



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

Issued by the Department of Transportation
on the 13th day of June, 2003

Essential Air Service at

ESCANABA, MICHIGAN

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

Served: June 18, 2003

DOCKET OST-2003-15128

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

Summary

By this order, the Department is prohibiting Skyway Airlines, Inc., d/b/a Midwest Connect (Skyway), from suspending its unsubsidized service at Escanaba, Michigan, and requesting proposals from carriers interested in providing replacement service at the community. (See Appendix A for map.)

Background

Escanaba is guaranteed to receive at least a minimum level of air service under the Essential Air Service (EAS) program by virtue of the fact that the community appeared on a certificated carrier's Civil Aeronautics Board-issued certificate on October 24, 1978, the date the Airline Deregulation Act of 1978 was signed into law. (See 49 U.S.C. 41731-41744 for the EAS program's governing statutes.) On May 7, 2003, Skyway filed a 90-day notice of its intent to suspend service at Escanaba, effective August 5, 2003.¹ Skyway is the only carrier providing scheduled air service at Escanaba, which consists of one one-stop and two nonstop round trips a day to Milwaukee with 19-seat Beech 1900 aircraft.

For the year ended September 30, 2002, Escanaba generated a total of 15,950 O&D passengers, an average of 25.5 enplanements per day. This represents a significant decrease from the year ended September 30, 2001, when there were 29,599 O&D passengers, or an average of 47.3 enplanements per day.

Community Comments

By letter dated May 16, 2003, the Delta County Economic Development Alliance filed an objection to Skyway's notice. The Alliance states that Skyway is an essential component of the community, and that its service is crucial to the economic well-being of the community. The

¹ While Skyway's notice was dated April 30th, we did not receive it until May 7th.

Alliance notes that it lost the services of Northwest Airlink in early 2002, notwithstanding that studies have shown that the community could support additional air service.

Decision

Since Skyway is the only carrier providing scheduled air service at Escanaba, its proposed termination would eliminate all air service to the community. Thus, in accordance with 49 U.S.C. 41734, we must prohibit Skyway from suspending service at Escanaba for an initial 30-day period beyond the end of the 90-day notice period, through September 4, 2003, or until suitable replacement service has been inaugurated at the community, whichever occurs first.²

Request for Proposals

We request that carriers interested in providing essential air service at Escanaba, with or without subsidy requests, file proposals within 20 days of the date of service date of this order. We will give full consideration to all proposals filed in a timely manner. We ask that carriers submit proposals for at least two daily round trips to Milwaukee, with 15-seat or larger, pressurized aircraft. We will also entertain proposals that provide access to the national air transportation system through other hubs in order to give the Department and the community as broad an array of proposals as possible from which to choose. As always, we will formally solicit the community's views on any service options we receive before making a long-term carrier selection decision. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data in Appendix B.

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 filed in a timely manner.

Procedures for Filing Proposals

For interested carriers unfamiliar with our procedures and recommended forms 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.

² In accordance with 49 U.S.C. 41734(c), we will extend Skyway's service obligation for successive 30-day periods as necessary until replacement service actually begins.

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.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces and nondiscrimination.³ Consequently, all 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) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

Community and State Comments

If we receive competing proposals, 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.⁴

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

ACCORDINGLY,

1. The Department requests that carriers interested in providing essential air service at Escanaba submit their proposals, with subsidy 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: EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590, with the title "Proposal to Provide Essential Air Service at Escanaba, Michigan, Docket OST-2003-15128";⁵

³ 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).

⁴ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be provided reliably without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service as proposed.

⁵ 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 Dockets Operations and Media Management Division.

2. The Department prohibits Skyway Airlines, from suspending service at Escanaba, Michigan, at the end of its 90-day notice period and requires it to maintain one one-stop and two nonstop round trips a day between Escanaba and General Mitchell-Milwaukee International Airport, through September 4, 2003, or until a carrier capable of providing reliable essential air service actually begins service, whichever occurs first;
3. The Department directs Skyway to retain all books, records, and other source and summary documents to support subsidy claims for payment and to preserve and maintain such documentation in a manner that readily permits its 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. 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;
4. Docket OST-2003-15128 will remain open until further order of the Department; and
5. The Department will serve a copy of this order on the Mayor and Airport Manager of Escanaba, the Michigan Bureau of Aeronautics, Skyway Airlines, and the parties listed in Appendix C.

By:

MICHAEL W. REYNOLDS
Acting 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>*

ESCANABA, MICHIGAN
AND SURROUNDING COMMUNITIES



Historical Origin-Destination Traffic and Average Daily Enplanements at Escanaba, Michigan¹

<u>YE 9/30/02</u>	<u>O&D Traffic</u>	<u>Daily Average Enplanements²</u>
4Q01	4,660	29.5
1Q02	2,150	14.0
2Q02	3,904	25.0
3Q02	<u>5,236</u>	<u>33.1</u>
TOTAL:	15,950	25.5

<u>YE 9/30/01</u>	<u>O&D Traffic</u>	<u>Daily Average Enplanements²</u>
4Q00	7,745	49.6
1Q01	7,294	46.8
2Q01	7,989	51.2
3Q01	<u>6,571</u>	<u>42.1</u>
TOTAL:	29,599	47.3

¹ Source: Airport Activity Statistics; Form 298-C, Schedule T-1.

² Daily averages are based on 313 annual service days.

SERVICE LIST FOR THE STATE OF MICHIGAN

Air Wisconsin, Inc.
Allied Airlines, Inc.
Bemidji Airlines
Chautauqua Airlines, Inc.
Comair, Inc.
Delta Connection
Enterprise Airlines, Inc.
Florida Air, Inc.
Great Lakes Aviation, Ltd.
Jet Services, Inc.
Jetstream International Airlines, Inc.
Logansport Flying Service, Inc.
Mesaba Aviation, Inc.
Metroflight, Inc.
Michigan Airways, Inc.
Midwest Aviation
Midwest Express Airlines, Inc.
Northcoast Executive Airlines, Inc.
Northwest Airlink
Pennsylvania Commuter Airlines, Inc.
Planemaster Services Inc.
Scott Aviation, Inc.
Simmons Airlines, Inc.
Southern Air Transport, Inc.
Trans North Aviation Ltd.
Welch Aviation, Inc.
Westward Airways, Inc.

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Ken Bannon
David Cole, Chairman
Sabrina Cranor
Doug Franklin
E.B. Freeman
A. Edward Jenner
Dan Katzka
Lee Mason
John McFarlane
Tracy Schoenrock
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