



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

Issued by the Department of Transportation
on the 17th day of November, 1999

Served: November 19, 1999

Essential Air Service at

MATTOON/CHARLESTON, ILLINOIS

Under U.S.C. 41731 *et seq.*

Docket OST-99-6260

**ORDER PROHIBITING SUSPENSION OF SERVICE AND
REQUESTING PROPOSALS FOR REPLACEMENT SERVICE**

Summary

By this order, the Department: (1) prohibits Great Lakes Aviation, Ltd., d/b/a United Express (Great Lakes), from suspending essential air service at Mattoon/Charleston (Mattoon), Illinois, at the end of its 90-day notice period, and requires it to maintain air service for an additional 30 days, through January 21, 2000; and (2) requests proposals from interested carriers to provide replacement service at the community, either with or without subsidy. (See Appendix A for a map.)

Background

On September 24, 1999, Great Lakes filed a 90-day notice of its intention to suspend its subsidized service at Mattoon, effective December 23, 1999. Great Lakes has provided service in the Mattoon-Chicago O'Hare market since early 1995, when the Department granted it four slot exemptions at O'Hare Airport, to be used specifically for service to Mattoon, by Order 94-10-47. In November 1996, Great Lakes filed a 90-day notice of its intention to suspend its then subsidy-free Mattoon-O'Hare service in order to either leave the market or trigger subsidy relief, since it was incurring losses in providing that service. The Department held Great Lakes in and requested proposals. By Order 97-5-3, Great Lakes, the only carrier to file a proposal, was selected to continue providing Mattoon's service to O'Hare at a subsidy rate of \$218,783 a year, effective February 1997. That order also stipulated that if Great Lakes were to terminate Mattoon's service to O'Hare the slot exemptions would be withdrawn and made available for a potential replacement carrier.

In its most recent notice, Great Lakes states that it can no longer sustain continued losses from providing the Mattoon-Chicago O'Hare service at the current subsidy rate. The carrier claims that: 1) costs have increased as a result of the transition from FAA Part 135 regulations to the more stringent FAA Part 121, as well as other cost increases associated with operating the Mattoon service; 2) it cannot effectively compete against the substantial service provided at the nearby hubs of Springfield and Campaign; and 3) it is unable to improve its Mattoon-O'Hare service due the unavailability of O'Hare slots.

Decision

Since Mattoon continues to be guaranteed scheduled air service under the Essential Air Service program (49 U.S.C. 41734), we must prohibit Great Lakes' proposed suspension of service. Thus, we will require Great Lakes to maintain two round trips each service day between Mattoon and O'Hare Airport. We will also seek proposals, with or without subsidy requests, from carriers interested in providing replacement service at Mattoon. We invite interested carriers to submit proposals for Mattoon that would provide quality service at a reasonable subsidy cost and that would provide at least two round trips a day, six days per week, between Mattoon and O'Hare, or any other suitable hub, with 15-seat or larger aircraft. For carriers proposing service to O'Hare, the Department would make available the four take-off and landing slot exemptions a day currently used by Great Lakes (see Appendix B).

Service History and Traffic Data

Prior to December 1994, Mattoon was receiving subsidized service by Direct Air as part of a three-city package with Danville and Mt. Vernon, Illinois, to Chicago's Midway Airport. Because Danville required more than \$200 subsidy per passenger, it became ineligible to receive subsidized air service after November 30, 1994, and its service was suspended. Direct Air continued to provide nonstop Mattoon-Midway service until May 1995, when Great Lakes, with the aforementioned O'Hare slot exemptions, replaced Direct Air and provided service in the O'Hare market. Currently, Great Lakes provides two subsidized round trips a day, six days a week, with 19-seat Beech 1900 aircraft over a Mattoon-Decatur-O'Hare routing.

For the year ended June 30, 1999, the most recent 12-month period for which data are available, Mattoon averaged 3 enplanements per day. In order to help carriers in making traffic and revenue projections, we have included historical traffic data in Appendix C.

Procedures for Filing Replacement Proposals

For interested carriers unfamiliar 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

requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations-(14 CFR Part 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.¹

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.² 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 the 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.

Community and State Comments

If we receive competing proposals for subsidized service for Mattoon, the community and state are welcome to submit comments on the proposals at any time.³ Early in the

¹ These documents may also be accessed on the internet on www.dot.gov, Office of the Secretary.

² The regulations applicable to each of these three areas are: (1) 49 CFR Part 20, New Restrictions on Lobbying, implementing 31 U.S.C. 1352, entitled "Limitation of 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; and (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation -- Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the Basis of 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.

³ Civic parties should file an original and five copies of their comments in Docket OST-1999-6260.

This filing should be addressed to: Dockets Operations and Media Management, SVC-124
Office of the Secretary
U.S. Department of Transportation
Room PL401
400 7th Street, S.W.
Washington, D.C. 20590

proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. After conducting rate conferences with all applicants, we will provide a summary of the conference results to the Mattoon civic parties and ask them to file their final comments.⁴

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We prohibit Great Lakes Aviation, Ltd., d/b/a United Express from suspending service at Mattoon, Illinois, at the end of its 90-day notice period, and require it to maintain service at the community, as set forth in Appendix D, for the 30-day period through January 21, 2000, or until a carrier capable of providing reliable essential air service actually begins service, whichever comes first;⁵

2. We direct Great Lakes Aviation, Ltd., d/b/a United Express to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

3. We request that carriers interested in providing essential air service at Mattoon, Illinois, submit their proposals, with subsidy requests if necessary, within 20 days after the date of service of this order. Proposals should include all the data required by section 204.4 of the Department's Regulations (14 CFR 204.4). An original and five copies of the proposal should be sent to the EAS and Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590, with the title, "Proposal to Provide Essential Air Service at Mattoon, Illinois, Docket OST-99-6260";⁶

4. Docket OST-99-6260 shall remain open until further order of the Department; and

⁴ 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 as proposed.

⁵ In accordance with 49 U.S.C. 41734(c), we will extend Great Lakes' service obligation for successive 30-day periods as necessary until replacement service actually begins.

⁶ After the proposals have been docketed, Department staff will contact each applicant and direct it to serve a copy of its proposal on the civic officials of the community, the state, and the other applicants. All applicants must then file a certificate of service with the Department's Dockets Operations and Media Management.

5. We will serve a copy of this order on the Mayor and airport manager of Mattoon, the Governor of Illinois, the Illinois Department of Transportation, City of Chicago-Department of Aviation, Great Lakes Aviation, Ltd., d/b/a United Express, and the parties listed in Appendix E.

By:

A. BRADLEY MIMS
Deputy Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://www.dot.gov/general/orders/aviation.html>*