

Order 2005-6-14
Served: June 20, 2005



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

Issued by the Department of Transportation
on the 15th day of June, 2005

Essential Air Service at

**BURLINGTON, IOWA
CAPE GIRARDEAU, MISSOURI
FT. LEONARD WOOD, MISSOURI
JACKSON, TENNESSEE
MARION/HERRIN, ILLINOIS
OWENSBORO, KENTUCKY
KIRKSVILLE, MISSOURI**

**Docket OST-2001-8731
Docket OST-1996-1559
Docket OST-1996-1167
Docket OST-2000-7857
Docket OST-2000-7881
Docket OST-2000-7855
Docket OST-1997-2515**

Under 49 U.S.C. 41731 *et seq.*

**ORDER RESELECTING CARRIER AND TERMINATING
SHOW-CAUSE PROCEEDING**

Summary

By this order, the Department is reselecting RegionsAir, Inc. d/b/a American Connection, formerly known as Corporate Airlines (RegionsAir), to provide subsidized essential air service (EAS) at each of the above communities for a new two-year period from June 1, 2005, through May 31, 2007, for a combined annual subsidy of \$7,306,249. Also by this order, the Department is terminating the show-cause proceeding tentatively terminating subsidy at Kirksville, Missouri, as RegionsAir's selected proposal is below the \$200-per-passenger cap. An area map is attached as Appendix A.

Background

RegionsAir is the only carrier providing scheduled service at each community. The carrier was selected to provide EAS at each community through five carrier-selection proceedings.¹ As those contracts expired, the Department issued Order 2003-5-12, May 14, 2003, which set final subsidy rates for RegionsAir's provision of EAS from the expiration of their respective contracts at each community at their existing service levels as shown below:

Community	Order 2003-5-12 Annual Subsidy	Number of Weekly Round Trips to St. Louis
Burlington, IA	\$999,412	18
Cape Girardeau, MO	\$990,694	19
Ft. Leonard Wood, MO	\$885,918	18
Kirksville, MO	\$968,249	12
Jackson, TN	\$1,156,325	12
Marion, IL	\$1,253,076	26
Owensboro, KY	\$1,032,673	12
Total - all communities	<u>\$7,286,347</u>	

On December 22, 2004, we issued Order 2004-12-13, soliciting proposals from carriers that might be interested in serving one or more of the above communities. As is our normal practice, the order did not preclude prospective carriers from submitting individual proposals for providing service at any combination of from one to all seven of the above communities.

Termination of Show-Cause Proceeding at Kirksville

In Order 2004-12-13, we also tentatively terminated Kirksville's subsidy eligibility because the subsidy per passenger exceeded the statutory ceiling of \$200, based on the community's recent traffic history and RegionsAir's existing subsidy rate. As is our standard practice in such cases, we gave the community an opportunity to object to our tentative determination, and to work with one or more carriers to submit a proposal that met the \$200 per-passenger standard. In response, several carriers submitted proposals under the \$200 per-passenger cap. Thus, we will terminate the show-cause proceeding and continue the subsidy eligibility of Kirksville as long as the subsidy-per-passenger remains below \$200.

¹ Order 2001-6-16, June 21, 2001 for Burlington; Order 2000-5-3, May 2, 2000, for Cape Girardeau and Ft Leonard Wood; Order 2001-3-21, March 21, 2001, for Jackson and Owensboro; Order 2000-12-27, December 29, 2000, for Marion/Herrin; and Order 2000-10-33, October 27, 2000, for Kirksville.

Carrier Proposals

Five carriers submitted a total of 37 proposals to provide EAS to one or more of the seven communities. RegionsAir submitted six options, all of which would provide nonstop service to St. Louis with 19-seat Jetstream aircraft. Mesa Air Group d/b/a Air Midwest submitted 21 options to serve various combinations of communities nonstop, or in some cases one-stop, to Kansas City, Nashville, St. Louis, and/or Chicago Midway, all with 19-seat Beech 1900s. Great Lakes Aviation, Ltd., submitted a single proposal to serve all of the communities except Kirksville, using 19-seat Beech 1900Ds. Multi-Aero d/b/a Air Choice One, Inc., submitted eight proposals to serve from one to three of the seven communities with either nine-seat, Beech KingAir 200s or nine-seat, Cessna Caravans. Mesaba Aviation Inc., d/b/a Northwest Airlink, submitted a single proposal to serve Jackson, Tennessee, with 34-seat Saab 340s. A complete listing of all the proposals is summarized as Appendix B. Other than for Mesaba, which proposed to serve only Jackson, the carriers submitted each of their options as an indivisible package. For example, Great Lakes stated in their proposal that it was “bidding these points (six communities) as a package, as we have bid the costs in the proposal assuming a certain level of efficiency which is dependent upon the size of the operation.” Thus, while we received a total of 37 proposals from 5 carriers, a number of the proposals could not be considered because it is not possible to pair those proposals with others that would result in service to all seven communities, or into a package that would meet the minimum service level required at each community.

Community and State Comments

By letter dated February 9, 2005, the Department solicited comments from all seven communities. In addition, we indicated in Order 2004-12-13 that public officials from the communities and the states were welcome to submit comments concerning the carrier-selection decision at any time. At the request of officials from two of the communities, we extended the original due date for community comments from February 25, 2005, to March 25.

In a letter dated March 5, 2005, the Chairman of the Southeast Iowa Regional Planning Commission stated that he thought Air Midwest’s proposed “connections to Kansas City and Chicago...seem to be the best available option” to serve Burlington. The community’s preference for Mesa was supported by the Director of the State of Iowa’s Office of Aviation who stated, “(T)he [Air Midwest] proposal would provide the service that would most enhance air service for southeast Iowans.”

In a joint letter dated March 22, 2005, the Chairman, Vice Chairman and Secretary/Treasurer of the Southeast Iowa Regional Airport Authority, offered a number of reasons why they supported a change in carriers from RegionsAir to Air Midwest, including a steady decline in enplanements since 2000 and a resulting decline in airport revenues. In part, the letter stated, “the change from TWA to American, and the drastic reduction in flights out of St. Louis has created a severe impact on our boardings, . . . [a]

substantial reduction of revenue for the Airport Authority and has had a severe impact on businesses operated on the airport (the loss of a car rental company was cited as an example).” The Authority mentioned that even though Air Midwest does not have a code-share agreement at Chicago-Midway, the carrier does have interline arrangements with several carriers, and they “would see this [Air Midwest’s Chicago-Midway service] as the best option for our community.” Finally, the Authority’s letter mentioned that of the carriers they interviewed, only Air Midwest offers any hope of re-implementing a 4th daily round trip, and with “three flights to Chicago Midway and one flight to Kansas City, we feel we will obtain the numbers to remove us from dependency of the EAS subsidy.” Burlington’s preference for Air Midwest was also supported by numerous emails from individuals in the community.

The March 24, 2005, letter from the City Manager of Cape Girardeau notes that the Mayor and City Council approved the findings and recommendations of the Cape Girardeau Regional Airport Advisory Board and the Airport’s Administration endorsing either Proposal #3 or #4 submitted by RegionsAir as the two proposals the City favors because both proposals would offer the community an additional daily round trip to St. Louis. The letter also notes “there are more flights with connections to more destinations out of St. Louis than those available out of Chicago Midway,” and with RegionsAir’s code-share agreement with American Airlines, “lower fares are one of the resulting benefits.” The community also expressed concern “regarding the long flight time associated with travel between Cape Girardeau and Chicago Midway and the potential hesitation of Cape Girardeau passengers to travel that length of time [1 hour and 45 minutes, or longer] without bathroom facilities onboard the aircraft.”

In a letter dated March 20, 2005, the airport manager of the Marion/Herrin airport stated, “The Williamson County Airport Authority, along with the City of Herrin and the City of Marion, have reviewed the air service proposals submitted under the EAS program, and recommend the proposal provided by Corporate Airlines [RegionsAir] and its existing service.” We also received an email from the manager of the TNT travel agency in Harrisburg, Illinois, which stated that he represented “a segment of the travel agency group servicing Southern Illinois,” and “we have experienced outstanding service with the current carrier -- Corporate Air who operates in conjunction with AA [American Airlines], servicing the STL [St. Louis] terminal. We strongly suggest you maintain the current carrier.”

The Mayor of the City of Waynesville, Missouri, representing Fort Leonard Wood, in a letter dated March 24, 2005, supports the selection of RegionsAir’s proposal #1.² He stated, “we believe that the competing proposals simply do not provide an adequate level of online connectivity when compared to the service provided by Corporate/RegionsAir,

² The City of Waynesville is the civilian sponsor of the existing joint-use agreement with the U.S. Army involving the Waynesville Regional Airport at Forney Field (WRAFF), located at Fort Leonard Wood, Missouri.

operating as American Connection through St. Louis,” and “the code-share agreement with American Airlines . . . offers the convenience of through fares and ticketing, baggage transfer, and nonstop flights from St. Louis to many of our region’s top origination and destination markets.” We also received a letter from the Commanding Officer of Ft. Leonard Wood, who endorsed the importance of their continued service to St. Louis, but did not endorse a particular carrier or proposal.

We received numerous letters from the cities and counties served by the Mckellar-Sipes Regional Airport at Jackson, Tennessee. In addition, we received letters from the Jackson Area Chamber of Commerce, the West Tennessee Industrial Association, and the Mayors of Lexington, Henderson, Humboldt, and Madison County, all supporting the selection of Mesaba. The March 1, 2005, letter from the Chairman of the Jackson-Madison County Airport Authority, supports Mesaba’s proposal and in response to its current service states that the Chamber of Commerce,

“...recently sponsored a number of meetings with various segments of their membership to discuss air service issues. It is clear from their responses that the current service to St. Louis is unacceptable and a change is needed. High ticket prices and the lack of reasonable connections has resulted in a 66% reduction in local boardings during the last three years. In addition, it appears that the carrier has changed our flight schedules to maximize aircraft usage rather than accommodate local business travelers. We see no indication that AmericanConnection’s St. Louis service will improve.”

On March 22, 2005, we received a letter from the Owensboro-Daviess County Airport Board, signed by the Mayor of the City of Owensboro, the Chief Executive of Daviess County, the Chairman of the Airport Board, and the Airport Manager.³ The letter states that the Airport Board and the local Chamber of Commerce had reviewed the proposals, historical passenger enplanement data for the area, and two passenger surveys that were recently conducted by the Board and the Chamber’s Air Service Selection Committee. While they were very satisfied with the service provided by RegionsAir, “they were concerned about the viability of our connecting hub in St. Louis . . . since American Airlines reduced their departures from over 400 flights a day to 207 flights a day.” The letter also mentions that the “reduction in frequency [at St. Louis] also drives ticket prices higher due to the lack of available seats at reduced fares,” and that “our enplanements numbers have dropped *so* significantly that we are now approaching the subsidy cap and we could lose our airline service altogether if we don’t increase our boardings.” (emphasis

³ We note that Owensboro has received a grant under the Small Community Air Service Development Program. 49 U.S.C. 41743. The community has used a portion of their grant to support an additional St. Louis round trip with RegionsAir.

in original). In order of preference, they rank Air Midwest's proposal #2 first, followed by #12, #21, and #1, with RegionsAir's proposal #5, last.

As we stated earlier (due to the fact that we received carrier proposals that would put the subsidy level below \$200), this selection order terminates the show-cause proceeding and continue the subsidy eligibility of Kirksville. Kirksville objected to the tentative decision we had reached to terminate the subsidy-eligibility of the community. The City Manager's letter of March 24, 2005, stated "it is our request that you strongly consider MESA Airlines [Air Midwest] for EAS service to Kirksville." Her letter goes on to state:

"Our community has experienced cancellations in part due to a shortage of trained pilots [RegionsAir's current service]. Since Kirksville was the smaller market, our flights were the first to be cancelled. The cancellations, along with others that have occurred, have not done well to foster an assurance to waiting passengers that they will make their destinations. MESA Air, due to its size and the type of aircraft used, has greater opportunities for those pilots that they train, thus increasing their ability to retain pilots, and in turn meeting flight requirements. With option 21 [proposal #21], MESA is offering Kirksville three roundtrips to Chicago, which is the main destination for our travelers to and from our region."

Decision

After carefully reviewing the various issues and concerns in this case, including the comments submitted by the communities and the State of Iowa, we have decided to select RegionsAir's *status quo* proposal, #1, to serve all seven communities for the two-year period from June 1, 2005, through May 31, 2007, at a combined annual subsidy of \$7,306,249 -- slightly above the carrier's current subsidy of \$7,286,347.

In selecting a carrier to provide subsidized EAS, 49 U.S.C. section 41733(c)(1) directs us to consider four factors: (a) scheduled service reliability; (b) contractual and marketing arrangements with a large carrier to ensure service beyond the hub; (c) interline arrangements the applicant has made with a large carrier at the hub; and (d) community views, giving substantial weight to the views of the elected officials representing the users. In addition, we historically give weight to the applicants' relative subsidy requirements.

This was a difficult decision based on the number of proposals presented and the fact that all of the applicants, with the exception of Multi-Aero, are current providers of EAS and have demonstrated their ability to provide reliable air service at other communities across the country. It is further complicated by the fact that the carriers' proposals cannot be broken apart. There is no combination of proposals that would provide each community with the service they support. This means we are faced with a decision that, by its very nature, must go against some of the communities' wishes. We also note that some

communities support service options that would provide more service than they currently receive, and we are not in a position to subsidize increased service levels. The EAS program is designed to ensure that every eligible community receives a safety-net level of service that provides access to the national air transportation system, which may not be the level of service that communities would like to receive.

As mentioned above, RegionsAir, Mesaba, Air Midwest, and Great Lakes all provide reliable EAS at a number of communities in the region and around the country. RegionsAir has a code-share arrangement with American Airlines, which has a large connecting complex at St. Louis. Mesaba is a code-share partner with, and wholly owned subsidiary of, Northwest Airlines. Great Lakes has code-share arrangements with United Air Lines and Frontier Airlines at Denver, but not at St. Louis. Air Midwest has code-share agreements with America West and US Airways, but not at either St. Louis or Chicago Midway, two of the four hubs it proposed here. Air Midwest hopes to attain a code share with American Trans Air (ATA) on "all routes into and out of Chicago Midway . . . in the near future." At one of the other two hubs, Kansas City, Air Midwest indicated that its operations there "would be as Mesa Airlines," although Air Midwest currently serves several communities to Kansas City as US Airways Express. The carrier also stated that it has a code-share agreement with Midwest Airlines at Kansas City, and would offer their code on all flights into that hub. At the last of its four proposed hubs, Nashville, Air Midwest proposes to serve Jackson, Owensboro, and Marion/Herrin as Mesa Airlines without a code-share agreement (proposals #1, #2, #12, #20, and #21). Finally, Multi-Aero does not have any code-share agreements, and, while it has successfully operated for many years as a charter carrier/air taxi, it has no history of providing scheduled service.

Many of the proposals can be dismissed rather easily. Those submitted by Great Lakes and Multi-Aero, for example, received no community support, and in the case of Multi-Aero, its aircraft do not meet the minimum service standards of the EAS program.⁴ Great Lakes' single proposal cannot be selected because it cannot be paired with a "Kirksville only" proposal from another carrier that would result in a level of service that meets the statutory minimums.⁵ Air Midwest's proposal #s 12 and 20 suffer from the same problem; they can only be paired with a proposal from Multi-Aero for Kirksville that does not meet the minimum EAS requirements.

Mesaba received very strong support from the communities in and around Jackson, Tennessee, but the carrier's single proposal at an annual subsidy of \$1,122,082, can only be paired with one of two Air Midwest proposals -- proposals that have combined annual subsidy requirements of either \$8,011,094 (proposal # 3), or \$7,917,320 (proposal #4),

⁴ For Multi-Aero to be selected to provide service under the EAS program, a community would have to waive its right to service with aircraft operated by two pilots, and having at least two engines and 15 passenger seats, something none of the three communities have done.

⁵ Multi-Aero was the only carrier to offer a "Kirksville only" proposal.

amounts that far exceed the \$7,306,249 proposal we are selecting. Moreover, Mesaba proposed to serve Jackson with two round trips per day to Memphis using 34-seat Saab 340 aircraft, providing a total of 44,574 annual seats in the market, producing load factors of 16.9% using 2003 passengers (7,525) or 12.2% using 2004 passengers (5,416).

Ten of Air Midwest's 21 proposals (#s 5, 6, 8, 9, 10, 11, 13, 14, 15, and 19) offer service at four or fewer of the seven communities, and cannot be combined with other service options to make a complete, seven-city package. Air Midwest's proposals #17 and #18 and #17 and #7 could be combined with each other to serve all seven communities, but Air Midwest made its option # 17 contingent on its being selected in the EAS case for Muscle Shoals, Alabama, a case where we did not select Air Midwest, thus, rendering option #17 moot, and all combinations paired with it.⁶ (In addition, the combined annual subsidy would be \$7,804,637 for #17 + #18 and \$7,885,320 for #7 + #17, so we would not select either combination in either event.) As a general matter, we would not select a proposal that required more subsidy, and that a community did not support, over a less expensive proposal that a community did support.

After reviewing all 37 proposals using the logic described above, we are left with only a handful of proposals to select from: RegionsAir's proposal #1 offering the same service the communities are currently receiving, and Air Midwest's proposals #1, #2, #16 and #21. Air Midwest's proposal #16 offers service to St. Louis that is very similar to RegionsAir's *status quo* proposal #1, and at lower cost -- annual subsidy of \$7,222,897 compared with RegionsAir's \$7,306,249 proposal -- a difference of \$83,352, or \$11,907 per community. However, Air Midwest's service would be provided at St. Louis without a code-share agreement, a statutory selection criterion. Moreover, the three communities that support Air Midwest (Burlington, Kirksville and Owensboro) do so in part because the carrier would serve a hub other than St. Louis. We will, thus, not select Air Midwest to provide St. Louis service.

Air Midwest's proposals #1, #2 and #21 offer service to a number of different hubs, namely Chicago-Midway, Kansas City, and Nashville -- hubs that vary by community. Under all three proposals, Ft. Leonard Wood and Kirksville would receive nonstop service to Kansas City; Burlington, Cape Girardeau, and Marion/Herrin would receive nonstop service to Chicago Midway (Cape Girardeau's service would be one-stop under proposals #2 and #21); and Jackson and Owensboro would receive nonstop service to Nashville. Air Midwest's service would be provided at an annual subsidy of \$6,983,039 under proposal #1; \$6,867,538 under proposal #2; and \$7,031,568 under proposal #21. Also, under Air Midwest's proposal #1 or #2, service would be provided without a code-share agreement with a major carrier, while RegionsAir would serve each community as a code-share partner of American Airlines. Overall community support is evenly split with three communities favoring RegionsAir and three supporting Air Midwest. With

⁶ See Order 2005-2-11.

community support evenly split and, therefore, not a decisional carrier-selection factor, the choice of which carrier to select boils down to balancing major carrier code-share affiliation with overall subsidy cost.

Since Air Midwest's proposals are offered without the benefit of a code share agreement with a major carrier, RegionsAir, which will continue to offer all seven communities code-share service with American Airlines at the St. Louis hub, has a significant statutory advantage. The final criterion, one that we have historically applied, is relative subsidy cost. While the difference in subsidy can be very significant, and is often the determining factor in selecting among competing proposals, the difference in subsidy (\$438,711) between RegionsAir's proposal #1 (\$7,306,249) and Air Midwest's proposal #2 (\$6,867,538), the carrier's lowest-cost, seven-city, non-St. Louis proposal, is not significant enough to overcome the code-share advantage afforded by selecting RegionsAir, especially considering that the subsidy difference is spread among seven EAS communities. Thus, we will select RegionsAir's proposal #1 to continue American Airline's code-share service at each of the communities for a new, two-year period.

In addition to the noted traffic situation at Kirksville, we note that, based on the most recent passenger data available at the time we issued our Request for Proposals, Jackson and Owensboro are precariously close to the \$200 cap. We expect each of the communities to work closely with RegionsAir to create a plan to stay below the \$200 cap.

In order to receive compensation under this order, RegionsAir must provide to the Department properly executed certifications that it is in compliance with the Department's regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations governing lobbying activities.⁷ The carrier may secure copies of the certifications by contacting the Office of Aviation Analysis at (202) 366-1053.⁸

Carrier Fitness

49 U.S.C. 41737(b) and 41738 require that we find an air carrier fit, willing and able to provide reliable service before we may compensate it for essential air service. We last found RegionsAir fit to provide scheduled passenger service as a commuter air carrier by Order 2005-1-17 when we selected it to provide essential air service at Decatur and

⁷ The regulations applicable to these areas are: (1) 49 CFR Part 20 -- New restrictions on lobbying; (2) 49 CFR Part 21 -- Nondiscrimination in federally-assisted programs of the Department of Transportation -- Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 -- Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 -- Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 -- Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

⁸ The certifications are also available on the web at <http://ostpxweb.dot.gov/aviation/index.html>.

Quincy, IL. The Department has routinely monitored the carrier's continuing fitness. No information has come to our attention that would lead us to conclude that RegionsAir does not continue to be fit. The Federal Aviation Administration has advised us that the company is in compliance with all FAA regulations and that there is no reason why they cannot be reselected for the EAS service at Burlington, Cape Girardeau, Ft. Leonard Wood, Jackson, Marion/Herrin, Owensboro, and Kirksville. We therefore conclude that RegionsAir is fit to conduct the operations proposed here.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. The Department selects RegionsAir, Inc., to provide essential air service at Burlington, Iowa; Cape Girardeau, Ft. Leonard Wood, and Kirksville, Missouri; Jackson, Tennessee; Marion/Herrin, Illinois; and Owensboro, Kentucky, as described in Appendix B, for the period beginning June 1, 2005, through May 31, 2007;
2. We terminate the show-cause proceeding at Kirksville, Missouri, in Order 2004-12-13;
3. We set the final rates of compensation for RegionsAir, Inc. for the provision of essential air service at Burlington, Iowa, as described in Appendix C, for the period from June 1, 2005, through May 31, 2007, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix D and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$590.60;⁹
4. We set the final rates of compensation for RegionsAir, Inc. for the provision of essential air service at Cape Girardeau, Missouri, as described in Appendix C, for the period from June 1, 2005, through May 31, 2007, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix D and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$595.46;¹⁰
5. We set the final rates of compensation for RegionsAir, Inc. for the provision of essential air service at Ft. Leonard Wood, Missouri, as described in Appendix C, for the period from June 1, 2005, through May 31, 2007, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the

⁹ See Appendix D for the calculation of this rate, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of the rate may be required.

¹⁰ See Appendix D for the calculation of this rate, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of the rate may be required.

weekly ceilings set forth in Appendix D and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$374.36;¹¹

6. We set the final rates of compensation for RegionsAir, Inc. for the provision of essential air service at Jackson, Tennessee, as described in Appendix C, for the period from June 1, 2005, through May 31, 2007, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix D and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$968.80;¹²

7. We set the final rates of compensation for RegionsAir, Inc. for the provision of essential air service at Kirksville, Missouri, as described in Appendix C, for the period from June 1, 2005, through May 31, 2007, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix D and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$690.39;¹³

8. We set the final rates of compensation for RegionsAir, Inc. for the provision of essential air service at Marion/Herrin, Illinois, as described in Appendix C, for the period from June 1, 2005, through May 31, 2007, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix D and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$474.61;¹⁴

9. We set the final rates of compensation for RegionsAir, Inc. for the provision of essential air service at Owensboro, Kentucky, as described in Appendix C, for the period from June 1, 2005, through May 31, 2007, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix D and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$926.42;¹⁵

10. We direct RegionsAir, Inc. to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such

¹¹ See Appendix D for the calculation of this rate, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of the rate may be required.

¹² See Appendix D for the calculation of this rate, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of the rate may be required.

¹³ See Appendix D for the calculation of this rate, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of the rate may be required.

¹⁴ See Appendix D for the calculation of this rate, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of the rate may be required.

¹⁵ See Appendix D for the calculation of this rate, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of the rate may be required.

documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed, whichever comes earlier. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

11. We find that RegionsAir, Inc. continues to be fit, willing and able to operate as a certificated air carrier and capable of providing reliable essential air service at Burlington, Iowa, Cape Girardeau, Ft. Leonard Wood, and Kirksville, Missouri, Jackson, Tennessee, Marion/Herrin, Illinois, and Owensboro, Kentucky;

12. These dockets will remain open until further order of the Department; and

13. We will serve copies of this order on the Mayors and airport managers of Burlington, Iowa; Cape Girardeau, Ft. Leonard Wood, and Kirksville, Missouri; Owensboro, Kentucky; Marion and Herrin, Illinois; and Jackson, Tennessee. We will also serve copies of this order on the Governors of Iowa, Missouri, Kentucky, Illinois, and Tennessee; the Commanding Officer of the U.S. Army Engineer Center and Fort Leonard Wood, the Aviation Staff of the Iowa Department of Transportation, the Aviation Section of the Missouri Department of Transportation, the Division of Aeronautics of the Kentucky Transportation Cabinet, the Division of Aeronautics of the Illinois Department of Transportation, and the Aeronautics Division of the Tennessee Department of Transportation; Multi-Aero, Inc. d/b/a Air Choice One, Great Lakes Aviation, Ltd., Mesaba Aviation d/b/a Northwest Airlinck, Mesa Air Group, Inc. d/b/a Air Midwest, and RegionsAir, Inc. d/b/a AmericanConnection.

By:

KARAN K. BHATIA
Assistant Secretary for Aviation
and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>

AREA MAP



Summary of Proposals

Proposal Number	Carrier & Aircraft	Community								Total Annual Cost
		Burlington, Iowa	Cape Girardeau, Missouri	Ft. Leonard Wood, Missouri	Kirksville, Missouri	Jackson, Tennessee	Marion/Herrin, Illinois	Owensboro, Kentucky	Annual Cost & Service	
Existing Service at Each Community	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	
R - 1	RegionsAir	\$1,077,847	\$1,147,453	\$683,201	\$840,200	\$1,179,026	\$1,251,069	\$1,127,453	\$7,306,249	
Code Share w/ AA	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis		
R - 2	RegionsAir	\$1,103,648	\$1,170,077	\$705,496	No Service Proposed	\$1,201,478	\$1,281,384	\$1,147,576	\$6,609,659	
Code Share w/ AA	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis		12 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis		
R - 3	RegionsAir	\$1,048,595	\$1,560,138	\$657,927	\$834,244	\$1,153,571	\$1,216,701	\$1,104,639	\$7,575,815	
Code Share w/ AA	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis		
R - 4	RegionsAir	\$1,072,039	\$1,588,257	\$678,183	No Service Proposed	\$1,173,972	\$1,244,245	\$1,122,922	\$6,879,618	
Code Share w/ AA	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis		12 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis		
R - 5	RegionsAir	\$1,007,292	\$1,085,584	\$622,237	\$826,450	\$1,650,476	\$1,168,172	\$1,576,864	\$7,937,075	
Code Share w/ AA	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis		
R - 6	RegionsAir	\$1,027,243	\$1,103,078	\$639,476	\$826,450	\$1,676,505	\$1,191,613	\$1,087,983	\$7,552,348	
Code Share w/ AA	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis		

Summary of Proposals

Proposal Number	Carrier & Aircraft	Community								Total Annual Cost
		Burlington, Iowa	Cape Girardeau, Missouri	Ft. Leonard Wood, Missouri	Kirksville, Missouri	Jackson, Tennessee	Marion/Herrin, Illinois	Owensboro, Kentucky		
-	-	Annual Cost & Service								
Existing Service at Each Community	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	
Mesaba - 1	Mesaba	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed	\$1,122,082	No Service Proposed	No Service Proposed	No Service Proposed	\$1,122,082
Code Share w/ NW	34-seat Saab 340 turboprop aircraft					13 weekly NS RTs to Memphis				
GLUX - 1	Great Lakes Aviation, Ltd.	\$996,509	\$1,080,329	\$756,779	No Service Proposed	\$1,046,946	No Service Proposed	\$1,215,322	\$1,007,824	\$6,103,709
No Code Share	19-seat Beech 1900D turboprop aircraft	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	No Service Proposed	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	
MA - 1	Multi-Aero Inc. d/b/a Air Choice One	No Service Proposed	No Service Proposed	No Service Proposed	\$770,258	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed	\$770,258
No Code Share	9-seat Beech King Air 200				14 weekly NS RTs to St. Louis					
MA - 2	Multi-Aero Inc. d/b/a Air Choice One	No Service Proposed	No Service Proposed	No Service Proposed	\$788,066	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed	\$788,066
No Code Share	9-seat Cessna Caravan				14 weekly NS RTs to St. Louis					
MA - 3	Multi-Aero Inc. d/b/a Air Choice One	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed	\$857,126	No Service Proposed	No Service Proposed	No Service Proposed	\$857,126
No Code Share	9-seat Beech King Air 200					14 weekly NS RTs to St. Louis				
MA - 4	Multi-Aero Inc. d/b/a Air Choice One	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed	\$906,885	No Service Proposed	No Service Proposed	No Service Proposed	\$906,885
No Code Share	9-seat Cessna Caravan					14 weekly NS RTs to St. Louis				

Summary of Proposals

Proposal Number	Carrier & Aircraft	Existing Service at Each Community	Annual Cost & Service	Owensboro, Kentucky	Marion/Herrin, Illinois	Jackson, Tennessee	Kirkville, Missouri	Ft. Leonard Wood, Missouri	Cape Girardeau, Missouri	Burlington, Iowa	Community				Total Annual Cost ^{1/}	
											18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis		
Mesa - 4	Mesa Air Group, Inc. d/b/a Air Midwest	No Code Share	\$1,200,751	\$1,590,343	\$731,192	\$599,779	18 weekly NS RTs to Kansas City	18 weekly NS RTs to Kansas City	30 weekly OS RTs to Chicago-Midway	18 weekly NS RTs to Chicago-Midway + 7 weekly OS RTs to Kansas City	Mesa Air Group, Inc. d/b/a Air Midwest	\$1,397,396	\$857,514	\$639,240	\$1,790,670	\$4,492,776
Mesa - 5	Mesa Air Group, Inc. d/b/a Air Midwest	No Code Share	\$1,397,396	\$1,590,343	\$731,192	\$599,779	18 weekly NS RTs to Kansas City	18 weekly NS RTs to Kansas City	30 weekly OS RTs to Chicago-Midway	18 weekly NS RTs to Chicago-Midway + 7 weekly OS RTs to Kansas City	Mesa Air Group, Inc. d/b/a Air Midwest	\$1,397,396	\$857,514	\$639,240	\$1,790,670	\$4,492,776
Mesa - 6	Mesa Air Group, Inc. d/b/a Air Midwest	No Code Share	\$1,310,684	\$1,590,343	\$731,192	\$599,779	18 weekly NS RTs to Kansas City	18 weekly NS RTs to Kansas City	30 weekly OS RTs to Chicago-Midway	18 weekly NS RTs to Chicago-Midway + 7 weekly OS RTs to Kansas City	Mesa Air Group, Inc. d/b/a Air Midwest	\$1,310,684	\$785,697	\$605,725	\$1,790,670	\$4,492,776
No Code Share	19-seat Beech 1900D turboprop aircraft	No Code Share	-	-	-	-	No Service Proposed	No Service Proposed	No Service Proposed	18 weekly NS RTs to Chicago-Midway + 7 weekly OS RTs to Kansas City	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed
No Code Share	19-seat Beech 1900D turboprop aircraft	Existing Service at Each Community	-	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service			
No Code Share	19-seat Beech 1900D turboprop aircraft	Jetstream J32 turboprop aircraft	-	12 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to Chicago-Midway	36 weekly NS RTs to Chicago-Midway	12 weekly NS RTs to Chicago-Midway	12 weekly NS RTs to Chicago-Midway	24 weekly NS RTs to Chicago-Midway	24 weekly NS RTs to Chicago-Midway

Summary of Proposals

Proposal Number	Carrier & Aircraft	Existing Service at Each Community	Annual Cost & Service	Burlington, Iowa	Cape Girardeau, Missouri	Ft. Leonard Wood, Missouri	Kirksville, Missouri	Jackson, Tennessee	Marion/Herrin, Illinois	Owensboro, Kentucky	Community				Total Annual Cost
											18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	
Mesa - 7	Mesa Air Group, Inc. d/b/a Air Midwest	19-seat Beech 1900D turboprop aircraft	-	\$1,199,611	\$1,848,068	\$693,704	\$562,795	\$1,632,237	\$5,936,416		No Service Proposed	24 weekly NS RTs to Chicago-Midway	No Service Proposed		
Mesa - 8	Mesa Air Group, Inc. d/b/a Air Midwest	19-seat Beech 1900D turboprop aircraft	-	\$1,457,868			\$662,613				No Service Proposed	No Service Proposed	No Service Proposed		
Mesa - 9	Mesa Air Group, Inc. d/b/a Air Midwest	19-seat Beech 1900D turboprop aircraft	-	\$1,276,826	\$1,946,660		\$592,639				No Service Proposed	No Service Proposed	No Service Proposed		\$3,816,126
No Code Share		19-seat Beech 1900D turboprop aircraft									No Service Proposed	No Service Proposed	No Service Proposed		
No Code Share		19-seat Beech 1900D turboprop aircraft									No Service Proposed	No Service Proposed	No Service Proposed		

Summary of Proposals

Proposal Number	Carrier & Aircraft	Community						Total Annual Cost
		Burlington, Iowa	Cape Girardeau, Missouri	Ft. Leonard Wood, Missouri	Kirkville, Missouri	Jackson, Tennessee	Marion/Herrin, Illinois	
-	-	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service
Existing Service at Each Community	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis
Mesa - 16	Mesa Air Group, Inc. d/b/a Air Midwest	\$1,254,338	\$881,597	\$901,527	\$871,052	\$1,181,904	\$1,073,313	\$1,059,165
No Code Share	19-seat Beech 1900D turboprop aircraft	18 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	24 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis
Mesa - 17	Mesa Air Group, Inc. d/b/a Air Midwest	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed	\$971,912	No Service Proposed	\$976,748
No Code Share	19-seat Beech 1900D turboprop aircraft	No Service Proposed	No Service Proposed	No Service Proposed	No Service Proposed	18 weekly NS RTs to Nashville	No Service Proposed	18 weekly NS RTs to Nashville
Mesa - 18	Mesa Air Group, Inc. d/b/a Air Midwest	\$1,261,308	\$1,548,199	\$744,803	\$586,641	No Service Proposed	\$1,715,025	\$5,855,977
No Code Share	19-seat Beech 1900D turboprop aircraft	18 weekly NS RTs to Chicago-Midway + 7 weekly OS RTs to Kansas City	30 weekly OS RTs to Chicago-Midway	18 weekly NS RTs to Kansas City	12 weekly NS RTs to Kansas City	No Service Proposed	36 weekly NS RTs to Chicago-Midway	No Service Proposed

Summary of Proposals

Proposal Number	Carrier & Aircraft	Community							Total Annual Cost
		Burlington, Iowa	Cape Girardeau, Missouri	Ft. Leonard Wood, Missouri	Kirksville, Missouri	Jackson, Tennessee	Marion/Herrin, Illinois	Owensboro, Kentucky	
		Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	Annual Cost & Service	
Existing Service at Each Community	19-seat Jetstream J32 turboprop aircraft	18 weekly NS RTs to St. Louis	19 weekly NS RTs to St. Louis	18 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	26 weekly NS RTs to St. Louis	12 weekly NS RTs to St. Louis	
Mesa -19	Mesa Air Group, Inc. d/b/a Air Midwest	\$1,050,916	\$1,614,043	\$765,608	No Service Proposed	No Service Proposed	\$1,712,993	No Service Proposed	\$5,143,560
No Code Share	19-seat Beech 1900D turboprop aircraft	12 weekly NS RTs to Chicago-Midway + 7 weekly NS RTs to Kansas City	30 weekly OS RTs to Chicago-Midway	18 weekly NS RTs to Kansas City			36 weekly NS RTs to Chicago-Midway		
Mesa - 20	Mesa Air Group, Inc. d/b/a Air Midwest	\$1,016,635	\$1,541,413	\$734,098			\$1,688,979	\$729,151	\$6,190,183
No Code Share	19-seat Beech 1900D turboprop aircraft	12 weekly NS RTs to Chicago-Midway + 7 weekly NS RTs to Kansas City	30 weekly OS RTs to Chicago-Midway	18 weekly NS RTs to Kansas City	No Service Proposed	12 weekly NS RTs to Nashville	36 weekly NS RTs to Chicago-Midway + 5 weekly OS RTs to Nashville	12 weekly NS RTs to Nashville + 5 weekly OS RTs to Chicago-Midway	
Mesa - 21	Mesa Air Group, Inc. d/b/a Air Midwest	\$1,218,394	\$1,544,237	\$709,261	\$820,911	\$468,868	\$1,609,976	\$659,921	\$7,031,568
No Code Share	19-seat Beech 1900D turboprop aircraft	18 weekly NS RTs to Chicago-Midway + 7 weekly OS RTs to Kansas City	30 weekly OS RTs to Chicago-Midway	18 weekly NS RTs to Kansas City	12 weekly NS RTs to Kansas City + 5 weekly OS RTs to Chicago-Midway	12 weekly NS RTs to Nashville	36 weekly NS RTs to Chicago-Midway + 5 weekly OS RTs to Nashville	14 weekly NS RTs to Nashville + 5 weekly OS RTs to Chicago-Midway	

1/ Totals may not agree due to rounding.

Key: AA = American Airlines; NS = nonstop; OS = one-stop; RTs = round trips

RegionsAir, Inc.
Annual Subsidy Calculations

	Burlington	Cape Girardeau	Ft. Leonard Wood	Jackson	Kirksville	Marion/Herrin	Owensboro
Rate Period	6/1/2005 – 5/31/2007	6/1/2005 – 5/31/2007	6/1/2005 – 5/31/2007	6/1/2005 – 5/31/2007	6/1/2005 – 5/31/2007	6/1/2005 – 5/31/2007	6/1/2005 – 5/31/2007
Weekly Round Trips	18	19	18	12	12	26	12
Annual Departures ^{2/}	1,825	1,927	1,825	1,217	1,217	2,636	1,217
Annual Block Hours ^{2/}	1,795	1,574	1,551	1,562	1,197	2,109	1,400
Miles to Hub	146	113	119	231	149	100	187
Total Passengers	14,564	12,082	13,870	6,012	4,625	20,534	6,012
Average Fare	\$82.00	\$73.00	\$100.00	\$102.00	\$75.00	\$75.00	\$86.00
Passenger Revenue:	\$1,194,248	\$881,986	\$1,387,000	\$613,224	\$346,845	\$1,540,050	\$517,032
Other Rev. @ 0.05% of Passenger Revenue	5,971	4,410	6,935	3,066	1,734	7,700	2,585
Total Revenue	\$1,200,219	\$886,396	\$1,393,935	\$616,290	\$348,609	\$1,547,750	\$519,617
Direct Expenses:							
Crew & Training @ \$185.00 per Block Hour	\$332,075	\$291,190	\$286,935	\$288,970	\$221,445	\$390,165	\$259,000
Fuel & Into-Plane fees @ \$165.00 per BH	296,175	259,710	255,915	257,730	197,505	347,985	231,000
Maintenance @ \$235.00 per BH	421,825	369,890	364,488	367,070	281,295	495,615	329,000
Aircraft Lease @ \$132.00 per BH	236,940	207,768	204,732	206,184	0	278,388	184,800
Hull Insurance @ \$27.00 per BH	48,465	42,498	41,877	42,174	0	56,943	37,800
Total Direct Expenses:	\$1,335,480	\$1,171,056	\$1,153,944	\$1,162,128	\$700,245	\$1,569,096	\$1,041,600
Indirect Expenses:							
EAS Station	\$155,000	\$155,000	\$195,000	\$100,000	\$105,000	\$205,000	\$105,000
Hub Station @ \$130.00 per departure	118,325	125,255	118,625	79,105	79,105	171,340	79,105
EAS Landing Fees	10,683	7,217	0	4,320	0	8,224	4,929
Hub Landing Fees @ \$64.00 per departure	58,400	61,664	58,400	38,944	38,944	84,352	38,944
Commissions, Credit Cards, etc. @ 2.9% of Passenger Revenue	34,633	25,578	40,223	17,783	10,059	44,661	14,994
Reservation, Ticketing, & CRS Fees @ \$6.60 per passenger	96,122	79,741	91,542	39,679	30,525	135,524	39,679
Liability Insurance @ \$6.90 per passenger	100,492	83,366	95,703	41,483	30,913	141,685	41,483
General & Admin/Other @ 19.48% of Direct	260,152	228,122	224,788	226,383	136,408	305,660	202,904
Total Indirect Expenses:	\$834,107	\$765,943	\$824,281	\$547,697	\$431,954	\$1,096,446	\$527,038
Total Operating Expenses:	\$2,169,587	\$1,936,999	\$1,978,225	\$1,709,825	\$1,132,199	\$2,665,542	\$1,568,638
Operating Loss	969,368	1,050,603	584,290	1,093,535	783,590	1,117,792	1,049,021
Profit Element @ 5% of Total Expenses	108,479	96,850	98,911	85,491	56,610	133,277	78,432
Compensation Requirement:	\$1,077,847	\$1,147,453	\$683,201	\$1,179,026	\$840,200	\$1,251,069	\$1,127,453
Subsidy per Departure:	\$590.60	\$595.46	\$374.36	\$968.80	\$690.39	\$474.61	\$926.42

^{2/} Burlington: 18 round trips per week, times 2 directions, times 52 weeks @ a 97.5% completion factor = 1,825 annual departures, times 59 minutes per flight, divided by 60 minutes = 1,795 block hours.

Cape Girardeau: 19 round trips per week X 2 directions, X 52 weeks @ a 97.5% completion factor = 1,927 annual departures, X 49 minutes per flight, divided by 60 minutes = 1,574 block hours.

Ft. Leonard Wood: 18 round trips per week X 2 directions, X 52 weeks @ a 97.5% completion factor = 1,825 annual departures, X 51 minutes per flight, divided by 60 minutes = 1,551 block hours.

Jackson: 12 round trips per week X 2 directions, X 52 weeks @ a 97.5% completion factor = 1,217 annual departures, X 77 minutes per flight, divided by 60 minutes = 1,562 block hours.

Kirksville: 12 round trips per week X 2 directions, X 52 weeks @ a 97.5% completion factor = 1,217 annual departures, X 59 minutes per flight, divided by 60 minutes = 1,197 block hours.

Owensboro: 12 round trips per week X 2 directions, X 52 weeks @ a 97.5% completion factor = 1,217 annual departures, X 69 minutes per flight, divided by 60 minutes = 1,400 block hours.

Marion/Herrin: 26 round trips per week X 2 directions, X 52 weeks @ a 97.5% completion factor = 2,636 annual departures, X 48 minutes per flight, divided by 60 minutes = 2,109 block hours.

**RegionsAir, Inc., Essential Air Service to be Provided at
Burlington, Iowa, Docket 8731**

Effective Period: June 1, 2005, through May 31, 2007.

Scheduled Service: 18 nonstop stop round trips each week to St. Louis.

Aircraft: 19-seat Jetstream J32

Subsidy Rate per St. Louis Flight: \$590.60¹

Weekly Compensation Ceiling: \$21,261.60²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$1,077,847 divided by 1,825 annual departures calculated as follows: 36 flights per week*52 weeks @ a 0.975 completion factor.

² 36 flights per week * \$590.60.

**RegionsAir, Inc., Essential Air Service to be Provided at
Cape Girardeau, Missouri, Docket 1559**

Effective Period: June 1, 2005, through May 31, 2007.

Scheduled Service: 19 nonstop stop round trips each week to St. Louis.

Aircraft: 19-seat Jetstream J32

Subsidy Rate per St. Louis Flight: \$595.46 ¹

Weekly Compensation Ceiling: \$22,627.48 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$1,147,453 divided by 1,927 annual departures calculated as follows: 38 flights per week*52 weeks @ a 0.975 completion factor.

² 38 flights per week * \$595.46

**RegionsAir, Inc., Essential Air Service to be Provided at
Ft. Leonard Wood, Missouri, Docket 1167**

Effective Period: June 1, 2005, through May 31, 2007.

Scheduled Service: 18 nonstop stop round trips each week to St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$374.36¹

Weekly Compensation Ceiling: \$13,476.96²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does *not* operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$683,201 divided by 1,825 annual departures calculated as follows: 36 flights per week*52 weeks @ a 0.975 completion factor.

² 36 flights per week * \$374.36.

**RegionsAir, Inc., Essential Air Service to be Provided at
Jackson, Tennessee, Docket 7857**

Effective Period: June 1, 2005, through May 31, 2007.

Scheduled Service: 12 nonstop stop round trips each week to St. Louis.

Aircraft: 19-seat Jetstream J32

Subsidy Rate per St. Louis Flight: \$968.80 ¹

Weekly Compensation Ceiling: \$23,251.20 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$1,179,026 divided by 1,217 annual departures calculated as follows: 24 flights per week * 52 weeks @ a 0.975 completion factor.

² 24 flights per week * \$968.80.

**RegionsAir, Inc., Essential Air Service to be Provided at
Kirksville, Missouri, Docket 2515**

Effective Period: June 1, 2005, through May 31, 2007.

Scheduled Service: 12 nonstop stop round trips each week to St. Louis.

Aircraft: 19-seat Jetstream J32

Subsidy Rate per St. Louis Flight: \$690.39 ¹

Weekly Compensation Ceiling: \$16,569.36 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$840,200 divided by 1,217 annual departures calculated as follows: 24 flights per week * 52 weeks @ a 0.975 completion factor.

² 24 flights per week * \$690.39.

**RegionsAir, Inc., Essential Air Service to be Provided at
Marion/Herrin, Illinois, Docket 7881**

Effective Period: June 1, 2005, through May 31, 2007

Scheduled Service: 26 nonstop stop round trips each week to St. Louis.

Aircraft: 19-seat Jetstream J32

Subsidy Rate per St. Louis Flight: \$474.61¹

Weekly Compensation Ceiling: \$24,679.72²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$1,251,069 divided by 2,636 annual departures calculated as follows: 52 flights per week * 52 weeks @ a 0.975 completion factor.

² 52 flights per week * \$474.61.

**RegionsAir, Inc., Essential Air Service to be Provided at
Owensboro, Kentucky, Docket 7855**

Effective Period: June 1, 2005, through May 31, 2007.

Scheduled Service: 12 nonstop stop round trips each week to St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$926.42 ¹

Weekly Compensation Ceiling: \$22,234.08 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$1,127,453 divided by 1,217 annual departures calculated as follows: 24 flights per week*52 weeks @ a 0.975 completion factor.

² 24 flights per week * \$926.42.