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**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

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

July 28, 2006

John Guimond
Airport Manager
Augusta State Airport
75 Airport Rd
Augusta, ME 04330

Dear Mr. Guimond:

I would like to update you on the essential air service situation at Augusta and give you an opportunity to submit any comments if you wish. In anticipation of the end of Colgan Air's current contract on October 31, 2006, the Department issued Order 2006-6-27, June 27, 2006, to solicit proposals from all interested air carriers to provide EAS at Augusta/Waterville, as well as Bar Harbor, Rockland, and Presque Isle, Maine, for a new two-year term. At this stage, we would normally ask for your preferences for various carrier and service options. However, in response to that order, Colgan, the incumbent, was the only carrier to submit a proposal. Nonetheless, we want to give you an opportunity to submit any final comments for the record that you may have. Copies of Colgan's proposal may be accessed online through the Department's Dockets Management System at: <http://dms.dot.gov/> by doing a simple search on Docket Number 2784.

Colgan proposes to continue its existing service pattern at Augusta/Waterville, Bar Harbor, and Rockland, for an annual subsidy of \$3,575,592, for the next two-year period. We are currently reviewing Colgan's compensation requirement.

Please note that the average passenger fares shown in each proposal do not necessarily reflect the average local fare Augusta passengers would actually pay, but, rather, reflect a prorated portion of the total ticket price, e.g., the Augusta - Boston portion of an Augusta - Boston - Washington, D.C. ticket that the subsidized carrier would realize. Also, the fare shown is net of certain charges such as Federal transportation security fees, excise or ticket taxes, and Passenger Facility Charges. Of course, carriers have the discretion to

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charge fares they deem appropriate, and the passenger fares presented in their proposals have been developed for subsidy rate computation purposes only.

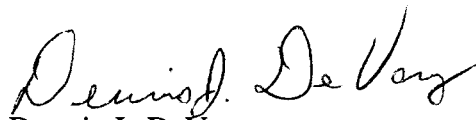
You should also note that the schedules are illustrative only, and that Colgan may make schedule changes to reflect changing conditions, *e.g.*, to better meet shifting connecting bank times at the hub. The Department expects subsidized air carriers to maintain well-timed and well-spaced flights in order to ensure full compensation.

We request that you review Colgan's proposal and submit any comments you may have before we submit a recommendation to the Assistant Secretary. We ask that you submit any comments you may have as soon as possible, but in any case no later than August 18, 2006. We will carefully consider your comments before we submit a recommendation to the Assistant Secretary for a decision. Should you have any questions or need additional time to draft your comments, please let us know.

Please send an original and one copy of your comments to me at the following address: Essential Air Service Division, X-53; Room 6401; Office of Aviation Analysis; Department of Transportation; 400 Seventh Street, S.W.; Washington, D.C. 20590. You should also send a copy to Colgan. In order to expedite the process, we would appreciate your sending an advance copy by fax to 202-366-7638 or by email to dennis.devany@dot.gov and kevin.schlemmer@dot.gov. If you have any questions, please feel free to contact Kevin Schlemmer of my staff at 202-366-3176.

Similar letters have been sent to the other two communities.

Sincerely,



Dennis J. DeVany
Chief, Essential Air Service Division
Office of Aviation Analysis