



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

Issued by the Department of Transportation  
on the 25<sup>th</sup> day of August, 2004

Essential air service at

**SHERIDAN, WYOMING**

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

**Served: August 30, 2004**

**Docket OST-1998-3506**

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

**Summary**

By this order, the Department is (a) prohibiting Great Lakes Aviation, Ltd., from terminating its unsubsidized service at Sheridan, Wyoming; (b) requiring the carrier to maintain service between the community and Denver, Colorado, for an initial 30-day period following the end of the notice period; and (c) requesting proposals from carriers interested in providing essential air service at Sheridan, Wyoming, for a future two-year period, with or without subsidy.

**Background**

Sheridan is guaranteed to receive at least a minimum level of air service under the Essential Air Service (EAS) program. (See 49 U.S.C. 41731-41744 for the EAS program's governing statutes.) On August 2, 2004, Great Lakes Aviation filed a 90-day notice of its intent to suspend service at Sheridan, effective November 1, 2004. Great Lakes Aviation is the only carrier serving Sheridan, providing three nonstop round trips each weekday and seven nonstop round trips each weekend to Denver International Airport with 19-seat, Beech 1900D turboprop aircraft.

**Request for Proposals**

As discussed in detail below, we have recently streamlined our procedures in response to a more competitive essential air service environment. Carriers interested in filing proposals, with or without subsidy requests, should file them within 30 days of the date of service of this order. At the end of that period, our staff will docket the proposals, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants. Shortly

afterwards, we will provide a summary of the proposals to the community and ask it to submit its final comments. We will give full consideration to all proposals that are timely filed.<sup>1</sup>

### **New Procedures**

In the past, we have accepted *initial* carrier proposals, reviewed them, and then negotiated *final* proposals with each applicant before formally presenting the proposals to the communities and asking for their final comments. We found that a two-step process was generally necessary because, in most cases, the incumbent carrier was the only one interested. As a result, we were unable to rely on competition to discipline carrier subsidy requests, and communities had to wait on a protracted selection process. More recently, however, we have noticed that most orders requesting essential air service proposals have drawn interest from at least two carriers, and sometimes more. Under the circumstances, we expect that competition among multiple carriers will ensure reasonable subsidy requests, obviate the need for rate negotiations, and allow us to streamline the carrier selection process.

Consequently, interested carriers should prepare their proposals with every expectation that their initial proposals will also be their *final* and *only* proposals.<sup>2</sup> We retain the discretion to negotiate proposals with carriers when we deem it desirable; in such cases, of course, we will give all applicants the same opportunity. For example, we anticipate that we will continue to negotiate rates in cases where there is only a single interested carrier, as is typically the situation in Alaska. We also retain the discretion to reject outright all unreasonable or unrealistic proposals and resolicit a new round of proposals. However, we anticipate that negotiation or rejection will remain only occasional exceptions to the rule.

We are here providing interested carriers with some basic information to serve as guidance when they prepare their proposals, but we will not prescribe a precise format for their proposals. We expect proposals to adequately describe the service being proposed and the annual amount of subsidy being requested. The applicants can make their own judgments as to the level of detail they wish to present; however, they might want to include proposed schedules as well as supporting data for their subsidy requests, such as projected block hours, revenues and expenses. We strongly encourage clear, well-documented proposals that will facilitate their evaluation by the affected community and the Department. We do not anticipate any change in our selection criteria, or in the general provisions governing subsidy payments for essential air service.<sup>3</sup>

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<sup>1</sup> 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 proceed with the carrier-selection case. Instead, we simply rely on that carrier's subsidy-free service as proposed.

<sup>2</sup> For this reason, we will allow carriers 30 days to submit their proposals, rather than just 20 as in the past. Because the new procedures anticipate that a carrier's first proposal will also be its final proposal, we expect to enforce our filing deadlines more stringently than in the past. Carriers should not expect the Department to accept late filings. The additional 10 days will comfortably accommodate the additional time carriers may find necessary to prepare their proposals.

<sup>3</sup> In selecting a carrier to provide subsidized essential air service, 49 U.S.C. 41733(c)(1) directs us to consider four factors: (1) service reliability; (2) contractual and marketing arrangements with a larger carrier at the hub; (3) interline arrangements with a larger carrier at the hub; and (4) community views. In addition, we have always given weight to the applicants' relative subsidy requirements.

With respect to Sheridan specifically, we expect proposals consisting of service, at a minimum, with two-pilot, twin-engine aircraft with at least 15 passenger seats, and offering a minimum of two or three round trips each weekday and each weekend from Sheridan to Denver. Such service is generally consistent with what the community currently receives. We encourage proposals that meet those requirements in an efficient manner. Carriers are also welcome to propose more than one service option, if they choose; they need not limit themselves to those requirements if they envision other, potentially more attractive service possibilities—different hubs, for example—with subsidy requirements that remain competitive.

### **Service and Traffic History**

Great Lakes Aviation has served Sheridan since 1998. During the year ended March 31, 2004, the most recent annual period for which traffic data are available, Sheridan averaged 35.8 enplanements a day. This figure represents a decline of 29.5 percent from the level registered during calendar year 2000, prior to the terrorist attacks of September 11.<sup>4</sup>

### **Other Carrier Requirements**

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.<sup>5</sup> 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. Because the Department is prohibited from paying subsidy to carriers that do not submit these documents, all carriers that plan to submit proposals involving subsidy should be aware that the selected carrier will be expected to complete the required certifications. 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.<sup>6</sup>

### **Community and State Comments**

The community and state are welcome to submit comments on the proposals at any time. As noted earlier, however, we will provide a summary of the proposals to the civic parties and ask them to submit their final comments shortly after the end of the 30-day period for carrier proposals.

### **Requirement to Maintain Service**

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<sup>4</sup> See Appendix A for historical traffic data. Enplanements represent one-half of total origin-and-destination traffic, and average enplanements per day are based on 313 weekdays and weekends a year, except as noted.

<sup>5</sup> 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).

<sup>6</sup> The certifications are also available on the web at <http://ostpxweb.dot.gov/aviation/index.html>.

Great Lakes Aviation is the only carrier providing scheduled air service at Sheridan. The community is guaranteed to receive service under the EAS program, and 49 U.S.C. 41734 requires that we prohibit Great Lakes Aviation from terminating service for an initial 30-day period beyond the end of its 90-day notice period, through December 1, 2004.<sup>7</sup> We will require Great Lakes Aviation to provide three nonstop or one-stop round trips on weekdays and over the weekend in the Sheridan-Denver market while we process the carrier replacement case.

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

**ACCORDINGLY,**

1. We request that carriers interested in providing essential air service at Sheridan, Wyoming, submit their proposals, with or without subsidy requests, no later than 30 days after the date of service of this order. The proposals 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 Sheridan, Wyoming," with the docket number OST-1998-3506;<sup>8</sup>
2. The Department prohibits Great Lakes Aviation, Ltd., from terminating service at Sheridan, Wyoming, at the end of its 90-day notice period, and requires it to maintain three nonstop or one-stop round trips each weekday and weekend to Denver, Colorado, through December 1, 2004, or until a carrier capable of providing reliable essential air service actually begins service, whichever comes first;
3. The Department directs Great Lakes Aviation, Ltd., 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, whichever comes first. 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-1998-3506 will remain open until further order of the Department; and

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

<sup>8</sup> Questions regarding filings in response to this order may be directed to Luther Dietrich at (202) 366-1046.

5. We will serve copies of this order on the Mayor and Airport Manager of Sheridan, Wyoming; the Administrator of Aeronautics, Wyoming Department of Transportation, Aeronautics Division; Great Lakes Aviation, Ltd.; and the persons listed in Appendix B.

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>*

Essential Air Service at Sheridan, Wyoming  
Average Daily Passenger Enplanements Computed from  
Historical Origin-Destination Passenger Traffic

| <u>Four<br/>quarters<br/>ended</u> | <u>Origin-<br/>destination<br/>passengers</u> <sup>1</sup> | <u>Average<br/>annual<br/>enplanements</u> <sup>2</sup> | <u>Average<br/>enplanements<br/>per service day</u> <sup>3</sup> |
|------------------------------------|--|---|--|
| 12/31/1996                         | 25,893   | 12,946  | 41.2   |
| 12/31/1997                         | 30,585   | 15,292  | 48.9   |
| 12/31/1998                         | 16,385 <sup>4</sup>  | 8,192   | 26.2   |
| 12/31/1999                         | 29,765   | 14,882  | 47.5   |
| 12/31/2000                         | 31,899   | 15,950  | 50.8   |
| 12/31/2001                         | 25,274   | 12,637  | 40.4   |
| 12/31/2002                         | 22,006   | 11,003  | 35.2   |
| 12/31/2003                         | 21,318   | 10,659  | 34.1   |
| 3/31/2004                          | 22,389   | 11,194  | 35.8   |

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<sup>1</sup> Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, and Form T-100 for traffic reported by Air Wisconsin, Great Lakes Aviation, and Mesa Airlines.

<sup>2</sup> Origin-destination passengers divided by two.

<sup>3</sup> Average annual enplanements divided by 313 effective annual service days, except for the annual periods ended 12/31/1996 and 12/31/2000 (314 effective annual service days).

<sup>4</sup> No data were reported by any carrier for the quarter ended 9/30/1998. Accordingly, the total shown for the four quarters ended 12/31/1998 includes only data for the first, second, and fourth quarters.

Service List for the State of Wyoming

Air Wisconsin, Inc.  
Alpine Air Express  
Alpine Aviation, Inc.  
Amerijet International, Inc.  
Barken International, Inc.  
Big Sky Transportation Co.  
Corporate Air  
Corporate Airlines, Inc.  
Delta Connection  
Empire Airlines, Inc.  
Falcon Aviation, Inc.  
Mesa Airlines, Inc.  
Midwest Express Airlines, Inc.  
Northern Tier Airlines, Inc.  
Rocky Mountain Helicopters, Inc.  
SkyWest Airlines, Inc.  
Westward Airways, Inc.  
Wings West Airlines, Inc.

Ken Bannon  
Rick Bauer  
Doug Franklin  
E.B. Freeman  
Ben Harrison  
A. Edward Jenner  
Bob Karns  
Colleen O'Day  
Gene Mallette  
Lee Mason  
Andy Pike  
Gary L. White