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

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on the 2nd day of May, 2000

Served: May 5, 2000

Essential Air Service at

CAPE GIRARDEAU, MISSOURI

DOCKET OST-96-1559 - 7

Under 49 U.S.C. 41731 *et seq.*

Essential Air Service at

FORT LEONARD WOOD, MISSOURI

DOCKET OST-96-1167 - 24

Under 49 U.S.C. 41731 *et seq.*

ORDER SELECTING CARRIER AND
ESTABLISHING SUBSIDY RATES

Summary

By this order the Department is selecting Corporate Airlines, Inc., d/b/a Trans World Express (Corporate Airlines) to provide subsidized essential air service at Cape Girardeau and Fort Leonard Wood, Missouri, for a two-year rate term at an annual subsidy rate of \$430,925 for Cape Girardeau and \$573,725 for Fort Leonard Wood, effective on or about May 8, 2000, through May 31, 2002. The Department is also extending the subsidy rates of Trans States, for the provision of essential air service at Cape Girardeau and Fort Leonard Wood established by Order 98-5-9, until replacement service actually begins. (See Appendix A for map)

Background

By Order 98-5-9, issued May 8, 1998, the Department reselected Trans States Airlines, Inc., d/b/a Trans World Express (Trans States), to continue to provide essential air service at Cape Girardeau and Fort Leonard Wood for an additional two-year period ending April 30, 2000. On March 6, 2000, Trans States filed 90-day notices of its intent to suspend its subsidized service at those communities. Since Trans States provided the only scheduled service at both communities, we issued Order 2000-3-31, requiring Trans

States to continue serving the communities and requesting proposals, with subsidy if necessary, from carriers interested in providing replacement service.

Carrier Proposals

Corporate Airlines was the only carrier to submit proposals to provide essential air service at these communities. The carrier proposes to provide the communities with the same service they currently receive – three nonstop round trips on weekdays and four on weekends between Cape Girardeau and St. Louis, and three nonstop round trips six days a week between Fort Leonard Wood and St. Louis. All service would be provided with 19-seat Jetstream- aircraft. Corporate Airlines has agreed to annual subsidy rates of \$430,925 for Cape Girardeau and \$573,725 for Fort Leonard Wood, for this service.

Community Comments

We have receive comments from officials of both Cape Girardeau and Fort Leonard Wood. Fort Leonard Wood officials, while expressing a preference for a carrier with larger aircraft to allow for future growth, are committed to working with Corporate Airlines to ensure viable service to the community. Cape Girardeau also supports the selection of Corporate Airlines to provide essential air service. Both communities state their desire to work cooperatively with the carrier to make the service as successful as possible.

Decision

After a thorough review of the proposals and community comments, we have decided to select Corporate Airlines to provide essential air service at Cape Girardeau and Fort Leonard Wood, Missouri, as outlined in Appendix C, for the two-year period beginning on or about May 8, 2000, through May 31, 2002, notwithstanding that the agreed-to annual subsidy rates reflect a significant increase of previous subsidies paid to Trans States.¹ Corporate Airlines will operate both the Cape Girardeau and Fort Leonard Wood service as a Trans World Airlines commuter affiliate, or Trans World Express, in the same way that Trans States has historically operated. That arrangement will afford passengers with all of the continuing benefits of frequent flyer miles, one check-in for baggage, joint fares, schedules designed to minimize connecting times at the St. Louis hub, etc. In addition, Corporate Airlines will, at least initially, fly the same schedules that Trans States has historically flown, and will be using 19-seat Jetstream- aircraft, the same aircraft used by Trans States. Thus, the transition from Trans States to Corporate Airlines will be completely unnoticeable to the passengers.

Carrier Fitness

According to 49 U.S.C. 41737(b) and 41738, the Department must find an air carrier fit, willing and able to provide reliable service before we compensate it for providing essential air service. Corporate Airlines was last found fit by Order 2000-2-18, December 16, 1996. Since then, no information has come to our attention that would

¹ See Appendix B for details of Corporate Airlines' subsidy calculations.

lead us to question its ability to operate in a reliable manner. We contacted the FAA Flight Standards District Office in Tennessee that oversees Corporate Airlines' operations and they have advised us that the carrier is conducting its operations in accordance with its regulations, and that it knows of no reason why we should not find that Corporate Airlines remains fit.

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

ACCORDINGLY,

1. The Department extends the rates of compensation for Trans States Airlines, Inc., d/b/a Trans World Express, for the provision of essential air service at Cape Girardeau and Fort Leonard Wood, Missouri, established in Appendix C of Order 98-5-9, until replacement service begins;

2. The Department selects Corporate Airlines, Inc., d/b/a Trans World Express, to provide essential air service at Cape Girardeau and Fort Leonard Wood, Missouri, at the service levels and subsidy rates described in Appendix C, beginning on or about May 8, 2000, through May 31, 2002;

3. The Department sets the final rates of compensation for Corporate Airlines for the provision of essential air service at Cape Girardeau and Fort Leonard Wood, as described in Appendix C, beginning on or about May 8, 2000, through May 25, 2002, payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix C, and shall be determined by multiplying the subsidy-eligible arrivals and departures flown during the month by: ²

Cape Girardeau: \$222.56
Fort Leonard Wood: \$312.66;

4. The Department finds that Corporate Airlines continues to be fit, willing and able to operate as a commuter air carrier and capable of providing reliable essential air service at Cape Girardeau and Fort Leonard Wood, Missouri;

5. We direct Corporate Airlines 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.

² See Appendix B for the calculation of these rates, which assumes the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, a revision of these rates may be required.

The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

6. These dockets will remain open until further order of the Department; and

7. The Department will serve copies of this order on the Mayor and Airport Manager of Cape Girardeau, Missouri; the Commanding Officer of the U.S. Army Engineer Center and Fort Leonard Wood, Missouri; the Missouri Department of Transportation; the Governor of Missouri; and Corporate Airlines, d/b/a Trans World Express; and the parties listed in Appendix D.

By:

A. BRADLEY MIMS

Deputy Assistant Secretary for Aviation
and International Affairs

(SEAL)

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