



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

Issued by the Department of Transportation
on the 9th of March, 2010

Essential Air Service at

MERIDIAN, MISSISSIPPI

DOCKET OST-2008-0112

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

ORDER REQUESTING PROPOSALS

Summary

By this order, the Department is requesting proposals by April 7, 2010, from carriers interested in providing essential air service (EAS) at Meridian, Mississippi, for a new two-year period, beginning July 1, 2010, with or without subsidy.

Background

By Order 2008-5-12, May 13, 2008, the Department selected Atlantic Southeast Airlines, Inc., d/b/a Delta Connection (ASA) to provide subsidized EAS to Meridian, Mississippi, through June 30, 2010. Under that order, the Department authorized subsidy for ASA consisting of thirteen nonstop round trips per week year round to Atlanta, Georgia. All of the service was to be with 50-seat CRJ-200 aircraft for an annual subsidy of \$686,489.

Request for Proposals

As the end of the current rate terms approach, we are hereby requesting proposals from carriers interested in providing service at Meridian, with or without subsidy, for the two-year period beginning July 1, 2010. Carriers should file their proposals by April 7. Staff will then docket 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 State and ask them to submit their final comments. We will give full consideration to all proposals filed in a timely manner.¹

Interested carriers should prepare their proposals with every expectation that their initial proposals will also be their *final* and *only* proposals. We retain the discretion to negotiate proposals with carriers when we deem it desirable. We also retain the discretion to reject outright all unreasonable or unrealistic proposals and, if necessary, solicit a new round of

¹ Carriers should not expect the Department to accept late filings. 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.

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.²

With specific respect to Meridian, we expect proposals consisting of two round trips a day (14 per week) with 34-seat or larger aircraft, three round trips a day (18 per week) with 30-seat aircraft, or four round trips a day (24 a week) with 19-seat aircraft. Service should be to Atlanta or any other suitable hubs with connections to the national air transportation system. If aircraft with fewer than 15 passenger seats are contemplated, service patterns should consist of nonstop service between the community and the proposed hub airport.

Service should be with two-pilot, twin-engine aircraft, with at least 15 passenger seats, unless the community waives their right. In that event, we would also consider proposals for five round trips a day with eight- or nine-seat aircraft. If such a proposal is submitted and the community waives their right and ultimately supports the service, we would consider the waiver to apply only to the two-year carrier-selection at hand, *i.e.*, rather than for all time. As always, we will formally solicit the community's views on any service options we receive before making a long-term carrier-selection decision. The community and air carriers are encouraged to work together in advance of the due date for proposals to craft a service pattern that is both desirable to the community and meets the operational needs of the airline.

We encourage proposals that meet these requirements in an efficient manner. As we have mentioned, carriers are 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.

² 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, The Consolidated Appropriations Act, 2008, Public Law 110-161, provides that when selecting a carrier to provide EAS, the Department may consider the relative subsidy requirements, thus codifying a factor that we have considered since the inception of the program. Interested carriers should also be aware that our general provisions governing essential air service will be included in the selection order as part of our authorization of subsidy for the selected service. Appendix C of this order contains those general provisions

We encourage carriers to work with the community as they are preparing their proposals so that they can craft them to best meet the community's needs. As always, we will fully consider the community's views before making a long-term carrier-selection decision.

Historical Traffic

In order to assist carriers in making their traffic and revenue projections, we have included historical traffic for the community in Appendix B.

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) 366-5903. The Department is prohibited from paying subsidy to carriers that do not submit these documents.⁴

Community Comments

Civic officials and the State are welcome to submit comments on the proposals at any time. As noted earlier, we will provide a summary of the proposals to the civic parties and ask them to submit their final comments shortly after April 7, the due date for carrier proposals.

This order is issued under authority delegated in 49 CFR 1.56a(f) and re-delegated to the Director, Office of Aviation Analysis.

ACCORDINGLY,

1. The Department requests proposals from carriers interested in providing essential air service at Meridian, Mississippi. Carriers should submit their proposals, with subsidy if necessary, by April 7, 2010. Proposals should include all the data required by section 204.4 of the Department's Regulations (14 CFR 204.4). Proposals should be emailed to EAS@dot.gov, with the title "Proposal to Provide Essential Air Service at Meridian, Mississippi, Docket DOT-OST-2008-0112." Questions regarding filings may be directed to Kevin Adams at 202-366-1047 or Kevin.Adams@dot.gov;

2. This Docket will remain open until further order of the Department; and

⁴ The certifications are also available on the web at <http://ostpxweb.dot.gov/aviation/index.html>.

3. We will serve this order on the service list for these Dockets.

Persons entitled to petition the Department for review of this order under the Department's Regulations, 14 CFR 385.50, must file such petitions within ten (10) days after the date of service of this order.

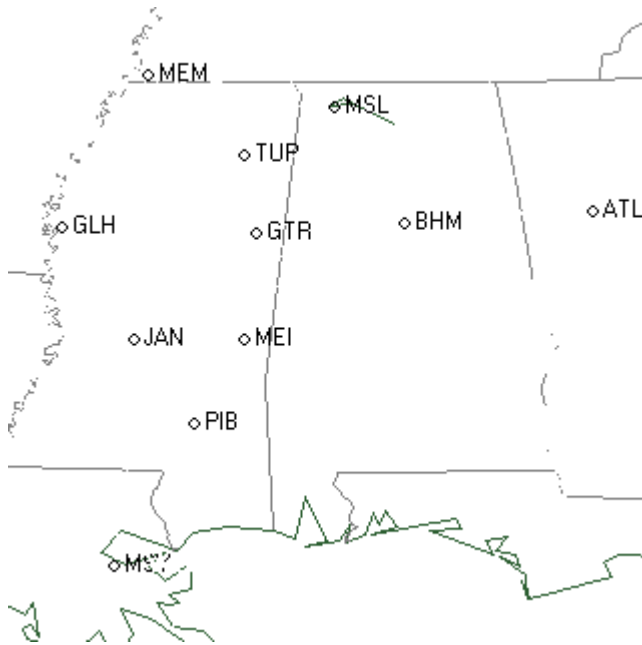
This order will be effective immediately, and the filing of a petition for review shall not preclude its effectiveness.

By:

TODD M. HOMAN
Director
Office of Aviation Analysis

(SEAL)

An electronic version of this document is available on the World Wide Web at
<http://www.regulations.gov>



Nonstop, Great Circle Miles from Meridian (MEI)

Atlanta, ATL	267
Memphis, MEM	200
New Orleans, MSY	185
Jackson, JAN	78
Birmingham, BHM	143
Columbus, GTR	136
Hattiesburg, PIB	69

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Appendix B

Meridian Passengers to/from Atlanta, T-100 Market Data

<u>Year</u>	<u>Month</u>	<u>Deplaned Passengers</u>	<u>Enplaned Passengers</u>	<u>Total Passengers</u>
2007	1	1,151	1,145	2,296
2007	2	965	970	1,935
2007	3	1,486	1,402	2,888
2007	4	1,269	1,239	2,508
2007	5	1,326	1,437	2,763
2007	6	1,428	1,352	2,780
2007	7	1,179	1,124	2,303
2007	8	1,296	1,198	2,494
2007	9	1,328	1,314	2,642
2007	10	1,505	1,551	3,056
2007	11	1,500	1,398	2,898
<u>2007</u>	<u>12</u>	<u>1,236</u>	<u>1,229</u>	<u>2,465</u>
CY 2007		15,669	15,359	31,028
2008	1	1,208	1,215	2,423
2008	2	1,135	1,195	2,330
2008	3	1,553	1,482	3,035
2008	4	1,464	1,488	2,952
2008	5	1,807	1,999	3,806
2008	6	1,633	1,728	3,361
2008	7	1,969	2,001	3,970
2008	8	1,627	1,653	3,280
2008	9	1,509	1,510	3,019
2008	10	1,620	1,732	3,352
2008	11	1,659	1,721	3,380
<u>2008</u>	<u>12</u>	<u>1,555</u>	<u>1,854</u>	<u>3,409</u>
CY 2008		18,739	19,578	38,317
2009	1	1,400	1,297	2,697
2009	2	1,277	1,470	2,747
2009	3	1,574	1,837	3,411
2009	4	1,554	1,519	3,073
2009	5	1,484	1,766	3,250
2009	6	1,614	1,677	3,291
2009	7	1,611	1,784	3,395
2009	8	1,558	1,488	3,046
2009	9	1,346	1,378	2,724
2009	10	1,497	1,484	2,981
2009	11	1,414	1,378	2,792
<u>2009</u>	<u>12</u>	<u>1,131</u>	<u>1,325</u>	<u>2,456</u>
CY 2009		17,460	18,403	35,863

Example of General Terms and Conditions for Essential Air Service

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 plans 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 the 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 ensured 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 stipulated amounts or at the stipulated 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 Department and carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this solicitation beyond [DATE]. The Department's obligation for performance under this solicitation beyond [DATE], is contingent upon the availability of appropriated funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this order beyond [DATE], until funds are made available to the Department for performance. If funds are not made available for performance beyond [DATE], the carrier will receive notice in writing by the Department.

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.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

Distribution List Name: Scheduled Air Carriers, Contiguous US and Puerto Rico

Air Sunshine, Inc.
Air Sunshine, Mirmohammad Adili
Air West, Inc., John Raatz
Air Wisconsin, Annette Daly
Airline Associates, Bill Mishk
Alaska Airlines, Jeff Cole
Alaska Airlines, Sandy Sinick
Allegiant Air, Robert Ashcroft
American Airlines, Carl Nelson
American Eagle, Jeffrey Hartz
Atlantic Southeast, Jon Lindlief
Atlantic Southeast, Roger Weston
Bemidji Aviation, Cori Rude
Bemidji Aviation, Arlen Rinckenberger
Cape Air, Andrew Bonney
Cape Air, Dan Wolf
Cape Air, J.Flaherty
Classic Aviation, Tony Henderson
Colgan Air, Mike Colgan
CommutAir, Andy Price
CommutAir, Joel Raymond
Consultant, Robert Silverberg
Continental, Bruce Keiner
Continental, Dan Weiss
Continental, Lorry Holloway
Delta, Amy Martin
Delta, Dan Shuman
Delta, Jeff Morgan
Delta, Joe Esposito
Delta, Karen Zachary
Delta, Sascha Vanderbellen
Dorato Jets
Dorato Jets, Mark McKenna
Era Aviation, Mike Lenorman
Executive Airlines, Kate Soled
Frontier Flying, Bob Hajducovich
Gem Air, Dan Schroeder
Gem Air, JoAnn Wolters

Distribution List Name: Scheduled Air Carriers, Contiguous US and Puerto Rico

Great Lakes, Chuck Howell
Great Lakes, Doug Voss
Great Lakes, Greg Stephens
Gulfstream, Dave Hackett
Gulfstream, Mickey Bowman
Gulfstream, T. Cooper
Homeland Security, Bill Ragan
Homeland Security, David Bernier
Homeland Security, Randy Webb
Horizon Airlines, Dan Russo
Horizon Airlines, Jennifer Thompson
Horizon, Jeff Cole
ICEPR, Luis Irizarry
Intrepid Interntl Air, Rick Eyk
Island Air Charters, Linda House
Jet Air, Daniel Wolford
Kenmore Air, Tim Brooks
McCall Aviation and Salmon Air, Dan Scott
McCall Aviation, Michelle
Mesa Air, Jonathan Ornstein
Mesa Air, Michael Lotz
Mesa Air, Mike Holcomb
Mesaba, John Spanjers
Mesaba, Max Shemesh
Midstar Airlines, Jeffrey Fonner
Midwest Airlines, Anthony Intravia
Midwest Airlines, Greg Aretakis
Midwest Airlines, J.C. Augustson
MN Aviation, Jose Maldonado
Multi Aero, Darnea
Multi Aero, Shane Storz
Northwest, Tim McDonald
NYDC, Henok Araya
OST, Brian Swanson
OST, Dennis DeVany
OST, Kevin Adams
OST, Kevin Schlemmer
OST, Michael Martin
OST, Renee Williams
Pacific Wings, Frank Ford
Pacific Wings, Greg Kahlstorf

Distribution List Name: Scheduled Air Carriers, Contiguous US and Puerto Rico

PenAir, Danny Seybert
PenAir, Scott Bloomquist
Pinnacle Airlines, Joe Williams
Pinnacle Airlines, Phil Reed
Public Charters, Jim Gallagher
Scenic, Mary Schneider
Scenic, Mitzi Daines
Seaborne Airlines, Wayne D'Amico
SeaPort Airlines, Jim Day
SeaPort Airlines, Rob McKinney
Shuttle America, Jerry Balsano
SkyWest, Eric Christensen
SkyWest, Michael Thompson
Sovereign Air, Bob Karns
Sovereign Air, Lois R. Barton
Tradewind, Eric Zipkin
TransStates, Fred Oxley
Transtates, Gerry Wigmore
United, Alicia Gabriel
United, James Starnes
US Airways, Benjamin Slocum
US Airways, Howard Kass
US Airways, Jason Reisinger
Warbelows Air Ventures, Art Warbelow
Wings Air (Air Greco), Aaron Goerlich