



**Order 97-12-17**

**Served: December 17, 1997**

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

Issued by the Department of Transportation  
on the 11<sup>th</sup> day of December, 1997

Essential Air Service at

**KLAMATH FALLS, OREGON**

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

**Docket OST-97-2980**

**ORDER ALLOWING SUSPENSION OF SERVICE  
AND AMENDING ESSENTIAL AIR SERVICE DETERMINATION**

**Summary**

By this order the Department of Transportation is allowing Mesa Airlines to suspend all scheduled air service at Klamath Falls, Oregon, and amending the community's essential air service hub designation to either San Francisco or Portland. We will rely on the service of Horizon Air to meet the essential air service needs of the Klamath Falls community.

## Background

On October 7, 1997, Mesa Airlines, Inc., d/b/a United Express (Mesa), filed a 90-day notice of its intent to suspend all of the scheduled service it is providing at Klamath Falls, Oregon, effective January 5, 1998. Mesa currently provides Klamath Falls with two daily nonstop round trips to San Francisco with 19-seat Beech 1900 aircraft. The carrier receives no Federal subsidy for this service.



The essential air service determination for Klamath Falls, Oregon, established by CAB Order 79-12-203, December 31, 1979, and confirmed by CAB Order 84-4-67, April 18, 1984, requires at least two round trips on weekdays and three round trips on weekends to both Portland (maximum of one intermediate stop) and San Francisco (maximum of two intermediate stops), providing a total of 80 inbound and

80 outbound seats daily. In addition to the service to San Francisco provided by Mesa, Horizon Air Industries (Horizon) provides service to Portland consisting of four weekday and six weekend nonstop round trips with 37-passenger DeHavilland Dash 8 aircraft.

## Decision

Under our essential air service guidelines, if an air carrier's suspension of service would deprive an eligible point of all of its scheduled air service, or if such suspension would result in service falling below the level the Department has determined to be essential, then we would normally seek replacement proposals from all interested carriers and require the incumbent carrier (Mesa) to continue serving the point until such time as suitable replacement service could be selected and in operation.

In this instance, however, the preponderance of demand in recent years has been accommodated by other services, *i.e.*, those provided by Horizon between Klamath Falls and Portland. We have reviewed Klamath Falls' essential air service definition in that context and, as discussed below, have decided to amend the definition to recognize Horizon's service to Portland as sufficient. Thus, we will not require Mesa to continue serving the point, but will allow the carrier to suspend its service as proposed at the end of its 90-day notice period.

## Essential Air Service Determination

Under 49 U.S.C. 41733(e), the Department is directed to periodically review a community's essential air service determination. Basic essential air service is defined by 49 U.S.C. 41732(a)(1) as scheduled air transportation of passengers and cargo to a hub airport that has convenient connecting or single-plane air service to a substantial number of destinations beyond that airport. As previously mentioned, the essential air service determination for Klamath Falls now requires service to both San Francisco and Portland. By this order we are

amending Klamath Falls' determination to require service to either San Francisco or Portland, effective January 5, 1998.

In calendar year 1996, Mesa carried approximately 9,250 passengers in the Klamath Falls-San Francisco market, or approximately 13 enplanements per day at the EAS community. During the same year, Horizon carried approximately 37,100 passengers in the Klamath Falls-Portland market, or approximately 51 Klamath Falls enplanements per day. Horizon has recently upgraded its fleet and now provides all of its service at Klamath Falls with 37-seat Dash 8 aircraft. That capacity translates into 148 seats each way between Klamath Falls and Portland on weekdays and 222 seats each way over the weekend period and is more than enough to accommodate all of the traffic now being carried by both Horizon and Mesa. Portland is a large hub and provides excellent access to the nation's air transportation system with nonstop service to a large number of major cities across the country.<sup>1</sup> Under these circumstances, absent compelling considerations to the contrary, it is our policy not to hold in a carrier to provide service with possible subsidy support to one hub in competition with another carrier providing excellent but unsubsidized service to another suitable hub city. In that respect, we are directed to place maximum reliance on the marketplace whenever possible [See 49 U.S.C. 40101(a)(6)], and in this case, it is clear that the marketplace is being responsive. Passengers are using Horizon's service to Portland by about a four to one margin over Mesa's service to San Francisco.

In view of these facts, we have decided to allow Mesa to suspend its service at Klamath Falls as proposed on January 5, 1998, and will rely on Horizon's service to Portland as meeting the essential service needs of the Klamath Falls community.

The Department will allow petitions for reconsideration of this decision until 60 days after the date of service of this order. Such petitions should be filed with the Office of the Secretary's Docket Section in Docket OST-97-2980.<sup>2</sup> The petition should contain specific objections supported with relevant data, stating how the determination differs from statutory requirements for basic essential air service determinations (49 U.S.C. 41731-41733), and stating the level of basic essential air service that should be designated.

### **Transition Period**

As a final matter, prior to its suspension of service at Klamath Falls, we expect Mesa to contact all passengers now holding reservations for travel after the date of suspension, to advise them of such suspension, and to assist them in making alternative travel arrangements.

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

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<sup>1</sup> At Portland, nonstop jet service is now available to, among others, Atlanta, Chicago, Dallas, Denver, Detroit, Houston, Las Vegas, Los Angeles, Minneapolis, New York, Oakland, Phoenix, St. Louis, San Diego, San Francisco, San Jose, Seattle and Spokane.

<sup>2</sup> Petitions should be sent to the following address: Documentary Services Division, Dockets Section, Office of the Secretary, U.S. Department of Transportation, Room PL401, 400 7<sup>th</sup> Street, S.W., Washington, D.C. 20590.

**Accordingly**

1. We will take no action to prohibit Mesa Airlines, Inc., d/b/a United Express, from suspending all service at Klamath Falls, Oregon, effective January 5, 1998;
2. We amend the essential air service determination for Klamath Falls, Oregon, to require service to either San Francisco or Portland;
3. We establish a 60-day period following the date of service of this order for interested persons to file petitions for reconsideration of our amended determination for Klamath Falls. Petitions for reconsideration should be filed in accordance with 14 CFR 325.7, and list specific objections supported by relevant economic data. The petitions should also state how the new determination departs from the statutory requirements for basic essential air service determinations, and the level of essential air service that should be designated. The filing of a petition for reconsideration shall not stay the effectiveness of the new determination;
4. This Docket shall remain open for a period of two years following the date of service of this order; and
5. We will serve a copy of this order on the Mayor and Airport Manager of Klamath Falls, the Director of the Oregon Department of Transportation, Mesa Airlines, Inc., and Horizon Air Industries.

By:

**CHARLES A. HUNNICUTT**  
Assistant Secretary for Aviation  
and International Affairs

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