

Served:



January 30, 1998

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

Issued by the Department of Transportation  
on the 26<sup>th</sup> day of January, 1998

Essential air service at

**MT. VERNON, ILLINOIS**

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

**Docket OST-96-1265**

**ORDER**

**Summary**

By this order, the Department is prohibiting Great Lakes Aviation from suspending its essential air service (EAS) at Mt. Vernon, Illinois, and requiring the carrier to continue providing essential air service at the community until a replacement carrier can be found. We are also requesting proposals from carriers interested in providing replacement service at Mt. Vernon, with or without subsidy.

**Background**

Great Lakes is the only carrier providing scheduled air service at Mt. Vernon and is subsidized under Order 96-8-23.<sup>1</sup> On November 18, 1997, Great Lakes filed a 90-day notice of its intent to suspend its subsidized essential air service at Mt. Vernon, effective February 16, 1998.<sup>2</sup> Great Lakes states that its minimal O'Hare service--two round trips a day between Mt. Vernon and O'Hare via Springfield--cannot compete effectively with the close proximity of the St. Louis airport and the wide-range of low fares and destinations offered at that airport. In addition, it alleges that the lack of additional O'Hare slots has restricted its effort to improve service.

The current essential air service determination for Mt. Vernon requires at least two nonstop round trips each service day to St. Louis, or two nonstop or one-stop round trips each service day to Chicago, with 15-seat or larger aircraft.

**Decision**

<sup>1</sup> Pursuant to Orders 96-8-23 and 97-8-14, Great Lakes is providing two, one-stop round trips in the Mt. Vernon-Chicago market, at an annual subsidy rate of \$246,919, through June 30, 1998.

<sup>2</sup> In these cases, where a subsidized carrier files a suspension notice during the rate term, U.S.C. 41734(d) provides that the carrier continue to receive the same subsidy rate for 180 days.

Great Lakes' proposed suspension of service would leave Mt. Vernon without any scheduled air service. In this situation, 49 U.S.C. 41734 requires that the Department prohibit Great Lakes from suspending service at the community for 30 days beyond the end of the 90-day notice period, through March 17, 1998, or until we secure replacement service at the community, whichever comes first.<sup>3</sup> Thus, we will require Great Lakes to maintain two round trips, six days per week between Mt. Vernon and Chicago. We will also seek proposals, with or without subsidy requests, from carriers interested in providing replacement service at Mt. Vernon. We invite interested carriers to submit proposals that would provide quality service at a reasonable subsidy cost and that would provide two and/or three round trips, six days per week to St. Louis, Chicago, or any other suitable hub, with 15-seat or larger aircraft.<sup>4</sup>

### **Service History and Traffic Data**

Mt. Vernon has received subsidized EAS since mid-1981. At that time, the community received service to St. Louis from Air Kentucky. After several carrier changes in the St. Louis market over the next several years, beginning in January 1991 Direct Air was selected to provide subsidized service at Mt. Vernon to Chicago's Midway Airport, via Mattoon. The community continued to receive that service until mid-1995, when Great Lakes began subsidy-free service between Mt. Vernon and Chicago's O'Hare Airport. In April of 1996, Great Lakes filed notice to suspend its subsidy-free service. After issuing an order requiring Great Lakes to continue serving Mt. Vernon and requesting proposals for replacement service, Great Lakes was selected to provide long-term subsidized Mt. Vernon-O'Hare service, via Springfield. Great Lakes voluntarily ceased all scheduled operations, including Mt. Vernon-O'Hare, on May 16, 1977, while the carrier worked with the Federal Aviation Administration to resolve operational deficiencies in its system. It resumed Mt. Vernon service on September 8. The carrier currently operates two round trips over a Mt. Vernon-Springfield-Chicago O'Hare routing, six days a week, with 19-seat Beech 1900 aircraft.

Traffic at Mt. Vernon has been declining since 1993 when the community registered 2,550 annual enplanements--about 8 per day. In view of the service hiatus, the most recent 12-month period for which complete data are available is for the year ended March 1977. For that annual period, Mt. Vernon generated 1,046 annual enplanements, or 3.3 per day. See Appendix B for Mt. Vernon's historical traffic.

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<sup>3</sup> In accordance with 49 U.S.C. 41734, we will extend Great Lakes' service requirement for successive 30-day periods, as necessary, until replacement service actually begins.

<sup>4</sup> Since there are no EAS-tagged Chicago O'Hare slots for Mt. Vernon, applicant carriers proposing O'Hare service must use their existing slots.

**Procedures for Filing Replacement Proposals**

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f), and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.)

Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

**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 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) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

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<sup>5</sup> The regulations applicable to each of these three areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, implementing 31 U.S.C. 1352, entitled "Limitation of use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants), implementing the Drug-Free Workplace Act of 1988; and (3) 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 Handicap in Programs and Activities receiving or Benefiting from Federal Financial Assistance; and 14 CFR part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

### **Community and State Comments**

If we receive competing proposals for subsidized service for Mt. Vernon, the community and state are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. After conducting rate conferences with all applicants, we will provide a summary of the conference results to the Mt. Vernon civic parties and ask them to file their final comments.<sup>6</sup>

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

### **ACCORDINGLY,**

1. We prohibit Great Lakes Aviation, Ltd., from suspending service at Mt. Vernon, Illinois, at the end of its 90-day notice period, and require it to maintain service at the community at the subsidy rate set forth in Orders 96-8-23 and 97-8-14, for the 30-day period through March 17, 1998, or until a carrier capable of providing reliable essential air service actually begins essential air service, whichever comes first;<sup>7</sup>
2. We direct Great Lakes Aviation, Ltd., to retain all books, records, and other source and summary documentation to support 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. 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;
3. We request that carriers interested in providing essential air service at Mt. Vernon, Illinois, submit their proposals, with subsidy requests if necessary, within 20 days after the date of service of this order. Proposals should include all the data required by section 204.4 of the Department's Regulations (14 CFR 204.4). An original and five copies of the proposal should be sent to the EAS and Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590, with the title, "Proposal to Provide Essential Air Service at Mt. Vernon, Illinois, Docket OST-96-1265, respectively;<sup>8</sup> and

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<sup>6</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 normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service as proposed.

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

<sup>8</sup> After the proposals have been docketed, Department staff will contact each applicant and direct it to serve a copy of its proposal on the civic officials of the community, the state, and the other applicants. All applicants must then file a certificate of service with the Department's Documentary Services Division.

4. We will serve a copy of this order on the Mayor and airport manager of Mt. Vernon, Illinois, the Governor of Illinois, the Illinois Department of Transportation, City of Chicago-Department of Aviation, Great Lakes Aviation, Ltd., and the parties listed in Appendix C.

By:

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

(SEAL)



**HISTORICAL TRAFFIC  
MOUNT VERNON, ILLINOIS 1/**

	<u>Total Enplanements</u>	<u>Enplanements Per Day .</u>
Year Ended 1991	1,533	4.9
Year Ended 1992	2,379	7.6
Year Ended 1993	2,550	8.1
Year Ended 1994	1,639	5.2
Year Ended 1995	1,374	4.4
1996		
1st. Qtr.	285	3.7
2nd Qtr.	320	4.1
3rd Qtr.	204	2.6
4th Qtr.	<u>319</u>	<u>4.0</u>
Year Ended	1,127	3.6
1997		
1st. Qtr.	<u>203</u>	<u>2.6</u>
Year Ended	1,046	3.3
2nd Qtr. <u>2/</u>	92	1.2
3rd Qtr. <u>2/</u>	<u>17</u>	<u>0.2</u>
Year Ended	631	2.0

1/ SOURCE: Bureau of Transportation Statistics, Form 298-C, Schedule T-1.  
Enplanements are based on 313 service days each year.

2/ Service hiatus from May 16 through September 7, 1977.

## SERVICE LIST FOR THE STATE OF ILLINOIS

Aero Taxi Rockford, Inc.	Chester Anderson
Air Casino, Inc.	Ken Bannon
Air Wisconsin, Inc.	Jeff Bell
Allied Airlines, Inc.	Richard Thomas Clarke
American Trans Air, Inc.	Sabrina Cranor
Amerijet International, Inc.	E.B. Freeman
Bemidji Airlines	Douglas Gumula
Chicago Air Taxi, Inc.	A. Edward Jenner
Chicago Express Airlines, Inc.	Dan Katzka
Delta Connection	John McFarlane
Direct Air, Inc.	Tracy Schoenrock
Dwyer Aircraft Sales, Inc.	Kevin Thomas
Executive Airlines, Inc.	Edward Wenz
Florida Air, Inc.	Gary L. White
Gorda Aero Service, Inc.	Robert Wigmore
GP Express Airlines, Inc.	
Great Lakes Aviation, Ltd.	
Heartland Aviation, Inc.	
Jet Services, Inc.	
Logansport Flying Service, Inc.	
Metroflight, Inc.	
Michigan Airways, Inc.	
Midway Airlines, Inc.	
Midwest Express Airlines, Inc.	
Multi Aero, Inc.	
Northwest Airlink	
Ohio Valley Aviation, Inc.	
Pennsylvania Commuter Airlines, Inc.	
Planemaster Services Inc.	
Redwing Airways, Inc.	
Scott Aviation, Inc.	
Shawano Flying Service, Inc.	
Simmons Airlines, Inc.	
Thunderbird Aviation, Inc.	
Trans North Aviation Ltd.	
Trans States Airlines, Inc.	
Welch Aviation, Inc.	
Wise Aviation Company	