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

Issued by the Department of Transportation
on the 2nd day of October, 2000

Served: October 5, 2000

Essential Air Service at
Owensboro, Kentucky
under 49 U.S.C. 41731 *et seq.*

Docket OST-2000-7855 - 2

Essential Air Service at
Muscle Shoals, Alabama
under 49 U.S.C. 41731 *et seq.*

Docket OST-2000-7856 - 3

Essential Air Service at
Jackson, Tennessee
under 49 U.S.C. 41731 *et seq.*

Docket OST-2000-7857 - 22

**ORDER PROHIBITING TERMINATION OF SERVICE
AND REQUESTING PROPOSALS**

Summary

By this order, the Department is (a) prohibiting Express Airlines I, d/b/a Northwest Airlink (Express Airlines I), from terminating its unsubsidized scheduled air service at Owensboro, Kentucky; Muscle Shoals, Alabama; and Jackson, Tennessee; (b) requiring the carrier to maintain its current service at the community for an initial 30-day period following the end of the notice period; and (c) requesting proposals from carriers interested in providing replacement service. (See Appendix A for a map depicting the location of the communities.)

Background

On August 24, 2000, Express Airlines I filed a series of 90-day notices of its intent to terminate all scheduled air service at Owensboro, Kentucky; Muscle Shoals, Alabama; and Jackson, Tennessee, effective November 22, 2000. Express Airlines I currently provides Owensboro with three round trip flights each weekday and two round trips each weekend period to Memphis with 30-seat Saab SF340 aircraft. Similarly, it provides Muscle Shoals and Jackson with three round trip flights each weekday and two round trips each weekend period to Memphis with 30-seat Saab SF340 aircraft. Express Airlines I is the only air carrier providing scheduled service at each of the three communities.

Essential Air Service Determinations

The essential air service determination for Owensboro requires at least two nonstop round trips each weekday and each weekend period to Memphis, Louisville, or Nashville, with sufficient capacity to accommodate 40 passengers in each direction each weekday and weekend period.¹ Muscle Shoals' essential air service determination requires at least two nonstop or one-stop round trips each weekday and each weekend period to either Atlanta or Memphis, with sufficient capacity to accommodate 30 passengers in each direction each weekday and weekend period.² Jackson's essential air service determination, requires at least two nonstop round trips each weekday and each weekend period to Memphis, with sufficient capacity to accommodate 36 passengers in each direction each weekday and weekend period.³ In accordance with our essential air service guidelines, service must be provided with 15-seat or larger aircraft.

Request for Proposals

We request that any carriers interested in providing essential air service at one or more of the communities mentioned above file their proposals within 20 days of the service date of this order. We ask that carriers submit proposals for two or three nonstop or one-stop round trips per day to the community's designated hub, i.e., to Memphis, Louisville or Nashville for Owensboro, to Memphis for Muscle Shoals, and to Atlanta or Memphis for Jackson. Service must be provided with 15-seat, or larger, pressurized aircraft. We will also entertain proposals to other hubs that provide access to the national air transportation system in order to give the Department and each community as broad an array of proposals as possible from which to choose. Of course, as always, we will formally solicit community views on any service options we receive before making a long-term carrier selection decision. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data for all three communities in Appendix B. As can be seen from that Appendix, during the three-month period ending March 31, 2000, the most recent data available, Owensboro,

¹ Department of Transportation Order 89-5-36, issued May 15, 1989.

² Department of Transportation Order 94-5-6, issued May 6, 1994.

³ Civil Aeronautics Board Order 83-7-23, issued July 8, 1983.

generated 16.5 enplanements per day; Muscle Shoals, 16.6 enplanements per day; and Jackson generated an average of 15.2 enplanements per day.

Procedures For Filing Proposals

For interested air carriers that are not familiar 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(D) and discusses in detail the process of seeking proposals, conducting financial and operational audits of the applicant carriers and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, and a copy of section 14 CFR 204.4 of the Department's regulations which deals with the information required of all applicants for authority to provide basic essential air service, and provides schedules giving our recommended form for submitting data required for determining the financial and operational ability of applicants to provide dependable air service.⁴

Community and State Comments

The communities and States are welcome to submit comments on the proposal or proposals at any time.⁵ Early in the proceeding, comments on the perceived strengths and weaknesses of the proposals would be particularly helpful to the Department. The civic parties may also express a preference for a particular carrier or proposal option at that time, if they choose. In any event, after we conclude rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.⁶

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁷ Consequently, all

⁴ Copies of these documents can be obtained from: EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, DC 20590. Telephone requests for these documents are accepted at (202) 366-1053.

⁵ Civic parties should file an original and five copies of their comments in Docket OST-2000-7855, OST-2000-7856, or OST-2000-7857, depending on which community their comments pertains to. This filing should be addressed to: Docket Operations and Media Management Division, SVC-124, Office of the Secretary, U.S. Department of Transportation, Room PL 401, 400 Seventh Street, S.W., Washington D.C. 20590.

⁶ 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.

⁷ The regulations applicable to each of these areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, Implementing title 31, United States Code, section 1352, entitled "Limitation on 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; (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs for the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the basis

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 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.

Requirement to Maintain Service

Express Airlines I is the only carrier providing scheduled air service at Owensboro, Kentucky; Muscle Shoals, Alabama; and Jackson, Tennessee, and is each community's only link to the nation's air transportation system. In accordance with 49 U.S.C. 41734, we must prohibit Express Airlines I from terminating service for a 30-day period beyond the end of its 90-day notice period, through December 22, 2000.

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

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Owensboro, Kentucky; and/or Muscle Shoals, Alabama; and/or Jackson, Tennessee, submit their proposals, with or without requests for subsidy, within 20 days of the service date of this order. 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 7th Street, S.W., Washington, D.C. 20590, with the title: "Proposal to Provide Essential Air Service at Owensboro, Kentucky, Docket OST-00-7855; and/or Muscle Shoals, Alabama, Docket OST-00-7856; and/or Jackson, Tennessee, Docket OST-00-7857;"⁸
2. The Department prohibits Express Airlines I, d/b/a Northwest AirlinK, from terminating service at Owensboro, Kentucky; Muscle Shoals, Alabama; and Jackson, Tennessee, at the end of its 90-day notice period, and requires it to maintain at least two nonstop or one-stop round trips each weekday and weekend period in the Owensboro - Memphis market; at least two nonstop or one-stop round trips each weekday and weekend period in the Muscle Shoals - Memphis market; and at least two nonstop round

for 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.

⁸ After serving a copy of its proposal on the civic officials of the affected communities and states, each applicant must then file a certification of service with the Department's Docket Operations and Media Management Division, SVC-124. Questions regarding filings in response to this order may be directed to Mike Waters at (202) 366-6494.

trips each weekday and weekend period in the Jackson – Memphis market through December 22, 2000, or until a carrier capable of providing reliable essential air service actually begins service, whichever comes first;

3. The Department directs Express Airlines I, d/b/a Northwest Airlink, to retain all books, records, and other source and summary documents to support subsidy 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;

4. This docket will remain open until further Department order; and

5. We will serve a copy of this order on the Mayors of Owensboro, Kentucky; Muscle Shoals, Alabama; and Jackson, Tennessee, the Airport Manager of the airports serving Owensboro, Kentucky; Muscle Shoals, Alabama; and Jackson, Tennessee, the Governors of Kentucky, Alabama, and Tennessee, the Alabama Department of Aeronautics; the Division of Aeronautics of the Kentucky Transportation Cabinet; the Aeronautics Division of the Tennessee Department of Transportation; and the carriers listed in Appendix B.

By:

FRANCISCO J. SANCHEZ
Assistant Secretary for Aviation
and International Affairs

(SEAL)

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

Appendix A



Appendix B

Passenger traffic for Owensboro, Kentucky

Thru	Enplanements	Total Passengers	Enplanements per Day
March 31, 2000	1,497	2,912	16.5
December 31, 1999	7,778	14,738	21.4
December 31, 1998	6,703	13,914	18.4
December 31, 1997	6,514	13,046	17.9

Passenger traffic for Muscle Shoals, Alabama

Thru	Enplanements	Total Passengers	Enplanements per Day
March 31, 2000	1,506	2,958	16.6
December 31, 1999	8,329	16,675	22.9
December 31, 1998	7,671	15,275	21.0
December 31, 1997	7,205	14,224	19.8

Passenger traffic for Jackson, Tennessee

Thru	Enplanements	Total Passengers	Enplanements per Day
March 31, 2000	1,379	2,826	15.2
December 31, 1999	8,459	16,385	23.2
December 31, 1998	6,069	11,903	16.7
December 31, 1997	5,759	11,593	15.8