



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

Issued by the Department of Transportation
on the 19th day of November, 1999

Served: November 23, 1999

Essential Air Service at

FAIRMONT, MINNESOTA

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

Docket OST-1998-3843

ORDER

Summary

By this order, the Department is tentatively terminating the subsidy eligibility of Fairmont, Minnesota, because the subsidy per passenger far exceeds the \$200 per passenger statutory ceiling.

Background

By Order 99-4-7, April 12, 1999, the Department authorized an annual subsidy rate of \$734,120 for Great Lakes Aviation to provide essential air service at Fairmont, consisting of 18 nonstop round trips a week to Minneapolis/St. Paul with Beech 1900 aircraft.

Under current eligibility criteria the Department is prohibited from subsidizing service at communities where subsidy amounts to more than \$200 per passenger, unless they are more than 210 highway miles from the nearest large or medium hub.¹ For the most recent 12-month period, i.e., that ended June 30, 1999, Fairmont's subsidy exceeded \$200 per passenger.

Decision

Because Fairmont's subsidy per passenger has exceeded \$200 over the past 12-month period, we find that it is ineligible for continued subsidy support, and we have tentatively decided to terminate Great Lakes' subsidy rate for serving the community effective within 45 to 60 days after the service date of this order. In reaching this decision, we have also reviewed subsidy, service, and traffic levels at Fairmont over the last 20 years.

¹ P.L. 106-69, the Department of Transportation and Related Agencies Appropriations Act, 2000, prohibits the Department from subsidizing service at communities where such subsidy amounts to more than \$200 per passenger unless they are more than 210 highway miles from the nearest large or medium hub. Fairmont is 127 miles from a large hub airport at Minneapolis/St. Paul.

Fairmont received subsidized essential air service beginning in 1981 by Mesaba Airlines. In 1986 Great Lakes took over the service on a subsidy-free basis until 1988. At that time, Great Lakes found itself losing money on the route and filed a notice to suspend service. After requesting proposals for replacement service, the Department selected Great Lakes to provide Fairmont's subsidized essential air service. (See Order 89-12-34.) Then in 1990 the Department selected GP Express to provide Fairmont's essential air service on a subsidized basis. (See Order 90-11-44.)

In 1994 the Department amended the essential air service determination for Fairmont and selected Great Lakes to provide subsidized service at Fairmont, Mankato and Worthington over a linear routing to Minneapolis/St. Paul. (See Order 94-1-22). In January 1995, Great Lakes filed a 90-day notice of intent to suspend its service at Fairmont, Mankato and Worthington. The Department requested proposals from carriers interested in providing replacement service, but received none. Great Lakes maintained essential air service at these communities while the Department sought a replacement carrier.

In November 1995 the Department implemented program-wide reductions in essential air service subsidy payments and subsidized service levels as a result of congressional reductions in funding for the essential air service program, and terminated the subsidy-eligibility of Worthington because subsidy per passenger exceeded \$200.² The service level that Great Lakes was required to maintain at Fairmont was reduced to ten round trips a week. Great Lakes subsequently discontinued its service at Fairmont, citing the Court's decision in the 1996 *Mesa Air Group, Inc., v. DOT* decision, 87 F.3d 498 (D.C. Cir.), and did not reinstate service at the community until August 1997.

In summary, three different commuter carriers have served Fairmont over the years, and none have been able to make the service viable. We recognize that the service hiatus in 1996 and 1997 adversely affected Fairmont's air service and resulting traffic figures. Nonetheless, the longer history strongly suggests that Fairmont's traffic-generating potential is very limited, and the prospects for its traffic to increase enough to bring the subsidy per passenger under \$200 appear remote. Under Great Lakes' currently effective subsidy rate for Fairmont, the community would have to generate 3,671 passengers, or about six passengers a day in each direction, in order for the subsidy-per-passenger to be less than \$200. As Appendix B shows, Fairmont has not averaged more than five enplanements a day for well over a decade, and traffic for the most recent year was only 1,890 passengers, three a day in each direction. Thus, in order to attain subsidy-per-passenger of less than \$200, the community would have to generate nearly twice its most recent level, and there is no realistic basis to expect it to do so. To put the situation in a slightly different perspective, the community received three subsidized round trips a day, six days a week, during the period from July 1, 1998 to June 30, 1999, during which it generated 1,890 passengers. Thus, on average, the community has been enplaning one passenger per flight.

Based on all of the above, we have tentatively decided to terminate Fairmont's subsidy eligibility.

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

Consistent with program practice, we will give the community 20 days to object if it finds that we have made a mistake in any of our calculations. Interested carriers, including Great Lakes, may of course provide scheduled service at Fairmont at their own initiative; our action here simply makes Fairmont ineligible to receive subsidized air service. In order to allow for an orderly shutdown of service, we will continue to subsidize Great Lakes for 45 to 60 days after the service date of this order.

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

ACCORDINGLY,

1. We tentatively terminate the subsidy-eligibility of Fairmont, Minnesota, effective within 45 to 60 days after the service date of this order;
2. We will establish a 20-day period following the date of service of this order for interested persons to object to the termination of Fairmont' subsidy-eligibility;
3. We will allow Great Lakes Aviation, Ltd., d/b/a United Express, to suspend its service at Fairmont, Minnesota, effective within 45 to 60 days after the service date of this order, without filing advanced notice of its intent to suspend essential air service at the community;
4. We direct all interested persons to show cause within 20 days of the date of service of this order why we should not make final the tentative findings and conclusions set forth in paragraph 1 above. Objections should be filed with the Dockets Operations and Media Management, SVC-124, Room PL-401, 400 7th Street, S.W., Washington, D.C. 20590; ³
5. We will afford full consideration to the matters and issues raised in any timely and properly filed objections before we take further action; ⁴
6. This docket will remain open until further order of the Department; and

³ In addition, copies of objections may be faxed to the Chief, EAS & Domestic Analysis Division, at (202) 366-7638. All objections should nonetheless be filed with the Documentary Services Division at the above address regardless of whether copies are also faxed.

⁴ Since we are providing for the filing of objections to this order, we will not entertain petitions for reconsideration.

7. We will serve a copy of this order on the Mayor and airport manager of Fairmont, Minnesota, the Governor of Minnesota, the Department of Transportation of Minnesota, the Metropolitan Airports Commission, United Air Lines, Inc., and Great Lakes Aviation, Ltd., d/b/a United Express.

By:

A. BRADLEY MIMS
Deputy Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this order is available on the World Wide Web at
<http://dms.dot.gov>
The electronic version may not include all of the appendices.*

**HISTORICAL ENPLANEMENTS
AT FAIRMONT, MINNESOTA**

	<u>Total Enplanements</u>	<u>Enplanements ^{1/} Per Day</u>
1976	4,600	14.7
1978	5,789	18.5
1979	6,042	19.3
1980	4,994	15.9
1981	2,995	9.6
1982	2,173	6.9
1983	2,212	7.1
1984	2,557	8.1
1985	2,370	7.6
1986	1,646	5.3
1987	1,453	4.6
1988	1,388	4.4
1989	1,668	5.3
1990	1,662	5.3
1991	1,487	4.8
1992	1,204	3.8
1993	1,282	4.1
1994	1,299	4.2
1995	912	2.9
1996	548	1.7
1997	576	1.8
1998	1,066	3.4
YE 6/30/99	945	3.0

^{1/} Enplanements per day based on 313-day service year.