

Order 2008-3-21  
Served: March 27, 2008



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

Issued by the Department of Transportation  
on the 24<sup>th</sup> day of March, 2008

Request for Proposals at:

**ATHENS, AND  
MACON, GEORGIA**

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

**Docket: DOT-OST-2002-11348  
Docket: DOT-OST-2007-28671**

**ORDER RESOLICITING PROPOSALS**

**Summary**

By this order, the Department is re-soliciting proposals from air carriers interested in providing essential air service (EAS) at Athens and/or Macon, Georgia, for a new two-year term beginning when a replacement carrier inaugurates full service at one or both communities, with or without subsidy. Carriers should file their proposals no later than April 21, 2008. (See Appendix A for an area map.)

**Background and Decision**

**ATHENS**

On May 3, 2007, Air Midwest, Inc., a wholly owned subsidiary of Mesa Air Group, Inc., d/b/a US Airways Express (Air Midwest), filed a 90-day notice of its intent to terminate its subsidized service at Athens, as well as three other communities, effective August 1.<sup>1</sup> In response to the carrier's notice, the Department issued Order 2007-5-14, May 21, 2007, requiring the carrier to continue to serve Athens and the other communities, and requesting proposals for replacement service. By Order 2007-7-21, July 31, 2007, we selected Gulfstream International Airlines, Inc. (Gulfstream), the only applicant, to provide subsidized EAS at Athens (with service to Charlotte) and at the

<sup>1</sup> We are soliciting proposals at Athens separately from the other three communities, DuBois and Franklin/Oil City, Pennsylvania, and Lewisburg, West Virginia, as their service would more logically be to a hub such as Pittsburgh, Cleveland, or Cincinnati, while a more suitable hub for Athens would be Charlotte, Atlanta, or Memphis.

other three communities, for a combined annual subsidy of \$4,077,792. However, Gulfstream never inaugurated service at Athens, or at the other communities. As a result, by Order 2008-2-11, February 6, 2008, we re-solicited carrier proposals. However, we received none for Athens, so we are here requesting proposals for the third time.

## **MACON**

On July 2, 2007, Atlantic Southeast Airlines (ASA) filed a 90-day notice of its intention to suspend its subsidy-free service at Macon effective October 1, 2007. By Order 2007-6-12, July 13, 2007, we prohibited ASA from suspending service, required it to provide Macon with two daily nonstop round trips to Atlanta with regional jets or ATR-72 turboprop aircraft, the only aircraft in its fleet, and requested proposals from carriers interested in providing replacement service, with subsidy if necessary. That order noted that Macon is a major community of 100,000 residents, 79 miles from the Atlanta airport, and had never previously needed subsidy support from the EAS program. We also previously noted that ASA uses Macon as a maintenance base, and, thus, its schedules have been typically driven by operational needs to move aircraft through its system, rather than to serve or optimize the convenience or transportation needs of passengers. We received no long-term proposals and we solicited proposals two more times and still have not received any. (See Orders 2007-8-30 and 2007-10-20.) We are here requesting proposals for the fourth time.

## **Request for Proposals**

We are requesting proposals from carriers interested in providing service at Athens and/or Macon, with or without subsidy. Our staff will docket the proposals, shortly after the due date, April 21, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants. Shortly afterwards, we will provide a summary of the proposals to officials in one or both communities, depending on the proposals we receive, and ask them to submit their final comments. We will give full consideration to all proposals filed in a timely manner.<sup>2</sup> Proposals should provide sufficient capacity to accommodate recent traffic levels at each community.

Interested carriers should prepare their proposals with every expectation that their initial proposals will also be their *final* and *only* proposals. We retain the discretion to negotiate proposals with carriers when we deem it desirable. In such cases, of course, we will give all applicants the same opportunity. We retain the discretion to reject outright all unreasonable or unrealistic proposals. We also retain the right to solicit a new round of proposals, as we are doing here.

We are here providing interested carriers with some basic information to serve as guidance when they prepare their proposals, but we will not prescribe a precise format for their proposals. We expect proposals to adequately describe the service being proposed and the annual amount of subsidy being requested, if any. The applicants can make their

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<sup>2</sup> Carriers should not expect the Department to accept late filings. 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 proceed with the carrier-selection case. Instead, we simply rely on that carrier's subsidy-free service as proposed.

own judgments as to the level of detail they wish to present; however, they might want to include proposed schedules and routings as well as supporting data for their subsidy requests, such as projected block hours, and estimated revenues and expenses. We strongly encourage clear, well-documented proposals that will facilitate their evaluation by the affected community and the Department.<sup>3</sup>

In order to assist carriers in making their passenger and revenue forecasts, we have included historical passenger data in Appendix B. At Athens, Air Midwest generated 10,750 passengers during 2007, or about 15 enplanements per day. That passenger level can be accommodated with two round trips a day with 19-seat aircraft at a 39 percent load factor.

At Macon, even though passenger levels have fallen dramatically over the last several years, the community still has strong traffic-generating potential by EAS standards, with 22,903 passengers in 2007, or about 31 enplanements per day. The high passenger total can be accommodated with two round trips a day with 30-seat aircraft at a 52 percent load factor, or three round trips a day with 19-seat aircraft at a 55 percent load factor.

We also encourage proposals that meet the communities' service needs in an efficient manner. Because of each community's traffic generating potential and proximity to Atlanta, we also encourage proposals for more frequent service with smaller aircraft, e.g., three, four, or even more daily round trips with 9- to 15-seat aircraft. All service to Atlanta should be nonstop. We recognize that there is convenient ground transportation to Atlanta at both communities, and therefore, air service to a more-distant hub, such as Memphis or Charlotte, may be more appropriate. Carriers are welcome to propose more than one service option, if they choose; they need not limit themselves to current service patterns if they envision other, potentially more attractive service possibilities -- different hubs, for example -- with subsidy requirements that remain competitive. We encourage any proposal that simultaneously satisfies the individual community's service needs and minimizes taxpayer expense.

### **Other Carrier Requirements**

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces and nondiscrimination.<sup>4</sup> Consequently, all

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<sup>3</sup> In selecting a carrier to provide subsidized essential air service, 49 U.S.C. 41733(c) (1) directs us to consider four factors. (1) service reliability; (2) contractual and marketing arrangements with a larger carrier at the hub; (3) interline arrangements with a larger carrier at the hub; and (4) community views. In addition, the Consolidated Appropriations Act, 2008, Public Law 110-161, provides that when selecting a carrier to provide EAS, the Department may consider the relative subsidy requirements, thus codifying a factor that we have considered since the inception of the program. Interested carriers should also be aware that our general provisions governing essential air service will be included in the selection order as part of our authorization of subsidy for the selected service. Appendix C of this order contains those general provisions.

<sup>4</sup> 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

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 the 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) 366-5903. The Department is prohibited from paying subsidy to carriers that do not submit these documents.<sup>5</sup>

### **Community Comments**

Each community and the State are welcome to submit comments on the proposals at any time. As noted earlier, we will provide a summary of the proposals to the civic parties and the State and ask them to submit their final comments shortly after the deadline for carrier proposals.

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

### **ACCORDINGLY;**

1. The Department requests proposals from carriers interested in providing essential air service at Athens and/or Macon, Georgia. Carriers should submit their proposals, with subsidy if necessary, by April 21, 2008. Proposals should include all the data required by section 204.4 of the Department's Regulations (14 CFR 204.4). An original and five copies of the proposal should be sent to the EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Department of Transportation, 1200 New Jersey Avenue, S.E., Washington, D.C. 20590, with the title "Proposal to Provide Essential Air Service at Athens and/or Macon, Georgia, Dockets: DOT-OST-2002-11348 and/or DOT-OST-2007-28671";<sup>6</sup>
2. These dockets will remain open until further order of the Department; and
3. The Department will serve a copy of this order on the mayors and airport managers of Athens and Macon, Georgia, and on the carriers listed in Appendix D.

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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).

<sup>5</sup> The certifications are also available on the web at <http://ostpxweb.dot.gov/aviation/index.html>.

<sup>6</sup> Questions regarding filings in response to this order may be directed to Mike Waters at (202) 366-6494 or [mike.waters@dot.gov](mailto:mike.waters@dot.gov). Proposals should be e-mailed to [mike.waters@dot.gov](mailto:mike.waters@dot.gov) and [dennis.devany@dot.gov](mailto:dennis.devany@dot.gov).

Persons entitled to petition the Department for review of this order under the Department's Regulations, 14 CFR 385.50, must file such petitions within ten (10) days after the date of service of this order.

This order will be effective immediately, and the filing of a petition for review shall not preclude its effectiveness.

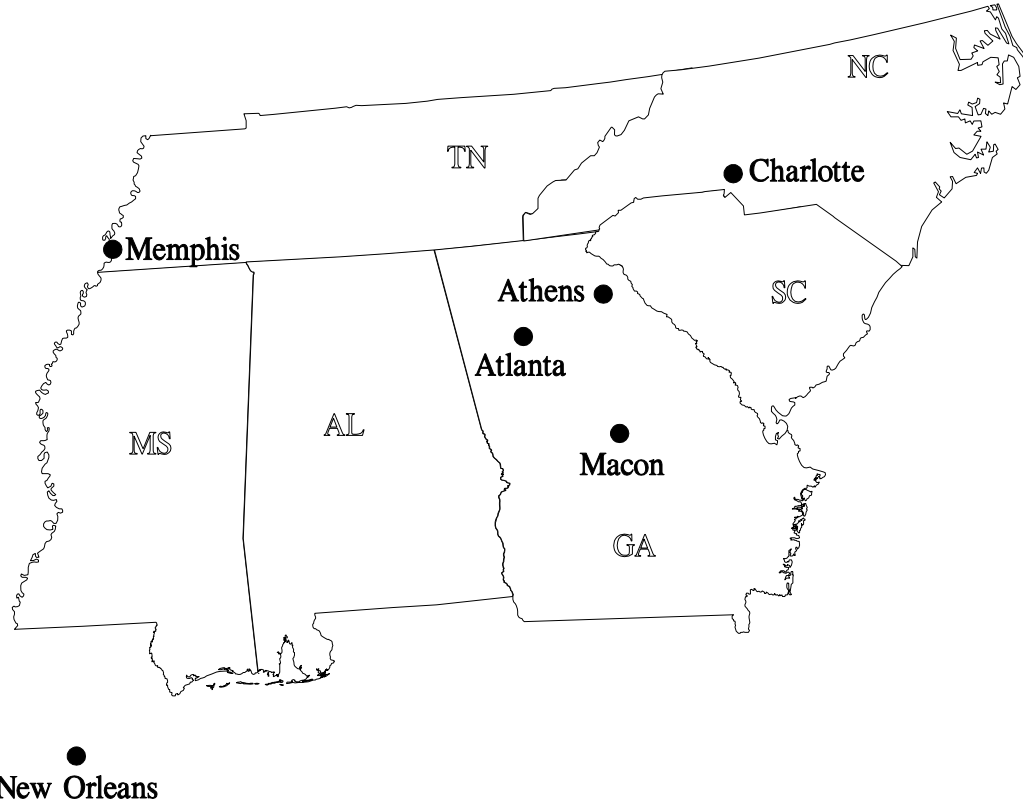
By:

**TODD M. HOMAN**  
Director  
Office of Aviation Analysis

(SEAL)

*An electronic version of this document is available on the World Wide Web at  
[www.regulations.gov](http://www.regulations.gov)*

# Area Map



<u>Statute Miles to Various Hubs</u>	
Athens to Atlanta – 66.8 miles	Macon to Atlanta – 79.2 miles
Athens to Charlotte – 161.2	Macon to Charlotte – 233.1
Athens to Memphis – 385.8	Macon to Memphis – 397.3
Athens to New Orleans – 489.1	Macon to New Orleans – 375.3

**Historical Passenger Traffic at Athens, Georgia**

**2004**

Month	Passenger Deplanements	Passenger Enplanements	Total Passengers	Average Daily Enplanements
January	468	453	921	14.6
February	509	472	981	16.3
March	634	644	1,278	20.8
April	699	704	1,403	23.5
May	696	725	1,421	23.4
June	625	694	1,319	23.1
July	637	664	1,301	21.4
August	665	665	1,330	21.5
September	616	587	1,203	19.6
October	686	700	1,386	23.3
November	606	647	1,253	20.9
December	589	622	1,211	20.1
	<b>7,430</b>	<b>7,577</b>	<b>15,007</b>	<b>20.7</b>

**2005**

Month	Passenger Deplanements	Passenger Enplanements	Total Passengers	Average Daily Enplanements
January	475	480	955	15.5
February	549	519	1,068	18.5
March	644	660	1,304	21.3
April	626	617	1,243	20.6
May	655	674	1,329	21.7
June	570	612	1,182	20.4
July	593	558	1,151	18.0
August	632	631	1,263	20.4
September	590	581	1,171	19.4
October	516	508	1,024	16.9
November	478	500	978	16.1
December	497	516	1,013	16.6
	<b>6,825</b>	<b>6,856</b>	<b>13,681</b>	<b>18.8</b>

**2006**

Month	Passenger Deplanements	Passenger Enplanements	Total Passengers	Average Daily Enplanements
January	413	397	810	12.8
February	421	423	844	15.1
March	559	552	1,111	17.8
April	474	487	961	16.2
May	537	578	1,115	18.6
June	577	557	1,134	18.6
July	550	572	1,122	18.5
August	614	603	1,217	19.5
September	572	542	1,114	18.1
October	517	626	1,143	20.9
November	515	534	1,049	17.2
December	400	434	834	14.0
	<b>6,149</b>	<b>6,305</b>	<b>12,454</b>	<b>17.3</b>

**Historical Passenger Traffic at Athens, Georgia**  
(Continued)

<b>2007</b>				
<b>Month</b>	<b>Passenger Deplanements</b>	<b>Passenger Enplanements</b>	<b>Total Passengers</b>	<b>Average Daily Enplanements</b>
January	386	402	788	13.0
February	382	424	806	15.1
March	485	478	963	15.4
April	484	507	991	16.9
May	535	533	1,068	17.2
June	495	497	992	16.6
July	479	489	968	15.8
August	484	473	957	15.3
September	432	439	871	14.6
October	507	508	1,015	16.9
November	338	376	714	12.1
December	351	337	688	10.9
	<b>5,358</b>	<b>5,463</b>	<b>10,821</b>	<b>15.0</b>

**Historical Passenger Traffic at Macon, Georgia**

**2004**

Month	Passenger Deplanements	Passenger Enplanements	Total Passengers	Average Daily Enplanements
January	2,308	2,099	4,407	67.7
February	2,382	2,310	4,692	79.7
March	2,794	2,686	5,480	86.6
April	2,676	2,622	5,298	87.4
May	2,984	2,828	5,812	91.2
June	3,226	2,945	6,171	98.2
July	3,204	3,032	6,236	97.8
August	3,287	3,127	6,414	100.9
September	2,424	2,406	4,830	80.2
October	3,112	2,881	5,993	96.0
November	2,919	2,938	5,857	94.8
December	2,501	2,521	5,022	81.3
	<b>33,817</b>	<b>32,395</b>	<b>66,212</b>	<b>88.5</b>

**2005**

Month	Passenger Deplanements	Passenger Enplanements	Total Passengers	Average Daily Enplanements
January	2,046	2,262	4,308	73.0
February	1,182	1,185	2,367	42.3
March	1,340	1,295	2,635	41.8
April	1,237	1,257	2,494	41.9
May	1,435	1,607	3,042	51.8
June	1,521	1,529	3,050	51.0
July	1,282	1,477	2,759	47.6
August	1,308	1,299	2,607	41.9
September	1,329	1,172	2,501	39.1
October	1,384	1,478	2,862	49.3
November	1,193	1,266	2,459	40.8
December	1,207	1,122	2,329	36.2
	<b>16,464</b>	<b>16,949</b>	<b>33,413</b>	<b>46.4</b>

**2006**

Month	Passenger Deplanements	Passenger Enplanements	Total Passengers	Average Daily Enplanements
January	1,041	1,240	2,281	40.0
February	1,030	1,119	2,149	40.0
March	1,297	1,318	2,615	42.5
April	1,265	1,309	2,574	43.6
May	1,208	1,274	2,482	41.1
June	1,314	1,160	2,474	38.7
July	1,157	1,123	2,280	36.2
August	1,146	1,055	2,201	34.0
September	905	896	1,801	29.9
October	917	1,030	1,947	34.3
November	981	971	1,952	31.3
December	765	806	1,571	26.0
	<b>13,026</b>	<b>13,301</b>	<b>26,327</b>	<b>36.4</b>

**Historical Passenger Traffic at Macon, Georgia**

(Continued)

**2007**

Month	Passenger Deplanements	Passenger Enplanements	Total Passengers	Average Daily Enplanements
January	753	758	1,511	24.5
February	834	815	1,649	29.1
March	1,112	1,098	2,210	35.4
April	1,163	1,037	2,200	34.6
May	1,294	1,166	2,460	37.6
June	1,215	1,153	2,368	38.4
July	1,174	1,133	2,307	36.5
August	1,021	891	1,912	28.7
September	769	739	1,508	24.6
October	726	648	1,374	21.6
November	894	833	1,727	26.9
December	831	847	1,678	27.3
	11,786	11,118	22,904	30.5

## **General Terms and Conditions for Essential Air Service**

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plans outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

Funds are not currently available for performance under this Order beyond September 30, 2008. The Government's obligation for performance under this Order beyond September 30 is contingent upon the availability of appropriated funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this Order beyond September 30 until funds are made available to the Department for performance. If funds are not made available for performance beyond September 30, the Carrier will receive notice in writing by the Department.

If the Department unilaterally, either partially or complete, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the stipulated amounts or at the stipulated service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and carrier do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

All claims for payment must be submitted within 60 days of the last day of service provided under the order.

**Carrier List for the State of Georgia**

Air Wisconsin  
Allegiant Air  
American Airlines/American Eagle  
Bemidji Aviation  
Boston-Maine Airways  
Cape Air  
Caribbean Sun Airlines  
Colgan Air  
CommutAir  
Continental Airlines  
Delta Air Lines  
Executive Airlines  
Great Lakes Aviation, Ltd.  
Gulfstream International Airlines  
Horizon  
Kenmore Air  
Mesa Air Group, Inc.  
Mesaba Airlines  
Midwest Airlines  
MN Aviation  
Multi Aero  
Northwest Airlines/Northwest Airlink  
NYDC  
Pacific Wings  
Pinnacle Airlines  
Salmon Air  
Scenic  
Shuttle America  
SkyWest  
Sovereign Air  
TransStates  
United Air Lines  
US Airways