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ORDER 2000-12-8



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

Issued by the Department of Transportation  
on the 11<sup>th</sup> day of December, 2000

**Served: December 14, 2000**

Essential Air Service at  
**Norfolk, Nebraska**  
under 49 U.S.C. 41731 *et seq.*

**Docket OST-00-8320 - 2**

Essential Air Service at  
**Alliance and Chadron, Nebraska**  
under 49 U.S.C. 41731 *et seq.*

**Docket OST-00-8322 - 2**

Essential Air Service at  
**Ottumwa, Iowa**  
under 49 U.S.C. 41731 *et seq.*

**Docket OST-00-8323 - 2**

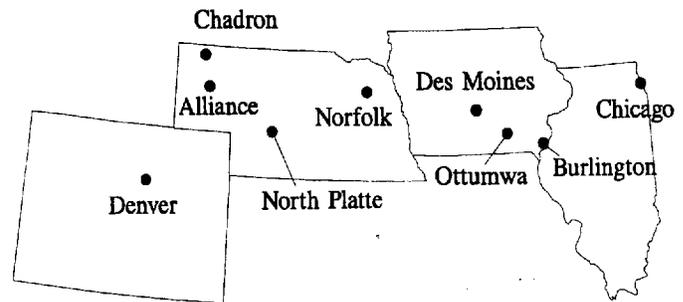
**ORDER PROHIBITING TERMINATION OF SERVICE  
AND REQUESTING PROPOSALS**

**Summary**

By this order, the Department is (a) prohibiting Great Lakes Aviation, Ltd, d/b/a United Express (Great Lakes), from terminating its subsidized scheduled air service at Norfolk, Alliance and Chadron, Nebraska and Ottumwa, Iowa (b) requiring the carrier to maintain its current service at each community for an initial 30-day period following the end of the notice period, and (c) requesting proposals from carriers interested in providing replacement service.

### **Background**

By Order 99-4-7, April 12, 1999, the Department authorized an annual subsidy rate of \$431,660 for Great Lakes Aviation to provide essential air service at Norfolk, Nebraska, consisting of 12 nonstop or one-stop round trips a week to Denver with Beech 1900 aircraft. Norfolk is served to Denver via North Platte, Nebraska, as an intermediate point.



In a similar fashion, by Order 2000-5-18, May 15, 2000, the Department selected Great Lakes to provide essential air service to Alliance and Chadron, consisting of 18-weekly round trips in Beech 1900 aircraft to Denver, at a combined annual subsidy rate of \$1,459,608. Alliance is served to Denver via Chadron as an intermediate point, while Chadron is served nonstop to Denver. Also, by Order 99-2-21, February 22, 1999, the Department authorized an annual subsidy rate of \$380,039 for Great Lakes to provide essential air service at Ottumwa, Iowa, consisting of 12 nonstop or one-stop round trips a week to Chicago again with Beech 1900 aircraft. Ottumwa is served to Chicago via Burlington, Iowa, as an intermediate point.

On November 15, 2000, Great Lakes, filed a series of 90-day notices with the intent of terminating scheduled air service at all four communities, effective February 13, 2001. Great Lakes is the only air carrier providing scheduled service at all four communities.

### **Essential Air Service at Norfolk**

The essential air service determination for Norfolk, Nebraska, requires at least two nonstop or one-stop round trips each weekday and each weekend to Denver, with sufficient capacity to accommodate 14 passengers in each direction each weekday and weekend. In year ended September 30, 2000, Norfolk generated a total of 3,798 passengers (1,926 enplanements) or 6.2 enplanements per day based on a 313-day service year.

### **Essential Air Service at Alliance and Chadron**

The essential air service determinations for Alliance and Chadron, Nebraska, require at least two nonstop or one-stop round trips each weekday and each weekend to Denver. Alliance must be served with sufficient capacity to accommodate 5 passengers in each direction each weekday and weekend, while Chadron requires sufficient capacity to accommodate 3 passengers in each direction each weekday and weekend. In the year ended September 30, 2000, Alliance generated a total of 2,790 passengers (1,354 enplanements) or 4.3 enplanements per day based on a 313-day service year, and Chadron generated a total of 3,880 passengers (1,979 enplanements) or 6.3 enplanements per day based on a similar 313-day service year.

### **Essential Air Service at Ottumwa**

The essential air service determination for Ottumwa, Iowa, requires at least two nonstop or one-stop round trips each weekday and each weekend to Chicago, with sufficient capacity to accommodate 10 passengers in each direction each weekday and weekend. In year ended September 30, 2000, Ottumwa generated a total of 1,627 passengers (816 enplanements) or 2.6 enplanements per day based on a 313-day service year.

In accordance with our essential air service guidelines, service at Chadron, Norfolk and Ottumwa must be provided with aircraft having at least 15 passenger seats. Because Alliance did not generate an average of 11 or more enplanements a day between 1976 and 1986, service may be provided with aircraft having fewer than 15 seats if the aircraft otherwise meets our guidelines. See Title 49 USC §41732 (b)(3). Among other requirements, the aircraft must be pressurized, have two engines, an airstair door, and be flown by two pilots.

### **Request for Proposals**

We request that any carriers interested in providing essential air service at one or more of the communities file their proposals within 20 days of the service date of this order. For Norfolk, we ask that carriers submit proposals for two nonstop or one-stop round trips per weekday and per weekend to Denver. Because Norfolk enplanes an average of 6 passengers a day, nonstop service to Denver would likely be prohibitively expensive. Therefore, we encourage service proposals that would use North Platte or another community as an intermediate stop to Denver.

For carriers interested in serving Alliance and/or Chadron, they should submit proposals for two or three nonstop or one-stop round trips per weekday and per weekend, also to Denver. Because of long distances involved and in order to contain the overall cost of providing the service we encourage service proposals that would combine Alliance and Chadron on the same routing to Denver.

For Ottumwa, we ask that carriers submit proposals for two nonstop or one-stop round trips per weekday and per weekend to Chicago. Because Ottumwa enplanes an average of fewer than 3 passengers a day, nonstop service to Chicago would likely be prohibitively expensive. Therefore, we encourage service proposals that would use an intermediate stop, such as Burlington, to Chicago.

In each case, service must be provided with 15-seat, or larger, pressurized aircraft. We will also entertain proposals to other hubs that provide access to the national air transportation system in order to give the Department and community as broad an array of proposals as possible from which to choose. Of course, as always, we will formally solicit the community's views on any service options we receive before making a long-term carrier selection decision. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data in Appendix A.

### **Procedures For Filing Proposals**

For interested air carriers that are not familiar 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 seeking proposals, conducting financial and operational audits of the applicant carriers and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, and a copy of section 14 CFR 204.4 of the Department's regulations which deals with the information required of all applicants for authority to provide basic essential air service, and provides schedules giving our recommended form for submitting data required for determining the financial and operational ability of applicants to provide dependable air service.<sup>1</sup>

### **Community and State Comments**

Each of the affected communities and the States of Nebraska and Iowa are welcome to submit comments on a proposal or proposals at any time.<sup>2</sup> Early in the proceeding, comments on the perceived strengths and weaknesses of the proposals would be particularly helpful to the Department. The civic parties may also express a preference for a particular carrier or proposal option at that time, if they choose. In any event, after we conclude 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.<sup>3</sup>

### **Other Carrier Requirements**

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.<sup>4</sup> Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they

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<sup>1</sup> Copies of these documents can be obtained from: EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, DC 20590. Telephone requests for these documents are accepted at (202) 366-1053.

<sup>2</sup> Norfolk civic parties should file an original and five copies of their comments in Docket OST-00-8320. Civic parties from Alliance and Chadron should file an original and five copies of their comments in Docket OST-00-8322. Otumwa civic parties should file an original and five copies of their comments in Docket OST-00-8323. All filings should be addressed to: Docket Operations and Media Management Division, SVC-124, Office of the Secretary, U.S. Department of Transportation, Room PL 401, 400 Seventh Street, S.W., Washington D.C. 20590.

<sup>3</sup> 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.

<sup>4</sup> The regulations applicable to each of these areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, Implementing title 31, United States Code, section 1352, entitled "Limitation on 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; (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs for the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the basis for 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.

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 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.

### **Requirement to Maintain Service**

Great Lakes Aviation, Ltd., d/b/a United Express, is the only link to the nation's air transportation system for each community. In accordance with 49 U.S.C. 41734, we must prohibit Great Lakes Aviation, Ltd., d/b/a United Express, from terminating service for a 30-day period beyond the end of its 90-day notice period, through March 15, 2001.

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

### **ACCORDINGLY,**

1. We request that carriers interested in providing essential air service at Norfolk, Alliance and Chadron, Nebraska, and Ottumwa, Iowa, submit their proposals, with or without requests for subsidy, within 20 days of the service date 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 7<sup>th</sup> Street, S.W., Washington, D.C. 20590, with the title: "Proposal to Provide Essential Air Service at Norfolk, Nebraska, Docket OST-00-8320," or "Proposal to Provide Essential Air Service at Alliance and (or) Chadron, Nebraska, Docket OST-00-8322," or "Proposal to Provide Essential Air Service at Ottumwa, Iowa, Docket OST-00-8323;"<sup>5</sup>
2. The Department prohibits Great Lakes Aviation, Ltd., d/b/a United Express, from terminating service at Norfolk, Alliance and Chadron, Nebraska, and Ottumwa, Iowa, at the end of its 90-day notice period, and requires it to maintain its current level of service between each community and Denver, Colorado, in the case of Norfolk, Alliance and Chadron, or Chicago, Illinois, in the case of Ottumwa, through March 15, 2001, or until a carrier capable of providing reliable essential air service actually begins service, whichever comes first;
3. The Department directs Great Lakes Aviation, Ltd., d/b/a United Express, to retain all books, records, and other source and summary documents to support subsidy claims for

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<sup>5</sup> After serving a copy of its proposal on the civic officials of Norfolk, Alliance and Chadron, Nebraska, or Ottumwa, Iowa, and each of the other applicants, each applicant must then file a certification of service with the Department's Docket Operations and Media Management Division, SVC-124. Questions regarding filings in response to this order may be directed to Mike Waters at (202) 366-6494.

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. This docket will remain open until further Department order; and

5. We will serve a copy of this order on the Mayors of Norfolk, Alliance and Chadron, Nebraska, and Ottumwa, Iowa, the Airport Managers of the Alliance and Chadron Municipal Airports, the Karl Stefan Memorial Airport at Norfolk, and the Ottumwa Industrial Airport, the Governors of Nebraska and Iowa, the Nebraska Department of Aeronautics and the Aviation Staff of the Iowa Department of Transportation, and the carriers listed in Appendix B.

By:

**FRANCISCO J. SANCHEZ**  
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>*

### Historical Revenue Passengers at Norfolk, Nebraska

<u>Year</u>	<u>Number</u>	<u>Average per Day</u>
1996	4,472	14.3
*1997	2,315	7.4
1998	3,366	10.8
1999	3,709	11.8
**2000	3,798	12.1

\* Great Lakes temporarily suspended service throughout its system from May 16, 1997 to as late as August 17, 1997.

\*\* Year Ending September 30, 2000.

### Historical Revenue Passengers at Alliance, Nebraska

<u>Year</u>	<u>Number</u>	<u>Average per Day</u>
1996	1,086	3.5
*1997	2,086	6.7
1998	3,750	12.0
1999	3,565	11.4
**2000	2,790	8.9

\* Great Lakes temporarily suspended service throughout its system from May 16, 1997 to as late as August 17, 1997.

\*\* Year Ending September 30, 2000.

### Historical Revenue Passengers at Chadron, Nebraska

<u>Year</u>	<u>Number</u>	<u>Average per Day</u>
1996	836	2.7
*1997	2,472	7.9
1998	3,976	12.7
1999	3,392	10.8
**2000	3,880	12.4

\* Great Lakes temporarily suspended service throughout its system from May 16, 1997 to as late as August 17, 1997.

\*\* Year Ending September 30, 2000.

### Historical Revenue Passengers at Ottumwa, Iowa

<u>Year</u>	<u>Number</u>	<u>Average per Day</u>
1996	2,109	6.7
*1997	2,074	6.6
1998	2,162	6.9
1999	1,550	5.0
**2000	1,627	5.2

\* Great Lakes temporarily suspended service throughout its system from May 16, 1997 to as late as August 17, 1997.

\*\* Year Ending September 30, 2000.

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Source: Bureau of Transportation Statistics, Form 298-C, Schedule T-1. Averages refer to passenger enplanements per service day, based on 313 service days each year.

## SERVICE LIST FOR THE STATE OF COLORADO

Air L.A., Inc.  
Air Transport, Inc.  
Alpine Aviation, Inc.  
Amerijet International, Inc.  
Arizona Airways, Inc.  
Arizona Pacific Airlines, Inc.  
Aspen Airways, Inc.  
Aviation Services West, Inc.  
Barken International, Inc.  
Blue Ridge Airlines  
Delta Connection  
Laredo Air, Inc.  
Lone Star Airlines, Inc.  
Mesa Airlines, Inc.  
Metroflight, Inc.  
Midway Airlines, Inc.  
Midwest Express Airlines, Inc.  
Northwest AirlinK  
Pacific Air West, Inc.  
Pennsylvania Commuter Airlines, Inc.  
Renown Aviation, Inc.  
Rocky Mountain Airways, Inc.  
Rocky Mountain Helicopters, Inc.  
Skywest Airlines, Inc.  
Westward Airways, Inc.  
Wings West Airlines, Inc.

Chuck Aune  
Ken Bannon  
E.B. Freeman  
Ben Harrison  
A. Edward Jenner  
Keith Kahle  
Bob Karns  
Alan W. Markham  
Helen McCoy  
John McFarlane  
Richard A. Raymer

## 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.  
Corporate Airlines, Inc.  
Delta Connection  
Direct Air, Inc.  
Dwyer Aircraft Sales, Inc.  
Executive Airlines, Inc.  
Florida Air, Inc.  
Gorda Aero Service, 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.  
Westward Airways, Inc.  
Wise Aviation Company

Chester Anderson  
Ken Bannon  
Jeff Bell  
Richard Thomas Clarke  
Sabrina Cranor  
E.B. Freeman  
Douglas Gumula  
A. Edward Jenner  
Dan Katzka  
John McFarlane  
Tracy Schoenrock  
Edward Wenz

SERVICE LIST FOR THE STATE OF IOWA

Aero Taxi Rockford, Inc.  
Air Casino, Inc.  
Air Wisconsin, Inc.  
AirVantage, Inc.  
Allied Airlines, Inc.  
Amerijet International, Inc.  
Bemidji Airlines  
Chicago Air Taxi, Inc.  
Chicago Express Airlines, Inc.  
Corporate Airlines, Inc.  
Delta Connection  
Direct Air, Inc.  
Dwyer Aircraft Sales, Inc.  
Enterprise Airlines, Inc.  
Executive Airlines, Inc.  
Falcon Aviation, Inc.  
Florida Air, Inc.  
Gorda Aero Service, Inc.  
Great Lakes Aviation, Ltd.  
Heartland Aviation, Inc.  
Imperial International, Inc.  
Jet Services, Inc.  
Mesaba Aviation, Inc.  
Metroflight, Inc.  
Midway Airlines, Inc.  
Midwest Aviation  
Midwest Express Airlines, Inc.  
Multi Aero, Inc.  
Northwest AirlinK  
Ottumwa Flying Service, Inc.  
Redwing Airways, Inc.  
Scott Aviation, Inc.  
Simmons Airlines, Inc.  
Thunderbird Aviation, Inc.  
Trans North Aviation Ltd.  
Trans States Airlines, Inc.  
Westward Airways, Inc.  
Wise Aviation Company

Chester Anderson  
Louis Andrews  
Ken Bannon  
E.B. Freeman  
Douglas Gumula  
A. Edward Jenner  
Dan Katzka  
John McFarlane  
Tracy Schoenrock  
Gary L. White  
Robert Wigmore

SERVICE LIST FOR THE STATE OF NEBRASKA

Air Casino, Inc.  
Air Midwest, Inc.  
Air Wisconsin, Inc.  
Amerijet International, Inc.  
Corporate Airlines, Inc.  
Delta Connection  
Dwyer Aircraft Sales, Inc.  
Falcon Aviation, Inc.  
Great Lakes Aviation, Ltd.  
Heartland Aviation, Inc.  
Mesa Airlines, Inc.  
Mesaba Aviation, Inc.  
Metroflight, Inc.  
Midway Airlines, Inc.  
Midwest Express Airlines, Inc.  
Multi Aero, Inc.  
Northwest AirlinK  
Redwing Airways, Inc.  
Renown Aviation, Inc.  
Rocky Mountain Airways, Inc.  
Thunderbird Aviation, Inc.  
Trans States Airlines, Inc.  
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