	360	60	8	0	4
44	TPA	Tampa, FL	228	32	717	424	65	0	0	0
45	SLC	Salt Lake City, UT	487	68	717	72	129	14	14	0
46	MCI	Kansas City, MO	218	33	666	282	128	38	0	0
47	SBA	Santa Barbara, CA	259	40	645	322	54	7	0	3
48	BWI	Baltimore, MD	239	38	631	337	56	0	0	0
49	OGG	Kahului, HI	124	20	622	498	0	0	0	0
50	LGB	Long Beach, CA	394	70	566	148	25	0	0	0
Domestic			76,452	51	149,541	57,819	9,938	2,065	2,041	1,225
International			4,636	22	20,909	15,347	830	24	0	73
Total all markets			81,088	48	170,450	73,166	10,768	2,089	2,041	1,298

TABLE B.7 YKM TOP 50 MARKETS

RANK	CODE	AIRPORT	REPORTED PAX	RETEN- TION %	YKM TRUE MARKET	ORIGIN OF DIVERTING PAX				
						SEA	PSC	PDX	GEG	EAT
1	SEA	Seattle, WA	27,064	88	30,702	0	2,937	0	0	701
2	PHX	Phoenix, AZ	4,343	41	10,652	4,411	914	800	160	23
3	LAX	Los Angeles, CA	3,326	35	9,430	3,998	671	1,221	183	31
4	LAS	Las Vegas, NV	5,300	57	9,373	2,785	614	539	105	30
5	SMF	Sacramento, CA	3,010	43	6,968	2,131	338	1,387	101	0
6	OAK	Oakland, CA	2,892	49	5,864	2,450	120	361	40	0
7	SAN	San Diego, CA	2,803	52	5,365	1,838	353	297	56	19
8	SNA	Orange County, CA	2,280	46	4,977	2,084	74	490	49	0
9	DEN	Denver, CO	2,181	44	4,932	1,442	1,043	95	133	38
10	ANC	Anchorage, AK	1,747	40	4,389	2,514	43	43	43	0
11	ORD	Chicago, IL	1,895	47	4,075	1,746	272	87	50	25
12	SJC	San Jose, CA	2,260	64	3,527	685	274	240	68	0
13	MCO	Orlando, FL	1,234	37	3,349	1,423	353	201	126	13
14	HNL	Honolulu, HI	434	13	3,343	2,553	26	329	0	0
15	DFW	Dallas, TX	1,658	53	3,131	1,115	186	100	43	29
16	ONT	Ontario, CA	2,171	72	3,016	498	121	166	0	60
17	RNO	Reno, NV	1,579	53	2,980	879	194	313	0	15
18	OGG	Kahului, HI	316	12	2,660	2,272	73	0	0	0
19	LGB	Long Beach, CA	1,017	40	2,543	1,072	322	88	41	3
20	PDX	Portland, OR	1,737	69	2,519	0	391	0	0	391
21	BUR	Burbank, CA	1,461	59	2,486	808	93	124	0	0
22	SFO	San Francisco, CA	1,421	59	2,404	737	88	123	35	0
23	MSP	Minneapolis, MN	878	39	2,263	804	566	0	0	15
24	BOI	Boise, ID	1,767	79	2,238	377	0	47	47	0
25	DCA	Washington DC	1,234	59	2,088	717	53	42	0	42
26	IAH	Houston, TX	513	25	2,073	1,184	99	217	59	0
27	ATL	Atlanta, GA	651	32	2,044	1,099	141	102	38	13
28	EWR	Newark, NJ	1,056	52	2,035	902	0	52	26	0
29	MIA	Miami, FL	385	20	1,950	1,334	180	0	51	0
30	SAT	San Antonio, TX	553	30	1,857	575	497	210	22	0
31	MSY	New Orleans, LA	188	11	1,758	1,383	94	47	47	0
32	BWI	Baltimore, MD	681	40	1,687	705	245	40	16	0
33	FAT	Fresno, CA	1,155	70	1,656	327	65	87	22	0

TABLE B.7 YKM TOP 50 MARKETS (CONTINUED FROM PREVIOUS PAGE)

RANK	CODE	AIRPORT	REPORTED PAX	RETEN- TION %	YKM TRUE MARKET	ORIGIN OF DIVERTING PAX				
						SEA	PSC	PDX	GEG	EAT
34	TUS	Tucson, AZ	602	36	1,651	641	350	58	0	0
35	PSP	Palm Springs, CA	1,135	69	1,634	344	86	17	17	34
36	GEG	Spokane, WA	572	40	1,432	604	181	49	23	2
37	IAD	Washington DC	395	28	1,396	832	56	113	0	0
38	BNA	Nashville, TN	385	28	1,391	795	161	25	0	25
39	AUS	Austin, TX	197	15	1,294	658	132	175	22	110
40	BOS	Boston, MA	612	49	1,247	496	46	58	35	0
41	SLC	Salt Lake City, UT	385	31	1,238	312	343	94	104	0
42	TPA	Tampa, FL	316	26	1,236	645	247	27	0	0
43	KOA	Kona, HI	247	20	1,234	987	0	0	0	0
44	IND	Indianapolis, IN	513	42	1,225	464	166	83	0	0
45	RDU	Raleigh-Durham, NC	365	30	1,217	730	73	49	0	0
46	OKC	Oklahoma City, OK	227	19	1,216	616	373	0	0	0
47	MCI	Kansas City, MO	543	45	1,215	313	276	64	18	0
48	STL	St Louis, MO	405	39	1,036	333	226	48	24	0
49	DTW	Detroit, MI	484	48	1,016	468	16	48	0	0
50	OMA	Omaha, NE	197	20	987	375	237	118	20	39
Domestic			102,927	49	209,036	72,587	19,098	10,244	2,457	1,723
International			6,031	21	28,214	12,191	1,219	7,933	240	600
Total all markets			108,958	46	237,250	84,778	20,317	18,177	2,697	2,324

TABLE B.8 MWH TOP 50 MARKETS

RANK	CODE	AIRPORT	MWH TRUE MARKET	% OF DOMESTIC	GEG	ORIGIN AIRPORT				
						SEA	PSC	EAT	MWH	YKM
1	SEA	Seattle, WA	13,722	14	4,201	0	2,801	5,041	560	1,120
2	PHX	Phoenix, AZ	5,798	6	3,643	1,487	595	0	74	0
3	LAS	Las Vegas, NV	4,424	4	2,574	1,207	161	322	161	0
4	PDX	Portland, OR	4,078	4	1,020	170	680	510	1,699	0
5	LAX	Los Angeles, CA	3,971	4	2,648	1,083	120	120	0	0
6	SMF	Sacramento, CA	3,910	4	2,666	711	178	0	355	0
7	SNA	Orange County, CA	3,543	4	2,362	945	236	0	0	0
8	ANC	Anchorage, AK	3,501	3	700	2,801	0	0	0	0
9	SAN	San Diego, CA	3,009	3	2,507	334	84	0	84	0
10	MCO	Orlando, FL	2,555	3	1,325	757	331	95	47	0
11	BOI	Boise, ID	2,394	2	958	0	0	0	1,437	0
12	ORD	Chicago, IL	2,120	2	1,170	877	73	0	0	0
13	SJC	San Jose, CA	2,018	2	202	1,312	404	101	0	0
14	OAK	Oakland, CA	1,959	2	653	1,306	0	0	0	0
15	DEN	Denver, CO	1,811	2	1,344	58	321	88	0	0
16	ONT	Ontario, CA	1,686	2	843	492	0	351	0	0
17	RNO	Reno, NV	1,587	2	529	317	423	106	212	0
18	SFO	San Francisco, CA	1,350	1	540	135	540	0	135	0
19	DCA	Washington DC	1,306	1	804	301	100	100	0	0
20	EWR	Newark, NJ	1,162	1	0	697	465	0	0	0
21	MSP	Minneapolis, MN	1,077	1	775	129	172	0	0	0
22	DTW	Detroit, MI	1,075	1	806	0	269	0	0	0
23	HNL	Honolulu, HI	921	1	461	461	0	0	0	0
24	DFW	Dallas, TX	920	1	434	409	26	51	0	0
25	STL	St Louis, MO	919	1	324	270	216	108	0	0
26	PSP	Palm Springs, CA	919	1	245	306	368	0	0	0
27	KOA	Kona, HI	901	1	0	762	139	0	0	0
28	FAT	Fresno, CA	868	1	347	174	347	0	0	0
29	BUR	Burbank, CA	849	1	250	499	0	0	100	0
30	MIA	Miami, FL	835	1	209	522	0	0	104	0
31	BOS	Boston, MA	768	1	768	0	0	0	0	0
32	JNU	Juneau, AK	762	1	434	197	79	29	20	3
33	IAH	Houston, TX	753	1	549	128	38	38	0	0

TABLE B.8 MWH TOP 50 MARKETS (CONTINUED FROM PREVIOUS PAGE)

RANK	CODE	AIRPORT	MWH TRUE MARKET	% OF DOMESTIC	GEG	ORIGIN AIRPORT				
						SEA	PSC	EAT	MWH	YKM
34	EUG	Eugene, OR	728	1	414	188	76	28	19	3
35	BNA	Nashville, TN	668	1	408	260	0	0	0	0
36	ABQ	Albuquerque, NM	644	1	483	0	0	161	0	0
37	MFR	Medford, OR	641	1	0	0	641	0	0	0
38	TUS	Tucson, AZ	598	1	427	128	0	0	43	0
39	FAI	Fairbanks, AK	589	1	0	196	0	393	0	0
40	ATL	Atlanta, GA	588	1	271	226	68	0	23	0
41	BIL	Billings, MT	537	1	358	0	0	179	0	0
42	IAD	Washington DC	537	1	307	0	0	153	77	0
43	AUS	Austin, TX	485	0	88	221	176	0	0	0
44	TPA	Tampa, FL	482	0	385	0	0	0	96	0
45	SLC	Salt Lake City, UT	481	0	321	40	80	20	20	0
46	MCI	Kansas City, MO	447	0	243	51	153	0	0	0
47	SBA	Santa Barbara, CA	433	0	433	0	0	0	0	0
48	BWI	Baltimore, MD	424	0	301	0	123	0	0	0
49	OGG	Kahului, HI	418	0	84	293	0	42	0	0
50	LGB	Long Beach, CA	380	0	35	242	35	35	35	0
Domestic			100,328	100	48,729	24,875	11,566	8,522	5,496	1,140
International			14,043	N/A	4,199	6,164	3,229	181	90	181
Total all markets			114,371	N/A	52,928	31,039	14,795	8,702	5,587	1,320

TABLE B.9 PDT TOP 50 MARKETS

RANK	CODE	AIRPORT	REPORTED O&D PAX	RETEN- TION %	PDT TRUE MARKET	ORIGIN OF DIVERTING PAX				
						PDX	PSC	BOI	SEA	OTHER
1	LAX	Los Angeles, CA	475	5	10,068	3,799	1,710	2,374	1,425	285
2	PDX	Portland, OR	4,570	85	5,376	0	307	307	0	192
3	DFW	Dallas, TX	169	3	5,201	1,182	1,148	1,182	1,182	338
4	SEA	Seattle, WA	981	19	5,125	0	2,181	436	0	1,527
5	PHX	Phoenix, AZ	665	15	4,574	1,011	1,090	1,090	558	160
6	ONT	Ontario, CA	443	11	4,166	1,684	89	709	1,064	177
7	BUR	Burbank, CA	264	7	3,619	1,011	1,025	809	413	97
8	SNA	Orange County, CA	295	10	2,856	443	936	788	246	148
9	ANC	Anchorage, AK	591	22	2,644	404	187	591	653	218
10	OAK	Oakland, CA	401	16	2,540	1,203	67	334	334	201
11	FAT	Fresno, CA	106	4	2,533	317	317	1,372	211	211
12	MCO	Orlando, FL	74	3	2,485	795	590	846	26	154
13	SMF	Sacramento, CA	686	28	2,474	759	416	367	196	49
14	DCA	Washington DC	84	3	2,415	1,098	675	68	422	68
15	SAN	San Diego, CA	528	22	2,402	491	491	600	255	36
16	DEN	Denver, CO	158	7	2,363	554	712	271	622	45
17	BNA	Nashville, TN	53	3	1,787	440	733	513	0	49
18	HNL	Honolulu, HI	53	3	1,775	1,319	37	0	293	73
19	ORD	Chicago, IL	42	3	1,428	606	563	152	22	43
20	SLC	Salt Lake City, UT	42	3	1,410	98	528	489	117	137
21	LAS	Las Vegas, NV	475	35	1,343	229	160	289	155	35
22	SJC	San Jose, CA	222	18	1,219	554	55	277	0	111
23	BIL	Billings, MT	53	4	1,214	528	158	264	158	53
24	SFO	San Francisco, CA	243	21	1,133	324	202	243	121	0
25	TUL	Tulsa, OK	32	3	1,073	41	672	206	55	69
26	SAT	San Antonio, TX	32	3	1,059	83	611	278	28	28
27	SBA	Santa Barbara, CA	63	7	869	243	246	194	99	23
28	IAH	Houston, TX	63	8	781	148	232	127	127	84
29	ACV	Arcata-Eureka, CA	53	7	724	202	205	162	83	19
30	ENA	Kenai, AK	53	7	724	202	205	162	83	19
31	MFR	Medford, OR	390	54	721	300	30	0	0	0
32	BWI	Baltimore, MD	21	3	711	54	214	328	20	74
33	MSP	Minneapolis, MN	21	3	705	258	208	168	50	0

TABLE B.9 PDT TOP 50 MARKETS (CONTINUED FROM PREVIOUS PAGE)

RANK	CODE	AIRPORT	REPORTED O&D PAX	RETEN- TION %	PDT TRUE MARKET	PDX	ORIGIN OF DIVERTING PAX			
							P5C	BOI	SEA	OTHER
34	SDF	Louisville, KY	21	4	591	380	63	127	0	0
35	ADQ	Kodiak, AK	42	7	579	162	164	129	66	15
36	GTF	Great Falls, MT	42	7	579	162	164	129	66	15
37	KTN	Ketchikan, AK	42	7	579	162	164	129	66	15
38	LMT	Klamath Falls, OR	42	7	579	162	164	129	66	15
39	EWR	Newark, NJ	53	9	567	356	106	26	26	0
40	BOS	Boston, MA	42	8	528	274	63	106	21	21
41	ATL	Atlanta, GA	74	15	499	92	231	55	46	0
42	DTW	Detroit, MI	21	4	485	106	169	148	42	0
43	COS	Colorado Springs, CO	21	5	464	42	274	42	42	42
44	BOI	Boise, ID	32	7	434	121	123	97	50	12
45	JAN	Jackson, MS	32	7	434	121	123	97	50	12
46	PSG	Petersburg, AK	32	7	434	121	123	97	50	12
47	RDM	Redmond, OR	32	7	434	121	123	97	50	12
48	RDU	Raleigh-Durham, NC	32	7	434	121	123	97	50	12
49	ABQ	Albuquerque, NM	74	17	430	83	91	78	104	0
50	RNO	Reno, NV	63	16	404	119	79	103	24	16
Domestic			14,300	15	98,205	25,717	22,011	19,875	11,066	5,237
International			348	3	12,839	7,290	1,834	1,881	1,393	93
Total all markets			14,648	13	111,044	33,007	23,845	21,756	12,459	5,330

TABLE B.10 PUW TOP 50 MARKETS

RANK	CODE	AIRPORT	REPORTED O&D PAX	RETEN- TION %	PUW TRUE MARKET	ORIGIN OF DIVERTING PAX			
						GEG	LWS	SEA	BOI
1	SEA	Seattle, WA	17,076	57	29,895	11,113	1,706	0	0
2	ANC	Anchorage, AK	1,725	24	7,332	3,019	288	2,157	144
3	LAX	Los Angeles, CA	2,047	30	6,935	4,229	359	284	15
4	SAN	San Diego, CA	1,549	24	6,416	3,887	569	348	63
5	SMF	Sacramento, CA	863	15	5,707	3,716	431	697	0
6	PDX	Portland, OR	1,871	37	5,084	2,806	302	0	106
7	FAT	Fresno, CA	468	10	4,698	3,072	1,057	101	0
8	SNA	Orange County, CA	1,050	23	4,514	1,785	997	682	0
9	BOI	Boise, ID	437	10	4,366	985	2,945	0	0
10	LAS	Las Vegas, NV	624	15	4,269	2,374	911	360	0
11	ORD	Chicago, IL	582	16	3,753	2,147	642	381	0
12	SJC	San Jose, CA	967	26	3,736	2,534	170	52	13
13	PHX	Phoenix, AZ	540	15	3,675	2,270	676	135	54
14	BUR	Burbank, CA	779	23	3,378	1,646	520	433	0
15	DEN	Denver, CO	468	15	3,183	2,248	299	169	0
16	DCA	Washington DC	946	30	3,121	1,345	399	326	105
17	MSP	Minneapolis, MN	260	10	2,605	1,925	307	97	16
18	SFO	San Francisco, CA	1,102	44	2,514	931	372	109	0
19	DFW	Dallas, TX	333	14	2,376	1,402	475	166	0
20	OAK	Oakland, CA	1,102	46	2,374	969	133	171	0
21	MCO	Orlando, FL	301	14	2,153	1,141	624	0	86
22	ONT	Ontario, CA	707	34	2,083	1,042	223	112	0
23	RNO	Reno, NV	208	10	2,081	1,327	473	55	18
24	FAI	Fairbanks, AK	281	16	1,735	1,032	218	175	29
25	JNU	Juneau, AK	281	16	1,735	1,032	218	175	29
26	BOS	Boston, MA	312	19	1,653	951	296	94	0
27	BLI	Bellingham, WA	249	16	1,542	917	194	155	26
28	EWR	Newark, NJ	478	33	1,434	777	40	139	0
29	BWI	Baltimore, MD	146	10	1,434	1,102	125	21	42
30	MFR	Medford, OR	218	16	1,349	803	170	136	23
31	DTW	Detroit, MI	166	14	1,231	698	299	67	0
32	ATL	Atlanta, GA	94	10	939	473	256	23	93
33	RDU	Raleigh-Durham, NC	94	10	934	704	91	45	0

TABLE B.10 PUW TOP 50 MARKETS

RANK	CODE	AIRPORT	REPORTED O&D PAX	RETEN- TION %	PUW TRUE MARKET	ORIGIN OF DIVERTING PAX			
						GEG	LWS	SEA	EOI
34	MIA	Miami, FL	114	13	915	729	43	29	0
35	IAH	Houston, TX	166	19	895	448	243	38	0
36	SBA	Santa Barbara, CA	104	12	852	707	0	42	0
37	MSY	New Orleans, LA	83	10	833	630	17	92	11
38	HNL	Honolulu, HI	73	10	731	556	27	75	0
39	STL	St Louis, MO	73	10	729	438	182	36	0
40	SLC	Salt Lake City, UT	73	10	727	272	371	10	0
41	EUG	Eugene, OR	655	92	712	23	11	0	23
42	IAD	Washington DC	114	16	705	324	191	57	19
43	PSP	Palm Springs, CA	301	47	648	90	90	166	0
44	JFK	New York, NY	104	16	642	382	81	65	11
45	RDM	Redmond, OR	104	16	642	382	81	65	11
46	MKE	Milwaukee, WI	62	10	622	560	0	0	0
47	SAT	San Antonio, TX	62	10	622	430	90	30	10
48	TUS	Tucson, AZ	94	16	599	187	281	37	0
49	CMH	Columbus, OH	94	16	578	344	73	58	10
50	MCI	Kansas City, MO	52	10	519	303	82	82	0
Domestic			43,278	27	158,760	83,076	20,944	10,220	1,243
International			3,263	22	14,896	7,299	1,053	3,141	140
Total all markets			46,541	27	173,656	90,375	21,997	13,361	1,383

TABLE B.11 RBG TOP 50 MARKETS

RANK	CODE	AIRPORT	RBG TRUE MARKET	% OF DOMESTIC	ORIGIN AIRPORT		
					EUG	PDX	MFR
1	SFO	San Francisco, CA	15,697	9	11,156	1,816	2,724
2	LAX	Los Angeles, CA	12,268	7	6,257	4,457	1,554
3	PHX	Phoenix, AZ	7,638	4	4,638	2,359	640
4	DEN	Denver, CO	7,591	4	5,019	2,530	41
5	LAS	Las Vegas, NV	6,763	4	3,172	3,192	399
6	SAN	San Diego, CA	6,011	3	3,639	1,799	572
7	SLC	Salt Lake City, UT	5,818	3	3,655	2,014	149
8	SEA	Seattle, WA	5,444	3	4,906	419	120
9	SNA	Orange County, CA	5,239	3	2,686	2,181	372
10	HNL	Honolulu, HI	4,596	3	526	4,014	55
11	OAK	Oakland, CA	4,578	3	2,368	2,120	90
12	ORD	Chicago, IL	3,774	2	1,663	2,015	96
13	ANC	Anchorage, AK	2,808	2	936	1,685	187
14	OGG	Kahului, HI	2,794	2	148	2,646	0
15	MSP	Minneapolis, MN	2,672	2	676	1,978	17
16	MCO	Orlando, FL	2,662	2	927	1,642	93
17	SJC	San Jose, CA	2,527	1	1,209	989	330
18	ATL	Atlanta, GA	2,353	1	1,314	1,018	21
19	DFW	Dallas, TX	2,353	1	1,262	1,014	77
20	BOS	Boston, MA	2,267	1	705	1,562	0
21	EWR	Newark, NJ	2,236	1	719	1,518	0
22	PDX	Portland, OR	2,208	1	1,893	0	315
23	ONT	Ontario, CA	2,049	1	1,537	439	73
24	BWI	Baltimore, MD	2,019	1	808	1,211	0
25	IAD	Washington DC	1,891	1	864	1,026	0
26	IAH	Houston, TX	1,871	1	535	1,310	27
27	GEG	Spokane, WA	1,797	1	860	938	0
28	PHL	Philadelphia, PA	1,566	1	973	508	85
29	KOA	Kona, HI	1,511	1	50	1,412	50
30	DCA	Washington DC	1,459	1	556	868	35
31	SMF	Sacramento, CA	1,418	1	1,199	145	73
32	TUS	Tucson, AZ	1,408	1	971	413	24
33	DTW	Detroit, MI	1,398	1	239	1,057	102

TABLE B.11 RBG TOP 50 MARKETS

RANK	CODE	AIRPORT	RBG TRUE MARKET	% OF DOMESTIC	ORIGIN AIRPORT		
					EUG	PDX	MFR
34	BUR	Burbank, CA	1,354	1	1,051	263	40
35	STL	St Louis, MO	1,330	1	763	393	174
36	FLL	Fort Lauderdale, FL	1,269	1	431	839	0
37	LIH	Kauai Island, HI	1,268	1	279	989	0
38	BOI	Boise, ID	1,255	1	916	339	0
39	IND	Indianapolis, IN	1,238	1	503	716	19
40	MFR	Medford, OR	1,213	1	627	562	24
41	MSY	New Orleans, LA	1,107	1	266	842	0
42	JFK	New York, NY	1,103	1	433	670	0
43	MCI	Kansas City, MO	1,045	1	604	441	0
44	TPA	Tampa, FL	1,043	1	603	441	0
45	AUS	Austin, TX	1,003	1	635	301	67
46	OMA	Omaha, NE	944	1	571	373	0
47	MIA	Miami, FL	915	1	474	424	18
48	LGA	New York, NY	843	0	35	808	0
49	SAT	San Antonio, TX	818	0	491	327	0
50	CMH	Columbus, OH	712	0	386	327	0
Domestic			175,481	100	92,128	73,829	9,524
International			16,335	N/A	5,265	10,515	554
Total all markets			191,816	N/A	97,393	84,344	10,079

TABLE B.12 SLE TOP 50 MARKETS

RANK	CODE	AIRPORT	SLE TRUE MARKET	% OF DOMESTIC	ORIGIN AIRPORT	
					PDX	EUG
1	LAS	Las Vegas, NV	103,144	5	95,376	7,768
2	PHX	Phoenix, AZ	94,421	4	84,700	9,720
3	LAX	Los Angeles, CA	92,593	4	82,166	10,427
4	SAN	San Diego, CA	79,176	3	70,618	8,557
5	SFO	San Francisco, CA	77,639	3	56,328	21,310
6	DCA	Washington DC	68,874	3	60,524	8,350
7	DEN	Denver, CO	63,100	3	56,453	6,646
8	SNA	Orange County, CA	60,566	3	57,533	3,032
9	ORD	Chicago, IL	59,278	3	54,501	4,777
10	BOI	Boise, ID	56,287	2	54,251	2,035
11	MCO	Orlando, FL	55,622	2	52,258	3,365
12	SLC	Salt Lake City, UT	43,866	2	37,718	6,148
13	HNL	Honolulu, HI	43,368	2	41,789	1,579
14	ATL	Atlanta, GA	40,543	2	36,722	3,822
15	SMF	Sacramento, CA	39,629	2	35,725	3,905
16	RNO	Reno, NV	38,508	2	35,849	2,659
17	IAD	Washington DC	38,300	2	35,600	2,700
18	DFW	Dallas, TX	37,428	2	35,101	2,326
19	SJC	San Jose, CA	36,389	2	35,725	665
20	OAK	Oakland, CA	36,348	2	35,558	789
21	BOS	Boston, MA	32,401	1	28,372	4,029
22	MFR	Medford, OR	29,577	1	29,452	125
23	SEA	Seattle, WA	28,995	1	19,981	9,014
24	BWI	Baltimore, MD	27,790	1	25,215	2,575
25	OGG	Kahului, HI	27,292	1	26,461	831

RANK	CODE	AIRPORT	SLE TRUE MARKET	% OF DOMESTIC	ORIGIN AIRPORT	
					PDX	EUG
26	ONT	Ontario, CA	27,126	1	24,550	2,575
27	IAH	Houston, TX	26,627	1	24,799	1,828
28	MSP	Minneapolis, MN	26,087	1	23,678	2,409
29	GEG	Spokane, WA	24,966	1	23,470	1,495
30	PHL	Philadelphia, PA	24,135	1	22,473	1,662
31	ABQ	Albuquerque, NM	23,512	1	21,102	2,409
32	LGA	New York, NY	23,262	1	21,642	1,620
33	EWR	Newark, NJ	21,892	1	20,438	1,454
34	SAT	San Antonio, TX	21,559	1	19,648	1,911
35	MCI	Kansas City, MO	21,435	1	19,648	1,786
36	STL	St Louis, MO	21,227	1	19,150	2,077
37	PSP	Palm Springs, CA	20,313	1	17,945	2,368
38	IND	Indianapolis, IN	19,565	1	17,779	1,786
39	FLL	Fort Lauderdale, FL	19,150	1	18,319	831
40	TPA	Tampa, FL	18,984	1	17,364	1,620
41	TUS	Tucson, AZ	17,073	1	13,293	3,780
42	BNA	Nashville, TN	16,948	1	15,578	1,371
43	MSY	New Orleans, LA	16,741	1	15,328	1,412
44	MSN	Madison, WI	16,533	1	14,082	2,451
45	BUR	Burbank, CA	16,325	1	15,245	1,080
46	MIA	Miami, FL	15,287	1	13,874	1,412
47	ANC	Anchorage, AK	14,664	1	13,501	1,163
48	OMA	Omaha, NE	13,334	1	13,044	291
49	DTW	Detroit, MI	13,251	1	12,213	1,039
50	RDU	Raleigh-Durham, NC	12,794	1	11,880	914
Domestic			2,282,383	100	2,063,965	218,418
International			169,558	N/A	161,173	8,385
Total all markets			2,451,941	N/A	2,225,137	226,804

AIRPORT CATCHMENT AREA (ACA)

The geographic area surrounding an airport from which that airport can reasonably expect to draw passenger traffic. The airport catchment area is sometimes called the service area.

AIRPORT CODES

- ALW Walla Walla, WA
- AST Astoria, OR
- BFI Seattle (Boeing Field), WA
- BOI Boise, ID
- CLM Port Angeles, WA
- DCA Washington DC (National)
- DEN Denver, CO
- DFW Dallas-Ft. Worth, TX
- EAT Wenatchee, WA
- EUG Eugene, OR
- EWK Newark, NJ
- GEG Spokane, WA
- IAD Washington DC (Dulles)
- IAH . . Houston (Intercontinental), TX
- JFK New York (Kennedy), NY
- LAS Las Vegas, NV
- LAX Los Angeles, CA
- LMT Klamath Falls, OR
- LWS Lewiston, ID
- MFR Medford, OR
- MWH Moses Lake, WA
- ONP Newport, OR
- ORD Chicago (O'Hare), IL
- PDT Pendleton, OR
- PDX Portland, OR
- PHX Phoenix, AZ
- PSC Pasco, WA
- PUW Pullman, WA
- RBG Roseburg, OR
- RDM Redmond, OR
- RNO Reno, NV
- SEA Seattle-Tacoma, WA
- SFO San Francisco, CA
- SLC Salt Lake City, UT
- SLE Salem, OR
- SMF Sacramento, CA
- YKM Yakima, WA

CIRCUITY

Miles passengers travel on their origin and destination itinerary as a percent of the shortest itinerary miles receiving service by a single carrier.

CODESHARE(S), CODESHARE PARTNERS, AND CODESHARE AGREEMENTS

A marketing practice in which two airlines share the same two-letter code used to identify carriers in the computer reservation systems used by travel agents.

DESTINATION AIRPORT

Any airport where the air traveler spends four hours or more. This is the FAA definition.

DIRECT FLIGHT

A direct flight provides same-plane service between two points, but stops at an intermediate airport(s).

DIVERTED PASSENGERS (DIVERSION)

Passengers who do not use the local airport for air travel, but instead use a competing airport to originate the air portion of their trip.

ENPLANEMENT

A passenger boarding a commercial aircraft.

FAA

Acronym for the Federal Aviation Administration.

GDS AND CRS

Acronyms for Global Distribution Systems, also known as Computer Reservation Systems. There are four Global Distribution Systems in the United States, including Amadeus, Galileo International (Apollo), Sabre, Inc., and Worldspan.

HUB

An airport used by an airline as a transfer point to get passengers to their intended destination. It is part of a hub and spoke model, where travelers moving between airports not served by direct flights change planes en route to their destination. Also an airport classification system used by the FAA (e.g., non-hub, small hub, medium hub, and large hub).

HUB FEEDER SERVICE

Service that enables a carrier to provide service options to multiple airports served by the system. It entails the use of a strategically located airport (the hub) as a passenger exchange point for flights to and from outlying towns and cities (the spokes).

INTERLINE CONNECTION OR AGREEMENT

Contractual or formal agreements between airlines governing such matters as ticketing and baggage.

LOAD FACTOR

The percentage of airplane capacity that is used by passengers. The load factor is capped when total estimated passengers exceed the estimated maximum achievable load factor on the aircraft. Load factors for 19-seat turboprops are capped at 65 percent, 30- and 37-seat turboprops are capped at 70 percent, and 50-seat regional jets are capped at 80 percent.

LOCAL MARKET SIZE

Represents the number of travelers between a specific origin and destination.

MIDT

Acronym for Marketing Information Data Tapes provided by the Global Distribution Systems.

NONSTOP FLIGHT

Air travel between two points without stopping at an intermediate airport.

NWRASI

Acronym for the Northwest Regional Air Service Initiative funded by a 2005 Small Community Air Service Development Program grant. The NWRASI is a regional program created by the Oregon Department of Aviation, Washington Department of Transportation – Aviation, Oregon Airport Management Association, Washington Airport management Association, and the US Department of Transportation.

ONBOARD PASSENGER

The number of revenue passengers on an aircraft flight segment that includes local origin and destination passengers, through passengers, and connecting passengers.

ORIGIN AND DESTINATION (O&D) PASSENGERS

Includes all originating and destination passengers. In the context of this report, it describes the passengers arriving and departing an airport.

ONLINE

Transferring to another flight on the same airline (including express affiliates).

ORIGINATING AIRPORT

The airport used by an air traveler for the first enplanement of a commercial air flight.

PAX

Abbreviation for passengers.

PDEW

Acronym for passengers daily each way.

POINT-TO-POINT SERVICE

Nonstop service that does not stop at an airline's hub and whose primary purpose is to carry local traffic rather than connecting traffic.

REGIONAL JETS

A small, jet-engine airliner designed to fly between 35 and 100 passengers.

RETAINED PASSENGERS (RETENTION)

Passengers who use the local airport for air travel instead of using a competing airport to originate the air portion of their trip.

SCHEDULED AIR SERVICE

Flights provided between cities at pre-planned departure and arrival times.

SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM (SCASDP)

Grant program administered by the US DOT to address air service issues in small communities.

TAG SERVICE

An extension of a primary market nonstop flight to and from an additional market (airport) for the express purpose of carrying one-stop passengers and little or no expectation of carrying local passengers between the "tag" cities.

TIME-OF-DAY COVERAGE

That part of a 24-hour day where air service (non-stop and/or connecting) is available generally within the 6 a.m. to 10 p.m. period.

TRAVEL FACTOR

Propensity of catchment area population to travel by air.

TRUE MARKET (MARKET POTENTIAL)

The true market is the total number of travelers, including those who are using a competing airport, in the geographic area served by the local airport. The true market estimate includes the size of the total market as well as estimates for specific destinations.

TURBOPROP AIRCRAFT

A type of engine that uses a jet engine to turn a propeller. Turboprops are often used on regional and business aircraft because of their relative efficiency at speeds slower than, and altitudes lower than, those of a typical jet.

US DOT

Acronym for United States Department of Transportation.