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Order 2000-11-4
Served: November 7, 2000

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 November 7, 2000

Essential Air Service at

PAGE, ARIZONA
ELY, NEVADA
VERNAL, UTAH
MOAB, UTAH

Dockets OST-1997-2694 - 10
OST-1995-361 - 27
OST 1997-2706 - 10
OST-1997-2827 - 25

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

EMERGENCY ORDER REQUESTING PROPOSALS

Summary

On November 3, 2000, Sunrise Airlines shut down leaving the four communities above with no scheduled air service. By this order we are requesting proposals on an emergency basis from carriers interested in providing essential air service at any or all four communities.¹

Background

Page: By Order 2000-2-9, issued February 7, 2000, Sunrise Airlines, Inc., (Sunrise) was selected to continue providing essential air service at Page. Subsidy was set at an annual rate of \$686,014, for the period April 1, 2000, through March 31, 2002, for 21 nonstop round trips per week to Phoenix during the six-month peak period beginning on or about May 1, and for 15-nonstop round trips per week during the six-month off-peak period beginning on or about November 1. Service was to be provided with Jetstream aircraft with 13 available passenger seats.

¹ Express Air, Inc., a sister company of Sunrise Airlines, provides essential air service at Show Low, Arizona, under the name Sunrise Airlines. At the present time, Express Air's service at Show Low is not affected by Sunrise's shutdown elsewhere.

Ely: By Order 98-7-1, issued July 1, 1998, Scenic Airlines, Inc. was selected to provide essential air service at Page. Later, by Order 99-6-13, issued June 14, 1999, the Department confirmed that Sunrise Airlines was obligated to provide essential air service at Ely as the successor-in-interest to Scenic Airlines. Subsidy was set by Order 99-6-13 at an annual rate of \$1,087,340, for the period July 1, 1999, through June 30, 2001, for twelve nonstop round trips per week to Elko and six nonstop round trips each week to Las Vegas, with Jetstream aircraft.

Vernal: By Order 2000-4-17, issued April 18, 2000, Sunrise was selected to provide essential air service at Vernal. Subsidy was set at an annual rate of \$594,706, for the two-year period beginning upon commencement of service, through May 31, 2002, for eighteen nonstop round trips per week to Salt Lake City, with Jetstream aircraft.

Moab: By Order 98-7-1, issued July 1, 1998, Redtail Aviation, Inc. was selected to provide essential air service at Moab, Utah. By Order 99-6-13, the Department confirmed that Sunrise was obligated to provide essential air service at Moab as the successor-in-interest to Redtail Aviation. Subsidy was set by Order 99-6-13 at an annual rate of \$595,373 for peak, off-peak and shoulder service that averaged three round trips a day to Salt Lake City, also with Jetstream aircraft.

Carrier Shutdown

On November 3, 2000, Sunrise notified the Department that all of its aircraft were being repossessed by their owner and that it would be ceasing all operations at Page, Ely, Vernal, and Moab at the end of that day.

Essential Air Definitions

Page: Essential air service at Page is defined as at least two nonstop or one-stop round trips each weekday and each weekend period to either Phoenix or Las Vegas, providing at least 17 seats in each direction each service day.²

Ely: Essential air service at Ely is defined as at least two nonstop or one-stop round trips each weekday and each weekend period to either Reno or Salt Lake City, providing at least 14 seats in each direction each service day.³

² Civil Aeronautics Board Order 84-4-66.

³ Civil Aeronautics Board Order 84-2-113.

Vernal: Essential air service at Vernal is defined as at least two nonstop or one-stop round trips each weekday and each weekend period to Salt Lake City, providing at least 17 seats in each direction each service day.⁴

Moab: Essential air service at Moab is defined as at least two nonstop or one-stop round trips each weekday and each weekend period to Salt Lake City, providing at least 9 seats in each direction each service day. Under normal essential air service guidelines, this service must be provided with pressurized aircraft having at least 15 passenger seats.⁵ Under normal essential air service guidelines, service must be provided with pressurized aircraft having two pilots and at least 15 passenger seats.

Request for Proposals

Since Sunrise ceased operations as of November 3 at these four communities, we are taking immediate steps on an expedited basis to secure suitable replacement service. We request that any carriers interested in providing essential air service at any or all communities, file their proposals within ten days of the service date of this order. We ask that carriers submit proposals for two or three round trips per service day to either Phoenix or Las Vegas for Page; Reno, Salt Lake City or Las Vegas for Ely; and Salt Lake City for Vernal and Moab. Service should be with 15-seat or larger, pressurized aircraft. We will also entertain service proposals to other hubs that provide access to the national air transportation system, or with smaller aircraft, in order to give the Department and the communities 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.

Carriers submitting proposals should fax them to the Department at (202) 366-7638, or send them by e-mail to john.mccamant@ost.dot.gov and follow with hard copy within three business days after the deadline.⁶ The filing will be considered timely if the fax or e-mail is received by the deadline. In addition, carriers should fax their proposals to the affected communities. In order to assist applicants in preparing their traffic and revenue forecasts, we have included historical traffic data in Appendix A.

Because of the emergency nature of this proceeding, we will place great importance in making our selection decision on how quickly each of the applicants would be able to commence operations.

⁴ Department of Transportation Order 88-7-32.

⁵ Department of Transportation Order 93-9-25.

⁶ Filings submitted by e-mail should be in MS Word or MS Excel format.

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.⁷

Community and State Comments

The communities and the States are welcome to submit comments on the proposals at any time.⁸ 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.⁹ Because we are conducting this proceeding on an expedited basis, rate conference results and community comments and responses may be sent by fax.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.¹⁰ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they

⁷ 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.

⁸ Civic parties should file an original and five copies of their comments in the appropriate docket listed on the first page of this order. Comments 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.

⁹ 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.

¹⁰ 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.

This order is issued under authority assigned 14 CFR 385.12(k)(6).

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Page, Arizona; Ely, Nevada; Vernal, Utah; and/or Moab, Utah, submit their proposals, with or without requests for subsidy, no later than 10 days after the service date of this order. An original and five copies of each proposal should be sent to the EAS and 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 (community), (state), (docket number)." Because of the emergency nature of this carrier replacement case, proposals may be faxed to the Department at (202) 366-7638, or sent by e-mail to john.mccamant@ost.dot.gov. Proposals submitted by fax or by e-mail must be followed by hard copy and received by the Department within three business days after the deadline.¹¹ The filing will be considered timely if the fax or e-mail is received by the deadline;
2. These dockets will remain open until further Department order; and
3. We will serve a copy of this order on the mayors and airport managers of Page, Ely, Vernal, and Moab; the Governors of Arizona, Nevada and Utah; the Arizona, Nevada and Utah Departments of Transportation; and the carriers listed in Appendix B.

¹¹ After serving a copy of its proposal on the civic officials of the community, the State, 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 John McCamant at (202) 366-1060.

Persons entitled to petition the Department for review of this order under the Department's Regulations, 14 CFR 385.50, must file such petitions within 10 days after the service date of this order.

This order will be effective immediately, and the filing of a petition for review shall not preclude its effectiveness.

By:

RANDALL D. BENNETT
Acting Director
Office of Aviation Analysis

(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>*

HISTORICAL TRAFFIC

PAGE

		<u>PGA-PHX</u>	<u>PHX-PGA</u>	<u>TOTAL</u>	<u>O&D Per Day 1/</u>
1998	1	517	527	1,044	
	2	1,182	1,172	2,354	
	3	1,674	1,630	3,304	
	4	<u>782</u>	<u>827</u>	<u>1,609</u>	
		4,155	4,156	8,311	26.6
1999	1	688	618	1,306	
	2	1,042	1,011	2,053	
	3	1,230	1,320	2,550	
	4	<u>806</u>	<u>793</u>	<u>1,599</u>	
		3,766	3,742	7,508	24.0
2000	1	726	718	1,444	

VERNAL

		<u>VEL-</u>	<u>-VEL</u>	<u>TOTAL</u>	<u>O&D Per Day 1/</u>
1998	1	732	681	1,413	
	2	1,004	1,066	2,070	
	3	1,185	1,162	2,347	
	4	<u>1,014</u>	<u>1,044</u>	<u>2,058</u>	
		3,935	3,953	7,888	25.2
1999	1	796	761	1,557	
	2	818	874	1,692	
	3	1,128	1,060	2,188	
	4	<u>953</u>	<u>962</u>	<u>1,915</u>	
		3,695	3,657	7,352	23.5
2000	1	1,007	943	1,950	

ELY

ELY		<u>ELY-</u>	<u>-ELY</u>	<u>TOTAL</u>	<u>O&D Per Day 1/</u>
1998	1	119	129	248	
	2	181	176	357	
	3	140	133	273	
	4	<u>121</u>	<u>127</u>	<u>248</u>	
		561	565	1,126	3.6
1999	1	104	84	188	
	2	144	107	251	
	3	555	490	1,045	
	4	<u>723</u>	<u>751</u>	<u>1,474</u>	
		1,526	1,432	2,958	9.5
2000	1	621	691	1,312	

MOAB

MOAB		<u>CNY-</u>	<u>-CNY</u>	<u>TOTAL</u>	<u>O&D Per Day 1/</u>
1998	1	400	361	761	
	2	1,090	1,068	2,158	
	3	736	531	1,267	
	4	<u>533</u>	<u>422</u>	<u>955</u>	
		2,759	2,382	5,141	16.4
1999	1	346	302	648	
	2	397	550	947	
	3	617	586	1,203	
	4	<u>383</u>	<u>370</u>	<u>753</u>	
		1,743	1,808	3,551	11.3
2000	1	278	271	549	

SERVICE LIST

Air LA, Inc.	Pacific Air West, Inc.
Air Midwest, Inc.	Renown Aviation
Air Nevada Airlines, Inc.	Rocky Mountain Helicopters, Inc.
Air Transport, Inc.	Sierra Nevada Airways, Inc.
Air Vegas, Inc.	SkyWest Airlines, Inc.
Alpha Air	WestAir Commuter Airlines, Inc.
America Aviation	Wings West Airlines, Inc.
Arizona Pacific Airlines, Inc.	World Airways, Inc.
Aspen Airways, Inc.	
Aviation Services West, Inc.	
Balter Worldwide Corporation	Ken Bannon
Barken International, Inc.	E.B Freeman
Big Sky Transportation Co.	A. Edward Jenner
Delta Connection	John McFarlane
Direct Aviation	Andy Pike
Empire Airways	Richard A. Raymer
Grand Airways	Kevin Thomas
Grand Canyon Airlines, Inc.	Larry Tiffin
Great Lakes, Aviation, Ltd.	
Martin Aviation, Inc.	
Mesa Airlines, Inc.	
Metroflight, Inc.	
Midway Airlines, Inc.	
Midwest Express Airlines, Inc.	
Northern Tier Airlines, Inc.	
Northwest Airlink	