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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 27th day of February, 2002

Served: March 4, 2002

Essential Air Service at  
  
**IRON MOUNTAIN/KINGSFORD, MICHIGAN  
MANISTEE/LUDINGTON, MICHIGAN  
IRONWOOD, MICHIGAN/ASHLAND,  
WISCONSIN, and  
OSHKOSH, WISCONSIN**  
  
under 49 U.S.C. 41731 *et seq.*

Docket OST-1999-5175 -13  
Docket OST-1996-1711 -13  
  
Docket OST-1996-1266 -16  
Docket OST-1999-5712 -41

**ORDER REQUESTING PROPOSALS**

**Summary**

By this order we are requesting proposals from air carriers interested in providing essential air service at Iron Mountain/Kingsford, Michigan; Manistee/Ludington, Michigan; Ironwood, Michigan/Ashland, Wisconsin; and Oshkosh, Wisconsin.

**Background**

By Order 99-12-2, December 1, 1999, the Department selected Great Lakes Aviation, Ltd., to provide essential air service at Iron Mountain/Kingsford, Michigan. Subsidy was set at an annual rate of \$473,599 for the period of December 1, 1999, through November 30, 2001, for a minimum of three round trips each weekday and each weekend nonstop to Chicago O'Hare Airport, with 30-seat Embraer Brasilia aircraft.

By Order 2001-7-17, July 31, 2001, the Department selected Great Lakes to provide essential air service at Manistee/Ludington, Michigan. Subsidy was set at an annual rate of \$542,168, for the period of January 1, 2001, until further Department action, for a minimum of two round trips each weekday and each weekend (nonstop or one-stop over Oshkosh) to Chicago O'Hare Airport, with 19-seat Beech 1900-D aircraft.

By Orders 2000-8-13, August 14, 2000, and 2000-9-13, September 13, 2000, the Department selected Great Lakes to provide essential air service at Ironwood,

Michigan/Ashland, Wisconsin. Subsidy was set at an annual rate of \$544,269, for the period of July 1, 2000, through June 30, 2002, for a minimum of two round trips each weekday and each weekend nonstop to Minneapolis/St. Paul, with 19-seat Beech 1900-D aircraft.

By Order 99-10-6, October 6, 1999, the Department selected Great Lakes to provide essential air service at Oshkosh, Wisconsin. Subsidy was set at an annual rate of \$460,392, for the period of August 18, 1999, until further Department action for a minimum of two nonstop round trips each weekday and each weekend nonstop to Chicago O'Hare Airport with 19-passenger Beech 1900-D aircraft.

Our normal procedure as we near the end of essential air service carrier selection terms would be to negotiate new rates with the incumbent carriers and issue "show cause" orders tentatively selecting the carriers for a new two-year rate term. Other carriers would have the opportunity to object to our tentative selection and to file competing proposals. The Department would then process a formal carrier selection case. We have, however, been notified that at least one other prospective applicant has an interest in submitting proposals to provide essential air service, particularly at Iron Mountain/Kingsford, Manistee/Ludington, and Ironwood/Ashland. Accordingly, we will forego the show-cause procedure and instead request replacement service proposals now.

#### **Essential Air Service Determinations**

Essential air service at Iron Mountain/Kingsford is defined as at least two round trips each weekday and each weekend to Chicago (with up to two intermediate stops permitted), Milwaukee (with up to two intermediate stops permitted), or Green Bay (one intermediate stop permitted), with sufficient capacity to accommodate 17 enplanements each service day.<sup>1</sup>

Essential air service at Manistee/Ludington is defined as at least two round trips each weekday and each weekend to Chicago (one intermediate stop permitted), with sufficient capacity to accommodate 3 enplanements each service day.<sup>2</sup> To accommodate this traffic under the Department's Policy (14 CFR 398), 6 seats a day should be provided.

Essential air service at Ironwood/Ashland is defined as at least two round trips each weekday and each weekend to Chicago (with up to two intermediate stops permitted), Milwaukee (with up to two intermediate stops permitted), Green Bay (one intermediate stop permitted) or Minneapolis/St. Paul (one intermediate stop permitted), with sufficient capacity to accommodate 11 enplanements each service day.<sup>3</sup> To

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<sup>1</sup> Order 88-5-30, May 10, 1988.

<sup>2</sup> Order 84-11-17, November 5, 1984.

<sup>3</sup> Order 88-5-30, May 10, 1988.

accommodate this traffic under the Department's Policy (14 CFR 398), 18 seats a day should be provided with 15-seat or larger aircraft.

Essential air service at Oshkosh is defined as at least two round trips each weekday and each weekend to Chicago (one intermediate stop permitted), with sufficient capacity to accommodate 40 enplanements each service day.<sup>4</sup> To accommodate this traffic under the Department's Policy (14 CFR 398), 67 seats a day should be provided.

### **Request for Proposals**

We will solicit proposals from carriers interested in providing replacement service at Iron Mountain/Kingsford, Manistee/Ludington, Ironwood/Ashland, and Oshkosh. We request proposal options that would provide the communities with service to any of the designated hubs of Chicago, Milwaukee, or Minneapolis/St. Paul (as appropriate), consisting of at least two round trips a day (we encourage carriers interested in serving Iron Mountain/Kingsford to submit proposals offering three round trips a day), nonstop or one-stop, six days a week, with twin-engine, two-pilot, 15-passenger-seat, pressurized aircraft. The proposals should offer at least enough daily seats to accommodate the most recent average daily enplanements at a 60-percent load factor. Notwithstanding Oshkosh's almost 20-year-old essential air service determination, we request proposals for two round trips each day providing sufficient capacity to accommodate recent traffic levels; as service at nearby Appleton has grown, traffic levels at Oshkosh have fallen to very low levels. We will also entertain proposals to serve other hubs that provide access to the national air transportation system in order to give the Department and the communities as broad an array of proposals as possible from which to choose. Of course, as always, we will formally solicit the communities' 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 in Appendix B.

### **Procedures for Filing 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 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

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<sup>4</sup> Order 84-7-77, July 26, 1984.

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.

### **Community and State Comments**

The communities and States of Michigan and Wisconsin are welcome to submit comments on the proposals at any time.<sup>6</sup> 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.<sup>7</sup>

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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; (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).

<sup>6</sup> Civic parties should file an original and five copies of their comments in the appropriate docket(s). This filing should be addressed to:

Dockets Operations and Media Management, SVC-124  
Office of the Secretary  
U.S. Department of Transportation  
Room PL401  
400 Seventh Street, S.W.  
Washington, D.C. 20590

<sup>7</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.

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

**ACCORDINGLY**

1. We request that air carriers interested in providing essential air service at Iron Mountain/Kingsford, Michigan; Manistee/Ludington, Michigan; Ironwood, Michigan/Ashland, Wisconsin; and Oshkosh, Wisconsin; 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 Aviation Economic 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, DC 20590, with the title: "Proposal To Provide Essential Air Service at Iron Mountain/Kingsford, Michigan, Docket OST-1999-5175, and/or Manistee/Ludington, Michigan, Docket OST-1996-1711, and/or Ironwood, Michigan/Ashland, Wisconsin, Docket OST-1996-1266, and/or Oshkosh, Wisconsin, Docket OST-1999-5712;" <sup>8</sup>
2. Dockets OST-1999-5175, OST-1996-1711, OST-1996-1266, and OST-1999-5712 will remain open until further Department order; and

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<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.

3. We will serve copies of this order on the Mayors of Iron Mountain, Kingsford, Manistee, Ludington, and Ironwood, Michigan; and Ashland and Oshkosh, Wisconsin; the managers of Ford Airport (Iron Mountain/Kingsford), Manistee County-Blacker Airport, Gogebic/Iron County Airport (Ironwood/Ashland), and Wittman Regional Airport (Oshkosh); the Michigan Bureau of Aeronautics and the Wisconsin Department of Aviation, Bureau of Aeronautics; and Great Lakes Aviation, Ltd.

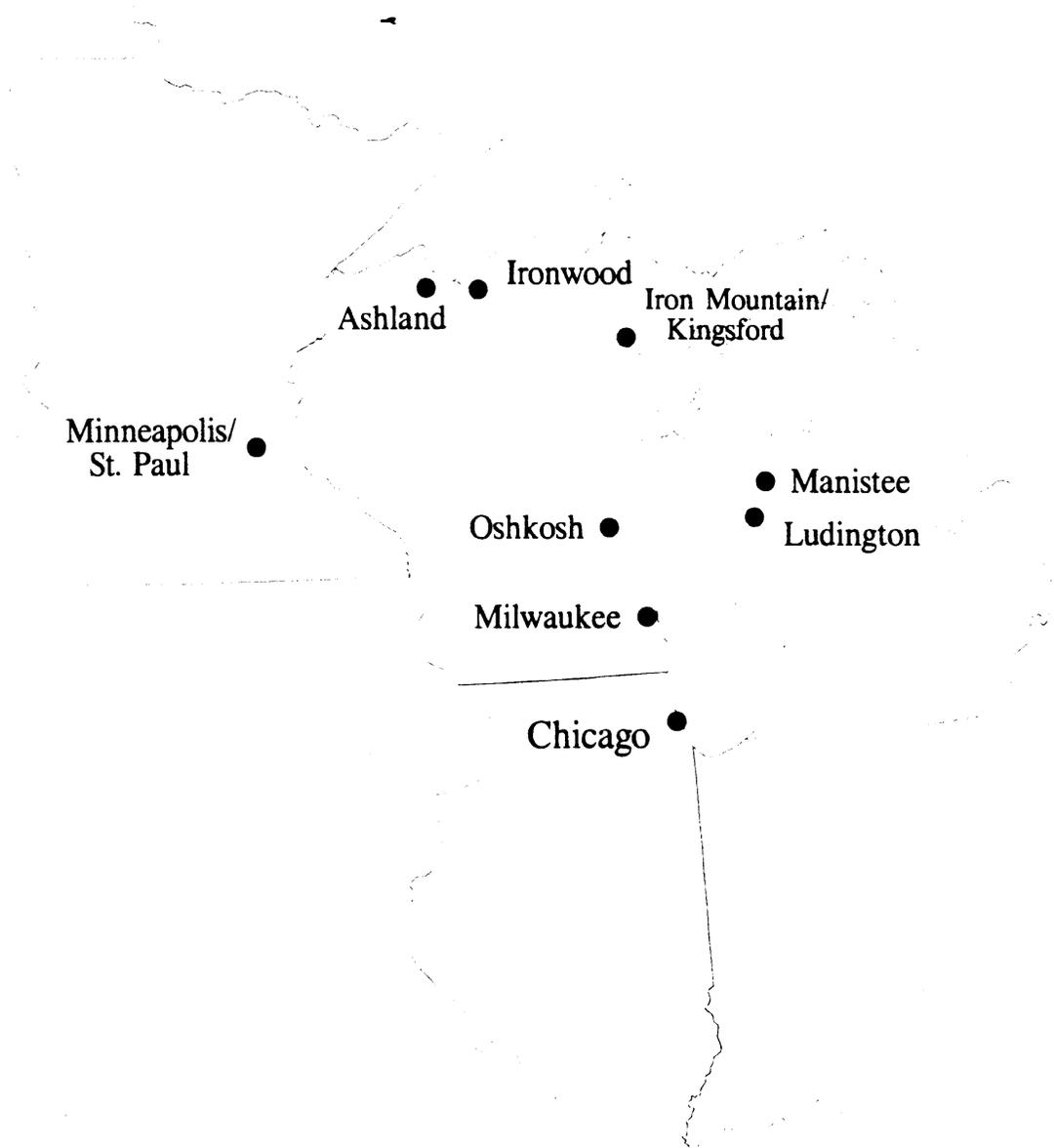
By:

**READ C. VAN de WATER**  
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



Essential Air Service at Iron Mountain/Kingsford, Michigan  
Historical Origin-Destination Passenger Traffic (both directions)

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> <sup>1</sup>	<u>Average annual enplanements</u> <sup>2</sup>	<u>Average Enplanements per service day</u> <sup>3</sup>
12/31/1989	18,065	9,032	28.9
12/31/1990	21,091	10,546	33.7
12/31/1991	16,655	8,328	26.6
12/31/1992	20,264	10,132	32.3
12/31/1993	23,628	11,814	37.7
12/31/1994	21,724	10,862	34.7
12/31/1995	21,852	10,926	34.9
12/31/1996	20,092	10,046	32.0
12/31/1997	13,795	6,898	22.0
12/31/1998	12,077	6,038	19.3
12/31/1999	18,708	9,354	29.9
12/31/2000	17,963	8,982	28.6
6/30/2001	17,595	8,798	28.1

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<sup>1</sup> Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, for traffic reported by Great Lakes Aviation.

<sup>2</sup> Origin-destination passengers divided by two.

<sup>3</sup> Average annual enplanements divided by 313 effective annual service days, except for the four quarters ended 12/31/1992, 12/31/1996, and 12/31/2000 (314 effective annual service days)

Essential Air Service at Manistee/Ludington, Michigan  
Historical Origin-Destination Passenger Traffic (both directions)

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> <sup>4</sup>	<u>Average annual enplanements</u> <sup>5</sup>	<u>Average Enplanements per service day</u> <sup>6</sup>
12/31/1989	5,677	2,838	9.1
12/31/1990	4,278	2,139	6.8
12/31/1991	2,816	1,408	4.5
12/31/1992	4,280	2,140	6.8
12/31/1993	3,616	1,808	5.8
12/31/1994	3,015	1,508	4.8
12/31/1995	3,387	1,694	5.4
12/31/1996	2,363	1,182	3.8
12/31/1997	2,206	1,103	3.5
12/31/1998	2,513	1,256	4.0
12/31/1999	2,506	1,253	4.0
12/31/2000	2,502	1,251	4.0
6/30/2001	2,736	1,368	4.4

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<sup>4</sup> Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, for traffic reported by Great Lakes Aviation.

<sup>5</sup> Origin-destination passengers divided by two.

<sup>6</sup> Average annual enplanements divided by 313 effective annual service days, except for the four quarters ended 12/31/1992, 12/31/1996, and 12/31/2000 (314 effective annual service days)

Essential Air Service at Ironwood, Michigan/Ashland, Wisconsin  
Historical Origin-Destination Passenger Traffic (both directions)

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> <sup>7</sup>	<u>Average annual enplanements</u> <sup>8</sup>	<u>Average Enplanements per service day</u> <sup>9</sup>
12/31/1989	5,097	2,548	8.1
12/31/1990	10,126	5,063	16.2
12/31/1991	8,281	4,140	13.2
12/31/1992	8,011	4,006	12.8
12/31/1993	9,764	4,882	15.6
12/31/1994	8,865	4,432	14.2
12/31/1995	6,600	3,300	10.5
12/31/1996	5,548	2,774	8.8
12/31/1997	3,202	1,601	5.1
12/31/1998	4,245	2,122	6.8
12/31/1999	3,828	1,914	6.1
12/31/2000	4,012	2,006	6.4
6/30/2001	4,071	2,036	6.5

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<sup>7</sup> Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, for traffic reported by Great Lakes Aviation.

<sup>8</sup> Origin-destination passengers divided by two.

<sup>9</sup> Average annual enplanements divided by 313 effective annual service days, except for the four quarters ended 12/31/1992, 12/31/1996, and 12/31/2000 (314 effective annual service days)

Essential Air Service at Oshkosh, Wisconsin  
Historical Origin-Destination Passenger Traffic (both directions)

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> <sup>10</sup>	<u>Average annual enplanements</u> <sup>11</sup>	<u>Average Enplanements per service day</u> <sup>12</sup>
12/31/1995	20,256	10,128	32.4
12/31/1996	18,108	9,054	28.8
12/31/1997	8,946	4,473	14.3
12/31/1998	9,311	4,656	14.9
12/31/1999	7,922	3,961	12.7
12/31/2000	5,358	2,679	8.5
6/30/2001	5,394	2,697	8.6

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<sup>10</sup> Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, for traffic reported by Great Lakes Aviation.

<sup>11</sup> Origin-destination passengers divided by two.

<sup>12</sup> Average annual enplanements divided by 313 effective annual service days, except for the four quarters ended 12/31/1996 and 12/31/2000 (314 effective annual service days)

Essential Air Service at Iron Mountain/Kingsford and Manistee/Ludington, Michigan;  
Ironwood, Michigan/Ashland, Wisconsin; and Oshkosh, Wisconsin  
Service List for the State of Michigan

Aero Taxi Rockford, Inc.	Chester Anderson
Air Wisconsin, Inc.	Ken Bannon
Allied Airlines, Inc.	David Cole, Chairman
Amerijet International, Inc.	Sabrina Cranor
Bemidji Airlines	Doug Franklin
Chautauqua Airlines, Inc.	E.B. Freeman
Chrysler Pentastar Aviation, Inc.	A. Edward Jenner
Comair, Inc.	Dan Katzka
Delta Connection	Lee Mason
Direct Air, Inc.	John McFarlane
Enterprise Airlines, Inc.	Tracy Schoenrock
Executive Airlines, Inc.	Edward Wenz
Florida Air, Inc.	
Great Lakes Aviation, Ltd.	
Jet Services, Inc.	
Jetstream International Airlines, Inc.	
Logansport Flying Service, Inc.	
Mesaba Aviation, Inc.	
Metroflight, Inc.	
Michigan Airways, Inc.	
Midway Airlines, Inc.	
Midwest Aviation	
Midwest Express Airlines, Inc.	
Northcoast Executive Airlines, Inc.	
Northwest Airlink	
Pennsylvania Commuter Airlines, Inc.	
Planemaster Services Inc.	
Scott Aviation, Inc.	
Shawano Flying Service, Inc.	
Simmons Airlines, Inc.	
Southern Air Transport, Inc.	
Trans North Aviation Ltd.	
Welch Aviation, Inc.	
Westward Airways, Inc.	

Essential Air Service at Iron Mountain/Kingsford and Manistee/Ludington, Michigan;  
Ironwood, Michigan/Ashland, Wisconsin; and Oshkosh, Wisconsin  
Service List for the State of Wisconsin

Aero Taxi Rockford, Inc.	Tom Alton
Air Casino, Inc.	Chester Anderson
Air Wisconsin, Inc.	Ken Bannon
AirVantage, Inc.	Sabrina Cranor
Amerijet International, Inc.	Doug Franklin
Bemidji Airlines	E.B. Freeman
Chicago Air Taxi, Inc.	A. Edward Jenner
Chicago Express Airlines, Inc.	Dan Katzka
Delta Connection	Lee Mason
Direct Air, Inc.	John McFarlane
Dwyer Aircraft Sales, Inc.	Tracy Schoenrock
Executive Airlines, Inc.	Edward Wenz
Gorda Aero Service, Inc.	
Great Lakes Aviation, Ltd.	
Imperial International, Inc.	
Jet Services, Inc.	
Mesaba Aviation, Inc.	
Metroflight, Inc.	
Michigan Airways, Inc.	
Midway Airlines, Inc.	
Midwest Aviation	
Midwest Express Airlines, Inc.	
Northwest Airlink	
Planemaster Services Inc.	
Scott Aviation, Inc.	
Shawano Flying Service, Inc.	
Simmons Airlines, Inc.	
Thunderbird Aviation, Inc.	
Trans North Aviation Ltd.	
Welch Aviation, Inc.	
Westward Airways, Inc.	
Wise Aviation Company	