

Order 2007-10-22
Served: October 18, 2007



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

Issued by the Department of Transportation
on the 18th of October, 2007

Essential Air Service at

MACON, GEORGIA

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

DOCKET OST-2007-28671

ORDER SETTING FINAL RATES

On July 2, 2007, Atlantic Southeast Airlines, Inc., (ASA) filed a 90-day notice of intent to suspend its subsidy-free service at Macon, Georgia, effective October 1, 2007. ASA provides Macon's only scheduled service. Order 2007-7-12, July 13, 2007, prohibited ASA from terminating that service, and required it to maintain service at Macon consisting of two daily round trips until replacement service could be secured. The order also requested replacement service.

We are continuing to seek replacement service at Macon. The carrier has agreed to a rate of \$1,968,830 per year for two daily, nonstop turnaround trips to Atlanta with either regional jets or large turboprops -- the only aircraft in its fleet.

We have reviewed ASA's proposed rate and find it reasonable for the service provided. The calculation of this subsidy is shown in Appendix B. We note that this high level of subsidy is driven by the fact that ASA does not possess any aircraft smaller than regional jets or very large turboprops. The level of subsidy would likely be considerably less if the service were provided with smaller, less expensive aircraft.

In the meantime, ASA is entitled to be compensated for its service. We will continue to process the carrier-selection proceeding, and will relieve ASA and its code-share partner, Delta Air Lines, Inc., of this obligation as soon as possible.

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

ACCORDINGLY,

1. The Department sets the final subsidy rate for Atlantic Southeast Airlines, Inc., the provision of essential air service at Macon, Georgia, as described in Appendix C, to be

payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling and shall be determined by multiplying the subsidy-eligible flights completed during the month to Atlanta by \$1,376.80;¹

2. We direct ASA 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 the 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, whichever comes first. 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. This Docket will remain open until further Department action; and

4. The Department will serve copies of this order on the Mayor and Airport Manager of Macon, Georgia, the Governor and Department of Transportation of the State of Georgia, and on Delta Air Lines, Inc., and Atlantic Southeast Airlines, Inc.

By:

MICHAEL W. REYNOLDS
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.regulations.gov>²

¹ See Appendix C for calculation.

² To search for this document in the FDMS, click on the link above, scroll to the home page, and proceed:
Step #1, Toggle All Documents (Open and Closed for Comment)
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Macon to Atlanta, 79 miles

Atlantic Southeast Airlines, Inc.,
Annual Subsidy Need at Macon, Georgia
Docket 28671

Pax. Revenue	\$1,299,587
<u>Other Revenue</u>	<u>\$26,172</u>
Total Revenue	\$1,325,759
Pilots and Other	\$334,607
Fuel	\$633,841
Rentals,	\$253,823
Maintenance	\$492,485
<u>Depreciation and Rental</u>	<u>\$155,102</u>
Total Directs	\$1,869,858
Pax. Variable Cost, pax.	\$149,375
Variable Station, deps.	\$333,283
<u>Other</u>	<u>\$785,188</u>
Total Indirects	\$1,267,846
Operating Expense	\$3,137,704
<u>Profit @ 5%</u>	<u>\$156,885</u>
Total Economic Cost	\$3,294,589
Annual Subsidy @ 98% completion	\$1,968,830

Atlantic Southeast Airlines, Inc., Essential Air Service to be Provided
At Macon, Georgia, Docket 28671

EFFECTIVE PERIOD: October 1, 2007, until further Department action.

SERVICE: 14 round nonstop round trips per week between Macon and Atlanta, Georgia.

AIRCRAFT TYPE: ATR-72, CRJ-200 or CRJ-700

TIMING OF FLIGHTS: Flights must be well-timed and well-spaced to ensure full compensation. Schedule proposed by Delta Air Lines:

MCN-ATL, 5:40 to 6:16 am ATL-MCN, 6:50 to 7:35 pm
MCN-ATL, 9:30 to 10:22 am; ATL-MCN, 8:05 to 9:05 pm

ANNUAL SUBSIDY RATE: \$1,968,830

RATE PER FLIGHT: \$1,376.80 ¹

WEEKLY CEILING: \$38,550.40 ²

This rate assumes an annual completion factor of 98 percent. A compensation ceiling is to be applied each week, such that service above that ceiling in one week cannot make up for service shortfalls in another week.

¹ Annual compensation of \$1,968,830 divided by 1,430 annual flights, calculated as follows:

² 2 flights per day x 365 days x .98 completion = 715; 715*2 aircraft.

² \$1,376.80 times 28 flights per week.