



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

Issued by the Department of Transportation
on the 11th day of February, 2002

Essential air service at

**EL DORADO/CAMDEN, ARKANSAS
JONESBORO, ARKANSAS
HARRISON, ARKANSAS
HOT SPRINGS, ARKANSAS
ENID, OKLAHOMA
PONCA CITY, OKLAHOMA
BROWNWOOD, TEXAS**

Docket OST-1997-2935 - 33

Docket OST-1997-2401 - 23

Docket OST-1997-2402 - 21

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

**ORDER TENTATIVELY RESELECTING CARRIER
AND ESTABLISHING SUBSIDY RATE**

Summary

By this order, the Department is tentatively reselecting Big Sky Transportation Co., d/b/a Big Sky Airlines, to provide essential air service at the seven communities named above for the two-year period beginning December 1, 2001, at annualized subsidy rates totaling \$8,146,535 for the first 6 months of the period, through May 31, 2002, and \$7,781,317 for the remaining 18 months, through November 30, 2003. The order also provides for objections or competing proposals from other interested carriers.

Background

By Order 99-12-28, December 29, 1999, the Department reselected Big Sky to provide subsidized service at seven communities in Arkansas, Oklahoma and Texas for the two-year period through November 30, 2001, at annual subsidy rates totaling \$6,712,448.¹ In general, Big Sky is currently authorized to provide 12 Jonesboro-El Dorado/Camden-Dallas/Ft. Worth round trips a week, 6 El Dorado/Camden-Dallas/Ft. Worth round trips a week, 18 Harrison-Hot Springs-Dallas/Ft. Worth round trips a week, 17 Enid-Ponca City-Dallas/Ft. Worth round

¹ The Department recently extended Big Sky's subsidy rates as interim rates beyond November 30, 2001, pending the establishment of new final rates here. See Order 2001-11-14, November 28, 2001.

trips a week, 7 Enid-Ponca City-Denver round trips a week, and 18 Brownwood-Dallas/Ft. Worth round trips a week with 19-seat Metro III or 23 aircraft.²

Under normal procedures when nearing the end of a subsidy rate term, we contact the incumbent carrier to determine whether it is interested in continuing service and whether it will continue to require subsidy. We usually negotiate a new subsidy rate with the carrier, issue an order tentatively reselecting it for a new rate term at the agreed rate, and direct other parties to show cause why we should not finalize our tentative decision. Other carriers wishing to submit competing proposals are invited to do so in response to the show-cause order; if any such proposals are filed, we process them as a competitive case. Consistent with this practice, we invited Big Sky to submit a proposal for the continuation of its essential air service at the seven communities beginning December 1, 2001.

Carrier Proposal

Big Sky submitted a proposal in response to our request. As a result of discussions with Department staff, Big Sky has agreed to continue providing the communities with their current service patterns for the two-year period beginning December 1, 2001, at new annualized subsidy rates totaling \$8,146,535 for the first 6 months of the period, through May 31, 2002, and \$7,781,317 for the remaining 18 months, through November 30, 2003.³

Decision

After a thorough review of Big Sky's proposal and its recent service history, we have tentatively decided to reselect Big Sky to serve the seven communities for the two-year period beginning December 1, 2001, as proposed. The rates appear reasonable for the services to be provided, and Big Sky's performance continues to be satisfactory. In particular, Big Sky proposes to continue operating 7 round trips from Enid and Ponca City to Denver rather than Dallas/Ft. Worth, the communities' designated hub. Big Sky's subsidy proposal is based on that service pattern, and our review indicates that it reduces the subsidy necessary to support service at the two communities by roughly \$130,000 annually. Of course, Big Sky retains the flexibility to revert all of the two communities' services to Dallas/Ft. Worth if it chooses to do so.

Carrier Fitness

49 U.S.C. 41737(b) and 41738 require that we find an air carrier fit, willing and able to provide reliable service before we compensate it for providing essential air service. We last found Big Sky fit by Order 2000-11-11, November 13, 2000, in connection with its essential air service

² See Appendix A for a map. Big Sky's current services reflect two modifications from the service patterns authorized by Order 99-12-28. First, in February 2000 and with the two communities' support, Big Sky obtained and began exercising an option to operate some of Enid's and Ponca City's service to Denver rather than Dallas/Ft. Worth. Second, in October 2001, the Department allowed Big Sky to eliminate Harrison's service to St. Louis in exchange for increased service to Dallas/Ft. Worth. Hot Springs had been an incidental beneficiary of Harrison's service to St. Louis, as had Mountain Home, Arkansas, an ineligible point. See Order 2001-9-17, September 25, 2001, for a fuller discussion of Harrison's service modification.

³ Appendix B contains details of Big Sky's compensation requirements.

at seven communities in Montana. Since then, the Department has routinely monitored the carrier's continuing fitness, and no information has come to our attention that would lead us to question its ability to operate in a reliable manner. Based on our review of its most recent submissions, we find that Big Sky continues to have available adequate financial and managerial resources to provide quality service at the communities at issue here, and that it continues to possess a favorable compliance disposition. The Federal Aviation Administration has advised us that the carrier is conducting its operations in accordance with 14 CFR Part 121, and knows of no reason why we should not find that Big Sky remains fit.

Responses to Tentative Decision

As usual, we will allow interested parties 20 days from the date of this order to object to our decision or to file competing proposals. If no timely objections or competing proposals are filed, this order will automatically become final. We expect persons objecting to our tentative decision to support their objections with relevant and material facts. We will not entertain general, vague or unsupported objections.

Carriers interested in filing competing proposals, with or without subsidy requests, should file them within the 20-day period set for objections. At the end of that period, our staff will docket any competing proposals, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants. Each applicant, including the incumbent, will then have an opportunity to finalize its proposal in rate discussions with Department staff before we seek final community comments. We will give full consideration to all proposals that are timely filed. As a general matter, we request proposals that would provide service commensurate with that currently being operated by Big Sky.

Service History and Traffic Data

Big Sky has operated subsidized service at the seven communities since November 1998, when it instituted emergency replacement service after Aspen Mountain Air filed for protection under Chapter 11 of the bankruptcy laws. During calendar year 2001, the most recent 12-month period for which data are available, El Dorado/Camden averaged 4.0 enplanements a day, Jonesboro 7.4, Harrison 9.1, Hot Springs 8.0, Enid 11.4, Ponca City 11.1 and Brownwood 6.4.⁴ Harrison's traffic represented a 26 percent improvement over calendar year 2000, but the other six communities experienced small declines. On a composite basis, the seven communities averaged a total of 58.6 enplanements a day during calendar year 2001, a 1.9 percent decrease from calendar year 2000.

Procedures for Filing Competitive 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

⁴ See Appendix C for historical traffic data. Enplanements represent one-half of total origin-and-destination passengers, and average enplanements per day are based on 313 service days (weekdays and weekends) each year.

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 Part 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.⁵ Consequently, all carriers receiving Federal subsidy for 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.

Community and State Comments

If we receive competing proposals, the communities and states 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. In any event, after conducting 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

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

⁵ The regulations applicable to these areas are: (1) 49 CFR Part 20 -- New restrictions on lobbying; (2) 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 disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 - Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 -- Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

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 as proposed.

ACCORDINGLY,

1. We tentatively reselect Big Sky Transportation Co., d/b/a Big Sky Airlines, to provide essential air service at El Dorado/Camden, Jonesboro, Harrison and Hot Springs, Arkansas, Enid and Ponca City, Oklahoma, and Brownwood, Texas, as described in Appendix D, for the period from December 1, 2001, through November 30, 2003;

2. We tentatively set the final rates of compensation for Big Sky Transportation Co., d/b/a Big Sky Airlines, for the provision of essential air service at El Dorado/Camden, Jonesboro, Harrison and Hot Springs, Arkansas, Enid and Ponca City, Oklahoma, and Brownwood, Texas, as described in Appendix D, for the period from December 1, 2001, through November 30, 2003, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix D, and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by the following amounts:⁷

	<u>December 1, 2001- May 31, 2002</u>	<u>June 1, 2002- November 30, 2003</u>
El Dorado/Camden and Jonesboro	\$715.49	\$685.06
Harrison and Hot Springs	\$662.78	\$628.59
Enid and Ponca City	\$535.37	\$501.86
Brownwood	\$620.29	\$624.05

3. These rates are in lieu of, not in addition to, those established by Order 2001-11-14, November 28, 2001;

4. We direct Big Sky Transportation Co., d/b/a Big Sky Airlines, 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;

5. We find that Big Sky Transportation Co., d/b/a Big Sky Airlines, continues to be fit, willing and able to operate as a commuter air carrier and capable of providing reliable essential air service at El Dorado/Camden, Jonesboro, Harrison and Hot Springs, Arkansas, Enid and Ponca City, Oklahoma, and Brownwood, Texas;

6. We direct any interested persons having objections to the selection of Big Sky to provide essential air service as described in ordering paragraph 1 above, at the rates set forth in ordering

⁷ See Appendix D for the calculation of these rates, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of these rates may be required.

paragraph 2 above, to file such objections or competing service proposals no later than 20 days from the date of service of this order;⁸

7. If we receive objections or competing proposals within the 20-day period, Big Sky will be compensated at the subsidy rates set forth in ordering paragraph 2 above as final rates until all objections are resolved;

8. We will afford full consideration to the matters and issues raised in any timely and properly filed objections and service proposals before we take further action.⁹ If no objections or competing service proposals are filed, all further procedural steps will be deemed waived and this order shall become effective on the twenty-first day after its service date;

9. These dockets will remain open until further order of the Department; and

10. We will serve copies of this order on the mayors and airport managers of El Dorado/Camden, Jonesboro, Harrison and Hot Springs, Arkansas, Enid and Ponca City, Oklahoma, and Brownwood, Texas; Big Sky Transportation Co., d/b/a Big Sky Airlines; and the persons listed in Appendixes E, F and G.

By:

READ C. VAN DE WATER
Assistant Secretary for Aviation
and International Affairs

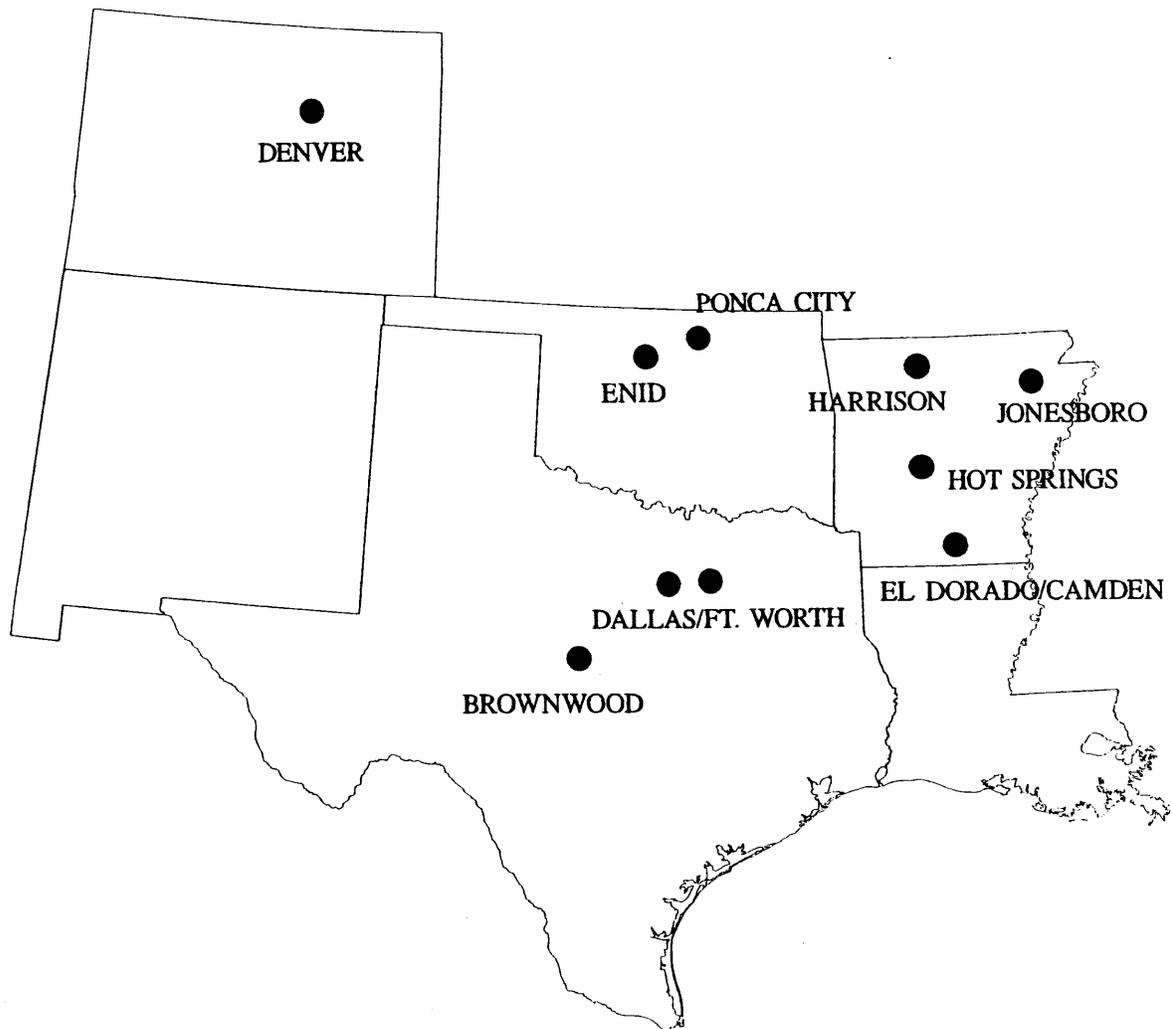
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*An electronic version of this document is available
on the World Wide Web at <http://dms.dot.gov>*

⁸ Objections should be filed with the Documentary Services Division, SVC-124, Room PL-401, Department of Transportation, 400 7th Street S.W., Washington DC 20590. Proposals to provide essential air service should be filed with the Chief, EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6417I, Department of Transportation, at the same address. Questions regarding filings in response to this order may be directed to Dennis J. DeVany at (202) 366-1061.

⁹ Since we are providing for the filing of objections to this order, we will not entertain petitions for reconsideration.

MAP



BIG SKY TRANSPORTATION CO., d/b/a BIG SKY AIRLINES
ANNUAL COMPENSATION REQUIREMENTS FOR
EL DORADO/CAMDEN, JONESBORO, HARRISON AND HOT SPRINGS, ARKANSAS,
ENID AND PONCA CITY, OKLAHOMA, AND BROWNWOOD, TEXAS
(December 1, 2001, through May 31, 2002)

	<u>El Dorado/Camden and Jonesboro</u>	<u>Harrison and Hot Springs</u>	<u>Enid and Ponca City</u>	<u>Brownwood</u>
Departures (p. 5)	2,974	3,568	4,163	1,784
Block Hours:				
Revenue (p. 6)	3,271	3,122	3,775	1,338
Non-revenue	<u>124</u>	<u>119</u>	<u>143</u>	<u>51</u>
Total Block Hours	3,395	3,241	3,918	1,389
Passengers (p. 7)	6,045	7,719	13,217	3,965
Revenues:				
Passenger (p. 7)	\$ 521,509	\$ 527,228	\$1,127,551	\$ 146,705
Freight	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$ 521,509	\$ 527,228	\$1,127,551	\$ 146,705
Direct Expenses:				
Flying Operations	\$ 377,490	\$ 360,367	\$ 435,642	\$ 154,443
Fuel & Oil	354,778	338,685	409,431	145,151
Direct Maintenance	545,746	520,991	629,819	223,282
Maintenance Burden	106,146	101,321	122,490	43,423
Aircraft Lease	225,000	324,338	392,104	139,002
Hull Insurance	76,651	110,493	133,579	47,354
Property Tax on Aircraft	<u>13,494</u>	<u>19,452</u>	<u>23,517</u>	<u>8,337</u>
Total Direct Expenses	\$1,699,305	\$1,775,647	\$2,146,582	\$ 760,992
Indirect Expenses:				
Advertising	10,000	10,000	10,000	5,000
Dpt-related Expenses	537,448	659,662	779,286	316,256
Traffic-related Expenses	91,824	117,252	200,766	60,228
G&A and Deprec	<u>166,747</u>	<u>171,832</u>	<u>342,076</u>	<u>41,516</u>
Total Indirect Expenses	\$ 806,091	\$ 958,746	\$1,332,128	\$ 423,000
Total Operating Expenses	\$2,505,324	\$2,734,393	\$3,478,710	\$1,183,992
Operating Loss	\$1,983,815	\$2,207,165	\$2,351,159	\$1,037,287
Profit Element at 5% of Total Operating Expenses	\$ 125,266	\$ 136,720	\$ 173,936	\$ 59,200
Interest	\$ 18,797	\$ 20,910	\$ 22,181	\$ 10,112
Compensation Requirement	\$2,127,865	\$2,364,795	\$2,547,276	\$1,106,599

BIG SKY TRANSPORTATION CO., d/b/a BIG SKY AIRLINES
ANNUAL COMPENSATION REQUIREMENTS FOR
EL DORADO/CAMDEN, JONESBORO, HARRISON AND HOT SPRINGS, ARKANSAS,
ENID AND PONCA CITY, OKLAHOMA, AND BROWNWOOD, TEXAS
(June 1, 2002, through November 30, 2003)

	El Dorado/Camden and Jonesboro	Harrison and Hot Springs	Enid and Ponca City	Brownwood
Departures (App. B, p. 3)	2,974	3,568	4,163	1,784
Block Hours:				
Revenue (App. B, p. 4)	3,271	3,122	3,775	1,338
Non-revenue	<u>124</u>	<u>119</u>	<u>143</u>	<u>51</u>
Total Block Hours	3,395	3,241	3,918	1,389
Passengers (App. B, p. 5)	7,690	10,530	15,870	4,280
Revenues:				
Passenger (App. B, p. 5)	\$ 662,490	\$ 719,440	\$1,354,500	\$ 158,360
Freight	<u>6,625</u>	<u>7,194</u>	<u>13,545</u>	<u>1,584</u>
Total Revenues	\$ 669,115	\$ 726,634	\$1,368,045	\$ 159,944
Direct Expenses:				
Flying Operations	\$ 385,502	\$ 368,016	\$ 444,889	\$ 157,721
Fuel & Oil	354,778	338,685	409,431	145,151
Direct Maintenance	556,067	530,843	641,729	227,504
Maintenance Burden	108,268	103,347	124,940	44,292
Aircraft Lease	225,000	324,388	392,104	139,002
Hull Insurance	76,651	110,493	133,579	47,354
Property Tax on Aircraft	<u>13,494</u>	<u>19,452</u>	<u>23,517</u>	<u>8,337</u>
Total Direct Expenses	\$1,719,760	\$1,795,224	\$2,170,189	\$ 769,361
Indirect Expenses:				
Advertising	10,000	10,000	10,000	5,000
Dpt-related Expenses	546,853	671,206	792,924	321,790
Traffic-related Expenses	116,811	159,951	241,065	65,013
G&A and Deprec	<u>166,747</u>	<u>171,832</u>	<u>342,076</u>	<u>41,516</u>
Total Indirect Expenses	\$ 840,411	\$1,012,989	\$1,386,065	\$ 433,319
Total Operating Expenses	\$2,560,171	\$2,808,213	\$3,556,254	\$1,202,680
Operating Loss	\$1,891,056	\$2,081,579	\$2,188,209	\$1,042,736
Profit Element at 5% of Total Operating Expenses	\$ 128,009	\$ 140,411	\$ 177,813	\$ 60,134
Interest	\$ 18,296	\$ 20,831	\$ 21,808	\$ 10,435
Compensation Requirement	\$2,037,361	\$2,242,821	\$2,387,830	\$1,113,305

ANNUAL SCHEDULED DEPARTURES

EL DORADO/CAMDEN AND JONESBORO

Dallas/Ft. Worth-El Dorado/Camden-Jonesboro	
8 dpts x 313 service days x .95 =	2,379
Dallas/Ft. Worth-El Dorado/Camden	
2 dpts x 313 service days x .95 =	<u>595</u>
	2,974

HARRISON AND HOT SPRINGS

Dallas/Ft. Worth-Hot Springs-Harrison	
12 dpts x 313 service days x .95 =	3,568

ENID AND PONCA CITY

Dallas/Ft. Worth-Ponca City-Enid-Dallas/Ft. Worth	
3 dpts x 261 weekdays x .95 =	744
Ponca City-Enid-Dallas/Ft. Worth-Enid-Ponca City	
4 dpts x 261 weekdays x .95 =	992
Dallas/Ft. Worth-Ponca City-Enid-Dallas/Ft. Worth	
3 dpts x 365 days x .95 =	1,040
Ponca City-Enid-Denver-Enid-Ponca City	
4 dpts x 365 days x .95 =	<u>1,387</u>
	4,163

BROWNWOOD

6 dpts x 313 service days x .95 =	1,784
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ANNUAL SCHEDULED BLOCK HOURS

EL DORADO/CAMDEN AND JONESBORO

Dallas/Ft. Worth-El Dorado/Camden-Jonesboro
4 flts x (70 + 60 min)/60 x 313 service days x .95 = 2,577
Dallas/Ft. Worth-El Dorado/Camden
2 flts x 70 min/60 x 313 service days x .95 = 694
3,271

HARRISON AND HOT SPRINGS

Dallas/Ft. Worth-Hot Springs-Harrison
6 flts x (70 + 35 min)/60 x 313 service days x .95 = 3,122

ENID AND PONCA CITY

Dallas/Ft. Worth-Ponca City-Enid-Dallas/Ft. Worth
1 flt x (70 + 20 + 70 min)/60 x 261 weekdays x .95 = 661
Ponca City-Enid-Dallas/Ft. Worth-Enid-Ponca City
1 flt x (20 + 70 + 70 + 20 min)/60 x 261 weekdays x .95 = 744
Dallas/Ft. Worth-Ponca City-Enid-Dallas/Ft. Worth
1 flt x (70 + 20 + 70 min)/60 x 365 days x .95 = 925
Ponca City-Enid-Denver-Enid-Ponca City
1 flt x (20 + 105 + 105 + 20 min)/60 x 365 days x .95 = 1,445
3,775

BROWNWOOD

Dallas/Ft. Worth-Brownwood
6 flts x 45 min/60 x 313 service days x .95 = 1,338

ANNUAL PASSENGERS AND PASSENGER REVENUE
(to/from Dallas/Ft. Worth, except as noted)

COMMUNITIES	PASSENGERS			REVENUE	
	12/1/01- 5/31/02	6/1/02- 11/30/03	AVG. FARE	12/1/01- 5/31/02	6/1/02- 11/30/03
EL DORADO/CAMDEN AND JONESBORO					
El Dorado/Camden	2,330	2,740	\$ 81.00	\$ 188,730	\$ 221,940
Jonesboro	4,500	4,950	89.00	400,500	440,950
	<u>6,830</u>	<u>7,690</u>		<u>\$ 589,230</u>	<u>\$ 662,490</u>
HARRISON AND HOT SPRINGS					
Harrison	3,970	4,810	\$ 76.00	\$ 301,720	\$ 365,560
Hot Springs	3,920	4,520	69.00	270,480	311,880
Harrison-Hot Springs	1,000	1,200	35.00	35,000	42,000
	<u>8,890</u>	<u>10,530</u>		<u>\$ 607,200</u>	<u>\$ 719,440</u>
ENID AND PONCA CITY					
Enid	3,250	3,540	\$ 60.00	\$ 195,000	\$ 212,400
Ponca City	4,470	5,010	62.00	277,140	310,620
Enid-Denver	3,750	4,250	109.00	408,750	463,250
Ponca City-Denver	2,100	2,470	109.00	228,900	269,230
Dallas/Ft. Worth-Denver	600	600	165.00	99,000	99,000
	<u>14,170</u>	<u>15,870</u>		<u>\$1,208,790</u>	<u>\$1,354,500</u>
BROWNWOOD					
Brownwood	3,965	4,280	\$ 37.00	\$ 146,705	\$ 158,360

APPENDIX C

HISTORICAL ENPLANEMENTS AT
 EL DORADO/CAMDEN, JONESBORO, HARRISON AND HOT SPRINGS, ARKANSAS,
 ENID AND PONCA CITY, OKLAHOMA, AND BROWNWOOD, TEXAS

	EL DORADO/ CAMDEN	JONESBORO	HARRISON	HOT SPRINGS	ENID	PONCA CITY	BROWNWOOD	TOTAL
2000 1st qtr	278	487	443	553	603	647	412	3,423
2nd qtr	427	643	623	737	1,018	1,103	618	5,169
3rd qtr	472	608	641	666	1,081	1,053	528	5,049
4th qtr	341	671	562	571	1,016	975	573	4,709
2001 1st qtr	310	520	642	580	859	764	444	4,119
2nd qtr	337	669	802	764	951	992	570	5,086
3rd qtr	310	556	680	638	967	943	515	4,609
4th qtr	307	572	735	526	789	790	476	4,193
YE December 31, 2000	1,518	2,409	2,269	2,527	3,718	3,778	2,131	18,350
Enplanements per day	4.8	7.7	7.2	8.1	11.9	12.1	6.8	58.6
YE December 31, 2001	1,264	2,317	2,859	2,508	3,566	3,489	2,005	18,007
Enplanements per day	4.0	7.4	9.1	8.0	11.4	11.1	6.4	57.5

SOURCE: Carrier reports. Enplanements represent one-half of total origin-and-destination passengers, and average enplanements per day are based on 313 service days (weekdays and weekends) each year. The total figures for all seven communities include some traffic between the communities that is double-counted.

BIG SKY TRANSPORTATION CO., d/b/a BIG SKY AIRLINES
ESSENTIAL AIR SERVICE AT
EL DORADO/CAMDEN, JONESBORO, HARRISON AND HOT SPRINGS, ARKANSAS,
ENID AND PONCA CITY, OKLAHOMA, AND BROWNWOOD, TEXAS

EFFECTIVE PERIOD	December 1, 2001, through November 30, 2003	
SERVICE		
El Dorado/Camden	18 nonstop round trips to Dallas/Ft. Worth each week	
Jonesboro	12 nonstop or one-stop round trips to Dallas/Ft. Worth each week	
Harrison	18 nonstop or one-stop round trips to Dallas/Ft. Worth each week	
Hot Springs	18 nonstop round trips to Dallas/Ft. Worth each week	
Enid and Ponca City	17 nonstop or one-stop round trips to Dallas/Ft. Worth and 7 nonstop or one-stop round trips to Denver each week. At its own discretion, the carrier may instead operate all 24 round trips to Dallas/Ft. Worth.	
Brownwood	18 nonstop round trips to Dallas/Ft. Worth each week	
AIRCRAFT TYPE	Fairchild Metro III or 23 (19 seats)	
TIMING OF FLIGHTS	Flights must be well-timed and well-spaced to ensure full compensation	
SUBSIDY RATE PER ARRIVAL/DEPARTURE	<u>12/1/01-5/31/02</u>	<u>6/1/02-11/30/03</u>
El Dorado/Camden and Jonesboro	\$715.49 <u>1/</u>	\$685.06 <u>2/</u>
Harrison and Hot Springs	\$662.78 <u>3/</u>	\$628.59 <u>4/</u>
Enid and Ponca City	\$535.37 <u>5/</u>	\$501.86 <u>6/</u>
Brownwood	\$620.29 <u>7/</u>	\$624.05 <u>8/</u>
COMPENSATION CEILING EACH WEEK	<u>12/1/01-5/31/02</u>	<u>6/1/02-11/30/03</u>
El Dorado/Camden and Jonesboro	\$42,929.40 <u>9/</u>	\$41,103.60 <u>10/</u>
Harrison and Hot Springs	\$47,720.16 <u>11/</u>	\$45,258.48 <u>12/</u>
Enid and Ponca City	\$51,395.52 <u>13/</u>	\$48,178.56 <u>14/</u>
Brownwood	\$22,330.44 <u>15/</u>	\$22,465.80 <u>16/</u>

FOOTNOTES APPEAR ON THE FOLLOWING PAGE

FOOTNOTES

- 1/ Annual compensation of \$2,127,865 divided by 2,974 annual arrivals and departures at a 95 percent completion factor, calculated as follows: $10 \times 313 \text{ service days} \times .95 \text{ completion} = 2,974$.
- 2/ Annual compensation of \$2,037,361 divided by 2,974 annual arrivals and departures at a 95 percent completion factor, calculated as follows: $10 \times 313 \text{ service days} \times .95 \text{ completion} = 2,974$.
- 3/ Annual compensation of \$2,364,795 divided by 3,568 annual arrivals and departures at a 95 percent completion factor, calculated as follows: $12 \times 313 \text{ service days} \times .95 \text{ completion} = 3,568$.
- 4/ Annual compensation of \$2,242,821 divided by 3,568 annual arrivals and departures at a 95 percent completion factor, calculated as follows: $12 \times 313 \text{ service days} \times .95 \text{ completion} = 3,568$.
- 5/ Annual compensation of \$2,547,276 divided by 4,758 annual arrivals and departures at a 95 percent completion factor, calculated as follows: $16 \times 313 \text{ service days} \times .95 \text{ completion} = 4,758$.
- 6/ Annual compensation of \$2,387,830 divided by 4,758 annual arrivals and departures at a 95 percent completion factor, calculated as follows: $16 \times 313 \text{ service days} \times .95 \text{ completion} = 4,758$.
- 7/ Annual compensation of \$1,106,599 divided by 1,784 annual arrivals and departures at a 95 percent completion factor, calculated as follows: $6 \times 313 \text{ service days} \times .95 \text{ completion} = 1,784$.
- 8/ Annual compensation of \$1,113,305 divided by 1,784 annual arrivals and departures at a 95 percent completion factor, calculated as follows: $6 \times 313 \text{ service days} \times .95 \text{ completion} = 1,784$.
- 9/ Subsidy rate per arrival/departure of \$715.49 multiplied by 60 subsidy-eligible arrivals and departures each week.
- 10/ Subsidy rate per arrival/departure of \$685.06 multiplied by 60 subsidy-eligible arrivals and departures each week.
- 11/ Subsidy rate per arrival/departure of \$662.78 multiplied by 72 subsidy-eligible arrivals and departures each week.
- 12/ Subsidy rate per arrival/departure of \$628.59 multiplied by 72 subsidy-eligible arrivals and departures each week.
- 13/ Subsidy rate per arrival/departure of \$535.37 multiplied by 96 subsidy-eligible arrivals and departures each week.
- 14/ Subsidy rate per arrival/departure of \$501.86 multiplied by 96 subsidy-eligible arrivals and departures each week.
- 15/ Subsidy rate per arrival/departure of \$620.29 multiplied by 36 subsidy-eligible arrivals and departures each week.
- 16/ Subsidy rate per arrival/departure of \$624.05 multiplied by 36 subsidy-eligible arrivals and departures each week.

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 the rate 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 this rate, 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 requirements 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 this order 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.

SERVICE LIST FOR THE STATE OF ARKANSAS

ACT International Airlines, Inc.
Aero Freight, Inc.
Amerijet International, Inc.
Aspen Airways, Inc.
Conquest Airlines Corporation
Corporate Airlines, Inc.
Corporate Aviation Services, Inc.
Cotton Belt Aviation, Inc.
Delta Connection
Exec Express II, Inc.
Express Airlines I, Inc.
Express Airlines II, Inc.
Grand Airways, Inc.
Gunnell Aviation, Inc.
L'Express, Inc.
Laredo Air, Inc.
Las Vegas Airlines, Inc.
Metro Express II, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest Airlink
Patterson Aviation Company
Redwing Airways, Inc.
Rocky Mountain Helicopters, Inc.
Ross Aviation, Inc.
Scenic Airlines, Inc.
Sun Pacific Airlines, Inc.
Texas National Airlines, Inc.
Trans States Airlines, Inc.
Westward Airways, Inc.

Chester Anderson
Louis Andrews
Ken Bannon
Moise Berger
Richard Cass
Richard Thomas Clarke
Doug Franklin
E.B. Freeman
A. Edward Jenner
Keith Kahle
Lee Mason
Helen McCoy
John McFarlane
Richard A. Raymer
D.E. Rowan
Andrew Spinks
Larry Tiffin
Robert Wigmore

SERVICE LIST FOR THE STATE OF OKLAHOMA

ACT International Airlines, Inc.
Aero Freight, Inc.
Air Midwest, Inc.
Amerijet International, Inc.
Conquest Airlines Corporation
Corporate Airlines, Inc.
Corporate Aviation Services, Inc.
Delta Connection
Exec Express II, Inc.
Lone Star Airlines, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest AirlinK
Redwing Airways, Inc.
Renown Aviation, Inc.
Texas National Airlines, Inc.
Trans States Airlines, Inc.
Westward Airways, Inc.

Francis Armstrong
Ken Bannon
Doug Franklin
E.B. Freeman
A. Edward Jenner
Keith Kahle
Wes Marden
Lee Mason
John McFarlane
Andrew Spinks
Wayne Trawick
Robert Wigmore

SERVICE LIST FOR THE STATE OF TEXAS

ACT International Airlines, Inc.
Aero Freight, Inc.
Air L.A., Inc.
Air Midwest, Inc.
Air Transport, Inc.
Alpine Air Express
Amerijet International, Inc.
Aspen Airways, Inc.
Blue Ridge Airlines
Corporate Airlines, Inc.
Delta Connection
Exec Express II, Inc.
Indianapolis Heliport Corporation
L'Express, Inc.
Laredo Air, Inc.
Lone Star Airlines, Inc.
Mesa Airlines, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest AirlinK
Premier Aviation Services, Inc.
Rio Grande Air
Ross Aviation, Inc.
Texas National Airlines, Inc.
Westward Airways, Inc.

Francis Armstrong
Ken Bannon
Jeff Fonner
Doug Franklin
E.B. Freeman
Ben Harrison
A. Edward Jenner
Keith Kahle
William Kostel
Wes Marden
Lee Mason
Helen McCoy
John McFarlane
Andy Pike
D.E. Rowan
William C. Seigler
Andrew Spinks
Wayne Trawick
Robert Wigmore
Tim Woldridge