

Order 2002-5-27
Served: June 3, 2002



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

Issued by the Department of Transportation
on the 29th day of May, 2002

Essential Air Service at

MASSENA, NEW YORK
OGDENSBURG, NEW YORK
WATERTOWN, NEW YORK

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

Docket OST-1997-2842

ORDER REQUESTING PROPOSALS
FOR ESSENTIAL AIR SERVICE

Summary

By this order we are requesting proposals from carriers interested in providing essential air service at the Upstate New York communities of Massena, Ogdensburg and Watertown.

Background

By Order 2000-4-2, issued April 3, 2000, Mesa Airlines, Inc. (Mesa), was selected to continue providing essential air service at Massena, Ogdensburg and Watertown for an additional two-year period.¹ Subsidy was set at an annual rate of \$1,115,507 for the period October 1, 1999, through September 30, 2001, for three round trips each week, and three each weekend, between Massena, Ogdensburg and Watertown, and Pittsburgh, with 19-seat Beech 1900 aircraft.²

¹ Mesa operates its service at these communities as a US Airways Express air carrier.

² Mesa has been providing essential air service at Massena, Ogdensburg and Watertown since May 1994, when it replaced Chataqua Airlines. (See Department Order 94-4-5, issued April 4, 1994.)

By Order 2000-12-12, December 18, 2000, the Department requested proposals from all carriers interested in providing essential air service at Massena, Ogdensburg and Watertown for a new two-year rate period. We issued the request at the urging of the communities that had expressed their dissatisfaction with the Pittsburgh hub and had asked the Department to explore other alternative service options. As a result of this request, Mesa and CommutAir submitted service proposals

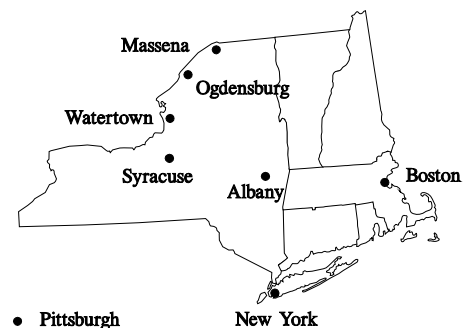
By Order 2001-10-17, October 31, 2001, the Department extended Mesa's expired subsidy rate for the three Upstate New York communities until further notice, subject to retroactive adjustment to October 1, 2001.

By Order 2002-2-3, February 5, 2002, the Department set a revised final rate of \$1,905,432 for Mesa at Massena, Ogdensburg and Watertown, retroactive to October 1, 2001, until further notice, pending the completion of the carrier selection case. In the order, the Department noted that, while negotiations on their service proposals had been completed with both Mesa and CommutAir, the State of New York had requested that the Department delay final action on the selection decision pending further study by the communities and the State of the air service needs for the region.

In December 2001, the Ogdensburg Bridge and Port Authority and the Town of Massena, commissioned a study by the Merwin Rural Services Institute at SUNY Potsdam (MRSI) to study the air service needs for Ogdensburg and Massena, and to estimate the potential viability of a change of hub from Pittsburgh to Albany. The study, entitled "St. Lawrence County Air Service Study," was issued in April, 2002, and a copy has been submitted to the Department and filed in the docket for this case.³

Request for Proposals

We have decided to start with a fresh slate and request a new round of proposals for Massena, Ogdensburg and Watertown. We note that a considerable amount of time has elapsed since we last requested proposals. Because of this, and because the dynamics of this case may have been significantly altered by the tragic events of September 11, and by the conclusions of the MRSI study, we have decided that the most prudent course of action would be to afford Mesa and CommutAir, and all other carriers, the opportunity to present to the community and the Department proposals for air service which best meet the communities' current needs.



We request that any carriers interested in providing essential air service at Massena, Ogdensburg and Watertown, file their proposals within 30 days of the service date of this order. Proposals may contemplate continued service to Pittsburgh, or any other

³ A copy of the study has been placed in Docket OST-1997-2842 and can be accessed through the Department's web site.

appropriate hub destination such as, but not limited to, New York City, Syracuse, Albany, Newark or Boston. We will entertain proposals to other hubs that provide access to the national air transportation system in order to give the Department and the communities as broad an array of proposals as possible from which to choose. Of course, as always, we will formally solicit the communities' views on any service options we receive before making a long-term carrier selection decision. We ask that carriers submit proposals for three round trips per service day to the hub with 15-seat or larger, pressurized aircraft. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data in Appendix A.

Procedures For Filing Proposals

For interested air carriers that are not familiar 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 seeking proposals, conducting financial and operational audits of the applicant carriers and selecting a replacement carrier. The second is an evidence request containing

an explanatory statement, and a copy of section 14 CFR 204.4 of the Department's regulations which deals with the information required of all applicants for authority to provide basic essential air service, and provides schedules giving our recommended form for submitting data required for determining the financial and operational ability of applicants to provide dependable air service.⁴

Community and State Comments

The communities and the State are welcome to submit comments on the proposals at any time.⁵ Early in the proceeding, comments on the perceived strengths and weaknesses of the proposals would be particularly helpful to the Department. The civic parties may also express a preference for a particular carrier or proposal option at that time, if they choose. In any event, after we conclude rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.⁶

⁴ Copies of these documents can be obtained from: EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, DC 20590. Telephone requests for these documents are accepted at (202) 366-1053.

⁵ Civic parties should file an original and five copies of their comments in Docket OST-1997-2842. This filing should be addressed to: Docket Operations and Media Management Division, SVC-124, Office of the Secretary, U.S. Department of Transportation, Room PL 401, 400 Seventh Street, S.W., Washington D.C. 20590.

⁶ 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.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁷ 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 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.

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

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Massena, Ogdensburg and/or Watertown, New York, submit their proposals, with or without requests for subsidy, within 30 days of the service date of this order. 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 7th Street, S.W., Washington, D.C. 20590, with the title: "Proposal to Provide Essential Air Service at Massena, Ogdensburg, and/or Watertown, New York, Docket OST-97-2842;"⁸
2. This docket will remain open until further Department order; and

⁷ The regulations applicable to these areas are: (1) 49 CFR Part 20 – New restrictions on lobbying; (2) 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 disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 - Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 – Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

⁸ After serving a copy of its proposal on the civic officials of Massena, Ogdensburg and/or Watertown, the State of New York, and each of the other applicants, each applicant must then file a certification of service with the Department's Docket Operations and Media Management Division, SVC-124. Questions regarding filings in response to this order may be directed to John McCamant at (202) 366-1060.

3. We will serve a copy of this order on the mayors and airport managers of Massena, Ogdensburg and Watertown, New York, the Governor of New York, the Ogdensburg Bridge and Port authority, the New York State Department of Transportation, Mesa Airlines, and the carriers listed in Appendix B.

By:

READ C. VAN DE WATER
Assistant Secretary for Aviation
and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>