



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

Order 2003-2-26

Served: March 5, 2003

Issued by the Department of Transportation
on the 28th day of February, 2003

Essential air service at

QUINCY, ILLINOIS

Docket OST-2003-14492

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

**ORDER PROHIBITING SUSPENSION OF SERVICE
AND REQUESTING PROPOSALS FOR REPLACEMENT SERVICE**

Summary

By this order, the Department is (a) prohibiting Corporate Airlines, Inc., d/b/a American Connection, from suspending its unsubsidized service from Quincy, Illinois, to St. Louis at the end of its 90-day notice period, and (b) requesting proposals, with or without subsidy requests, from carriers interested in providing replacement service.

Background

On January 15, 2003, Corporate filed a 90-day notice of its intent to suspend its unsubsidized scheduled air service at Quincy as of April 15, 2003. Corporate is the only carrier providing scheduled service at Quincy, where it currently operates three nonstop round trips each weekday and four each weekend to St. Louis with 19-seat Jetstream 31 aircraft.¹

Essential Air Service Determination

Quincy's essential air service determination, as established by Order 80-2-124, February 25, 1980, required at least two daily round trips to both St. Louis (nonstop) and Chicago (no more than one intermediate stop) providing a total of 67 inbound and 67 outbound seats.²

Until October 1999, Quincy regularly received service to both St. Louis and Chicago. However, by Order 99-10-1, October 1, 1999, the Department modified Quincy's essential air service

¹ See Appendix A for a map. Corporate styled its filing as a 45-day notice, but subsequently agreed that its filing constituted a 90-day notice under 49 U.S.C. 41734.

² Order 80-2-124 required capacity sufficient to accommodate 40 inbound and outbound passengers. Under the 60-percent load-factor standard subsequently established by the Airport and Airway Safety and Capacity Expansion Act of 1987, P.L. 100-223, the number of guaranteed seats is therefore 67: $40/0.60 = 66.7$.



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determination to require service to one hub, either St. Louis or Chicago, rather than to both. At the same time, the Department allowed Great Lakes Aviation, Ltd., which had filed a 90-day notice of intent to discontinue its unsubsidized Quincy-Chicago service, to discontinue that service, since the unsubsidized Quincy-St. Louis service then being operated by Trans States Airlines, Inc., would meet Decatur's modified determination. Corporate replaced Trans States on the St. Louis route in May 2000.

On April 5, 2000, the President signed into law the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, P.L. 106-181, also known as AIR-21. Under a provision contained in that new law, all Department orders issued after September 30, 1999, that modified communities' essential air service determinations became "null and void." Moreover, as of April 5, the Department could no longer modify determinations to levels below those in effect on December 29, 1988.

The Department's modification of Quincy's determination in Order 99-10-1 was therefore nullified, and the community's determination remained that in effect as of December 29, 1988, which had been established by Order 80-2-124 and is described above. Because Quincy's determination continued to guarantee service to Chicago and the community was without it, we requested proposals from carriers interested in providing Decatur-Chicago service by Order 2000-4-21, April 19, 2000.

In July 2000, Air Wisconsin Airlines Corp., d/b/a United Express, filed a proposal for Quincy-Chicago service in which it asked for subsidy of nearly \$1.2 million annually as well as exemptions from the 90-day notice and hold-in requirements contained in 49 U.S.C. 41734 if it chose to discontinue service anytime after December 31, 2002, instead proposing a 45-day notice period if it decided to suspend service after that date. By Order 2000-9-22, September 21, 2000, the Department granted the exemptions but denied subsidy because of program funding constraints. Air Wisconsin began unsubsidized Quincy-Chicago service in October 2000, but discontinued it in January 2003.³

Decision

Corporate's suspension of service would leave Quincy without any scheduled air service. In accordance with 49 U.S.C. 41734, we will therefore prohibit Corporate from suspending service at the community. In doing so, we will require Corporate to continue operating three nonstop round trips each weekday and four each weekend to St. Louis. We recognize that 57 seats represents a shortfall from the community's seat guarantee. However, the community's traffic to St. Louis averaged 27.8 enplanements a day during calendar year 2002 -- a slight decline from

³ See Order 2002-12-17, December 20, 2002.

the 28.7 enplanements a day registered during 2001.⁴ Corporate's current schedule therefore affords sufficient capacity to accommodate demand in the short term. We will address the community's long-term service levels in the context of the carrier replacement case.

Request for Proposals

We will also seek proposals, with or without subsidy requests, from carriers interested in providing replacement service at Quincy. We ask that carriers submit their proposals within 20 days of the date of service of this order; we will give full consideration to all proposals that are timely filed. We request proposals that contemplate service operated with twin-engine, two-pilot, pressurized aircraft that offers at least 15 passenger seats. As always, we will solicit the community's views on any service options we receive before selecting a carrier.

Carriers interested in filing competing proposals, with or without subsidy requests, should file them within the 20-day period set for objections. At the end of that period, our staff will docket any competing proposals, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants. Each applicant, including the incumbent, will then have an opportunity to finalize its proposal in rate discussions with Department staff before we seek final community comments. We will give full consideration to all proposals that are timely filed. As a general matter, we request proposals that would provide at least three round trips a day from the communities to a suitable hub with twin-engine aircraft operated by two pilots.

Procedures for Filing Replacement Proposals

For interested carriers unfamiliar 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 requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

⁴ See Appendix B for traffic data. Enplanements represent one-half of total origin-and-destination traffic, and annual averages are based on 313 weekdays and weekends a year.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁵ Consequently, all carriers receiving Federal subsidy for 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) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

Community and State Comments

The community and state are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. In any event, after conducting 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

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

ACCORDINGLY,

1. We prohibit Corporate Airlines, Inc., d/b/a American Connection, from suspending service at Quincy, Illinois, at the end of its 90-day notice period, and require it to maintain service at the community, as set forth in Appendix C, for the 30-day period through May 14, 2003, or until a carrier capable of providing reliable essential air service actually begins service, whichever is first;⁷
2. We direct Corporate Airlines, Inc., d/b/a American Connection, 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 its audit and examination by

⁵ 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).

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 as proposed.

⁷ In accordance with 49 U.S.C. 41734(c), we will extend Corporate's service obligation for successive 30-day periods as necessary until replacement service actually begins.

representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. 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. We request that carriers interested in providing essential air service at Quincy, Illinois, submit their proposals, with subsidy requests if necessary, within 20 days after the date of service of this order. 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, Room 6401, Department of Transportation, 400 7th Street S.W., Washington, DC 20590, with the title "Proposal to Provide Essential Air Service at Quincy, Illinois, Docket OST-2003-14492";⁸

4. This docket will remain open until further order of the Department; and

5. We will serve copies of this order on the mayor and airport managers of Quincy, Illinois; Corporate Airlines, Inc., d/b/a American Connection; and the persons listed in Appendix D.

By:

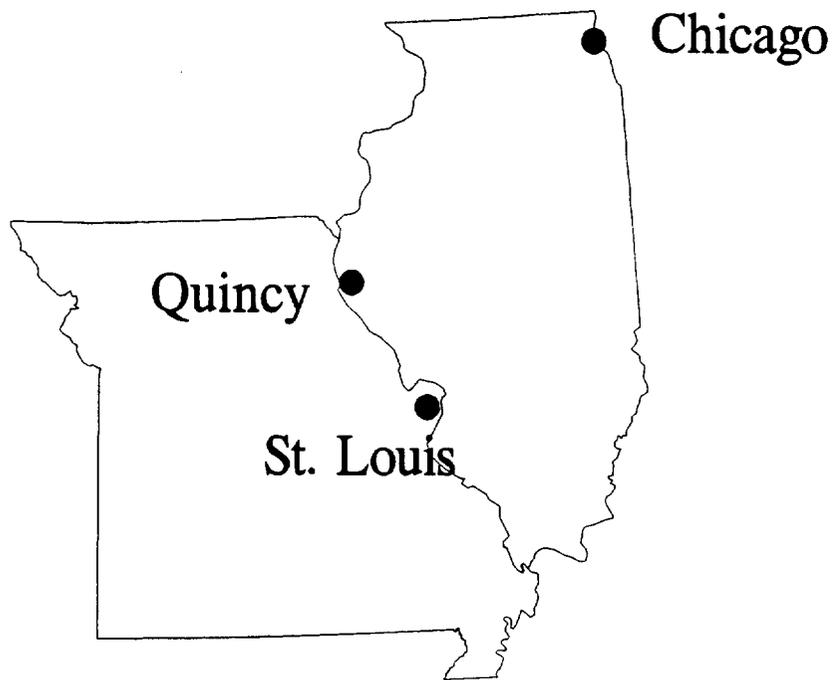
READ C. VAN DE WATER
Assistant Secretary for Aviation
and International Affairs

(SEAL)

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

⁸ After the proposals have been docketed, Department staff will contact each applicant and direct it to serve a copy of its proposal on the civic officials of the community, the state, and the other applicants. All applicants must then file a certificate of service with the Department's Documentary Services Division.

QUINCY, ILLINOIS, AND THE SURROUNDING REGION



QUINCY, ILLINOIS
HISTORICAL ENPLANEMENTS TO/FROM ST. LOUIS

	<u>2001</u>	<u>2002</u>
1st Qtr	2,098	2,297
2nd Qtr	2,406	2,242
3rd Qtr	2,269	2,054
4th Qtr	<u>2,214</u>	<u>2,116</u>
Total	8,987	8,709
Average	28.7	27.8

SOURCE: Corporate Airlines. Enplanements represent one-half of total origin-and-destination traffic, and annual averages are based on 313 weekdays and weekends a year.

APPENDIX C

CORPORATE AIRLINES, INC., d/b/a AMERICAN CONNECTION
ESSENTIAL AIR SERVICE TO BE MAINTAINED
AT QUINCY, ILLINOIS

EFFECTIVE PERIOD	April 15, 2003, until further Department action
SERVICE	19 nonstop round trips to St. Louis each week
AIRCRAFT TYPE	Jetstream 31 (19 seats)
TIMING OF FLIGHTS	Flights must be well-timed and well-spaced to ensure full compensation

SERVICE LIST FOR THE STATE OF ILLINOIS

Aero Taxi Rockford, Inc.
Air Casino, Inc.
Air Wisconsin, Inc.
Allied Airlines, Inc.
American Trans Air, Inc.
Amerijet International, Inc.
Bemidji Airlines
Chicago Air Taxi, Inc.
Chicago Express Airlines, Inc.
Corporate Airlines, Inc.
Delta Connection
Direct Air, Inc.
Dwyer Aircraft Sales, Inc.
Executive Airlines, Inc.
Florida Air, Inc.
Gorda Aero Service, Inc.
Great Lakes Aviation, Ltd.
Heartland Aviation, Inc.
Jet Services, Inc.
Logansport Flying Service, Inc.
Metroflight, Inc.
Michigan Airways, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest Airlink
Ohio Valley Aviation, Inc.
Pennsylvania Commuter Airlines, Inc.
Planemaster Services Inc.
Redwing Airways, Inc.
Scott Aviation, Inc.
Shawano Flying Service, Inc.
Simmons Airlines, Inc.
Thunderbird Aviation, Inc.
Trans North Aviation Ltd.
Trans States Airlines, Inc.
Welch Aviation, Inc.
Westward Airways, Inc.
Wise Aviation Company

Chester Anderson
Ken Bannon
Rick Bauer
Jeff Bell
Richard Thomas Clarke
Sabrina Cranor
Jeff Fonner
Doug Franklin
E.B. Freeman
Douglas Gumula
A. Edward Jenner
Dan Katzka
Lee Mason
John McFarlane
Tracy Schoenrock
Edward Wenz
Gary L. White
Robert Wigmore