

10 a.m.

Served; February 4, 1997

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16356



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

Issued by the Department of Transportation
on the 30th day of January, 1997

Essential Air Service at

DANVILLE, ILLINOIS
GALESBURG, ILLINOIS
MATTOON/CHARLESTON, ILLINOIS
NEW CASTLE/ANDERSON/MUNCIE,
INDIANA

Dockets OST-96-1954 - 2
OST-96-1957 - 2
OST-96-1955 - 2
OST-96-1956 - 3

**ORDER PROHIBITING SUSPENSION OF SERVICE,
ALLOWING SUSPENSION OF SERVICE, AND
REQUESTING PROPOSALS FOR REPLACEMENT SERVICE**

Summary

By this order, the Department is: (1) allowing Great Lakes Aviation, Ltd., d/b/a United Express, to suspend essential air service (EAS) at the end of its 90-day notice period, February 17, 1997, at Danville, Illinois, and Muncie/Anderson/New Castle (Muncie), Indiana; (2) confirming our oral approval granting Great Lakes' request for an exemption to terminate essential air service in less than 90-days, January 6, 1997, at Galesburg, Illinois (the carrier has already suspended that service); and (3) prohibiting Great Lakes' suspension of essential air service at Mattoon/Charleston (Mattoon), Illinois, and requiring it to continue providing essential air service at the community until a replacement carrier can be found. We are also requesting proposals from carriers interested in providing replacement service at Danville, Galesburg, and Muncie without subsidy, and at Mattoon, with or without subsidy.

Background

On August 23, 1994, Congress enacted the Federal Aviation Administration Authorization Act of 1994 (P.L. 103-305), which, among other things, gave the Department exemption authority from the "High Density Rule" to make take-off and landing slots at high-density airports available to air carriers for the provision of basic essential air service at eligible communities.¹ The primary focus of the legislation was to

¹ Subparts K and S of part 93 of title 14, Code of Federal Regulations, designate New York's John F. Kennedy and LaGuardia, Chicago's O'Hare and Washington's National Airports as high density traffic airports and prescribe air traffic rules for operating aircraft, other than helicopters, to and from those airports. These regulations limit the hourly number of allocated Instrument Flight Rule (IFR) take-offs and landings that may be reserved for specified classes of users.

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reinstate air service to Chicago O'Hare Airport for several essential air service communities that had recently lost it. Under that legislation, Great Lakes applied for slot authority at O'Hare to provide essential air service at six communities--Danville, Galesburg, and Mattoon, Illinois, and Bloomington, Muncie, and Terre Haute, Indiana. The Department, by Order 94-10-47, granted Great Lakes 24 O'Hare slot exemptions for the provision of essential air service at the six communities--four slot exemptions a day, or sufficient for two round trips a day for each community. As we stated in that order, the slot exemptions were EAS-tagged for the provision of service at the six points, and if Great Lakes were to terminate that service the slots would be withdrawn and made available for potential replacement carriers.

On November 18, 1996, Great Lakes Aviation filed 90-day notices of its intention to suspend its subsidy-free service at Danville, Galesburg, and Mattoon, Illinois, and Muncie, Indiana, effective February 17, 1997. On December 19, 1996, the carrier requested that the Department grant it an exemption in order to allow it to terminate service short of the full 90-day notice period at Galesburg, effective January 6, 1997. Great Lakes noted its continuing losses at the unsubsidized communities as its primary reason for filing notice to suspend service. Great Lakes is the only carrier providing scheduled air service at all four communities.

Decision

By several Department orders, Danville, Galesburg and Muncie became ineligible to receive subsidized essential air service pursuant to the Department's 1994 and 1995 fiscal years' EAS appropriation that eliminated subsidy eligibility for points requiring more than \$200 subsidy per passenger, or located less than 70 highway miles from the nearest FAA-designated medium- or large-hub airport.² Danville and Galesburg became ineligible for subsidized service because the subsidy cost was more than \$200 per passenger; Muncie lost its subsidy eligibility because it is within 70 miles of Indianapolis, a medium hub. Since we can not subsidize Great Lakes to serve those communities, we can not require it to continue to serve beyond its notice period. Thus, we will allow Great Lakes to suspend service at the end of its 90-day notice period, February 17, 1997, for Danville and Muncie. We will also confirm our oral approval granting Great Lakes' exemption request to suspend service on less than the full 90-day notice period at Galesburg, effective January 6, 1997. (As we stated earlier, the carrier has already suspended that service.) In advance of January 6, we received a letter from the city of Galesburg stating that it did not object to the early termination. Great Lakes assured us that any passengers holding tickets for travel at Galesburg after January 6 will be carried by United Airlines or United Express at either Peoria or Moline/Quad Cities at no additional charge or penalty to the passenger. Both airports are less than an hour's drive from Galesburg.

² See Orders 93-11-44, November 30, 1993, and 94-10-20, October 17, 1994.

Notwithstanding that Danville, Galesburg, and Muncie are ineligible for subsidized service, we would make available the 12 O'Hare take-off and landing slot exemptions currently used by Great Lakes for a potential replacement carrier to serve those three communities. Thus, we encourage potentially interested carriers to submit service proposals. Even if there is not an immediate replacement carrier, we will withdraw the 12 slot exemptions from Great Lakes when it terminates service at the three communities.³ Carriers interested in submitting subsidy-free replacement proposals at any or all of the three communities should do so within 20 days after the service date of this order. We will consider proposals that would provide each community two round trips a day to Chicago O'Hare Airport or any other suitable hub with 15-seat or larger aircraft.

For Mattoon, since it remains eligible to receive subsidized essential air service, we must prohibit Great Lakes' proposed suspension of service. Under 49 U.S.C. 41734, the Department is required to prohibit Great Lakes from suspending service at the community for 30 days beyond the end of the 90-day notice period, through March 20, 1997. In doing so, we will require Great Lakes to maintain two round trips each service day between Mattoon and O'Hare Airport. We will also seek proposals, with or without subsidy requests, from carriers interested in providing replacement service at Mattoon. We invite interested carriers to submit proposals for Mattoon that would provide quality service at a reasonable subsidy cost and that would provide two round trips, five days per week between Mattoon and O'Hare Airport, or any other suitable hub with 15-seat or larger aircraft. As above, four take-off and landing slot exemptions a day would be available for any reliable carrier selected by the Department to provide replacement service at Mattoon, with or without subsidy.

Service History and Traffic Data

Prior to December 1994, two of the communities, Danville and Mattoon, were receiving subsidized service as part of a three-city package with Mt. Vernon to Chicago's Midway Airport by Direct Air. However, as we noted above, because Danville required more than \$200 subsidy per passenger, it became ineligible to receive subsidized air service after November 30, 1994, and service was suspended. In April 1995, after it was granted slot exemptions at O'Hare, Great Lakes began providing subsidy-free service between Danville and Chicago O'Hare Airport. Mattoon continued to receive subsidized service from Direct Air until May 1995, when Great Lakes, with its slot exemptions, replaced Direct Air and provided subsidy-free service to O'Hare Airport. For Galesburg and Muncie, which had lost all subsidized service in December 1993, Great Lakes, by virtue of its slot exemptions, began providing both communities with subsidy-free service to O'Hare Airport in April 1995. Currently, Great Lakes provides Mattoon with three round trips, six days a week, to O'Hare. The other three cities, Danville, Galesburg and Muncie, each receive two round trips six days a week to O'Hare. All service is provided with 19-seat Beech 1900 aircraft.

³ See Appendix B for a list of slot times listed by community.

For the year ended September 1996, the most recent 12-month period for which data are available, Danville averaged 5.7 enplanements per day, Galesburg averaged 3.1 enplanements per day, Mattoon averaged 4.6 enplanements per day, and Muncie averaged 5.9 enplanements per day. See Appendix D for quarterly traffic data.

Procedures for Filing Replacement Proposals

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f), and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202)366-1053.⁴

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁵ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053.⁶ The Department is prohibited from paying subsidy to carriers that do not submit these documents.

⁴ Calls prior to February 10, 1997, should be made to our temporary number of 202-418-8319.

⁵ The regulations applicable to each of these three areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, implementing 31 U.S.C. 1352, entitled "Limitation of use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants), implementing the Drug-Free Workplace Act of 1988; and (3) 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 Handicap in Programs and Activities receiving or Benefiting from Federal Financial Assistance; and 14 CFR part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

⁶ Calls prior to February 10, 1997, should be made to our temporary number of 202-418-8319.

Community and State Comments

The communities and states are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. If we receive proposals for subsidized service for Mattoon, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the Mattoon civic parties and ask them to file their final comments.⁷

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

ACCORDINGLY,

1. We take no action to prohibit Great Lakes Aviation, Ltd., d/b/a United Express, from suspending scheduled air service at Danville, Illinois, and Muncie, Indiana, effective February 17, 1997, and at Galesburg, Illinois, effective January 6, 1997;
2. We prohibit Great Lakes Aviation, Ltd., d/b/a United Express from suspending service at Mattoon, Illinois, at the end of its 90-day notice period, and require it to maintain service at the community, as set forth in Appendix D, for the 30-day period through March 20, 1997, or until a carrier capable of providing reliable essential air service actually begins service, whichever comes first;⁸
3. We direct Great Lakes Aviation, Ltd., d/b/a United Express to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such 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. 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;
4. We request that carriers interested in providing essential air service at Danville, Galesburg, and Mattoon, Illinois, and Muncie, Indiana, submit their proposals, with subsidy requests for Mattoon in necessary, within 20 days after the date of service of this order. Proposals should include all the data required by section 204.4 of the Department's Regulations (14 CFR 204.4). An original and five copies of the proposal should be sent to the EAS and Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590, with the title, "Proposal to Provide Essential Air Service at

⁷ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service as proposed.

⁸ In accordance with 49 U.S.C. 41734(c), we will extend Great Lakes' service obligation for successive 30-day periods as necessary until replacement service actually begins.

Danville, Galesburg, and Mattoon, Illinois, and/or Muncie, Indiana, Dockets OST-96-1954, OST-96-1957, OST-96-1955, and/or OST-96-1956, respectively;⁹ and

5. We will serve a copy of this order on the Mayors and airport managers of Danville, Galesburg, Mattoon and Charleston, Illinois, and Muncie, New Castle, and Anderson, Indiana, the Governors of Illinois and Indiana, the Illinois and Indiana Department's of Transportation, City of Chicago-Department of Aviation, Great Lakes Aviation, Ltd., d/b/a United Express, and the parties listed in Appendix E.

By:

CHARLES A. HUNNICUTT
Assistant Secretary for Aviation
and International Affairs

(SEAL)

⁹ After the proposals have been docketed, Department staff will contact each applicant and direct it to serve a copy of its proposal on the civic officials of the community, the state, and the other applicants. All applicants must then file a certificate of service with the Department's Documentary Services Division.



**Slot Exemptions at O'Hare Airport
for the Provision of Essential Air Service at
Danville, Galesburg, and Mattoon, Illinois, and Muncie, Indiana**

<u>Communities</u>	<u>Slot Exemption Time Periods</u>
Danville	10:25-10:29a, 10:45-10:49a, 7:30-7:34p, 8:30-8:34p
Galesburg	11:50-11:54a, 1:00-1:04p, 3:35-3:39p, 4:25-4:29p
Mattoon/Charleston	12:05-12:09p, 12:55-12:59p, 6:30-6:34p, 7:30-7:34p
Muncie/Anderson/ New Castle	9:05-9:09a, 10:20-10:24a, 2:25-2:29p, 8:25-8:29p

The above times periods are available for each community as listed. These slot exemptions may only be used within the specific five-minute time periods, i.e., a 9:05a-9:09a slot exemption could not be used before 9:00a or after 9:05a.

APPENDIX C

Historic Traffic at Danville, Galesburg, and Mattoon, Illinois,
and Muncie, Indiana 1/

	<u>Danville</u>		<u>Galesburg</u>		<u>Mattoon</u>		<u>Muncie</u>	
	<u>O&D</u>	<u>Enpl</u>	<u>O&D</u>	<u>Enpl</u>	<u>O&D</u>	<u>Enpl</u>	<u>O&D</u>	<u>Enpl</u>
<u>1995</u>								
2nd Qtr	464	3.0	524	3.4	--	--	555	3.6
3rd Qtr	927	5.9	865	5.5	1,115	7.1	1,038	6.7
4th Qtr	1,094	6.9	656	4.2	730	4.6	869	5.5
<u>1996</u>								
1st Qtr	890	5.7	371	2.4	904	5.8	844	5.4
2nd Qtr	883	5.7	446	2.9	683	4.4	1,013	6.5
3rd Qtr	676	4.3	454	2.9	590	3.7	937	5.9
YE 3rd Qtr	3,543	5.7	1,927	3.1	2,907	4.6	3,663	5.9

1/ Enplanements are based on 313 service days per year.

GREAT LAKES AVIATION, LTD., d/b/a UNITED EXPRESS
ESSENTIAL AIR SERVICE AT MATTOON, ILLINOIS

EFFECTIVE PERIOD	March 20, 1997, until further notice
SERVICE	Two nonstop or one stop round trips to Chicago O'Hare International Airport five days each week.
AIRCRAFT TYPE	Beech 1900 (19 passenger seats)
MINIMUM NO. OF SEATS TO BE AVAILABLE IN EACH DIRECTION	38 each day
TIMING OF FLIGHTS	Flights must be well timed and well-spaced

SERVICE LIST FOR THE STATE OF ILLINOIS

Aero Taxi Rockford, Inc.
Air Casino, Inc.
Air Wisconsin, Inc.
Allied Airlines, Inc.
American Trans Air, Inc.
Amerijet International, Inc.
Bemidji Airlines
Chicago Air Taxi, Inc.
Chicago Express Airlines, Inc.
Delta Connection
Direct Air, Inc.
Dwyer Aircraft Sales, Inc.
Executive Airlines, Inc.
Florida Air, Inc.
Gorda Aero Service, Inc.
GP Express Airlines, Inc.
Great Lakes Aviation, Ltd.
Jet Services, Inc.
Logansport Flying Service, Inc.
Metroflight, Inc.
Michigan Airways, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest Airlink
Ohio Valley Aviation, Inc.
Pennsylvania Commuter Airlines, Inc.
Planemaster Services Inc.
Redwing Airways, Inc.
Scott Aviation, Inc.
Shawano Flying Service, Inc.
Simmons Airlines, Inc.
Thunderbird Aviation, Inc.
Trans North Aviation Ltd.
Trans States Airlines, Inc.
Welch Aviation, Inc.
Wise Aviation Company

John Albright
Chester Anderson
Ken Bannon
Richard Thomas Clarke
Sabrina Cranor
E.B. Freeman
A. Edward Jenner
Dan Katzka
John McFarlane
Bill Oakes
Tracy Schoenrock
Kevin Thomas
Edward Wenz
Gary L. White
Robert Wigmore

SERVICE LIST FOR THE STATE OF INDIANA

Aero Taxi Rockford, Inc.
Air Alpha, Inc.
Air Wisconsin, Inc.
Allied Airlines, Inc.
American Trans Air, Inc.
Amerijet International, Inc.
Central States Airlines, Inc.
Chicago Air Taxi, Inc.
Chicago Express Airlines, Inc.
Comair, Inc.
Delta Connection
Direct Air, Inc.
Executive Airlines, Inc.
Florida Air, Inc.
Gorda Aero Service, Inc.
GP Express Airlines, Inc.
Great Lakes Aviation, Ltd.
Jet Services, Inc.
Logansport Flying Service, Inc.
Metroflight, Inc.
Michigan Airways, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northcoast Executive Airlines, Inc.
Northwest Airlink
Ohio Valley Aviation, Inc.
Planemaster Services Inc.
Redwing Airways, Inc.
Simmons Airlines, Inc.
Southern Air Transport, Inc.
Trans North Aviation Ltd.
Trans States Airlines, Inc.
Welch Aviation, Inc.

John Albright
Chester Anderson
Ken Bannon
Sabrina Cranor
E.B. Freeman
A. Edward Jenner
Dan Katzka
John McFarlane
Bill Oakes
Kevin Thomas
Edward Wenz
Robert Wigmore