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Order 2000-9-22



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

Served: September 26, 2000

Issued by the Department of Transportation
on the 21st day of September, 2000

Essential air service at

QUINCY, ILLINOIS/HANNIBAL, MISSOURI

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

Docket OST-1999-5931 - 7

ORDER GRANTING EXEMPTION REQUESTS
AND DENYING SUBSIDY

Background

By Order 2000-4-21, April 19, 2000, the Department requested proposals from carriers interested in providing essential air service to Chicago from either Quincy, Illinois/Hannibal, Missouri, or Decatur, Illinois, with or without subsidy. In response to that order, Air Wisconsin Airlines Corp., d/b/a United Express, has submitted a proposal to operate two daily nonstop round trips between Quincy/Hannibal and Chicago O'Hare International Airport with 32-seat Domier 328 aircraft beginning October 1, 2000.¹

Air Wisconsin requests an annual subsidy of \$1,173,308 for its proposed service. In addition, Air Wisconsin states that it is committed to providing service at Quincy/Hannibal for a period of roughly two years in an effort to develop the market, but requests exemptions from the 90-day notice and hold-in requirements contained in 49 U.S.C. 41734 if it should choose to discontinue service anytime after December 31, 2002.

In brief, the applicable provisions in the statute state that a carrier providing essential air service at a community must provide the Department and the community with 90 days' notice of its intent to discontinue or reduce its service if, as a result of such action, the community's defined essential air service level would no longer be met. If the defined level would not be met, the statute directs the Department to require the carrier to continue providing essential air service at the community beyond the 90-day period until another carrier begins replacement service.

¹ We have received no proposals for Decatur-Chicago service. Both Quincy/Hannibal and Decatur receive unsubsidized service to St. Louis; Quincy/Hannibal's service to St. Louis is operated by Corporate Airlines, Inc., d/b/a Trans World Express, while Decatur's is operated by Trans States Airlines, Inc., d/b/a Trans World Express. See the Appendix for a map.

Because Quincy/Hannibal's essential air service determination requires two daily round trips to both Chicago (with no more than one intermediate stop) and St. Louis (nonstop), any reduction in flight frequencies below those proposed by Air Wisconsin would reduce the community's overall service below the defined essential air service level. Air Wisconsin is prepared to operate within the statutory provisions through December 31, 2002. However, Air Wisconsin requests that, beyond that date, it be subject to a notice period of just 45 days and no hold-in obligation whatsoever.

Community Comments

By letter dated September 15, 2000, the Mayor of Quincy states that the community supports Air Wisconsin's proposal, including the carrier's exemption requests.

Decision

We have decided to grant Air Wisconsin's exemption requests, effective January 1, 2003. Since this case involves exemptions from provisions of the law that protect a community from the loss of air service, we are relying heavily on the community's support of Air Wisconsin's requests. The community is fully aware of the risk associated with the exemptions, and is willing to accept that risk.

On the other hand, we are not in a position to authorize any subsidy for Air Wisconsin's proposed service. The essential air service program has an annual budget of \$50 million, but we are currently spending program funds at an annual rate of \$56 million, using funds saved from prior fiscal years. Consequently, we are unable to subsidize Air Wisconsin's service out of current funding.

Service from Quincy/Hannibal to Chicago became guaranteed by statute only recently, under the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, P.L. 106-181, which the President signed into law on April 5, 2000.² In passing that legislation, Congress recognized that, for a variety of reasons, current program funding was in danger of being inadequate to meet the program's current commitments, and that the new legislation, which expanded some communities' statutory guarantees, would increase those commitments. Consequently, as part of the new law, Congress also authorized an additional \$15 million in annual program funding to ensure that those increased responsibilities would be met. Unfortunately, the additional funds that were authorized by P.L. 106-181 have not been appropriated.

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

ACCORDINGLY,

1. We grant an exemption from the 90-day notice requirement contained in 49 U.S.C. 41734(a) to Air Wisconsin Airlines Corp., d/b/a United Express, to the extent necessary to permit a 45-day

² In fact, our request for proposals in Order 2000-4-21 was prompted by the enactment of P.L. 106-181. See that order for a full discussion of the new law's effect on the essential air service guarantees of both Quincy/Hannibal and Decatur.

notice period for termination of its service at Quincy, Illinois/Hannibal, Missouri, effective January 1, 2003;

2. We grant an exemption from the hold-in requirements contained in 49 U.S.C. 41734(b) and (c) to Air Wisconsin Airlines Corp., d/b/a United Express, for its service at Quincy, Illinois/Hannibal, Missouri, effective January 1, 2003; and

3. We will serve copies of this order on the Mayors and airport manager of Quincy, Illinois, and Hannibal, Missouri; the Mayor of Chicago; the Chicago Department of Aviation; Air Wisconsin Airlines Corp., d/b/a United Express; Corporate Airlines, Inc., d/b/a Trans World Express; and all other parties to Docket OST-1999-5931.

By:

FRANCISCO J. SANCHEZ
Assistant Secretary for Aviation
and International Affairs

(SEAL)

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QUINCY/HANNIBAL AND THE SURROUNDING REGION

