

Posted: July 25, 1997 2 p.m.

Order 97-7-26
Served: July 31, 1997



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

Issued by the Department of Transportation
on the 25th day of July, 1997

Essential air service at

PAGE, ARIZONA

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

Docket OST 97-2694

ORDER SETTING FINAL SUBSIDY RATE

Summary

By this order we are setting a final subsidy rate for Scenic Airlines' emergency interim service at Page, Arizona.

Background

By Order 97-7-18, issued July 18, 1997, the Department selected Scenic Airlines to provide emergency essential air service at Page, Arizona, effective July 14, 1997, through September 7, 1997, or until Great Lakes Aviation or Mesa Airlines inaugurates full essential air service, whichever comes first. Service was to consist of two daily nonstop round trips between Page and Phoenix with 9-seat Cessna 208 aircraft. Compensation for this service was set at \$2,450 per round trip, less actual passenger revenue.

Order 97-7-18 also stated that the Department and Scenic would continue discussions and, based on the carrier's first week's experience at Page, the parties would work toward converting the carrier's subsidy rate to a fixed rate for each eligible flight completed.

Carrier Proposal

Scenic has submitted such a proposal to convert its subsidy rate to a fixed rate. After discussions between Department staff and carrier officials, Scenic has agreed to continue its present service of two nonstop round trips per day to Phoenix with 9-seat Cessna 208 aircraft at a fixed subsidy rate of \$1,750 per round trip.

We have determined that the amount of subsidy requested is reasonable for the service to be provided and note that the rate is less than the carrier's normal charter rate for this type of aircraft. We will therefore set a subsidy rate of \$1,750 per each completed round trip for Scenic's provision of essential air service at Page as described above, and will make that rate effective July 19, 1997, through September 7, 1997, or until Great Lakes or Mesa Airlines inaugurates full essential air service, whichever comes first.

This order is issued under authority assigned in 49 CFR 385.12(k)(7), and Order 97-7-18.

ACCORDINGLY

1. The Department sets the final rate of compensation for Scenic Airlines, Inc., for the provision of emergency essential air service at Page, Arizona, at the rate set forth in Appendix A to this order, for the period July 19, 1997, through September 7, 1997, or until Great Lakes Aviation or Mesa Airlines inaugurates full essential air service at Page, whichever comes first;
2. We direct Scenic Airlines, Inc., 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;
4. We find that Scenic Airlines, Inc., continues to be fit, willing and able to operate as a commuter air carrier and capable of providing essential air service at Page, Arizona;
5. This docket shall remain open until further order of the Department; and
6. We will serve copies of this order on the Mayor and airport managers of Page, Arizona, the Arizona Department of Transportation; the Governor of Arizona; Great Lakes Aviation; Scenic Airlines; and Mesa Airlines.

By:

JOHN V. COLEMAN
Director
Office of Aviation Analysis

(SEAL)

**SCENIC AIRLINES, INC.
ESSENTIAL AIR SERVICE AT PAGE, ARIZONA**

EFFECTIVE PERIOD:

Starting July 19, 1997, and ending close of business on September 7, 1997, or when either Great Lakes Aviation or Mesa Airlines inaugurates full essential air service at Page, whichever occurs first

SCHEDULED PASSENGER SERVICE:

2 nonstop round trips each day between Page and Phoenix

AIRCRAFT TYPE:

Cessna 208, 9 seats, with a pilot and co-pilot

TIMING OF FLIGHTS:

Flights must be well-timed and well-spaced to ensure full compensation.

SUBSIDY RATE:

\$1,750 per completed round trip

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 this 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 the agreement 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.