



Order 2004-1-24

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

Issued by the Department of Transportation
on the 29th day of January, 2004

Ninety-day notice of intent of

**CORPORATE AIRLINES, INC.
d/b/a American Connection**

to terminate service at Lafayette, Indiana,
under 49 U.S.C. 41731 *et seq.*

Served: February 3, 2004

DOCKET OST-2004-16915

ORDER ALLOWING SUSPENSION OF SERVICE

Summary

By this order, the Department is allowing Corporate Airlines, Inc., d/b/a American Connection (Corporate), to suspend its scheduled service at Lafayette, Indiana, on less than 90 days' notice, effective February 15, 2004.

Background

On January 14, 2004, Corporate filed a 90-day notice of its intent to suspend service at Lafayette effective April 15, 2004. On January 16, the carrier submitted an amended notice requesting that the Department waive the 90-day notice and allow it to terminate service effective February 15, 2004. In response, we received a letter from the airport manager of the Purdue University (Lafayette) Airport, supporting Corporate's request for an early termination. Corporate currently operates two daily one-stop round trips a day between Lafayette and St. Louis using 19-seat Jetstream 32 aircraft.

Corporate states that the Department determined in Order 99-6-21 that it could not subsidize any air service at Lafayette due to its proximity to Indianapolis. Lafayette is 61 highway miles from Indianapolis and, thus, not eligible for subsidy under the Essential Air Service (EAS) program. The Civil Aeronautics Board, by Order 83-6-3, issued June 1, 1983, defines Lafayette's EAS determination as at least two nonstop round trips a day to Chicago.

Decision

To ensure that EAS funds are spent prudently, Congress has established certain eligibility criteria. Under Public Law 106-69, the Department of Transportation and Related Agencies Appropriations Act of 2000, the Department is precluded from compensating a carrier for serving any community within 70 driving miles of a medium or large hub airport.¹ In response to a notice to suspend service by Great Lakes, the Department issued Order 99-6-21 finding that Lafayette was 61 miles from Indianapolis International Airport, a medium hub and, thus, not eligible for subsidized air service. We repeat that finding here. Because we are unable to pay subsidy for Corporate's service, we cannot require it to continue service beyond the end of the 90-day notice period. In addition, because the community supports Corporate's request for an early termination, we will waive the 90-day notice and allow Corporate to terminate service on February 15, 2004.

As a final matter, before suspending service, we expect Corporate to contact all passengers holding reservations for flights affected, to inform them of the suspension, and to assist them in arranging alternate transportation or to provide a refund of the ticket price, without penalty, if requested.

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

ACCORDINGLY,

1. We will take no action to prohibit Corporate Airlines, Inc., d/b/a American Connection, from suspending its scheduled service at Lafayette, Indiana;
2. We will waive the 90-day notice period and allow Corporate Airlines to suspend its service at Lafayette effective February 15, 2004; and
2. We will serve a copy of this order on the parties listed in the Certificate of Service of Docket OST-2004-16915.

By:

KARAN K. BHATIA
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>*

¹ Congress first imposed that eligibility standard in fiscal year 1992 appropriations language and repeated it every year through fiscal year 1999. Then, by P.L. 106-69, the Department of Transportation and Related Agencies Appropriations Act, 2000, Congress made it a permanent eligibility standard.