



Sun Country Airlines

Proposal to provide Essential Air Service for:

Eau Claire, WI

DOT-OST-2009-0306

June 2024

June 15, 2024

Scott Faulk
United States Department of Transportation
Office of Aviation Analysis
1200 New Jersey Ave SE
Washington, D.C. 20590

Re: Sun Country Airlines' Essential Air Service Proposal for Eau Claire, Wisconsin

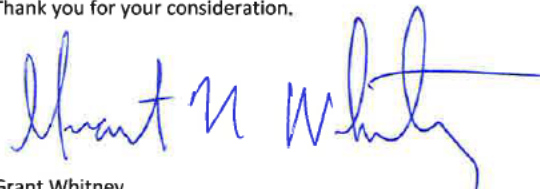
Dear Mr. Faulk:

Attached is Sun Country Airlines' proposal to continue to provide air service from Eau Claire, WI (EAU) to Minneapolis-St. Paul International Airport (MSP), Fort Myers international Airport (RSW), Orlando International Airport (MCO), and/or Las Vegas Harry Reid International Airport (LAS).

Sun Country would offer the most diverse opportunity for service to the Eau Claire community based on the number of nonstop destinations offered. If selected, Sun Country will offer 512 annual flights for a 46-month term utilizing Boeing 737 aircraft. Flights to our hub in Minneapolis-St. Paul will be available year-round and offer seamless connections to Sun Country Airlines' large network of over 100 destinations. During peak demand, Sun Country will also offer seasonal, twice weekly nonstop service to additional destinations important to the community.

Our proposed combination of popular nonstop destinations for the community coupled with connection opportunities via our Minneapolis-St. Paul hub will provide passengers with quality air service to continue stimulating economic growth in the community as we have under our current bid.

Thank you for your consideration.



Grant Whitney

Chief Revenue Officer

Sun Country Airlines

Company Introduction



Company Facts

- Founded: 1982
- Number of Operating Aircraft: 43 passenger, 12 freighter
- Aircraft Type: Boeing 737-800 (186 seats)
- Number of New Markets Announced for 2024: 14
- Number of Employees: 2700+ employees, predominantly based in Minnesota
- Headquarters: Minneapolis, Minnesota

Overview

Sun Country is a unique low-cost airline focused on leisure travel that utilizes a flexible capacity model, focusing on periods of peak demand.

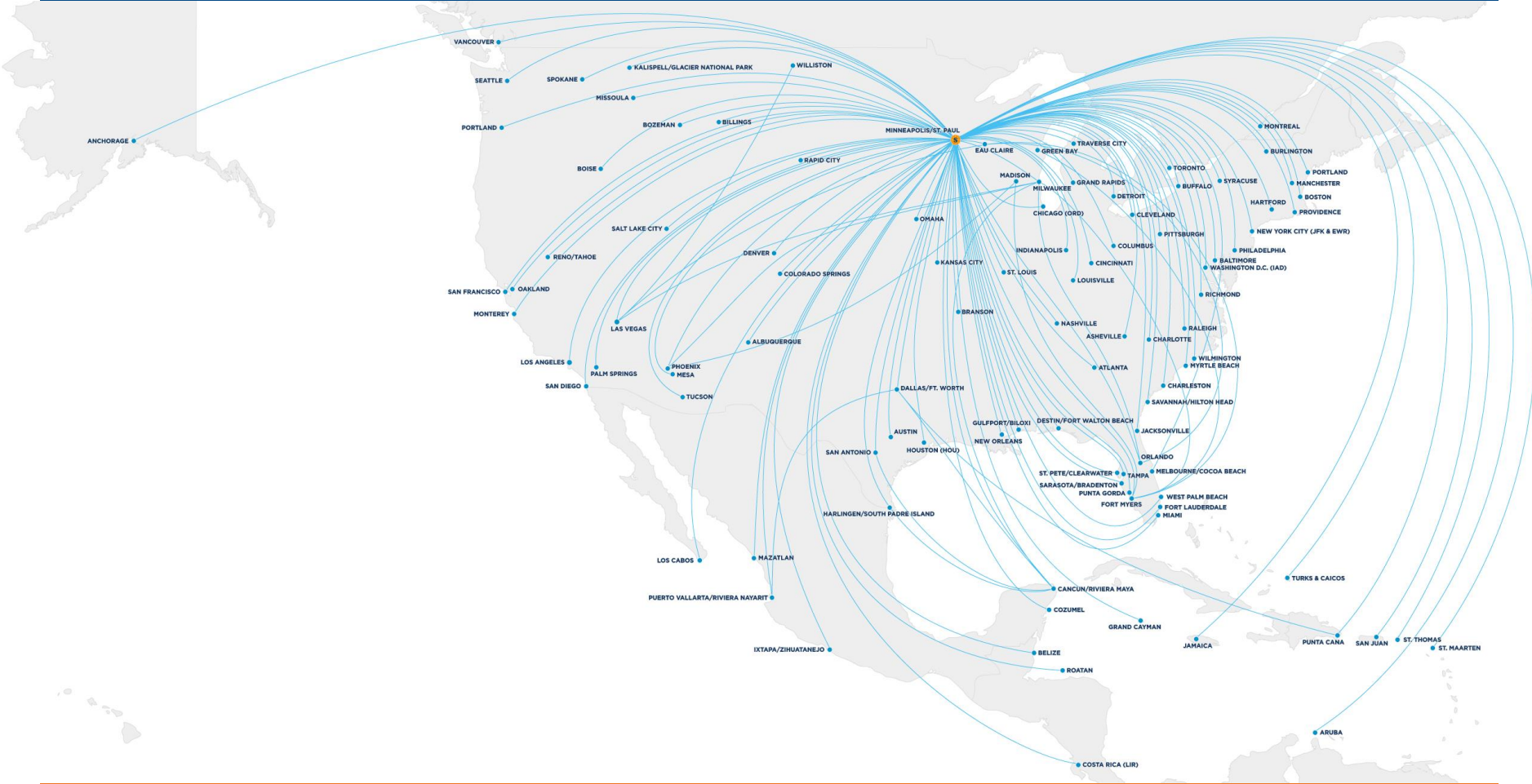
We serve airports throughout the United States, Canada, Mexico, Central America, and the Caribbean. Our focus has been on serving markets out of Minneapolis-St. Paul, particularly core leisure markets (Orlando, Fort Myers, Phoenix, and Las Vegas).

Sun Country is a leader in the U.S. narrowbody charter space. Charter customers include professional and college sports teams, United States military, casinos, and others. Additionally, we operate twelve 737-800 freighters for Amazon.

	Weighted Average Seat Pitch	Seat Recline	Complimentary In-Flight Entertainment	In-Seat Power	Free Beverage
	31"	✓	✓	✓	✓

Sun Country offers a high-quality product for value conscious passengers

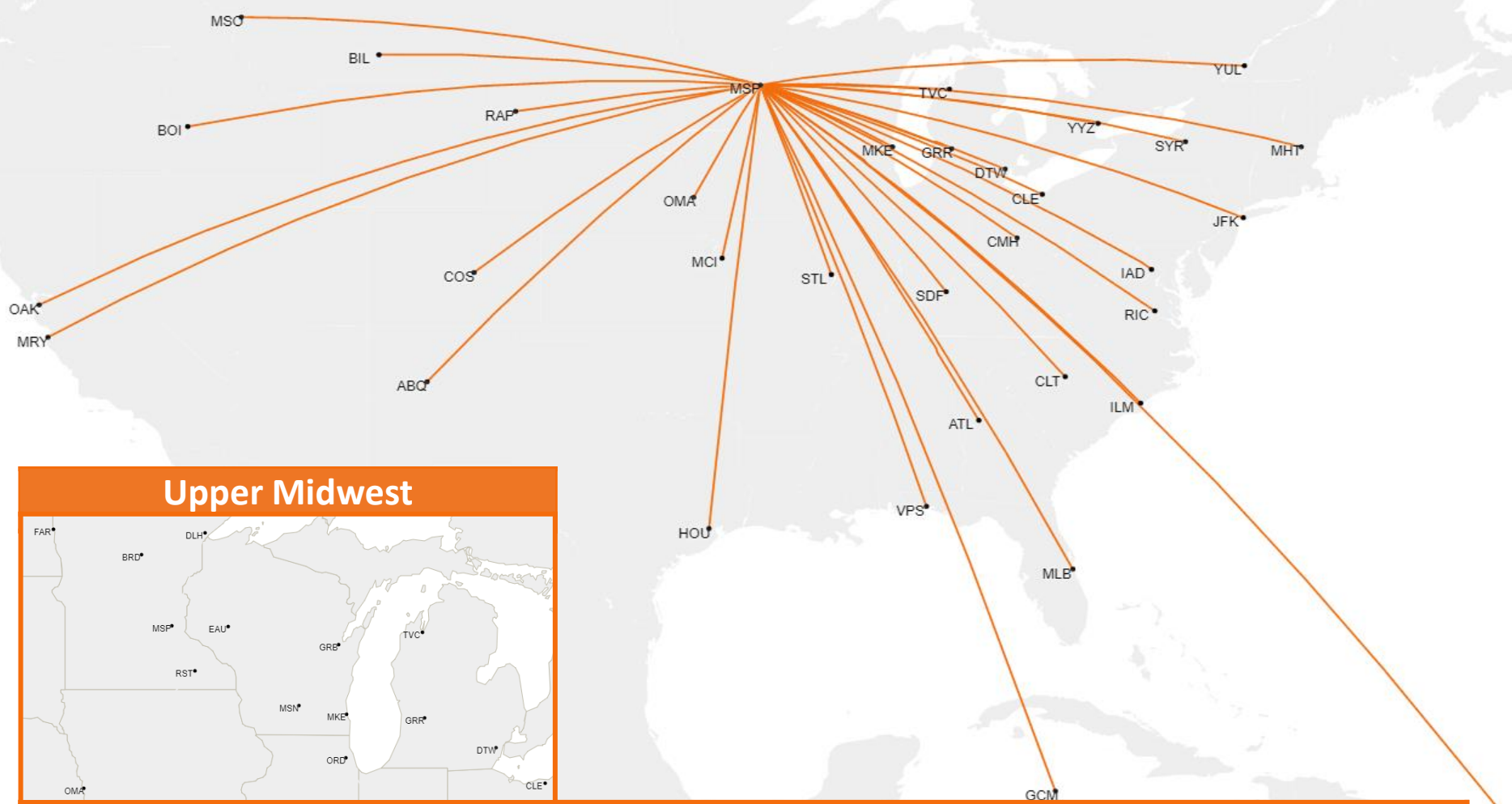
Broad and Growing Scheduled Service Network



Over 100 destinations served from Minneapolis, providing key connection opportunities

Sun Country Network Growth

33 markets have been added from MSP since our previous Eau Claire EAS award



Recent growth has created access to dozens of additional cities via MSP

*Maps as of June 1, 2024

Previous EAU EAS Award

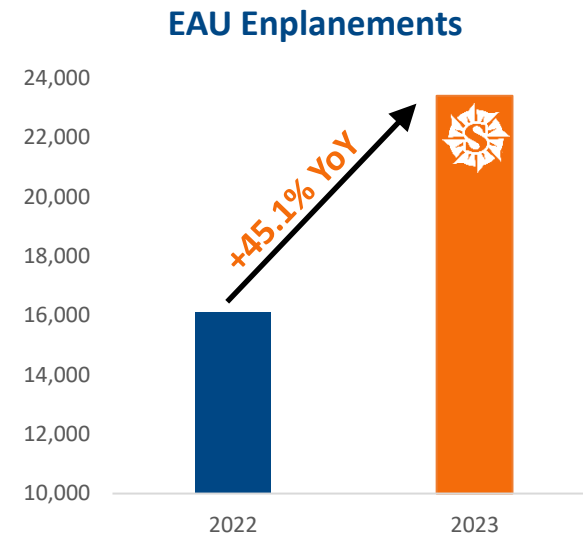
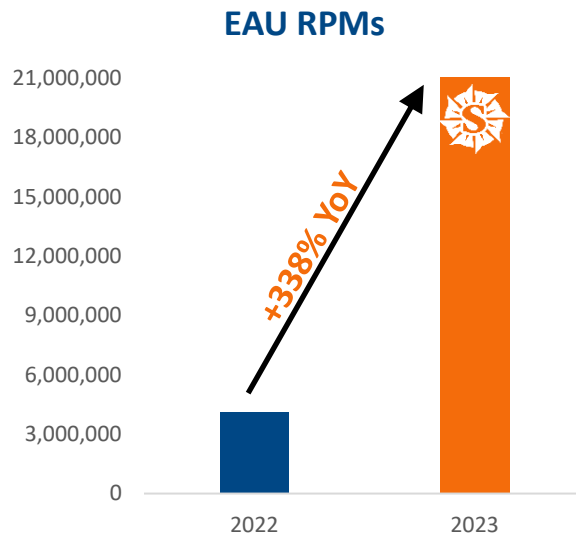


Sun Country's growth of the Eau Claire market leads to the most enplanements in 15 years.

On July 13, 2022, Sun Country Airlines received its first EAS contract when the DOT selected the airline to provide service between Eau Claire, Wisconsin (EAU) and Fort Myers, FL; Las Vegas, Nevada; Minneapolis, Minnesota; and Orlando, Florida.

During the 2023 calendar year, revenue passenger miles (RPMs) from EAU were up 338% with Sun Country service over the same period in 2022. Passenger enplanements in EAU were up 45.1% over the same period. Under the first full calendar year of Sun Country air service, the number of enplanements at EAU was the greatest since 2009.¹

Since SY service began in December 2022, completion factor is over 99%, including 100% completion factor on all non-MSP flights at EAU.²



Increase in RPMs and enplanements confirms support of nonstop service to popular leisure destinations during peak periods of travel.

¹ Source: Cirium data pulled April 4, 2024

² Statistics as of June 1, 2024

A diverse proposal that offers four nonstop destinations and an opportunity to further stimulate economic growth in the community

- Year-round service between Minneapolis and Eau Claire, offering connections to Sun Country's network of over 100 destinations from MSP
- Seasonal service to key markets during peak demand:
 - Fort Myers, FL (RSW)
 - November through April
 - Orlando, FL (MCO)
 - May through August
 - Las Vegas, NC (LAS)
 - August through November
- Sun Country's bid will offer a 28% increase in flights per year over our current contract, including an increase of MSP flights by over 37%
- The new bid offers a 21.6% decrease in subsidy per block hour and a 9.4% decrease in subsidy per passenger over our current contract
- 46-month bid displays Sun Country's continuing commitment to serve the Eau Claire community through at least the end of the sunset period for routes over 650 miles as set by the 2024 FAA Reauthorization Bill



Eau Claire, WI – EAS Proposal



Sun Country proposes continuing year-round service to MSP along with seasonal service to large leisure destinations (Fort Myers, Orlando, and Las Vegas)

	EAU-MSP	EAU-RSW	EAU-MCO	EAU-LAS	Total
Operating Stats (Annual)					
Aircraft Type	737-800/900	737-800/900	737-800/900	737-800/900	
Seats per departure	186 - 200	186 - 200	186 - 200	186 - 200	
Weekly round trips	2.8	1.1	0.6	0.5	
Season	Year round	Nov-Apr	May-Aug	Sep-Nov	
Annual departures	288	110	66	48	512
Stage length (miles)	85	1,375	1,264	1,380	
Block hours per departure	0.8	3.4	3.2	3.3	
Passenger Revenue					
Passengers	17,142	16,368	9,821	6,696	50,027
Load Factor	32%	80%	80%	75%	53%
Revenue per passenger	\$46	\$124	\$109	\$96	\$91
Total revenue	\$788,521	\$2,029,632	\$1,070,467	\$642,816	\$4,531,436
Expenses					
Direct expense	\$1,975,663	\$2,850,677	\$1,676,199	\$1,262,114	\$7,764,653
Indirect expense	\$1,035,442	\$1,095,974	\$636,372	\$478,243	\$3,246,030
Marketing expense	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
Total expense	\$3,021,104	\$3,956,651	\$2,322,571	\$1,750,357	\$11,050,684
Operating profit/(loss)	(\$2,232,583)	(\$1,927,019)	(\$1,252,104)	(\$1,107,541)	(\$6,519,247)
Profit Element (5%)					
	\$39,426	\$101,482	\$53,523	\$32,141	\$226,572
Annual subsidy requirement (Year 1)	\$2,272,009	\$2,028,501	\$1,305,627	\$1,139,682	\$6,745,819
Annual subsidy requirement (Year 2)	\$2,340,170	\$2,089,356	\$1,344,796	\$1,173,872	\$6,948,194
Annual subsidy requirement (Year 3)	\$2,410,375	\$2,152,036	\$1,385,140	\$1,209,088	\$7,156,640
Subsidy per departure (Year 1)*	\$7,889	\$18,441	\$19,782	\$23,743	\$13,175
Subsidy per passenger (Year 1)	\$133	\$124	\$133	\$170	\$135

Month	EAU-MSP	EAU-RSW	EAU-MCO	EAU-LAS	Total
January	24	18			42
February	24	16			40
March	24	36			60
April	24	18			42
May	24		18		42
June	24		18		42
July	24		18		42
August	24		12	4	40
September	24			16	40
October	24			16	40
November	24	4		12	40
December	24	18			42
Total	288	110	66	48	512

- Proposal of Years 1-3
 - Year 4 (10-months) on next page
- MCO seasonal service will end before LAS seasonal service resumes
- LAS seasonal service will end before RSW seasonal service resumes

*Annual Escalation: 3%

Eau Claire, WI – EAS Proposal



Year 4 will constitute of a 10-month period (Dec 2027 - Sep 2028), coinciding with the sunset of the 2024 FAA Reauthorization Act for routes 650+ miles

	EAU-MSP	EAU-RSW	EAU-MCO	EAU-LAS	Total
Operating Stats (Annual)					
Aircraft Type	737-800/900	737-800/900	737-800/900	737-800/900	
Seats per departure	186 - 200	186 - 200	186 - 200	186 - 200	
Weekly round trips	2.3	1.0	0.6	0.2	
Season	Year round	Nov-Apr	May-Aug	Sep-Nov	
Annual departures	240	106	66	20	432
Stage length (miles)	85	1,375	1,264	1,380	
Block hours per departure	0.8	3.4	3.2	3.3	
Passenger Revenue					
Passengers	14,285	15,773	9,821	2,790	42,668
Load Factor	32%	80%	80%	75%	53%
Revenue per passenger	\$46	\$124	\$109	\$96	\$93
Total revenue	\$657,101	\$1,955,827	\$1,070,467	\$267,840	\$3,951,235
Expenses					
Direct expense	\$1,799,050	\$3,001,739	\$1,831,628	\$574,644	\$7,207,061
Indirect expense	\$942,879	\$1,095,974	\$636,372	\$199,268	\$2,874,493
Marketing expense	\$10,000	\$10,000	\$10,000	\$4,000	\$34,000
Total expense	\$2,751,929	\$4,107,713	\$2,478,000	\$777,912	\$10,115,554
Operating profit/(loss)	(\$2,094,828)	(\$2,151,885)	(\$1,407,533)	(\$510,072)	(\$6,164,319)
Profit Element (5%)					
	\$32,855	\$97,791	\$53,523	\$13,392	\$197,562
Annual subsidy requirement (Year 4)	\$2,127,683	\$2,249,677	\$1,461,056	\$523,464	\$6,361,881
Subsidy per departure	\$8,865	\$21,223	\$22,137	\$26,173	\$14,727
Subsidy per passenger	\$149	\$143	\$149	\$188	\$149

Month	EAU-MSP	EAU-RSW	EAU-MCO	EAU-LAS	Total
December	24	18			42
January	24	18			42
February	24	16			40
March	24	36			60
April	24	18			42
May	24		18		42
June	24		18		42
July	24		18		42
August	24		12	4	40
September	24			16	40
Total	240	106	66	20	432

- MCO seasonal service will end before LAS seasonal service resumes



For additional information on Sun Country Airlines, please visit ir.suncountry.com

Correspondence regarding this proposal should be addressed to:

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Chief Revenue Officer

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