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

Issued by the Department of Transportation
on the 13th day of March, 2001

Essential Air Service at
SHOW LOW, ARIZONA
under 49 U.S.C. 41731 *et seq.*

Served: March 16, 2001 - *H*
Docket OST-98-4409

ORDER REQUESTING PROPOSALS

Summary

By this order we are requesting proposals from carriers interested in providing essential air service at Show Low, Arizona.

Background

By Order 99-5-16, issued May 28, 1999, Express Air, Inc., d/b/a Sunrise Airlines (Express Air) was selected to provide air service at Show Low, Arizona, for a two-year period. Subsidy was set at an annual rate of \$410,080 for the period June 1, 1999, through May 30, 2001, for fourteen nonstop round trips each week between Show Low and Phoenix with 9-seat Beech Catpass 250 aircraft.

Express Air's two-year contract will expire on May 30, 2001, and at this juncture our normal procedure would be to invite the incumbent carrier to submit a proposal to continue providing essential air service at Show Low for another two-year period, either with or without subsidy support.

However, in the last few weeks, we have had inquiries from other parties interested in submitting a proposal to serve the Show Low market. Therefore, with the probability of our receiving competing proposals, our program practice is to initiate a carrier selection case immediately for Show Low by formally requesting proposals from all interested carriers.



Essential Air Service at Show Low

Show Low was designated by Order 99-5-16 as a community eligible to receive subsidized small community air service under 49 U.S.C. 41736(a). This statute required that the State or local government, or other person, pay 50 percent of the compensation for providing the transportation. However, on April 5, 2000, the "Wendell H. Ford Aviation Investment and Reform Act of the 21st Century (Public Law 106-181) was signed into law. This law (commonly known as AIR-21) amended the definition of "eligible place" for essential air service to include those communities designated by the Secretary to receive small community air service under section 41736(a), after October 1, 1988, and before the enactment of AIR-21. The effect of this law was to elevate Show Low to full eligibility for subsidized, essential air service and to eliminate the requirement for the community to pay part of the carrier's compensation.

Request for Proposals

We request that any carriers interested in providing essential air service at Show Low file their proposals within 30 days of the service date of this order. We ask that carriers submit proposals for two nonstop round trips per day, six days per week, to Phoenix. 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.¹

¹ 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.

Community and State Comments

The community and the State are welcome to submit comments on the proposals at any time.² 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.³

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁴ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they 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 delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Show Low, Arizona, submit their proposals, with or without requests for subsidy, within 30 days of the service date of this order. An original and five copies of the proposal should be

² Civic parties should file an original and five copies of their comments in Docket OST-98-4409. This filing 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.

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 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 Civic 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.

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 Show Low, Arizona, Docket OST-98-4409; ⁵

2. This docket will remain open until further Department order; and
3. We will serve a copy of this order on the Mayor and airport manager of Show Low, the Governor of Arizona, the Arizona Department of Transportation, Express Air, and the carriers listed in Appendix B.

By:

SUSAN MCDERMOTT
Deputy 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>*

⁵ After serving a copy of its proposal on the civic officials of Show Low, the State of Arizona, 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.

**HISTORICAL TRAFFIC
AT SHOW LOW, ARIZONA**

		<u>SOW-PHX</u>	<u>PHX-SOW</u>	<u>TOTAL</u>	<u>O&D Per Day 1/</u>
1998	1	241	207	448	
	2	785	780	1,565	
	3	<u>594</u>	<u>564</u>	<u>1,258</u>	
	4	1,620	1,551	3,171	13.5
1999		673	598	1,271	
	1	933	884	1,817	
	2	1,222	1,134	2,356	
	3	<u>918</u>	<u>847</u>	<u>1,765</u>	
	4	3,746	3,463	7,209	23.0
2000		835	754	1,589	
	1	1,092	997	2,089	
	2	1,289	1,215	2,504	
	3				
	4				

Source: Sunrise Airlines Form 298C.

SERVICE LIST FOR THE STATE OF ARIZONA

Air LA, Inc.
Air Midwest, Inc.
Air Nevada Airlines, Inc.
Air Transport, Inc.
Air Vegas, Inc.
Alpha Air
Alpine Aviation, Inc.
Amerijet International, Inc.
Arizona Airways, Inc.
Arizona Pacific Airlines, Inc.
Aviation Services West, Inc.
Balter Worldwide Corporation
Barken International, Inc.
Delta Connection
Grand Canyon Airlines, Inc.
Great Lakes Aviation, Ltd.
Martin Aviation
Mesa Airlines, Inc.
Metroflight, Inc.

Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Northwest Airlinck
Pacific Airwest, Inc.
Redtail Aviation
Renown Aviation, Inc.
Sierra Nevada Airways, Inc.
SkyWest Airlines, Inc.
WestAir Commuter Airlines, Inc.
Westward Airways, Inc.
Wings West Airlines, Inc.
World Airways, Inc.

Ken Bannon
E.B. Freeman
Douglas Gumula
A. Edward Jenner
John McFarlane
Andy Pike