

Order 2004-1-13  
Served: January 20, 2004



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

Issued by the Department of Transportation  
on the 14<sup>th</sup> day of January, 2004

Essential Air Service at

**ALAMOSA, COLORADO  
KEARNEY, NEBRASKA  
MCCOOK, NEBRASKA  
PUEBLO, COLORADO  
ROCK SPRINGS, WYOMING**

**DOCKET OST-1997-2960  
DOCKET OST-1996-1715  
DOCKET OST-1997-3005  
DOCKET OST-1999-6589  
DOCKET OST-1997-2959**

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

**ORDER SETTING FINAL RATES**

**Summary**

By this order, we are setting past-period and prospective subsidy rates for Great Lakes Aviation's provision of essential air service (EAS) at the five communities listed above in two steps. First, we are setting rates retroactive to October 1, 2001, through the ends of the various contract periods, adjusting for the effects of the September 11 terrorist attacks. Second, we are setting rates from the end of those respective contract periods until further Department action.

**Discussion**

As indicated in the footnote below, the Department previously selected Great Lakes to provide EAS at each of the above communities.<sup>1</sup> Subsequently, in Order 2002-2-13, the Department authorized emergency EAS payments to all subsidized carriers because of the

<sup>1</sup> Alamosa by Order 2000-5-17, May 17, 2000; Kearney by Order 2000-5-5, May 8, 2000; McCook by Order 2000-5-12, May 15, 2000; Pueblo by Order 2000-7-16, July 14, 2000; and Rock Springs by Order 2000-5-14, May 16, 2000.

losses suffered by them in the face of generally lower revenue and higher costs after the terrorist attacks of September 11, 2001, combined with the fact that the EAS carriers are paid on a pre-agreed, fixed rate per flight. That order provided for immediate increases to the final rates then in place on an *ad hoc*, interim basis, along with the authority to re-negotiate new final rates to October 1, 2001, until the end of the carriers' selection term, as provided in the order.<sup>2</sup>

For these rates, we have made adjustments consistent with the framework established by Order 2002-2-13, namely, that we would make up for revenue reductions, to the extent that they fell below those forecast in the final rates in effect on September 11, and for insurance increases directly attributable to the September 11 attacks. (Traffic-related expenses are adjusted downward proportional to the drop in passengers, and the profit element is a flat five percent of total operating costs.)

In the second step, we are setting rates based on rate negotiations that we have completed with Great Lakes at each community that will be effective from the ends of the various contract periods until further Department action while we process carrier-selection proceedings at each community. We have reviewed the carrier's proposals and find these rates reasonable for the service provided.

The table indicates the rates and dates of the compensation for each community:<sup>3</sup>

Community	Effective Period	Annual Rate	Effective Period	Annual Rate	Effective Date	Prospective Annual Rate
Alamosa, CO	October 1, 2001, through April 30, 2002	\$1,340,626	May 1, 2002, through April 30, 2003	\$1,169,195	May 1, 2003	\$1,114,735
Kearney, NE	October 1, 2001, through March 31, 2002	\$1,456,162	-	-	April 1, 2002	\$1,019,014
McCook, NE	October 1, 2001, through May 31, 2002	\$1,419,539	-	-	June 1, 2002	\$1,398,330
Pueblo, CO	October 1, 2001, through May 31, 2002	\$1,085,610	-	-	June 1, 2002	\$883,016
Rock Springs, WY	October 1, 2001, through April 30, 2002	\$682,691	May 1, 2002, through April 30, 2003	\$298,747	May 1, 2003	\$141,240

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

**ACCORDINGLY,**

1. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Alamosa, Colorado, as described in Appendix B-1, 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 Denver by \$763.02;<sup>4</sup>

<sup>2</sup> See Order 2002-2-13 for a complete discussion of the emergency relief.

<sup>3</sup> Rates at Alamosa and Rock Springs were adjusted downward effective May 1, 2003, to reflect significantly improved passenger traffic and revenue results.

<sup>4</sup> See Appendix B for subsidy calculations.

2. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Alamosa, Colorado, as described in Appendix B-2, 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 Denver by \$665.45;

3. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Alamosa, Colorado, as described in Appendix B-3, 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 Denver by \$634.45;

4. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Kearney, Nebraska, as described in Appendix B-4, 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 Denver by \$815.78;

5. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Kearney, Nebraska, as described in Appendix B-5, 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 Denver by \$583.96;

6. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at McCook, Nebraska, as described in Appendix B-6, 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 Denver by \$900.15;

7. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at McCook, Nebraska, as described in Appendix B-7, 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 Denver by \$818.69;

8. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Pueblo, Colorado, as described in Appendix B-8, 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 Denver by \$632.27;

9. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Pueblo, Colorado, as described in Appendix B-9, 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 Denver by \$513.68;

10. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Rock Springs, Wyoming, as described in Appendix B-10, 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 Denver by \$376.35;

11. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Rock Springs, Wyoming, as described in Appendix B-11, 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 Denver by \$163.88;

12. The Department sets the final subsidy rate for Great Lakes Aviation, Ltd., for the provision of essential air service at Rock Springs, Wyoming, as described in Appendix B-12, 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 Denver by \$77.48;

13. We direct Great Lakes Aviation, Ltd., 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. 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; and

14. The Department will serve a copy of this order on Great Lakes Aviation, Ltd. and all parties in the Dockets.

By:

**Karan K. Bhatia**  
Assistant Secretary for Aviation  
and International Affairs

(SEAL)

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<http://dms.dot.gov>

## GREAT LAKES AVIATION, LTD., – ANNUAL SUBSIDY CALCULATIONS

	<u>Alamosa</u>	<u>Alamosa</u>	<u>Alamosa</u>	<u>Kearney</u>	<u>Kearney</u>	<u>McCook</u>	<u>McCook</u>
	10/01/2001	5/01/2002	5/01/2003	10/1/2001	4/01/2002	10/01/2001	6/01/2002
For Rate Beginning:							
Weekly Round Trips	18	18	18	18	18	18	18
Departures	1,757	1,757	1,757	1,785	1,745	1,577	1,708
Completion Factor	93.37%	93.37%	93.37%	94.82%	92.72%	83.82%	90.75%
Block Hours	1,728	1,728	1,728	2,379	2,327	1,630	1,765
Miles to Hub	179	179	179	305	305	218	218
Total Passengers	6,219	9,027	9,829	10,315	15,045	2,921	4,714
Average Fare	\$86.25	\$81.00	\$81.00	\$94.07	\$94.07	\$87.55	\$87.55
Passenger Revenue	\$536,389	\$731,187	\$796,149	\$970,332	\$1,415,283	255,734	\$412,711
<u>Other Revenue @ 0.62%</u>	<u>3,326</u>	<u>4,533</u>	<u>4,936</u>	<u>6,016</u>	<u>8,775</u>	<u>1,586</u>	<u>2,559</u>
Total Revenue	\$539,715	\$735,720	\$801,085	\$976,348	\$1,424,058	\$257,320	\$415,270
Revenue Passenger Miles	1,113,201	1,615,833	1,759,391	3,146,075	4,588,725	636,778	1,615,833
Available Seat Miles	5,976,317	5,976,317	5,976,317	10,341,249	10,112,219	6,533,974	7,074,184
Aircraft Lease w/ Hull Insurance <sup>1/</sup>	\$293,760	\$293,760	\$293,760	\$404,430	\$395,590	\$277,100	\$300,050
Flying Operations <sup>2/</sup>	257,558	257,558	257,558	354,590	346,839	242,952	263,073
Maintenance (a) @ \$97.28/Block Hour	168,100	168,100	168,100	231,429	226,371	158,566	171,699
Maintenance (b) @ \$109.26/Departure	191,970	191,970	191,970	195,029	190,659	172,640	186,616
<u>Fuel &amp; oil <sup>3/</sup></u>	<u>255,395</u>	<u>255,395</u>	<u>255,395</u>	<u>334,317</u>	<u>327,681</u>	<u>213,640</u>	<u>231,386</u>
Total Direct Costs	\$1,166,783	\$1,166,783	\$1,166,783	\$1,519,795	\$1,487,140	\$1,064,561	\$1,152,824
Passenger-related@\$10.25/Passenger	\$63,745	\$92,527	\$100,747	\$105,729	\$154,211	\$29,940	\$48,319
Commercial war risk liability ins.@\$1.25/pax	7,774	11,284	12,286	12,894	18,806	3,651	5,893
FAA war risk liability ins@\$7.50/Departure	13,178	-	-	13,388	-	11,828	-
FAA war risk liability ins@\$0.03/Passenger	-	271	295	-	451	-	141
FAA war risk liability ins@\$0.03/1,000 RPMs	-	48	53	-	138	-	31
Liability Insurance @0.00790/RPM	8,794	12,765	13,899	24,854	36,251	5,031	8,118
General & Administration@\$0.01710/ASM	102,195	102,195	102,195	176,835	172,919	111,731	120,969
Local Marketing@\$5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
DEN Station Expense@\$318.10/Departure	279,608	279,608	279,608	284,061	277,699	250,979	271,655
<u>Local Station Expense Shown @ \$Annual Rate</u>	<u>143,724</u>	<u>143,724</u>	<u>143,724</u>	<u>174,120</u>	<u>174,120</u>	<u>114,288</u>	<u>114,288</u>
Total Indirect Costs	\$624,018	\$647,422	\$657,807	\$796,881	\$839,595	\$532,448	\$574,414
<u>Total Operating Expense</u>	<u>\$1,790,801</u>	<u>\$1,814,205</u>	<u>\$1,824,590</u>	<u>\$2,316,676</u>	<u>\$2,326,735</u>	<u>\$1,597,009</u>	<u>\$1,727,238</u>
Operating Loss	\$1,251,086	\$1,078,485	\$1,023,505	\$1,340,328	\$902,677	\$1,339,689	\$1,311,968
<u>Profit @ 0.05% of Total Operating Expense</u>	<u>89,540</u>	<u>90,710</u>	<u>91,230</u>	<u>115,834</u>	<u>116,337</u>	<u>79,850</u>	<u>86,362</u>
<u>Compensation Requirement</u>	<u>\$1,340,626</u>	<u>\$1,169,195</u>	<u>\$1,114,735</u>	<u>\$1,456,162</u>	<u>\$1,019,014</u>	<u>\$1,419,539</u>	<u>\$1,398,330</u>
Subsidy Rate per Flight	<u>\$763.02</u>	<u>\$665.45</u>	<u>\$634.45</u>	<u>\$815.78</u>	<u>\$583.96</u>	<u>\$900.15</u>	<u>\$818.69</u>
Weekly Compensation Amount	<u>\$27,468.72</u>	<u>\$23,956.20</u>	<u>\$22,840.20</u>	<u>\$29,368.08</u>	<u>\$21,022.56</u>	<u>\$32,405.40</u>	<u>\$29,472.84</u>

<sup>1/</sup> Aircraft Lease Cost: \$170.00 per Block Hour – Beech 1900.

<sup>2/</sup> Flying Operations: \$149.05 per Block Hour – Beech 1900.

<sup>3/</sup> Fuel & Oil: \$1.1741 per gallon (Except \$1.0979/gal. @ Kearney 10/01/01 to 3/31/02 & \$1.1008/gal. from 4/1/02 until further Department action; and \$0.9725/gal. @McCook).

## GREAT LAKES AVIATION, LTD., – ANNUAL SUBSIDY CALCULATIONS

	<u>Pueblo</u>	<u>Pueblo</u>	<u>Rock Springs</u>	<u>Rock Springs</u>	<u>Rock Springs</u>
	10/01/2001	6/01/2002	10/01/2001	5/01/2002	5/01/2003
For Rate Beginning:					
Weekly Round Trips	18	18	18	18	18
Departures	1,717	1,720	1,814	1,823	1,823
Completion Factor	91.24%	91.39%	96.39%	96.89%	96.89%
Block Hours	1,145	1,147	2,237	2,249	2,249
Miles to Hub	108	108	260	260	260
Total Passengers	3,693	6,118	14,923	18,556	20,060
Average Fare (Local - DEN fare)	\$89.17	\$90.00	\$118.26	\$118.26	\$118.26
Passenger Revenue	\$329,305	\$550,620	\$1,764,794	\$2,194,433	\$2,372,296
<u>Other Revenue @ 0.62%</u>	<u>2,042</u>	<u>3,414</u>	<u>10,942</u>	<u>13,605</u>	<u>14,708</u>
Total Revenue	\$331,347	\$554,034	\$1,775,736	\$2,208,038	\$2,387,004
Revenue Passenger Miles	398,844	660,744	3,873,140	4,816,048	5,206,480
Available Seat Miles	3,523,565	3,529,358	8,961,455	9,007,941	9,007,941
Aircraft Lease w/ Hull Ins.@ \$170.00/Block Hour	\$194,650	\$194,990	\$380,290	\$382,330	\$382,330
Flying Operations @ \$149.05/Block Hour	170,662	170,960	333,425	335,213	335,213
Maintenance @ \$97.28/Block Hour	111,386	111,580	217,615	218,783	218,783
Maintenance @ \$109.26/Departure	187,599	187,927	198,198	199,181	199,181
<u>Fuel &amp; Oil<sup>4/</sup></u>	<u>157,125</u>	<u>157,400</u>	<u>309,402</u>	<u>310,768</u>	<u>310,768</u>
Total Direct Costs	\$821,422	\$822,857	\$1,438,930	\$1,446,275	\$1,446,275
Passenger-related@\$10.25/Passenger	\$37,853	\$62,710	\$152,961	\$190,199	\$205,615
Commercial war risk liability ins.@\$1.25/Pax	4,616	7,648	18,654	23,195	25,075
FAA war risk liability ins@\$7.50/Departure	12,878	-	13,605	-	-
FAA war risk liability ins@\$0.03/Passenger	-	184	-	557	602
FAA war risk liability ins@\$0.03/1,000 RPMs	-	20	-	144	156
Liability Insurance @0.00790/RPM	3,151	5,220	30,598	38,047	41,131
General & Administration@\$0.01710/ASM	60,253	60,352	153,241	154,036	154,036
Local Marketing@\$5,000	5,000	5,000	5,000	5,000	5,000
DEN Station Expense@\$318.10/Departure	273,246	273,564	288,514	290,105	290,105
<u>Local Station Expense@\$Annual Rate</u>	<u>131,064</u>	<u>131,064</u>	<u>239,856</u>	<u>239,856</u>	<u>239,856</u>
Total Indirect Costs	\$528,061	\$545,762	\$902,419	\$941,139	\$961,576
<u>Total Operating Expense</u>	<u>\$1,349,483</u>	<u>\$1,368,619</u>	<u>\$2,341,359</u>	<u>\$2,387,414</u>	<u>\$2,407,851</u>
Operating Loss	\$1,018,136	\$814,585	565,623	179,376	20,847
<u>Profit @ 0.05% of Total Operating Expense</u>	<u>67,474</u>	<u>68,431</u>	<u>117,068</u>	<u>119,371</u>	<u>120,393</u>
<u>Compensation Requirement</u>	<u>\$1,085,610</u>	<u>\$883,016</u>	<u>\$682,691</u>	<u>\$298,747</u>	<u>\$141,240</u>
Subsidy Rate per Flight	<u>\$632.27</u>	<u>\$513.38</u>	<u>\$376.35</u>	<u>\$163.88</u>	<u>\$77.48</u>
Weekly Compensation Amount	<u>\$22,761.72</u>	<u>\$18,481.68</u>	<u>\$13,548.60</u>	<u>\$5,899.68</u>	<u>\$2,789.28</u>

<sup>4/</sup> Fuel & Oil: \$0.9814 per gallon @ Pueblo; and \$1.408415/gal. @ Rock Springs from 10/01/2001 to 4/30/2002 and \$1.1000/gal. from 5/01/2002 until further Department action.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Alamosa, Colorado, Docket OST-1997-2960**

<u>Effective Period:</u>	October 1, 2001, through April 30, 2002.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	No service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$1,340,626. This rate assumes an annual completion factor of 93.37 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$763.02 <sup>1</sup>
<u>Weekly Compensation Ceiling:</u>	\$27,468.72 <sup>2</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

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<sup>1</sup> \$1,340,626 divided by 1,757 annual departures as shown in Appendix A.

<sup>2</sup> 36 flights per week \* \$763.02.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Alamosa, Colorado, Docket OST-1997-2960**

<u>Effective Period:</u>	May 1, 2002, through April 30, 2003
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	No service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$1,169,195. This rate assumes an annual completion factor of 93.37 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$665.45 <sup>3</sup>
<u>Weekly Compensation Ceiling:</u>	\$23,956.20 <sup>4</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

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<sup>3</sup> \$1,169,195 divided by 1,757 annual departures as shown in Appendix A.

<sup>4</sup> 36 flights per week \* \$665.45.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Alamosa, Colorado, Docket OST-1997-2960**

<u>Effective Period:</u>	May 1, 2003, until further Department action.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	No service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$1,114,735. This rate assumes an annual completion factor of 93.37 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$634.45 <sup>5</sup>
<u>Weekly Compensation Ceiling:</u>	\$22,840.20 <sup>6</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

<sup>5</sup> \$1,114,735 divided by 1,757 annual departures as shown in Appendix A.

<sup>6</sup> 36 flights per week \* \$634.45.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Kearney, Nebraska, Docket OST-1996-1715**

<u>Effective Period:</u>	October 1, 2001, through March 31, 2002
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	Grand Island, Nebraska, may be served on flights upline from Kearney. No other service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$1,456,162. This rate assumes an annual completion factor of 94.82 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$815.78 <sup>7</sup>
<u>Weekly Compensation Ceiling:</u>	\$29,368.08 <sup>8</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

<sup>7</sup> \$1,456,162 divided by 1,785 annual departures as shown in Appendix A.

<sup>8</sup> 36 flights per week \* \$815.78.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Kearney, Nebraska, Docket OST-1996-1715**

<u>Effective Period:</u>	April 1, 2002, until further Department action.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	Grand Island, Nebraska, may be served on flights upline from Kearney. No other service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$1,019,014. This rate assumes an annual completion factor of 92.72 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$583.96 <sup>9</sup>
<u>Weekly Compensation Ceiling:</u>	\$21,022.56 <sup>10</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

<sup>9</sup> \$1,019,014 divided by 1,745 annual departures as shown in Appendix A.

<sup>10</sup> 36 flights per week \* \$583.96.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
McCook, Nebraska, Docket OST-1997-3005**

<u>Effective Period:</u>	October 1, 2001, through May 31, 2002.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	Grand Island, Nebraska, may be served on flights upline from McCook. No other service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$1,419,539. This rate assumes an annual completion factor of 83.82 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$900.15 <sup>11</sup>
<u>Weekly Compensation Ceiling:</u>	\$32,405.40 <sup>12</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

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<sup>11</sup> \$1,419,539 divided by 1,577 annual departures as shown in Appendix A.

<sup>12</sup> 36 flights per week \* \$900.15.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
McCook, Nebraska, Docket OST-1997-3005**

<u>Effective Period:</u>	June 1, 2002, until further Department action.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	Grand Island, Nebraska, may be served on flights upline from McCook. No other service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$1,398,330 This rate assumes an annual completion factor of 90.75 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$818.69 <sup>13</sup>
<u>Weekly Compensation Ceiling:</u>	\$29,472.84 <sup>14</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

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<sup>13</sup> \$1,398,330 divided by 1,708 annual departures as shown in Appendix A

<sup>14</sup> 36 flights per week \* \$818.69.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Pueblo, Colorado, Docket OST-1999-6589**

<u>Effective Period:</u>	October 1, 2001, through May 31, 2002.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	No other service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$1,085,610. This rate assumes an annual completion factor of 91.24 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$632.27 <sup>15</sup>
<u>Weekly Compensation Ceiling:</u>	\$22,761.72 <sup>16</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

<sup>15</sup> \$1,085,610 divided by 1,717 annual departures as shown in Appendix A.

<sup>16</sup> 36 flights per week x \$632.27.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Pueblo, Colorado, Docket OST-1999-6589**

<u>Effective Period:</u>	June 1, 2002, until further Department action.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	No other service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$883,016. This rate assumes an annual completion factor of 91.39 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$513.38 <sup>17</sup>
<u>Weekly Compensation Ceiling:</u>	\$18,481.68 <sup>18</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

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<sup>17</sup> \$883,016 divided by 1,720 annual departures as shown in Appendix A.

<sup>18</sup> 36 flights per week x \$513.38.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Rock Springs, Wyoming, Docket OST-1997-2959**

<u>Effective Period:</u>	October 1, 2001, through April 30, 2002.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	Cody, Wyoming, may be served on flights upline from Rock Springs. No other service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$682,691. This rate assumes an annual completion factor of 96.39 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$376.35 <sup>19</sup>
<u>Weekly Compensation Ceiling:</u>	\$13,548.60 <sup>20</sup>

**Note:**

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 plan 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 this 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 assured 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.

If the Department unilaterally, either partially or completely, 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 agreed amounts or at the agreed 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 parties to the agreement 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.

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<sup>19</sup> \$682,691 divided by 1,814 annual departures as shown in Appendix A.

<sup>20</sup> 36 flights per week x \$376.35.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Rock Springs, Wyoming, Docket OST-1997-2959**

<u>Effective Period:</u>	May 1, 2002, through April 30, 2003.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	Cody, Wyoming, may be served on flights upline from Rock Springs. No other service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$298,747. This rate assumes an annual completion factor of 96.89 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$163.88 <sup>21</sup>
<u>Weekly Compensation Ceiling:</u>	\$5,899.68 <sup>22</sup>

**Note:**

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 plan 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 this 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 assured 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.

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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.

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<sup>21</sup> \$298,747 divided by 1,823 annual departures as shown in Appendix A.

<sup>22</sup> 36 flights per week x \$163.88.

**Great Lakes Aviation, Ltd., Essential Air Service to be Provided to  
Rock Springs, Wyoming, Docket OST-1997-2959**

<u>Effective Period:</u>	May 1, 2003, until further Department action.
<u>Scheduled Service:</u>	18 nonstop round trips each week to Denver.
<u>Intermediate stops and upline service:</u>	Cody, Wyoming, may be served on flights upline from Rock Springs. No other service to any intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
<u>Aircraft type:</u>	Beech 1900D (19 passenger seats).
<u>Timing of flights:</u>	Flights must be well-timed and well-spaced in order to ensure full compensation.
<u>Annual compensation:</u>	\$141,240. This rate assumes an annual completion factor of 96.89 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
<u>Subsidy Rate per Denver Flight:</u>	\$77.48 <sup>23</sup>
<u>Weekly Compensation Ceiling:</u>	\$2,789.28 <sup>24</sup>

**Note:**

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 plan 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 this 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 assured 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.

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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.

<sup>23</sup> \$141,240 divided by 1,823 annual departures as shown in Appendix A.

<sup>24</sup> 36 flights per week x \$77.48.