Order 97-11-9

Served: November 13, 1997

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

Issued by the Department of Transportation
on the 6th day of November, 1997

Essential air service at	
KINGMAN AND PRESCOTT, ARIZONA, **CORTEZ, COLORADO,** **ALAMOGORDO/HOLLOMAN AIR FORCE BASE, NEW MEXICO,** **CLOVIS, NEW MEXICO,** **and** **SILVER CITY/HURLEY/DEMING, NEW MEXICO,** under 49 U.S.C. 41731 *et seq.*	**Dockets OST-96-1899** **OST 96-1900** **OST 96-1901** **OST 96-1902** **and** **OST 96-1903**

ORDER REVISING SERVICE LEVELS AND SUBSIDY RATES

Summary

By this order the Department of Transportation is authorizing increased service levels and subsidy rates for the subsidized essential air service provided by Mesa Air Group at the six communities listed above beginning when the increased service is implemented (but no earlier than October 1, 1997) through September 30, 1998.

Background

By Order 96-10-39, October 25, 1996, the Department selected Mesa Air Group to provide basic essential air service at Kingman and Prescott, Arizona; Cortez, Colorado; Alamogordo/Holloman Air Force Base, Clovis, and Silver City/Hurley/Deming, New Mexico; and Worland, Wyoming; for the period of September 1, 1996, through September 30, 1998. (See Appendix A to this order for a map of the service area.) Under the terms of that selection, Mesa was to provide service with pressurized, twin-engine, 19-passenger Beech 1900 aircraft consisting of ten round trips to Phoenix each week for Kingman and Prescott for $310,738 annually; ten round trips to Denver each week for Cortez for $210,544 annually; ten round trips to Albuquerque each week for Alamogordo/Holloman Air Force Base for $188,923 annually; ten round trips to Albuquerque each week for Clovis for $208,578 annually; ten round trips to Albuquerque each week for Silver City/Hurley/Deming for $314,303 annually; and ten round trips to Denver each week for Worland for $155,468 annually.[1]

The Department's authorization of ten round trips each week at each community reflected program-wide cutbacks implemented in November 1995 as a result of Congressional reductions in funding for the essential air service program.[2] Previously the Department had authorized from 12 to 24 round trips a week at each community.

By Order 97-8-14, August 14, 1997, the Department authorized pro-rata subsidy increases based on the rates that had been set by Order 96-10-39 for an additional two round trips each week from August 9, 1997, onward, in order to restore support for statutorily-required weekend service. (See Order 97-8-14 for a full discussion.)

Congress has now provided a funding level of $50 million for the program that began in fiscal year 1998 (*i.e.*, October 1, 1997). These funds are provided for by the Rural Air Service Survival Act, which was part of the Federal Aviation Reauthorization Act of 1996. The Department is using these funds to restore compliance with the statutory essential air service requirements set forth in 49 U.S.C. 41732. Consequently, we requested that Mesa submit a proposal contemplating increased service at the six communities for the remainder of its present rate term.

Summary of Air Carrier Proposal

In response to our request, Mesa has submitted a proposal, and, following discussions with Department staff, has agreed to operate 18 Kingman-Phoenix and 24 Prescott-Phoenix round trips each week for an annual subsidy rate of $822,434; 24 Cortez-Denver round trips each week for $387,001 annually; 24 Alamogordo/Holloman Air Force Base-Albuquerque round trips each week for $656,745 annually; 18 Clovis-Albuquerque round trips each week for $533,589; and 18 Silver City/Hurley/Deming-Albuquerque round trips each week for $569,469 annually. These rates total $2,969,238 annually. (See Appendix B to this order for summaries of these rate calculations.) This service would be provided with pressurized, twin-engine, 19-passenger Beech 1900 aircraft.

Decision

We find Mesa's proposal reasonable, taking into account the traffic declines that have occurred since November 1995 at each of the communities at issue. When the Department implemented the program-wide subsidy cuts in November 1995, service at most essential air service communities was reduced below statutory minimums and well below viable levels. As a consequence, substantial traffic declines occurred at most communities, and carriers experienced cost inefficiencies in aircraft and personnel utilization as well. With the full fiscal year 1998 funding, the Department has been acting to restore viable service at all of the subsidized essential

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[1] By a filing on October 7, 1997, Mesa served notice of its intent to suspend its operations at Worland, effective January 5, 1998. We are preparing an order requesting proposals from air carriers interested in providing upgraded basic essential air service at Worland; consequently, we are not setting a subsidy rate authorizing upgraded basic essential air service at Worland by the instant order.

[2] See Orders 95-11-28, November 17, 1995, and 96-2-1, February 2, 1996.

air service communities to levels that are commensurate with statutory and program guidelines.[3] In the case of most communities, including those at issue in this order, this means restoring service to the levels that were in effect in 1995, prior to the major subsidy and service reductions effected in November of that year. We would hope that such restoration of service will result in a recovery in traffic, which will in turn reduce the carriers' subsidy need in the future.

As can be seen from Appendix D to this order, traffic fell in 1996 at the individual points by as much as 43 percent, and Mesa's traffic forecasts understandably reflect a phased recovery period toward previously higher levels.

On the other hand, we underscore that the traffic-generating potential at each of the subject communities is significant, ranging in 1994 from about 7,000 origin-destination passengers at Kingman to about 25,000 and 18,000 passengers, respectively, at Prescott and Cortez. Thus we reiterate that we intend to review carefully the traffic response to Mesa's higher service levels in the context of reevaluating the appropriate service guarantees and levels of subsidy support as the rate term authorized in this order nears its end.

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

ACCORDINGLY

1. The Department revises the basic essential air service provided by Mesa Air Group at Kingman and Prescott, Arizona; Cortez, Colorado; and Alamogordo/Holloman Air Force Base, Clovis, and Silver City/Hurley/Deming, New Mexico; as described in Appendix C to this order, for the period beginning October 1, 1997, or when Mesa implements the increased service, whichever is later, through September 30, 1998;

2. The Department sets the final rates of compensation for Mesa Air Group for the provision of essential air service at Kingman and Prescott, Arizona; Cortez, Colorado; Alamogordo/Holloman Air Force Base, Clovis, and Silver City/Hurley/Deming, New Mexico; and Worland, Wyoming; for the period October 1, 1997, through September 30, 1998, to be payable as follows: For each calendar week in which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling rates set forth in Appendix C, and shall be determined by multiplying the subsidy-eligible departures performed during the week [4] by the following rates: [5]

Kingman:	$223.49
Prescott:	$167.57
Cortez:	$157.70

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[3] 49 U.S.C. 41732(b)(1)(A) specifies that eligible essential air service communities are to receive at least two round trips a day, six days a week, and the Department's program guidelines (14 CFR 398.5) contemplate that service should be commensurate with a community's historical traffic and its traffic-generating potential.

[4] Subsidy-eligible departures are defined as each arrival from and departure to the hub from the essential air service point. In the case of Kingman and Prescott, subsidy-eligible departures are to be calculated separately for each point, even though the carrier proposes to serve both points on the same linear routing to Phoenix.

[5] See Appendix C for calculations.

Alamogordo/Holloman Air Force Base:	$267.62
Clovis:	$289.99
Silver City/Hurley/Deming:	$309.49;

3. The final rates of compensation set in ordering paragraph (2), above, are in lieu of, and not in addition to, the rates set by Order 96-10-39;

4. The Department directs Mesa Air Group to retain all books, records, and other source and summary documentation to support subsidy claims for payment and to preserve and maintain such documentation in a manner that readily permits the audit and examination thereof 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;

5. Dockets OST-96-1899, OST-96-1900, OST-96-1901, OST-96-1902, and OST-96-1903 shall remain open until further order of the Department; and

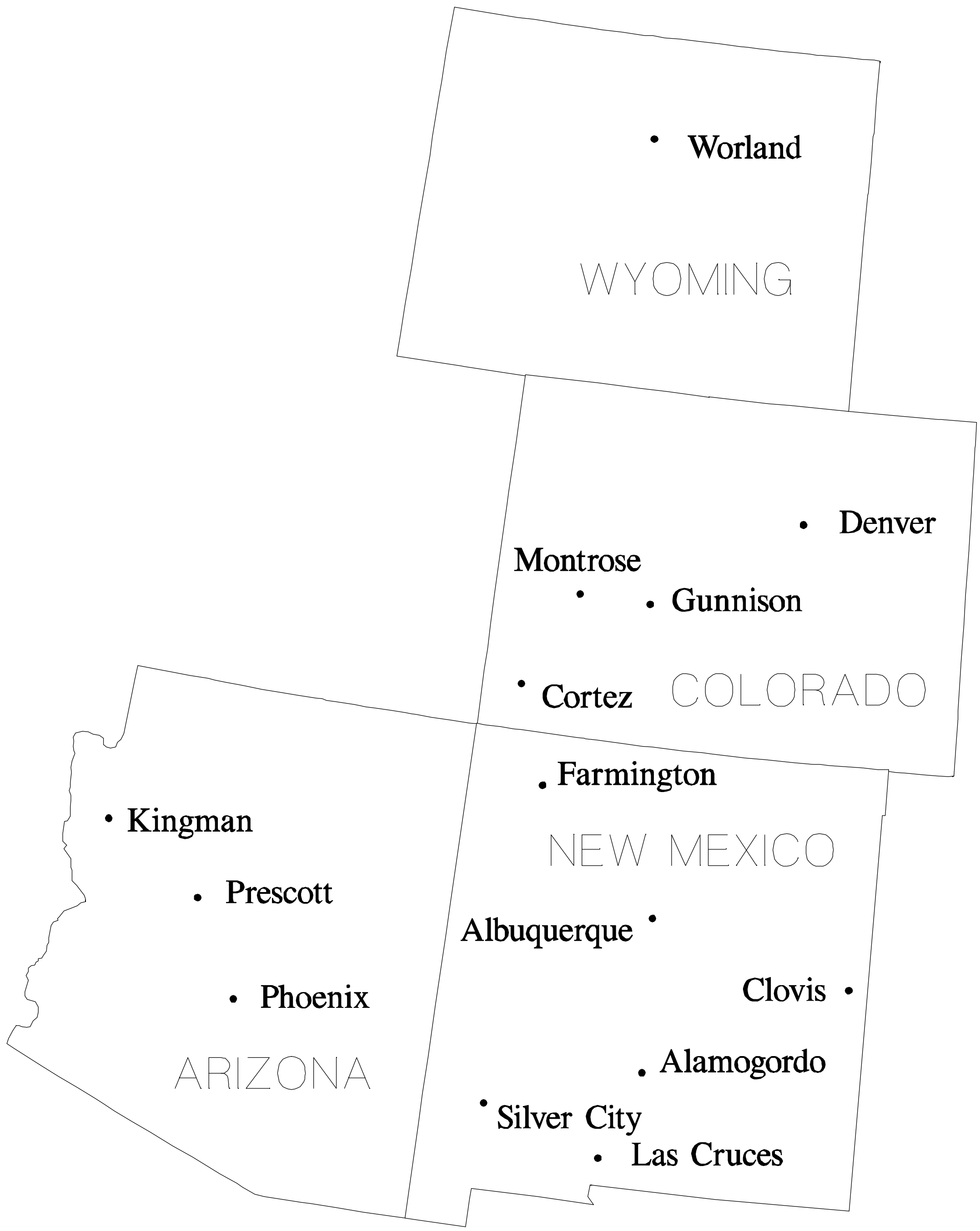
6. We will serve a copy of this order on the Governors of Arizona, Colorado, and New Mexico, the Aeronautics Divisions of the Arizona and Colorado Departments of Transportation; the New Mexico State Highway & Transportation Department, the Mayors and Airport Managers of Kingman, Prescott, Cortez, Alamogordo, Clovis, Silver City, Hurley, and Deming; the Commanding Officer, Holloman Air Force Base; and Mesa Air Group.

By:

CHARLES A. HUNNICUTT
Assistant Secretary for Aviation
and International Affairs

(SEAL)

Appendix A


Worland
WYOMING
Denver
Montrose
Gunnison
Cortez
COLORADO
Farmington
Kingman
NEW MEXICO
Prescott
Albuquerque
Phoenix
Clovis
ARIZONA
Alamogordo
Silver City
Las Cruces

Mesa Air Group
Provision of Upgraded Basic Essential Air Service at Kingman and Prescott, Arizona
Calculation of Compensation Requirement

(Costing is on the basis of four PRC-PHX round trips six days a week,
plus three IGM-PRC round trips six days a week.)

Total estimated annual block hours	2,459
Total estimated annual revenue passenger-miles	2,329,800
Total estimated annual departures	4,294
Total estimated annual available seat-miles	7,412,622

Operating revenue:						
Passenger revenue:	Market	Passengers	Average fare	Revenue	Trip mileage	Revenue passenger miles
	IGM-PHX	5,600	$74.00	$414,400	183	1,024,800
	PRC-PHX	15,000	$42.00	$630,000	87	1,305,000
				$1,044,400		2,329,800
Other revenue:		0.01		10,444		
Total operating revenue				$1,054,844		

Operating expense:	Unit rate per block hour	Estimated annual block hours		
Direct operating expense:				
Flight operations	$71.98	2,459	$176,999	
Fuel	$85.28	2,459	209,704	
Other	$7.85	2,459	19,303	
Maintenance	$78.46	2,459	192,933	
Aircraft	$163.66	2,459	402,440	
Total direct operating expense	$407.23		$1,001,379	
Indirect operating expense:				
Traffic-related	$0.140715	2,329,800	$327,838	(per RPM)
Advertising			12,500	
Departure-related	$58.30	4,294	250,340	(per departure)
General & administrative	$0.026418	7,412,622	195,827	(per ASM)
Total indirect operating expense			$786,505	
Total operating expense			$1,787,884	
Operating loss			$733,040	
Profit element	0.05	$1,787,884	89,394	
Compensation requirement			$822,434	

Mesa Air Group
Provision of Upgraded Basic Essential Air Service at Cortez, Colorado
Calculation of Compensation Requirement

(Costing is on the basis of one CEZ-DEN nonstop round trip six days a week,
plus three CEZ-GUC or CEZ-MTJ round trips six days a week.)

Total estimated annual block hours	1,912
Total estimated annual revenue passenger-miles	3,949,750
Total estimated annual departures	2,454
Total estimated annual available seat-miles	7,036,308

	Market	Passengers	Average fare	Revenue	Trip mileage	Revenue passenger miles
Operating revenue:						
Passenger revenue:						
	CEZ-DEN	3,500	$93.84	$328,440	278	973,000
	CEZ-(GUC)-DEN	5,250	$93.84	492,660	278	1,459,500
	CEZ-(MTJ)-DEN	5,250	$93.84	492,660	289	1,517,250
	Total	14,000		$1,313,760		3,949,750
Other revenue:		0.01		3,284		
Total operating revenue				$1,317,044		

	Unit rate per block hour	Estimated annual block hours		
Operating expense:				
Direct operating expense:				
Flight operations	$110.47	1,912	$211,219	
Fuel	$131.43	1,912	251,294	
Other	$12.10	1,912	23,135	
Maintenance	$120.55	1,912	230,492	
Aircraft	$251.91	1,912	481,652	
Total direct operating expense	$626.46		$1,197,792	
Indirect operating expense:				
Traffic-related	$0.046781	3,949,750	$184,773	(per RPM)
Advertising			7,500	
Departure-related	$54.52	2,454	133,792	(per departure)
General & administrative	$0.014076	7,036,308	99,043	(per ASM)
Total indirect operating expense			$425,108	
Total operating expense			$1,622,900	
Operating loss			$305,856	
Profit element	0.05	$1,622,900	81,145	
Compensation requirement			$387,001	

Mesa Air Group
Provision of Upgraded Basic Essential Air Service at
Alamogordo/Holloman Air Force Base, New Mexico
Calculation of Compensation Requirement

(Costing is on the basis of two ABQ-ALM nonstop round trips six days a week,
plus two ALM-LRU add-on round trips six days a week.)

Total estimated annual block hours	1,841
Total estimated annual revenue passenger-miles	2,060,000
Total estimated annual departures	2,454
Total estimated annual available seat-miles	5,175,486

Operating revenue:			Average		Trip	Revenue
Passenger revenue:	Market	Passengers	fare	Revenue	mileage	passenger-miles
	ALM-ABQ	10,000	$65.28	$652,800	206	2,060,000
Other revenue:		0.01		6,528		
Total operating revenue				$659,328		

	Unit rate	Estimated		
Operating expense:	per	annual		
Direct operating expense:	block hour	block hours		
Flight operations	$67.48	1,841	$124,231	
Fuel	$80.23	1,841	147,703	
Other	$7.38	1,841	13,587	
Maintenance	$73.52	1,841	135,350	
Aircraft	$153.90	1,841	283,330	
Total direct operating expense	$382.51		$704,201	
Indirect operating expense:				
Traffic-related	$0.119843	2,060,000	$246,877	(per RPM)
Advertising			5,000	
Departure-related	$67.81	2,454	166,406	(per departure)
General & administrative	$0.025296	5,175,486	130,919	(per ASM)
Total indirect operating expense			$549,202	
Total operating expense			$1,253,403	
Operating loss			$594,075	
Profit element	0.05	$1,253,403	62,670	
Compensation requirement			$656,745	

Mesa Air Group
Provision of Upgraded Basic Essential Air Service at Clovis, New Mexico
Calculation of Compensation Requirement

(Costing is on the basis of three CVN-ABQ nonstop round trips six days a week.)

Total estimated annual block hours	1,840
Total estimated annual revenue passenger-miles	1,640,000
Total estimated annual departures	1,840
Total estimated annual available seat-miles	7,166,800

Operating revenue:	Market	Passengers	Average fare	Revenue	Trip mileage	Revenue passenger miles
Passenger revenue:	CVN-ABQ	8,000	$84.66	$677,280	205	1,640,000
Other revenue:		0.01		6,773		
Total operating revenue				$684,053		

Operating expense:	Unit rate per block hour	Estimated annual block hours	
Direct operating expense:			
Flight operations	$63.70	1,840	$117,208
Fuel	$75.80	1,840	139,472
Other	$6.85	1,840	12,604
Maintenance	$69.34	1,840	127,586
Aircraft	$145.06	1,840	266,910
Total direct operating expense	$360.75		$663,780

Indirect operating expense:				
Traffic-related	$0.102165	1,640,000	$167,551	(per RPM)
Advertising			5,000	
Departure-related	$98.25	1,840	180,780	(per departure)
General & administrative	$0.019890	7,166,800	142,548	(per ASM)
Total indirect operating expense			$495,879	
Total operating expense			$1,159,659	
Operating loss			$475,606	
Profit element	0.05	$1,159,659	57,983	
Compensation requirement			$533,589	

Mesa Air Group
Provision of Upgraded Basic Essential Air Service at
Silver City/Hurley/Deming, New Mexico
Calculation of Compensation Requirement

(Costing is on the basis of three SVC-ABQ nonstop round trips six days a week.)

Total estimated annual block hours	1,687
Total estimated annual revenue passenger-miles	1,410,000
Total estimated annual departures	1,840
Total estimated annual available seat-miles	6,572,480

Operating revenue:	Market	Passengers	Average fare	Revenue	Trip mileage	Revenue passenger miles
Passenger revenue:	SVC-ABQ	7,500	$74.46	$558,450	188	1,410,000
Other revenue:		0.01		5,585		
Total operating revenue				$564,035		

Operating expense: Direct operating expense:	Unit rate per block hour	Estimated annual block hours		
Flight operations	$61.72	1,687	$104,122	
Fuel	$73.42	1,687	123,860	
Other	$6.85	1,687	11,556	
Maintenance	$67.37	1,687	113,653	
Aircraft	$140.86	1,687	237,631	
Total direct operating expense	$350.22		$590,822	
Indirect operating expense:				
Traffic-related	$0.138904	1,410,000	$195,855	(per RPM)
Advertising			5,000	
Departure-related	$87.58	1,840	161,147	(per departure)
General & administrative	$0.019278	6,572,480	126,704	(per ASM)
Total indirect operating expense			$488,706	
Total operating expense			$1,079,528	
Operating loss			$515,493	
Profit element	0.05	$1,079,528	53,976	
Compensation requirement			$569,469	

Mesa Air Group, Inc.
Upgraded Basic Essential Air Service To Be Provided at Kingman and Prescott, Arizona; Cortez, Colorado; and Alamogordo/Holloman Air Force Base, Clovis, and Silver City/Hurley/Deming, New Mexico

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 this 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 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 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 requirement 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.

Mesa Air Group

Basic Essential Air Service To Be Provided at Kingman and Prescott, Arizona

Effective period: Date of inauguration of upgraded service (but no earlier than October 1, 1997), through September 30, 1998.

Service: Kingman: 18 round trips per week to Phoenix.
Prescott: 24 round trips per week to Phoenix.

Intermediate stops and upline service: Prescott: Nonstop to Phoenix. No upline limitations.

Kingman: One-stop (at Prescott) or nonstop to Phoenix. No upline limitation.

Aircraft type: Beech 1900 (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation.

Annual compensation: $822,434 for both points combined.

Subsidy rate for Kingman for each arrival from or departure to Phoenix: $223.49 [1]
Subsidy rate for Prescott for each arrival from or departure to Phoenix: $167.57 [2]

Weekly compensation ceiling for Kingman: [3] $8,045.64 [4]
Weekly compensation ceiling for Prescott: [5] $8,043.36 [6]

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[1] Annual compensation of $822,434, divided by two (to summarily allocate an amount to each point), divided further by the number of departures estimated to be performed annually (1,840 departures, calculated by multiplying six departures per service day by 313 annual service days (counting each weekend as one service day) and multiplying further by 98 percent completion).

[2] Annual compensation of $822,434, divided by two (to summarily allocate an amount to each point), divided further by the number of departures estimated to be performed annually (2,454 departures, calculated by multiplying eight departures per service day by 313 annual service days--counting each weekend as one service day--and multiplying further by 98 percent completion).

[3] Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

[4] The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (36).

[5] See note (3), above.

[6] The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (48).

Mesa Air Group

Basic Essential Air Service To Be Provided at Cortez, Colorado

Effective period: Date of inauguration of upgraded service (but no earlier than October 1, 1997), through September 30, 1998.

Service: 24 round trips per week to Denver.

Intermediate stops and upline service: Nonstop or one-stop to Denver. No upline limitations.

Aircraft type: Beech 1900 (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation.

Annual compensation: $387,001.

Subsidy rate for each arrival from or departure to Denver: $157.70 [7]

Weekly compensation ceiling: [8] $7,569.60 [9]

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[7] Annual compensation of $387,001, divided by the number of departures estimated to be performed annually (2,454 departures, calculated by multiplying eight departures per service day by 313 annual service days (counting each weekend as one service day) and multiplying further by 98 percent completion).

[8] Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

[9] The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (48).

Mesa Air Group
Basic Essential Air Service To Be Provided at
Alamogordo/Holloman Air Force Base, New Mexico

Effective period: Date of inauguration of upgraded service (but no earlier than October 1, 1997), through September 30, 1998.

Service: 24 round trips per week to Albuquerque.

Intermediate stops and upline service: One-stop (at Las Cruces) or nonstop to Albuquerque.
No upline limitations.

Aircraft type: Beech 1900 (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation.

Annual compensation: $656,745.

Subsidy rate for each arrival from or departure to Albuquerque: $267.62 [10]

Weekly compensation ceiling: [11] $12,845.76 [12]

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[10] Annual compensation of $656,745, divided by the number of departures estimated to be performed annually (2,454 departures, calculated by multiplying eight departures per service day by 313 annual service days (counting each weekend as one service day) and multiplying further by 98 percent completion).

[11] Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

[12] The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (48).

Mesa Air Group

Basic Essential Air Service To Be Provided at Clovis, New Mexico

Effective period: Date of inauguration of upgraded service (but no earlier than October 1, 1997), through September 30, 1998.

Service: 18 round trips per week to Albuquerque.

Intermediate stops and upline service: Nonstop to Albuquerque.
No upline limitations.

Aircraft type: Beech 1900 (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation.

Annual compensation: $533,589.

Subsidy rate for each arrival from or departure to Albuquerque: $289.99 [13]

Weekly compensation ceiling: [14] $10,439.64 [15]

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[13] Annual compensation of $533,589, divided by the number of departures estimated to be performed annually (1,840 departures, calculated by multiplying six departures per service day by 313 annual service days (counting each weekend as one service day) and multiplying further by 98 percent completion).

[14] Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

[15] The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (36).

Mesa Air Group
Proposal To Provide Upgraded Basic Essential Air Service at Silver City/Hurley/Deming, New Mexico
Summary of Service To Be Provided

Effective period: Date of inauguration of upgraded service (but no earlier than October 1, 1997), through September 30, 1998.

Service: 18 round trips per week to Albuquerque.

Intermediate stops and upline service: Nonstop to Albuquerque.
No upline limitations.

Aircraft type: Beech 1900 (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation.

Annual compensation: $569,469.

Subsidy rate for each arrival from or departure to Albuquerque: $309.49 [16]

Weekly compensation ceiling: [17] $11,141.64 [18]

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[16] Annual compensation of $569,469, divided by the number of departures estimated to be performed annually (1,840 departures, calculated by multiplying six departures per service day by 313 annual service days (counting each weekend as one service day) and multiplying further by 98 percent completion).

[17] Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

[18] The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (36).