

Mesa Airlines, Inc.  
Basic Essential Air Service To Be Provided at Oil City/Franklin, Pennsylvania

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 this 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 these rates, 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 these routes. 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 requirement 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 amounts or at the agreed service levels, 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 the agreement 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.

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Effective period: May 1, 1997, through September 30, 1997.

Service:

May 1, 1997, through Sept. 30, 1997: Ten nonstop round trips per week to Pittsburgh.  
Oct. 1, 1997, through April 30, 1999: 24 nonstop round trips per week to Pittsburgh.

Aircraft type: Beech 1900 (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation.

Annual compensation: May 1, 1997, through September 30, 1997: \$118,373  
October 1, 1997, through April 30, 1999: \$243,923

Subsidy rate for each arrival from or departure to Pittsburgh:

May 1, 1997, through September 30, 1997:	\$115.71 <sup>1</sup>
October 1, 1997, through April 30, 1999:	\$99.40 <sup>2</sup>

Weekly compensation ceiling for each point: <sup>3</sup>

May 1, 1997, through September 30, 1997:	\$2,314.20 <sup>4</sup>
October 1, 1997, through April 30, 1999:	\$4,771.20 <sup>5</sup>

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<sup>1</sup> Annual compensation of \$118,373, divided by the number of departures estimated to be performed annually (1,023 departures, calculated by multiplying four departures per service day by 261 annual weekdays and multiplying further by 98 percent completion).

<sup>2</sup> Annual compensation of \$243,923, divided by the number of departures estimated to be performed annually (2,454 departures, calculated by multiplying eight departures per service day by 313 annual service days--counting each weekend as one service day--and multiplying further by 98 percent completion).

<sup>3</sup> Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

<sup>4</sup> The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (20).

<sup>5</sup> The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (48).