



U.S. Department of
Transportation

Office of the Secretary
of Transportation

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OST-1003-0000
CORRESPONDENCE

400 Seventh St. S.W.
Washington, D.C. 20590

November 19, 2003

The Honorable John Manchester
Mayor, City of Lewisburg
119 W. Washington St.
P.O. Drawer 548
Lewisburg, WV 24901

Dear Mayor Manchester:

OST-03-15553-11

As you know, by Order 2003-9-21, September 26, 2003, the Department required Air Midwest, Inc., d/b/a US Airways Express, to maintain service at Greenbrier Valley Airport after it had filed a 90-notice to discontinue service, and requested proposals from carriers interested in providing replacing service, with or without subsidy, under the Department's essential air service program.

In response to our request, we have received a proposal from one carrier: Mesa Air Group, Inc., on behalf of its subsidiary and the incumbent, Air Midwest. A copy of Mesa's proposal, which contains five options, is enclosed. Below is a summary of Mesa's five options, based on our review of Mesa's proposed schedules and subsidy calculations. Please note that Mesa's own descriptions of its options, as presented on the first two pages of its proposal, are not always accurate. Under any of the options, Air Midwest would continue operating Beech 1900 aircraft.

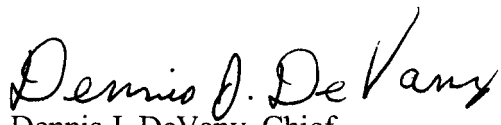
- Option 1 proposes 12 round trips each week to Charlotte plus 2 each week to Pittsburgh at an annual subsidy of \$657,586.
- Option 2 proposes 12 round trips each week to Pittsburgh at a subsidy of \$637,128 annually.
- Option 3 proposes 6 round trips each week to Charlotte plus 6 each week to Pittsburgh at a subsidy of \$496,970 annually.
- Option 4 consists of 7 round trips each week to Charlotte, 5 each week to Washington's Dulles International Airport, and 2 each week to Pittsburgh, at a subsidy of \$540,579 annually.
- Option 5 proposes 6 round trips each week to Pittsburgh plus 6 each week to Dulles at a subsidy of \$581,704.

In reviewing the subsidy calculations, it is important to bear in mind that that projected passenger revenues are not simply based on the average local fares that passengers would actually pay. Rather, they are based on the carrier's expected revenue per passenger, and therefore largely reflect the prorated shares of ticket prices that the carrier expects to receive for providing the local segments of through trips -- for example, the Greenbrier-Pittsburgh segment of a Greenbrier-Pittsburgh-Chicago trip.

We would appreciate receiving your final comments on the carrier's proposal before we make our recommendation to the Acting Assistant Secretary. We ask that you submit your comments within two weeks of receipt of this letter. You may mail them to me at the U.S. Department of Transportation, Room 6401, 400 7th St. S.W., Washington, DC 20590. In order to expedite the process, however, we would appreciate your faxing your comments to me at 202-366-7638. A copy should also be sent to Mesa. If you have any questions, please contact me at 202-366-1061 or Ed Niederberger of my staff at 202-366-1039.

An identical letter is being sent to Mayor Fogus of White Sulphur Springs. Thank you.

Sincerely,


Dennis J. DeVany, Chief
EAS & Domestic Analysis Division
Office of Aviation Analysis

Enclosure

cc: Mr. Scott Lyon
Vice President of Planning
Mesa Air Group, Inc.
410 North 44th St., Suite 700
Phoenix, AZ 85008