



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

Issued by the Department of Transportation
on the 8th day of April, 2022

Essential Air Service at

EL CENTRO, CALIFORNIA
(FAIN 69A3452260519)¹

DOCKET DOT-OST-2008-0299

HANA, HAWAII
(FAIN 69A3452060522)

DOCKET DOT-OST-1999-6502

under 49 U.S.C. § 41731 *et seq.*

ORDER

Summary

By this Order, the U.S. Department of Transportation (the Department) acknowledges that Southern Airways Express LLC (Southern) acquired certain assets of Mokulele Flight Service, Inc. (Mokulele), including its Essential Air Service (EAS) routes and its trade names² and has operated EAS flights to the communities of El Centro, California and Hana, Hawaii since the completion of the asset transfer to Southern. The Department further determines that Southern d/b/a Mokulele is and shall be the provider of EAS at El Centro and Hana, Hawaii until the end of each respective EAS contract period described below.

Background

By Order 2018-3-6 (March 7, 2018), the Department selected Mokulele to provide El Centro, California with 24 nonstop round trips per week to Los Angeles International Airport (LAX) using 9-seat Cessna Grand Caravan aircraft, at an annual subsidy of \$2,488,824, for the four-year period from May 1, 2018, through April 30, 2022.

By Order 2020-2-3 (February 3, 2020), the Department selected Mokulele to provide Hana, Hawaii with 14 nonstop round trips per week to Kahului Airport (OGG) in Kahului, Maui, using 9-seat Cessna Caravan aircraft, at annual subsidy rates of \$157,309, \$163,601, \$170,145,

¹ FAIN = Federal Award Identification Number.

² See Notice of Registration of Trade Name, dated February 19, 2019. By this Notice, the Department acknowledged the registration of the trade names "Mokulele Air," "Mokulele Airlines," and "Mokulele Express" for use by Southern in certain of its operations.

\$176,951, respectively, for each year for the period from February 1, 2020, through January 31, 2024.

The complete public file for EAS at El Centro and Hana may be accessed online through the Federal Docket Management System at www.regulations.gov by entering the communities' docket number in the "Search" field.

Decision

As described above, Southern acquired certain assets of Mokulele, including its EAS contracts at El Centro and Hana and its trade names. The transfer and consolidation of Mokulele's assets to Southern was completed in March 2020, at which time Southern, using the trade name "Mokulele Airlines," began operating and marketing flights under the EAS contracts described in Department Orders 2018-3-6 and 2020-2-3.

Subsequently, Mokulele surrendered its Air Carrier Certificate and Operations Specifications to the Federal Aviation Administration (FAA) and the Department cancelled Mokulele's certificate authority.³

In light of the above, the Department confirms that Southern d/b/a Mokulele is the contract holder for all EAS claims submitted for the period beginning on December 1, 2021, through the end of each respective contract period described in Department Orders 2018-3-6 and 2020-2-3. Southern has been compensated for claims through December 2021, and is currently seeking compensation for flights through February 2022, and will be filing claims for compensation for El Centro through April 2022 and Hana through January 2024.

As a reminder, it is the responsibility of all air carrier to apprise all relevant parties at the Department, including the EAS Program Office and the EAS Finance Team, of any changes that would affect how an air carrier is compensated in a timely manner for operating its flights for the EAS program. Further, it is the air carrier's responsibility to maintain all registrations, such as with SAM.gov. The Department does not manage SAM.gov registration, its personnel, or processes.

Air Carrier Fitness

Title 49 U.S.C. §§ 41737(b) and 41738 require the Department find an air carrier fit, willing, and able to provide reliable service before the Department may subsidize it to provide EAS. Southern is subject to the Department's continuing fitness requirements, and no information has come to the Department's attention that would cause the Department to question the air carrier's fitness at this time. The FAA has not raised concerns that would negatively affect the Department's fitness findings. The Department therefore concludes that Southern remains fit to conduct operations at El Centro and Hana.

This Order is issued under authority delegated by the Secretary of Transportation in 49 CFR § 1.25a(b)(6)(ii)(D).

³ See Order 2020-9-21, issued September 22, 2020, in Docket DOT-OST-2005-22935.

ACCORDINGLY,

1. The Department acknowledges and confirms that Southern Airways Express LLC d/b/a Mokulele Airlines is the provider of Essential Air Service at El Centro, California, at the service levels and subsidy rate as described in Order 2018-3-6 (March 7, 2018) for the four-year period from May 1, 2018, through April 30, 2022;
2. The Department acknowledges and confirms that Southern Airways Express LLC d/b/a Mokulele Airlines is the provider of Essential Air Service at Hana, Hawaii, at the service levels and subsidy rates described in Order 2020-2-3 (February 3, 2020), for the period from February 1, 2020, through January 31, 2024;
3. The Department directs Southern Airways Express LLC to retain all books, records, and other source and summary documentation to support claims for payment, including copies of flight logs for aircraft used to provide EAS under this Order and sold or disposed of, 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 three years from the last day of service under this Order, or longer period as the Department may notify the air carrier. If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. The air carrier may forfeit its compensation for any claim that is not supported under the terms of this Order;
4. The Department finds Southern Airways Express LLC is fit, willing, and able to perform Essential Air Service at El Centro, California and Hana, Hawaii;
5. These dockets will remain open pending further Department action; and
6. The Department will serve copies of this Order on the civic officials of the City of El Centro and the City of Imperial, California, Imperial County, the Manager of Imperial County Airport, the State of Hawaii Department of Transportation; the civic officials of Hana, Hawaii; Maui County, Hawaii, and Southern Airways Express LLC.

By:

Joel Szabat
Deputy Assistant Secretary
for Aviation and International Affairs

(SEAL)

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