

DECATUR, ILLINOIS



APPENDIX B

TRANS STATES AIRLINES, INC., d/b/a AMERICAN CONNECTION
 ANNUAL ESSENTIAL AIR SERVICE REQUIREMENT
 AT DECATUR, ILLINOIS
 (at 98.5 percent completion)

Block Hours		1,635 <u>1/</u>
Turns		973 <u>2/</u>
Revenue passenger-miles		2,545,368 <u>3/</u>
<u>Operating Revenue:</u>		
Passenger Revenue	23,352 psgrs at \$61.00	\$1,424,472
Other Revenue		<u>1,044</u>
Total Operating Revenue		\$1,425,516
<u>Direct Expenses:</u>		
Flying Operations	\$194.67 per block hour	\$ 318,285
Fuel	\$130.32 per block hour	213,073
Hull Insurance	\$18.12 per block hour	29,626
Maintenance	\$228.23 per block hour	373,156
Aircraft Rent	\$264.65 per block hour	<u>432,703</u>
Total Direct Expenses		\$1,366,843
<u>Indirect Expenses:</u>		
EAS Station Costs		\$ 181,214
EAS Landing Fees	\$17.48 per turn	17,008
Hub Station Costs		144,160 <u>4/</u>
Hub Landing Fees	\$40.78 per turn	39,679
Local Marketing		20,000
Commissions/Credit Cards	5.16% of psgr rev	73,503
Reservations	\$7.68 per psgr	179,343
Flight Attendants		73,555 <u>5/</u>
Liability Insurance		17,525 <u>6/</u>
Administration	\$72.30 per block hour	<u>118,211</u>
Total Indirect Expenses		\$ 864,198
Total Operating Expenses		\$2,231,041
Operating Loss		\$ 805,525
Profit Element	5% of Total Operating Expenses	\$ 111,552
Compensation Requirement		\$ 917,077

1/ 0.84 hrs x 38 dpts x 52 weeks x .985 completion = 1,635.

2/ 38 dpts x 52 weeks x .985 completion = 1,946 dpts and 973 turns.

3/ 23,352 psgrs x 109 mi = 2,545,368 RPMs.

4/ \$2.10/psgr + \$97.76/turn, based on five months ended May 31, 2002.

5/ \$2.52 x (1,946 dpts x 30 seats)/2.

6/ \$0.0065799/ RPM + (\$0.00003/RPM + \$0.03/psgr) War Risk.

TRANS STATES AIRLINES, INC., d/b/a AMERICAN CONNECTION
ESSENTIAL AIR SERVICE AT DECATUR, ILLINOIS

EFFECTIVE PERIOD	From the date on which the carrier implements the described service through the 24th month following the implementation of that service
SERVICE	19 nonstop round trips to St. Louis each week
AIRCRAFT TYPE	Jetstream 41 (30 seats)
TIMING OF FLIGHTS	Flights must be well-timed and well-spaced to ensure full compensation
SUBSIDY RATE PER ARRIVAL/DEPARTURE	\$471.26 <u>1/</u>
COMPENSATION CEILING EACH WEEK	\$17,907.88 <u>2/</u>

1/ Annual compensation of \$917,077 divided by 1,946 annual arrivals and departures at a 98.5 percent completion factor: 38 depts x 52 weeks x .985 = 1,946.

2/ Subsidy rate per arrival/departure of \$471.26 multiplied by 38 subsidy-eligible arrivals and departures each week.

NOTE

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of this rate, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on the route. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amount or at the agreed service level, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parties to this order do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.