

Order 2003-3-21
Served: March 31, 2003



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

Issued by the Department of Transportation
on the 26th day of March, 2003

Essential Air Service at

MASSENA, NEW YORK
OGDENSBURG, NEW YORK
WATERTOWN, NEW YORK

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

Docket OST-1997-2842

ORDER AFFIRMING PREVIOUS ACTION
AND ALLOWING ALTERNATE SERVICE PATTERN

Summary

By this order, we are denying the Petition for Reconsideration filed jointly by the City of Watertown, the Town of Massena and the Ogdensburg Bridge and Port Authority, and are affirming our decision in Order 2003-2-5 reselecting Air Midwest, Inc., d/b/a US Airways Express (Air Midwest) to continue providing essential air service at the Upstate New York communities of Massena, Ogdensburg and Watertown to Pittsburgh for a new two-year term.¹ However, by this order we are also allowing Air Midwest to operate either to Pittsburgh, as originally selected, or to Albany as it proposed in one of its options, at the lower Pittsburgh subsidy rate.

Background

By Order 2003-2-5, issued February 5, 2003, Air Midwest was selected to continue providing essential air service at Massena, Ogdensburg and Watertown for a two-year period. Subsidy was set at an annual rate of \$1,288,012 for service consisting of three round trips each weekday, and three each weekend, between the three communities and Pittsburgh, with 19-seat Beech 1900 aircraft.²

¹ Air Midwest, Inc., is a wholly owned subsidiary of Mesa Air Group.

² Selection of this service pattern, the carrier's Option 1, continued the communities' historical service pattern.

The Department made its selection even though there was strong local and State support favoring service to Albany for both Massena and Ogdensburg. Our decision to select Air Midwest's Pittsburgh-only option was based mainly on two major factors. First, we found that to meet the core objective of the EAS program, which was to subsidized air service for the most isolated communities and to ensure that travelers from those communities have access to the nation's air transportation system, the Pittsburgh hub offered connecting service far greater than Albany. Second, we noted that the selection of Air Midwest's service to Albany would require a considerable amount of additional subsidy over the two-year contract period--about \$1 million. This was an added expense we were not willing to take on given the fact that service to Pittsburgh fully met the air service needs of the communities.³



Community Objection

On March 3, 2003, the Ogdensburg Bridge and Port Authority, the Town of Massena, and the City of Watertown, jointly filed a Petition for Reconsideration asking the Department to reconsider its decision in Order 2003-2-5, and to reselect Air Midwest to provide EAS to Massena, Ogdensburg and Watertown in accordance with its Option 2. Under Option 2, Air Midwest had proposed to provide Massena and Ogdensburg with three round trips a day to Albany, and Watertown with three round trips a day to Pittsburgh, for an annual subsidy of \$1,788,951.

In their Petition, the communities state that the Department has selected a service that has resulted in the past, and will continue to result, in declining passengers. If the "core objective" of the EAS program is to ensure that travelers have access to the nation's air transportation system, then choosing a service that will serve fewer and fewer travelers each year does not support that objective. Service to Albany, the communities state, will mitigate further decreases in enplanment levels and ultimately result in decreased subsidies. The communities state that Albany is a hub that offers continuing "service to destinations our constituents want to travel to, with good connections and at affordable fares."

The Petition further requests that, alternatively, if the Department was still unable to approve Air Midwest's Option 2, then it should consider approving a one-year contract with Air Midwest to provide such service. The communities states that they are confident that at the end of that year, increased passenger numbers will allow the Department to find competing airlines willing to offer service at reduced subsidy.

³ See Order 2003-2-5 for a more detailed discussion of our decision.

Comments of the New York Department of Transportation

On March 3, 2003, the Aviation Services Bureau of the New York Department of Transportation (NYDOT) submitted comments in support of the Petition filed by the communities. Specifically, NYDOT supports the communities' request that the Department select Air Midwest's Option 2 on a one-year "trial basis." That arrangement, NYDOT states, seems to be a logical compromise, would provide the service that local travelers have requested, and would provide an opportunity to confirm that the market for Albany service does exist at Massena and Ogdensburg.

NYDOT notes that even though Pittsburgh offers many more jet departures than Albany, this abundance of flights is of limited benefit to Massena and Ogdensburg travelers since they are using those flights in declining numbers. In addition, service to Albany would save significant amounts of time for Massena and Ogdensburg travelers. Nonstop flights to Albany would be about 60 minutes in duration, compared to as long as 2 hours and 20 minutes (and one or two stops) for flights to Pittsburgh. Many travelers are driving to other cities, including Syracuse and Albany, to access the air transportation system. This situation is not desirable, NYDOT states, because these trips involve travel over two-lane roads over long distances, through small communities, and over the Adirondack Mountains before reaching an Interstate highway.

Decision

After careful review of the communities and NYDOT's comments, and all relevant information, we have decided to affirm our findings in Order 2003-2-5.

The communities do not take issue with the Department's fundamental findings in Order 2003-2-5, namely that Pittsburgh offers far more access to the nation's air transportation system than Albany, and that the Albany service would require \$.5 million more subsidy than service to Pittsburgh. While the communities acknowledge that Pittsburgh offers far more connecting opportunities than Albany, they note that their principal markets are in the Northeast and East. As we noted in our earlier order, according to the Official Airline Guide for the month of January 2003, Pittsburgh offers an average of 170 daily jet departures (not including regional jets) to domestic destinations all across the country. Albany, on the other hand, has an average of 31 daily jet departures (not including regional jets), most of which are to destinations on the East Coast or Midwest. Including regional jets results in a total of 267 departures a day at Pittsburgh and 48 departures a day at Albany.

We have examined the relative service of Pittsburgh versus Albany to markets on the East Coast, in light of the communities' comments in their Petition for Reconsideration. From Albany, there is nonstop, large jet service to six destinations in the East and South: Baltimore, Atlanta, Charlotte, Orlando, Philadelphia and Pittsburgh. In addition, there is nonstop large jet service to four destinations in the Midwest: Chicago, Cincinnati, Detroit and Minneapolis. From the Pittsburgh hub, there is nonstop large jet service to 23 destinations in the East and South: Atlanta, Baltimore, Boston, Buffalo, Charlotte, Fort Lauderdale, Fort Myers, Hartford, Manchester, Miami, Nashville, New Orleans, New York City, Norfolk, Orlando, Philadelphia, Palm Beach, Providence, Raleigh/Durham,

Rochester, Syracuse, Tampa and Washington. In addition, there is nonstop large jet service to 7 destination in the Midwest: Chicago, Dallas, Detroit, Indianapolis, Milwaukee, Minneapolis, and St. Louis. Not only does Pittsburgh provide access to more destinations in the East and South than Albany, there is only one community (Cincinnati) that receives nonstop jet service from Albany that does not also receive nonstop jet service from Pittsburgh. Moreover, there is far greater number of flights to those destinations. For example, while there are two flight a day to Charlotte from Albany with large jets, there are 19 such flights from Pittsburgh; three flights a day from Albany to Atlanta, fourteen a day from Pittsburgh; 5 flights a day from Albany to Philadelphia, fifteen from Pittsburgh; 3 flights a day to Chicago from Albany, six from Pittsburgh; three flights a day from Albany to Orlando, five from Pittsburgh; and one flight each day to Minneapolis from Albany, four from Pittsburgh.

While we continue to find that Pittsburgh offers far more access to the national air transportation system than Albany, and that current proposals require \$.5 million a year more subsidy than service to Pittsburgh, we also want to be responsive to the communities' wishes to the extent feasible. The communities have offered a number of arguments, including an extensive study of passenger demand, as to why the service to Albany would actually attract more passengers than the traditional Pittsburgh service. Projecting passenger demand via different hubs is difficult at best, and since the September 11 terrorists attacks, has been next to impossible. Nonetheless, the communities are convinced that the Albany service would be more successful. In order to balance all of these competing interests, we are prepared to allow Air Midwest the option to serve either Pittsburgh, as originally selected, or Albany as it proposed in its Option 2, but at the rate established in Order 2003-2-5 for the Pittsburgh only service. We would also allow the carrier to provide a mix of Pittsburgh and Albany service, e.g., two round trips a day for Ogdensburg and Massena to Albany and one round trip a day to Pittsburgh. We encourage the communities and the State to work with Air Midwest to find a mutually agreeable solution.

We do not favor selecting Air Midwest to provide service to Albany for only a one-year trial period. The carrier has invested in its service at Massena, Ogdensburg and Watertown, considerable resources in equipment and personnel. A minimum contract of two years is necessary, we believe, to provide the carrier with the opportunity to successfully provide viable service.

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

ACCORDINGLY,

1. We grant the Petition for Reconsideration of Order 2003-2-5 filed jointly by the Ogdensburg Bridge and Port Authority, the Town of Massena and the City of Watertown and, upon reconsideration, we affirm our decision in Order 2003-2-5 selecting Air Midwest, Inc., d/b/a US Airways Express, to continue to provide Massena, Ogdensburg and Watertown with service to Pittsburgh for a new two-year period;
2. Notwithstanding paragraph 1 above, we will allow Air Midwest, Inc., d/b/a US Airways Express, to provide Massena, Ogdensburg and Watertown service to Albany, or a combination of service to Pittsburgh and Albany, at the same subsidy rate established by Order 2003-2-5 for the carrier's selected service to Pittsburgh;
3. Docket OST 98-2842 shall remain open until further order of the Department; and
4. We will serve a copy of this order on the mayors and airport managers of the Town of Massena, Ogdensburg and Watertown, New York, the Governor of New York, Ogdensburg Bridge and Port Authority, the New York State Department of Transportation, the Village of Massena, Air Midwest, and CommutAir.

By:

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

(SEAL)

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