



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

Issued by the Department of Transportation
on the 7th day of September, 1999

Served: September 9, 1999

Request for Proposals at

EL DORADO/CAMDEN, ARKANSAS
JONESBORO, ARKANSAS
HARRISON, ARKANSAS
HOT SPRINGS, ARKANSAS
ENID, OKLAHOMA
PONCA CITY, OKLAHOMA
BROWNWOOD, TEXAS

Dockets: OST-1997-2935

OST-1997-2401

OST-1997-2402

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

ORDER REQUESTING PROPOSALS

Summary

By this order, the Department is requesting proposals from air carriers interested in providing essential air service (EAS) for a two-year period at seven communities, El Dorado/Camden, Jonesboro, Harrison, and Hot Springs, Arkansas, Enid and Ponca City, Oklahoma, and Brownwood, Texas. (See Appendix A for a map.)

Background

Aspen Mountain Air (AMA) had provided subsidized EAS at these seven communities for over ten years when in August 1998, AMA filed for protection under Chapter 11 of the bankruptcy laws. Because of its severe financial condition, it subsequently informed the Department that it intended to suspend its EAS service at the seven communities as soon as a replacement carrier could be located. Consequently, the Department requested emergency replacement service and, by Order 98-10-9, October 7, 1998, selected Big Sky Airlines to replace AMA at the seven EAS communities at the same subsidy rates and service levels as AMA's. In late November 1998, Big Sky Airlines began a phased-in replacement of AMA at the seven EAS communities, using 19-seat Metro aircraft. Big Sky's subsidy rates, which will expire November 30, 1999, are as follows:

El Dorado and Jonesboro -- \$1,886,693

Enid and Ponca City -- \$1,534,795

Harrison and Hot Springs -- \$2,099,224

Brownwood -- \$807,717

Under our normal procedures when nearing the end of a rate term, we contact the incumbent carrier to determine whether it is interested in continuing service and whether it will continue to require subsidy. If the carrier wishes to continue service with subsidy, we usually negotiate a

new subsidy rate with the carrier, issue an order tentatively reselecting it for a new two-year rate term at the agreed-to rate, and direct other parties to show cause why we should not finalize our tentative decision. Other carriers are then invited to submit competing proposals in response to the show-cause order, and if any such proposals are received, we process them as a competitive case. Big Sky has advised us that it is interested in continuing to provide service at all seven points for a new rate term and would submit a service proposal. However, in this case, two other carriers have expressed an interest in providing EAS at these communities--Merlin Express, located in San Antonio, Texas, and Casino Airlines, in Shreveport, Louisiana. Under these circumstances, our program practice is to request proposals from all interested carriers to provide essential air service at the seven communities.

Solicitation for Service Proposals

We will seek proposals, with or without subsidy requests, from carriers interested in providing essential air service at any or all of the seven points listed below. Below are the current service levels for Big Sky's provision of EAS at the seven communities, all provided with 19-seat Metro aircraft.

<u>Community</u>	<u>Hub</u>	<u>Round Trips Each Weekday and Weekend</u>
El Dorado	Dallas	Three
Jonesboro	Dallas (via El Dorado)	Two
Harrison	St. Louis (via Mountain Home) & Dallas (via Hot Springs)	Two Two
Hot Springs	St. Louis (via Mountain Home & Harrison) and Dallas	Two Three
Enid	Dallas (via Ponca City)	Four
Ponca City	Dallas (via Enid)	Four
Brownwood	Dallas	Three

As a general matter, in addition to requesting proposals that meet the service levels currently being provided as shown above, we will also entertain proposals contemplating alternative service for the seven communities to any suitable hub. However, for Harrison the traffic generated to the St. Louis hub over the past several years has been extremely low, averaging

only one enplanement per day. In view of this, we will institute a review of its current two-hub EAS determination requiring service to both Dallas/Ft. Worth and St. Louis. Thus, we are putting Harrison on notice that we could revise its EAS determination to require service to only one hub, either Dallas/Ft. Worth or St. Louis. In order to have a full array of proposals, therefore, we also request service proposals for Harrison that would offer it service to either Dallas/Ft. Worth or St. Louis. All service should be provided with 15-seat or larger aircraft. In order to assist applicants in the development of reasonable traffic and revenue projections, Appendix B shows historical traffic data for the seven communities.¹

All carriers interested in filing proposals for replacement service, with or without subsidy, should file them within 20 days after the service date of this order. At the end of that period, our staff will docket any competing proposals, thereby making them public and direct each applicant to serve a copy of its proposal on the civic parties and the other applicants. We will give full consideration to all proposals that are timely filed.

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.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.² Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with

¹ Because of inconsistencies in the most current reported traffic data, the tables in Appendix B show traffic results only through the second quarter of 1998, June 30, 1998. More current traffic data are not truly reflective of demand because of the emergency transition from AMA to Big Sky.

² 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.

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. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

Community and State Comments

The communities and States are welcome to submit comments on the proposals to serve El Dorado/Camden, Jonesboro, Harrison, Hot Springs, Enid, Ponca City, and Brownwood 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. In any event, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.³

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

ACCORDINGLY,

1. The Department requests carriers interested in providing essential air service at El Dorado/Camden, Jonesboro, Harrison, and Hot Springs, Arkansas; Enid and Ponca City, Oklahoma; and Brownwood, Texas, as discussed in this order, to file proposals, with or without subsidy, within twenty (20) days after the date of service of this order. Proposals must include all data required by section 204.4 of our Regulations (14 CFR 204.4). An original and five copies of the proposals should be sent to EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590, with the title "Proposal to Provide Essential Air Service at El Dorado/Camden, Jonesboro, Harrison, Hot Springs, Enid, Ponca City, and/or Brownwood, as appropriate;⁴
2. These dockets will remain open until further order of the Department; and
3. We will serve a copy of this order on the Mayors and airport managers of El Dorado/Camden, Jonesboro, Harrison, and Hot Springs, Arkansas, Enid and Ponca City, Oklahoma, and Brownwood, Texas, the Governors of Arkansas, Oklahoma, and Texas, the

³ 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.

⁴ Please include relevant Docket numbers listed on the first page of this order. 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 communities, the States of Arkansas, Oklahoma, and Texas, and other applicants. All applicants must then file a certificate of service with the Department's Documentary Services Division.

States' Departments of Transportation, Big Sky Airlines, Merlin Express, and Casino Airlines, and the parties listed in Appendix C.

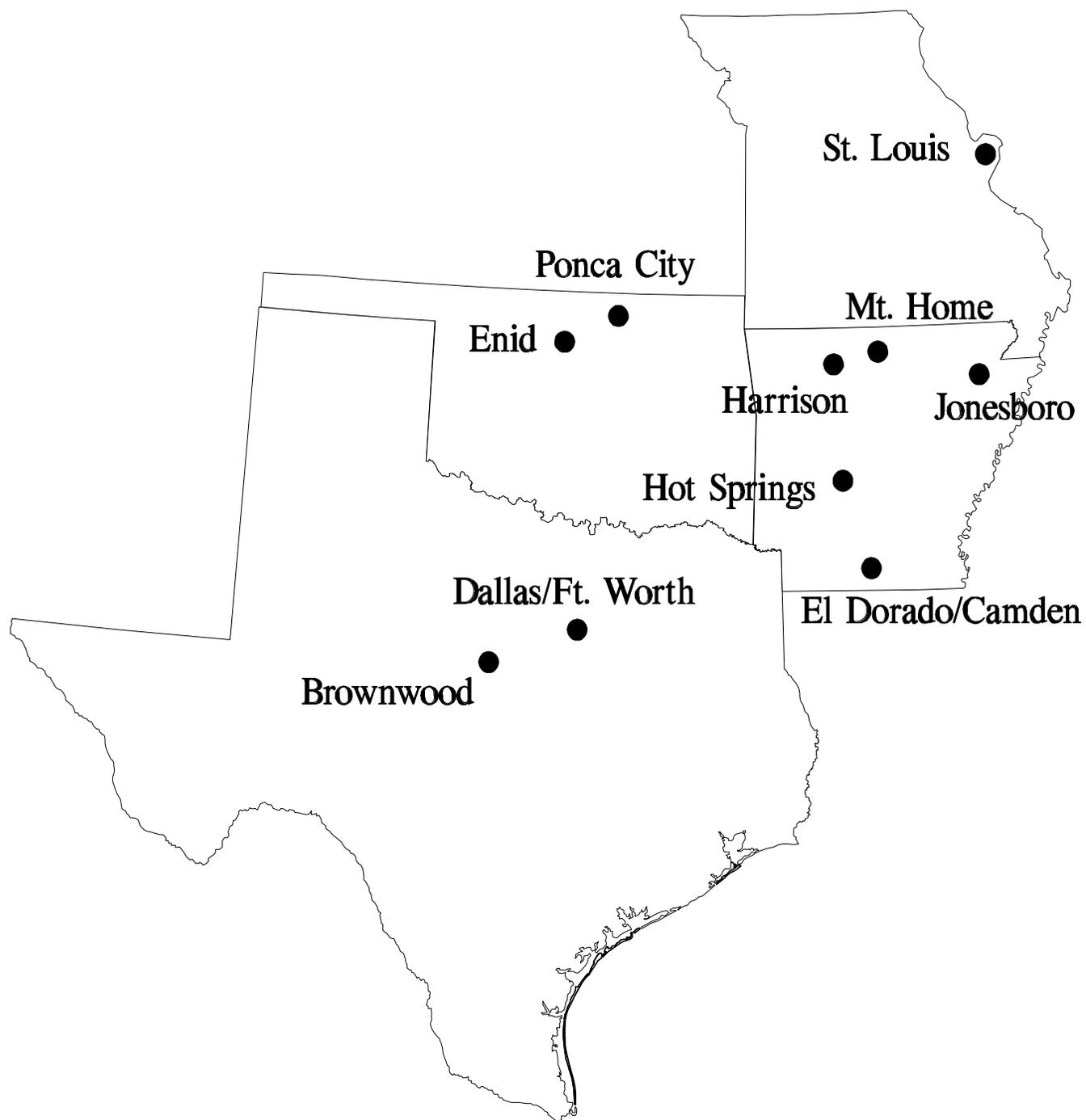
By:

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>*

Appendix A



HISTORICAL ENPLANEMENTS 1/
AT HARRISON, ARKANSAS

<u>Year</u>	<u>To Dallas/Ft. Worth</u> Enplanements		<u>To St. Louis</u> Enplanements		<u>Total 2/</u> Enplanements	
	<u>Annual</u>	<u>Daily</u>	<u>Annual</u>	<u>Daily.</u>	<u>Annual</u>	<u>Daily.</u>
1991	869	5.7 <u>3/</u>	1,472	4.7	2,728	8.7
1992	2,259	7.2	1,182	3.8	3,572	11.4
1993	2,087	6.7	1,140	3.6	3,386	10.8
1994	1,865	6.0	1,093	3.5	3,156	10.1
<u>1995</u>						
1st Qtr	328		186		582	
2nd Qtr	414		299		794	
3rd Qtr	425		246		725	
4th Qtr	<u>325</u>		<u>196</u>		<u>553</u>	
YE	1,492	4.8	927	3.0	2,654	8.5
<u>1996</u>						
1st Qtr	214		80		350	
2nd Qtr	306		94		456	
3rd Qtr	215		73		332	
4th Qtr	<u>147</u>		<u>61</u>		<u>251</u>	
YE	882	2.8	308	1.0	1,389	4.4
<u>1997</u>						
1st Qtr	136		46		239	
2nd Qtr	237		79		360	
3rd Qtr	278		86		386	
4th Qtr	<u>371</u>		<u>115</u>		<u>515</u>	
YE	1,022	3.3	326	1.0	1,500	4.8
<u>1998</u>						
1st Qtr	216		91		394	
2nd Qtr	<u>214</u>		<u>89</u>		<u>344</u>	
YE	1,079	3.4	381	1.2	1,639	5.2

SOURCE: RSPA Form 298-C, Schedule T-1.

1/ Because of inconsistencies in the most current reported traffic data, the tables in Appendix B show traffic results only through the second quarter of 1998, June 30, 1998. More current traffic data are not truly reflective of demand because of the emergency transition from AMA to Big Sky.

2/ Totals include all destinations and are based on 313 service days per year.

3/ Based on 152 service days, the carrier began Dallas/Ft. Worth service in mid-1991.

HISTORICAL ENPLANEMENTS 1/
AT HOT SPRINGS, ARKANSAS

<u>Year</u>	<u>To Dallas/Ft. Worth</u> Enplanements		<u>To St. Louis</u> Enplanements		<u>Total 2/</u> Enplanements	
	<u>Annual</u>	<u>Daily</u>	<u>Annual</u>	<u>Daily.</u>	<u>Annual</u>	<u>Daily.</u>
1991	2,866	9.2	207	1.4 <u>3/</u>	3,184	10.2
1992	3,101	9.9	555	1.8	3,934	12.6
1993	3,156	10.1	727	2.3	4,131	13.2
1994	3,589	11.5	751	2.4	4,654	14.9
<u>1995</u>						
1st Qtr	666		88		842	
2nd Qtr	776		153		1,038	
3rd Qtr	786		121		916	
4th Qtr	<u>697</u>		<u>84</u>		<u>824</u>	
YE	2,925	9.3	446	1.4	3,620	11.6
<u>1996</u>						
1st Qtr	552		43		668	
2nd Qtr	771		34		885	
3rd Qtr	822		54		933	
4th Qtr	<u>595</u>		<u>42</u>		<u>702</u>	
YE	2,740	8.8	173	0.6	3,188	10.2
<u>1997</u>						
1st Qtr	441		71		575	
2nd Qtr	796		33		899	
3rd Qtr	887		34		971	
4th Qtr	<u>998</u>		<u>33</u>		<u>1,107</u>	
YE	3,122	10.0	171	0.5	3,552	11.3
<u>1998</u>						
1st Qtr	779		15		923	
2nd Qtr	<u>809</u>		<u>24</u>		<u>934</u>	
YE	3,473	11.1	106	0.3	3,935	12.6

SOURCE: RSPA Form 298-C, Schedule T-1.

1/ Because of inconsistencies in the most current reported traffic data, the tables in Appendix B show traffic results only through the second quarter of 1998, June 30, 1998. More current traffic data are not truly reflective of demand because of the emergency transition from AMA to Big Sky.

2/ Totals include all destinations and are based on 313 service days per year.

3/ Based on 152 service days because the carrier began service from Hot Springs to St. Louis in mid-1991.

HISTORICAL ENPLANEMENTS ^{1/}
AT EL DORADO/CAMDEN AND JONESBORO, ARKANSAS

<u>Year</u>	<u>El Dorado/Camden</u> Enplanements		<u>Jonesboro</u> Enplanements	
	<u>Annual</u>	<u>Daily</u>	<u>Annual</u>	<u>Daily</u>
1991	2,295	7.3	273	0.9
1992	3,990 ^{2/}	12.7	455 ^{3/}	1.5
1993	3,252	10.4	3,841	12.3
1994	3,544	11.3	3,572	11.4
<u>1995</u>				
1st Qtr	652		572	
2nd Qtr	843		569	
3rd Qtr	835		584	
4th Qtr	<u>734</u>		<u>678</u>	
YE	3,064	9.8	2,403	7.7
<u>1996</u>				
1st Qtr	472		484	
2nd Qtr	454		532	
3rd Qtr	527		525	
4th Qtr	<u>383</u>		<u>465</u>	
YE	1,836	5.9	2,006	6.4
<u>1997</u>				
1st Qtr	236		250	
2nd Qtr	304		439	
3rd Qtr	403		596	
4th Qtr	<u>586</u>		<u>889</u>	
YE	1,529	4.9	2,174	6.9
<u>1998</u>				
1st Qtr	495		728	
2nd Qtr	<u>528</u>		<u>720</u>	
YE	2,012	6.4	2,933	9.4

SOURCE: RSPA Form 298-C, Schedule T-1. Enplanements are based on 313 service days per year.

^{1/} Because of inconsistencies in the most current reported traffic data, the tables in Appendix B show traffic results only through the second quarter of 1998, June 30, 1998. More current traffic data are not truly reflective of demand because of the emergency transition from AMA to Big Sky.

^{2/} Lone Star operated service from El Dorado/Camden to both Dallas/Ft. Worth and Memphis until December 20, 1992, when service to Memphis was discontinued.

^{3/} Lone Star began Jonesboro to Dallas/Ft. Worth service in lieu of Memphis service on December 20, 1992.

HISTORICAL ENPLANEMENTS ^{1/}
AT ENID AND PONCA CITY, OKLAHOMA,
AND BROWNWOOD, TEXAS

Year	Enid		Ponca City		Brownwood	
	Annual	Daily	Annual	Daily	Annual	Daily
1991	1,754	5.6	2,605	8.3	1,323	4.2
1992	2,191	7.0	3,371	10.8	1,395	4.5
1993	2,276	7.3	3,863	12.3	1,536	4.9
1994	3,878	12.4	4,175	13.3	1,959	6.3
<u>1995</u>						
1st Qtr	656		959		488	
2nd Qtr	707		1,118		526	
3rd Qtr	729		1,056		518	
4th Qtr	<u>685</u>		<u>931</u>		<u>435</u>	
YE	2,777	8.9	4,064	13.0	1,967	6.3
<u>1996</u>						
1st Qtr	418		636		299	
2nd Qtr	428		662		321	
3rd Qtr	400		536		276	
4th Qtr	<u>329</u>		<u>430</u>		<u>206</u>	
YE	1,575	5.0	2,264	7.2	1,102	3.5
<u>1997</u>						
1st Qtr	218		302		101	
2nd Qtr	373		475		171	
3rd Qtr	437		539		313	
4th Qtr	<u>675</u>		<u>860</u>		<u>315</u>	
YE	1,703	5.4	2,176	7.0	900	2.9
<u>1998</u>						
1st Qtr	563		652		367	
2nd Qtr	<u>695</u>		<u>821</u>		<u>494</u>	
YE	2,370	7.6	2,872	9.2	1,489	4.8

SOURCE: RSPA Form 298-C, Schedule T-1. Enplanements per day are based on 313 service days each year.

^{1/} Because of inconsistencies in the most current reported traffic data, the tables in Appendix B show traffic results only through the second quarter of 1998, June 30, 1998. More current traffic data are not truly reflective of demand because of the emergency transition from AMA to Big Sky.

SERVICE LIST FOR THE STATE OF ARKANSAS

ACT International Airlines, Inc.	Chester Anderson
Aero Freight, Inc.	Louis Andrews
Amerijet International, Inc.	Ken Bannon
Aspen Airways, Inc.	Moise Berger
Conquest Airlines Corporation	Richard Cass
Corporate Aviation Services, Inc.	Richard Thomas Clarke
Cotton Belt Aviation, Inc.	E.B. Freeman
Delta Connection	A. Edward Jenner
Express Airlines I, Inc.	Keith Kahle
Express Airlines II, Inc.	Helen McCoy
Grand Airways, Inc.	John McFarlane
Gunnell Aviation, Inc.	Richard A. Raymer
L'Express, Inc.	D.E. Rowan
Laredo Air, Inc.	Andrew Spinks
Las Vegas Airlines, Inc.	Kevin Thomas
Metro Express II, Inc.	Larry Tiffin
Metroflight, Inc.	Robert Wigmore
Midway Airlines, Inc.	
Midwest Express Airlines, Inc.	
Multi Aero, Inc.	
Northwest Airlink	
Patterson Aviation Company	
Redwing Airways, Inc.	
Rocky Mountain Helicopters, Inc.	
Ross Aviation, Inc.	
Scenic Airlines, Inc.	
Sun Pacific Airlines, Inc.	
Texas National Airlines, Inc.	
Trans States Airlines, Inc.	

SERVICE LIST FOR THE STATE OF TEXAS

ACT International Airlines, Inc.	Francis Armstrong
Aero Freight, Inc.	Ken Bannon
Air L.A., Inc.	E.B. Freeman
Air Midwest, Inc.	Ben Harrison
Air Transport, Inc.	A. Edward Jenner
Amerijet International, Inc.	Keith Kahle
Aspen Airways, Inc.	Wes Marden
Blue Ridge Airlines	Helen McCoy
Delta Connection	John McFarlane
Indianapolis Heliport Corporation	Andy Pike
L'Express, Inc.	D.E. Rowan
Laredo Air, Inc.	William C. Seigler
Mesa Airlines, Inc.	Andrew Spinks
Metroflight, Inc.	Kevin Thomas
Midway Airlines, Inc.	Wayne Trawick
Midwest Express Airlines, Inc.	Robert Wigmore
Multi Aero, Inc.	
Northwest AirlinK	
Premier Aviation Services, Inc.	
Ross Aviation, Inc.	
Texas National Airlines, Inc.	

SERVICE LIST FOR THE STATE OF OKLAHOMA

ACT International Airlines, Inc.	Francis Armstrong
Aero Freight, Inc.	Ken Bannon
Air Midwest, Inc.	E.B. Freeman
Amerijet International, Inc.	A. Edward Jenner
Conquest Airlines Corporation	Keith Kahle
Corporate Aviation Services, Inc.	Wes Marden
Delta Connection	John McFarlane
Metroflight, Inc.	Andrew Spinks
Midway Airlines, Inc.	Kevin Thomas
Midwest Express Airlines, Inc.	Wayne Trawick
Multi Aero, Inc.	Robert Wigmore
Northwest AirlinK	
Redwing Airways, Inc.	
Renown Aviation, Inc.	
Texas National Airlines, Inc.	
Trans States Airlines, Inc.	