

**Continental
Connection** 

Operated by CommutAir

Correspondence

01 FEB -5 11:53 Docket OST-8012

121621

2 February 2001

US Department of Transportation
EAS
Domestic Analysis Division, X-53
Room 6401
400 Seventh St., SW, Washington, DC 20590

OST-00-8012-7

Attn: Mr. Dennis DeVany

Dear Mr. DeVany:

Concerning the designation process for EAS at Presque Isle, Maine, I would like to add additional comments to my previous letters on this subject.

As my letter of 31 January 2001 points out, the cost of the Champlain Enterprises Inc. (CEI) proposal is significantly less than the Colgan proposal. The magnitude of the difference is \$480K, when comparing the fixed amount CEI option versus the community favored Colgan Saab option.

A major reason for the community support of the Colgan proposal is the 34 seat Saab 340 aircraft in their proposal, as opposed to the 19 seat Beech 1900 D aircraft of CEI. It is worth noting that in just five of 86 non-Alaska subsidy awards currently awarded, are aircraft larger than 19 seats operated by the subsidy carrier.

Given that CEI has made a bona fide offer at a cost \$480,000 less annually than the Colgan bid, with aircraft of a size that have been found suitable in 94% of the other subsidy communities, one must question why the Department would consider the Colgan plan in light of the CEI proposal. Will subsidy awards based upon larger aircraft preference indicate that nineteen seat aircraft are no longer appropriate for subsidy markets?

Note that the \$480,000 difference between the CEI bid and the Colgan bid is no small amount. In fact the Colgan proposed subsidy amount of almost \$1.5 million would make it the single largest of all subsidized markets. This increase is for service that will provide 707 fewer flights annually than the CEI plan.

Yes, there is local support for Colgan, yes the Maine Senators are supporting the Colgan proposal, but does that justify an overpayment of \$480,000 annually – or almost \$1 million for the term of this award?

As I understand it, Public Law 100-223 originally contemplated situations in which the community could request enhanced service such as they request in this case, However funds to support that optional enhanced service were never appropriated. Therefore, there is no convenient mechanism to award enhanced service subsidy.

Given that there are no substantive service differences other than the aircraft size, we continue to believe the more relevant criteria should be level of service and cost of that service. Given the mix

of those two factors in the competing bids, CEI's proposal offers the best service/cost mix both for the community, and certainly for the taxpayer.

As you can see, our Company remains committed to serving the PQI market, despite the competing proposal with promises of larger aircraft. Thank you for your consideration.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Andrew Price". The signature is fluid and cursive, with a long horizontal stroke at the end.

Andrew Price
President