



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

Issued by the Department of Transportation  
on the 14<sup>TH</sup> day of May, 1999

Served: May 18, 1999

Essential Air Service at

TERRE HAUTE, INDIANA

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

Docket OST-1999-5174

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

**Summary**

By this order, the Department is allowing Great Lakes Aviation, Ltd., d/b/a United Express, to suspend essential air service (EAS) at Terre Haute, Indiana, at the end of its 90-day notice period, June 1, 1999, and requesting proposals from carriers interested in providing replacement service at Terre Haute, without subsidy. Four O'Hare slot exemptions would be made available for a replacement carrier.

**Background**

Terre Haute received subsidized service to O'Hare from Simmons Airlines until Simmons filed notice in 1991 to suspend that service. In early 1993, Lone Star Airlines was selected to provide Terre Haute's service to the St. Louis hub. On December 1, 1993, eleven communities, including Terre Haute, became ineligible to receive subsidized essential air service pursuant to the Department's fiscal year 1994 EAS appropriation that eliminated subsidy eligibility for points requiring more than \$200 subsidy per passenger, or located fewer than 70 highway miles from the nearest FAA-designated medium- or large-hub airport.<sup>1</sup> Terre Haute lost its subsidy eligibility because it is within 70 miles of Indianapolis, a medium hub (Terre Haute is 64 highway miles from Indianapolis). Lone Star suspended its Terre Haute service when the subsidy was terminated on December 1, 1993, and the community was without air service for about a year and a half. The Department's subsequent appropriations, including fiscal year 1999, continue the prohibition against paying subsidy for communities within 70 miles of a medium- or large-hub airport.

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<sup>1</sup> See Order 93-11-44, November 30, 1993.

On August 23, 1994, Congress enacted the Federal Aviation Administration (FAA) 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.<sup>2</sup> The primary focus of the legislation was to reinstate air service to Chicago O’Hare Airport for several essential air service communities that had recently lost that service, including Terre Haute. Under that legislation, Great Lakes applied for slot exemptions 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 those six communities--four slot exemptions a day per community, or sufficient for two round trips a day to O’Hare. As we stated in that order, the slot exemptions were EAS-tagged for the provision of service at the six points, and they would be made available for potential replacement carriers should Great Lakes later decide to suspend service at any of them. Great Lakes instituted subsidy-free Terre Haute-O’Hare service with its four EAS-tagged slot exemptions in early 1995.

On March 2, 1999, Great Lakes Aviation filed a 90-day notice of its intention to suspend its subsidy-free service at Terre Haute, Indiana, effective June 1, 1999. Great Lakes noted that because of the transition to operating under Part 121 from Part 135 of the FAA regulations, higher costs at O’Hare, and low-fare competition at nearby Indianapolis, it is unable to sustain the continuing losses associated with serving this market without subsidy. (See Appendix A for a map.) Great Lakes currently provides Terre Haute with three one-stop round trips a day to O’Hare with 19 seat aircraft--two round trips with the four granted slot exemptions and one round trip operated outside the slot window, over the intermediate point Lafayette.

We received a response from the Terre Haute International Airport Authority on March 29, 1999, objecting to Great Lakes’ suspension notice. The community argues that although the Department found Terre Haute ineligible to receive subsidy in December 1993 based on its highway distance to the Indianapolis Airport, as it stated at that time and still believes, that decision was inappropriate. The community claims that the Department arbitrarily interpreted highway miles as the shortest route to the airport rather than adopting a more common-sense approach of using the most frequently traveled route. The community also requests that, with the funding eligibility issue currently being debated in Congress, the Department hold Great Lakes in the market until a decision clarifying the funding eligibility is made. It claims that the loss of air service at Terre Haute before a final decision is made would inflict needless harm to its efforts to resolve its air service problems. Finally, as an alternative measure, the community states that it is aware that the EAS statutes (49 U.S.C. 41736) contain a subsidy-sharing provision and suggests that it may be eligible to participate.

### **Decision**

We appreciate Terre Haute’s desire to secure funding for its air service; however, the decision immediately before the Department is Great Lakes’ suspension notice at Terre Haute and we must respond promptly. As we stated above, Terre Haute lost its subsidy eligibility on December 1, 1993, and it continues to be subsidy-ineligible because of its proximity to the Indianapolis Airport. Since we are prohibited from subsidizing Great Lakes to serve Terre Haute, we may not require it to continue to serve beyond its notice period. Thus, we are compelled to allow Great Lakes to suspend Terre Haute’s service at the end of its 90-day notice period, June 1, 1999. Notwithstanding that Terre Haute is ineligible for subsidized service, we would make available the four O’Hare take-off and landing slot exemptions currently used by Great Lakes to a viable

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<sup>2</sup> Subparts K and S of part 93 of title 14, Code of Federal Regulations, designate John F. Kennedy and LaGuardia Airports in New York, O’Hare Airport in Chicago, and Ronald Reagan Washington National Airport as high density traffic airports and prescribe air traffic rules for operating aircraft, other than helicopters, to and from those airports. Those regulations limit the hourly number of allocated Instrument Flight Rule (IFR) take-offs and landings that may be reserved for specified classes of users.

unsubsidized replacement carrier, and we encourage interested carriers to submit such proposals. (See Appendix B for a list of slot times.)

We should also note that we could not authorize service for Terre Haute under the EAS subsidy-sharing program. Although Terre Haute is a designated EAS community for notice-provision purposes, its subsidy ineligibility for basic EAS also renders it ineligible for consideration under the subsidy-sharing provisions of the EAS program.

#### **Service History and Traffic Data**

Prior to 1993, Terre Haute received subsidy-free service to Chicago's O'Hare Airport from Simmons. In early 1993, after Simmons filed a 90-day notice to suspend Terre Haute's O'Hare service, Lone Star Airlines was selected and began providing Terre Haute with service in the St. Louis market. However, as we noted above, because of its proximity to the Indianapolis Airport, Terre Haute lost all subsidized service in December 1993. In March 1995, after Great Lakes was granted four slot exemptions at O'Hare for Terre Haute, the carrier began providing subsidy-free service between Terre Haute and Chicago O'Hare Airport. Great Lakes is providing Terre Haute with three round trips, six days a week via Lafayette to O'Hare, with 19-seat Beech 1900 aircraft.

For the year ended December 1998, the most recent 12-month period for which data are available, Terre Haute generated 5,943 passengers, an average of 8 enplanements per day. In order to help carriers assess the market, we have included historical passenger data in Appendix C.

#### **Carrier Procedures for Filing Replacement Proposals**

Our normal carrier replacement cases involve carriers requesting subsidy and the information we request is geared to documentation supporting the subsidy requests. In this case, however, we continue to be precluded from paying subsidy to support Terre Haute's air service. Of course, any carrier is free to inaugurate service at Terre Haute at any time. If, however, applicant carriers need O'Hare slot exemptions in order to inaugurate Terre Haute-O'Hare service, they should submit proposals with sufficient information to enable the Department to make a comparative selection award in the event there are competing proposals. Proposals should include the following information:

1. a proposed operating schedule including all points to be served on the itinerary, aircraft type, frequency, and proposed arrival/departure times;
2. traffic, revenue, and expense forecasts for the first 12 months of service;
3. a proposed start-up date;
4. for the applicant carrier's system, its most recent 12-month financial statement; and
5. a service list of civic officials receiving the application.<sup>3</sup>

Applications in response to this order should be filed no later than 20 days after the issue date of this order and served on the civic officials of Terre Haute and the City of Chicago-Department of Aviation.<sup>4</sup>

#### **Community and State Comments**

If we receive carrier proposals, the community and state are welcome to submit comments on them 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.

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<sup>3</sup> We will contact all applicants after the 20-day period and direct them to serve their proposals on civic officials of the community, the state, and on all other applicants.

<sup>4</sup> Carriers are not precluded from filing applications after the 20-day due date. However, to the extent that the Department may have to choose among applicants, we will give first priority to those that are within that timeframe.

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

**ACCORDINGLY,**

1. We take no action to prohibit Great Lakes Aviation, Ltd., d/b/a United Express, from suspending scheduled air service at Terre Haute, Indiana, effective June 1, 1999;
2. We request that carriers interested in providing essential air service at Terre Haute, Indiana, submit their proposals, without subsidy, within 20 days after the date of service of this order. 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 Terre Haute, Indiana, Docket OST-1999-5174;"  
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3. This docket will remain open until further Department order; and
4. We will serve a copy of this order on the Mayor and airport manager of Terre Haute, Indiana, the Governor of Indiana, the Indiana Department of Transportation, City of Chicago-Department of Aviation, Great Lakes Aviation, Ltd., d/b/a United Express, and the parties listed in Appendix D.

By:

**A. BRADLEY MIMS**  
Acting 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>*

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<sup>5</sup> After each applicant has served a copy of its proposal on the civic officials, the state, and other applicants, each applicant must then file a certificate of service with the Department's Dockets Operations and Media Management Division, SVC-124. Questions regarding filings in response to this order may be directed to Linda Prete, 202-366-1051.



**Slot Exemptions at O'Hare Airport  
for the Provision of Essential Air Service  
at Terre Haute, Indiana**

<u>Community</u>	<u>Slot Exemption Time Periods</u>
Terre Haute	2:10-2:14p, 3:30-3:34p, 4:30-4:34p, 6:25-6:29p

The above times periods are available for Terre Haute as listed. These slot exemptions may only be used within the specific five-minute time periods, i.e., a 9:00a-9:04a slot exemption could not be used before 9:00a or after 9:05a.

**HISTORIC TRAFFIC AT TERRE HAUTE, INDIANA 1/**

	<u>Terre Haute</u>	
	<u>O&amp;D</u>	<u>Enpl. Per Day</u>
<u>1995</u>		
1st Qtr	1,105	6.1
2nd Qtr	2,119	11.6
3rd Qtr	3,064	16.7
4th Qtr	<u>2,433</u>	<u>13.2</u>
YE 1995	8,721	11.9
<u>1996</u>		
1st Qtr	2,152	12.0
2nd Qtr	2,496	13.7
3rd Qtr	2,333	12.7
4th Qtr	<u>1,915</u>	<u>10.4</u>
YE 1996	8,896	12.2
<u>1997</u>		
1st Qtr	1,866	10.4
2nd Qtr	1,413	7.8
3rd Qtr	1,590	8.6
4th Qtr	<u>1,440</u>	<u>7.8</u>
YE 1997	6,309	8.6
<u>1998</u>		
1st Qtr	1,298	7.2
2nd Qtr	1,520	8.4
3rd Qtr	1,544	8.4
4th Qtr	<u>1,581</u>	<u>8.6</u>
YE 1998	5,943	8.1

1/ Enplanements are based on 365 service days per year.

SERVICE LIST FOR THE STATE OF ILLINOIS

Aero Taxi Rockford, Inc.	Chester Anderson
Air Casino, Inc.	Ken Bannon
Air Wisconsin, Inc.	Jeff Bell
Allied Airlines, Inc.	Richard Thomas Clarke
American Trans Air, Inc.	Sabrina Cranor
Amerijet International, Inc.	E.B. Freeman
Bemidji Airlines	Douglas Gumula
Chicago Air Taxi, Inc.	A. Edward Jenner
Chicago Express Airlines, Inc.	Dan Katzka
Delta Connection	John McFarlane
Direct Air, Inc.	Tracy Schoenrock
Dwyer Aircraft Sales, Inc.	Kevin Thomas
Executive Airlines, Inc.	Edward Wenz
Florida Air, Inc.	Gary L. White
Gorda Aero Service, Inc.	Robert Wigmore
GP Express Airlines, Inc.	
Great Lakes Aviation, Ltd.	
Heartland Aviation, Inc.	
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	

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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.	