



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

Issued by the Department of Transportation
on the 31st day of March, 2020

Essential Air Service at

**GREENBRIER/WHITE SULPHUR
SPRINGS, WEST VIRGINIA**
(FAIN 69A3452060448)¹
STAUNTON, VIRGINIA
(FAIN 69A3452060449)

DOCKET DOT-OST-2003-15553

DOCKET DOT-OST-2002-11378

under 49 U.S.C. § 41731 *et seq.*

ORDER SELECTING AIR CARRIER

Summary

By this Order, the U.S. Department of Transportation (the Department) is selecting SkyWest Airlines, Inc. (SkyWest) to provide Essential Air Service (EAS) at Greenbrier/White Sulphur Springs, West Virginia (Greenbrier) and Staunton, Virginia, for the three-year period from April 1, 2020, through March 31, 2023. At both communities, SkyWest will use 50-seat CRJ-200 aircraft to serve Chicago O'Hare International Airport (ORD) and Washington Dulles International Airport (IAD).

At Greenbrier, SkyWest will provide an annual average of 12 round trips per week, with seasonal adjustments during the first year as described in this Order, at an annual subsidy rate of \$3,758,289.

At Staunton, SkyWest will provide 12 round trips per week at an annual subsidy rate of \$3,238,406.²

Background

By Order 2017-11-16 (November 21, 2017), the Department selected SkyWest to provide EAS at Greenbrier and Staunton for the two-year period from April 1, 2018, through March 31, 2020. Under the terms of that Order, SkyWest has provided each community with 12 nonstop round trips per week to ORD and IAD, using CRJ-200 aircraft, at an annual subsidy rate of \$3,994,423 at Greenbrier, and \$2,992,903 at Staunton.

¹ Federal Award Identification Number.

² Such subsidy is calculated and distributed on a fiscal year basis, subject to the availability of funds.

For places outside of Alaska, 49 U.S.C. § 41732(b)(1)(A) requires a minimum of two daily round trips, six days a week, with not more than one intermediate stop on each flight. Title 49 U.S.C. § 41732(c) allows communities to request a waiver from provisions in 49 U.S.C. § 41732, which include minimum weekly service levels.

By Order 2019-6-8 (June 13, 2019),³ the Department approved the request from Greenbrier and SkyWest to operate an alternate service pattern, at no additional annual subsidy. That Order also waived 49 U.S.C. § 41732(b)(1)(A), thereby allowing SkyWest to operate fewer than 12 weekly round trips from January 7, 2020, through March 7, 2020.

In anticipation of the end of that contract, the Department issued Order 2019-10-4 (October 2, 2019), soliciting proposals for a new term, with or without subsidy, for service consistent with what each community currently receives – 12 weekly round trips, using 30- to 50-seat aircraft, to a suitable hub-airport. In response to the Department’s solicitation, SkyWest submitted the only proposal for consideration.

SkyWest’s proposal, as well as the complete public file for EAS at the above communities, may be accessed online through the Federal Docket Management System at www.regulations.gov, by entering each community’s respective docket number in the “SEARCH” field.

SkyWest’s Proposal

SkyWest proposed to provide an average of 12 round trips per week (on an annual basis) to ORD and IAD at an annual subsidy rate of \$3,758,289 at Greenbrier and \$3,238,406 at Staunton. SkyWest has a codeshare agreement with United Airlines and intends to operate the service as United Express, using 50-seat CRJ-200 aircraft. SkyWest indicated in its proposal it intends to spend \$20,000 annually for each community to market the air service.

Community Comments

On November 5, 2019, the Department requested community comments regarding this air carrier selection case.

Greenbrier Comments

By letter dated December 2, 2019, Ms. Deborah Phillips, Chairman of the Greenbrier County Airport Authority, stated that:

We have experienced quality service and SkyWest/United has been reliable, and offered an above standard customer centered service. The air transportation flights provided by SkyWest/United, gives our region one stop service to the world. More importantly it gives the world one stop service to our community. We sincerely believe SkyWest/United’s service assists our region to be a part of the global economy.

Chairman Phillips further stated that, “on behalf of our community, we strongly endorse the proposal from SkyWest Airlines to provide service to our region as outlined in their proposal.”

³ See Order 2019-6-8 for full details on the variable number of round trips during the affected period.

Additionally, by letter dated December 5, 2019, Mr. Brian Belcher, Greenbrier Valley Airport Manager, requested a waiver from 49 U.S.C. § 41732(b)(1)(A) to allow SkyWest to operate fewer than 12 rounds per week from December 1, 2020, through March 3, 2021, to align capacity with demand. Mr. Belcher explained in this letter that the “Greenbrier Valley region is heavily influenced by a seasonal tourism market which shows peak demand April through September with the months of December, January and February seeing noticeably less traffic.”

The Airport Manager asked the Department to waive 49 U.S.C. § 41732(b)(1)(A), which requires two round trips each service day, and to allow SkyWest to operate the proposed schedule below:

- 04/01/20 – 05/07/20 – 12 weekly round trips to a combination of ORD/IAD
- 05/08/20 – 09/30/20 – 16 weekly round trips to a combination of ORD/IAD
- 10/01/20 – 10/24/20 – 14 weekly round trips to a combination of ORD/IAD
- 10/25/20 – 11/30/20 – 12 weekly round trips to a combination of ORD/IAD
- 12/01/20 – 03/03/21 – 7 weekly round trips to a combination of ORD/IAD
- 03/04/21 – 03/27/21 – 12 weekly round trips to a combination of ORD/IAD

Staunton Comments

By letter dated November 12, 2019, Mr. Gerald W. Garber, Chairman of the Shenandoah Valley Regional Airport Commission, wrote that:

Since being awarded the EAS contract for our community in the spring of 2018, SkyWest Airlines has provided exceptional service to our community. Their United branded jet service to United’s hub airports in Chicago and Washington has given our community incredibly reliable, well-timed connectivity to many global destinations along with excellent customer service and passenger experience. SkyWest has truly partnered with our community in an exceptional way. The result of this has been an impressive increase in passenger traffic at the Shenandoah Valley Regional Airport.

Decision

Title 49 U.S.C. § 41733(c)(1) directs the Department to consider five factors when making an air carrier selection not in Alaska: (A) service reliability; (B) contractual and marketing arrangements with a larger air carrier at the hub; (C) interline arrangements with a larger air carrier at the hub; (D) the preferences of the actual and potential users of the service, giving substantial weight to the views of the elected officials representing the actual and potential users of the service; and (E) whether the air carrier has included a plan in its proposal to market the service.⁴

The Department is selecting SkyWest to provide EAS at Greenbrier and Staunton for a new three-year term. SkyWest was the only air carrier to submit a proposal and that proposal aligns well with all the above statutory criteria. SkyWest has been providing reliable EAS, operating

⁴ In addition, the Further Continuing Appropriations Act, 2020, Pub. L. No. 116-94, provides that, when selecting a carrier to provide EAS, the Department may consider the relative subsidy requirements, thus formalizing a factor that has been considered since the inception of the program.

as United Express, at Greenbrier and Staunton since 2018. SkyWest has a codeshare agreement with United and its service allows passengers to connect to United's global network at ORD and IAD. Both communities support the selection of SkyWest to continue providing EAS, and SkyWest included a marketing plan in its proposal.

The Department approves Greenbrier's request to waive, on a seasonal basis, its basic EAS requirement for minimum weekly frequencies as required by 49 U.S.C. § 41732(b)(1)(A) from December 1, 2020, through March 27, 2021. The Department notes that this waiver is limited to the period requested, December 1, 2020, through March 27, 2021, and the community must submit a supplementary waiver request from 49 U.S.C. § 41732(b)(1)(A) for SkyWest to provide a seasonally adjusted schedule after March 27, 2021. Otherwise, the carrier will be required to operate 12 round trips per week after March 27, 2021.

Note Regarding Eligibility

The FAA Modernization and Reform Act, Pub. L. No. 112-95 (February 14, 2012), amended 49 U.S.C. § 41731(a) to change the definition of "eligible place" for the purpose of receiving EAS by adding a new subsection (1)(B). Subsection (1)(B) states that, to be an eligible place for EAS, a community must have averaged 10 or more enplanements per service day, as determined by the Secretary, during the most recent fiscal year beginning after September 30, 2012. This requirement does not apply to locations in Alaska and Hawaii and communities that are more than 175 driving miles from the nearest large- or medium-hub airport.⁵ Staunton is located fewer than 175 miles from IAD, a large hub airport, and therefore is subject to this requirement.

The Department of Transportation and Related Agencies Appropriations Act, 2000, Pub. L. No. 106-69 (Oct. 9, 1999), prohibits the Department from subsidizing EAS for communities located within the 48 contiguous States when per passenger subsidy amounts exceed \$200 (Subsidy Cap), unless the communities are located more than 210 miles from the nearest large- or medium-hub airport.⁶ Staunton is also subject to the Subsidy Cap.

The Department also notes that 49 U.S.C. § 41731(a)(1)(C) states that, to be eligible, a community must have had an average subsidy per passenger of less than \$1,000 during the most recent fiscal year, regardless of distance to a hub airport, as determined by the Secretary of Transportation, or face termination of EAS eligibility. Both Greenbrier and Staunton are subject to the \$1,000 per-passenger subsidy cap.

To be compliant with the above requirements, the Department expects SkyWest and the communities to work together to ensure that they continue to remain eligible for EAS. Should Greenbrier or Staunton fail to comply with the above requirement(s) it may risk having its eligibility in the EAS program terminated. In the event the Department terminates the community's eligibility for EAS due to lack of compliance, that action will supersede this Order.

⁵ See 49 U.S.C. § 41731(c) and (d).

⁶ The Department's process for determining compliance with the Subsidy Cap is described in the Essential Air Service Enforcement Policy available at 79 Fed. Reg. 60951 (Oct. 9, 2014).

Air Carrier Fitness

Title 49 U.S.C. §§ 41737(b) and 41738 require the Department to find an air carrier fit, willing, and able to provide reliable service before it can provide subsidized EAS. SkyWest is subject to the Department's continuing fitness requirements, and no information has come to the Department's attention that would bring into question the air carrier's fitness at this time. The Federal Aviation Administration has raised no concerns that would negatively affect the Department's fitness findings. The Department therefore concludes that SkyWest is reliable and is fit to conduct the operations proposed here.

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

ACCORDINGLY,

1. The Department selects SkyWest Airlines, Inc. to provide Essential Air Service at Greenbrier/White Sulphur Springs, West Virginia, and Staunton, Virginia, at the service levels and subsidy rates as described in Appendix B, for the period from April 1, 2020, through March 31, 2023;
2. The Department waives 49 U.S.C. § 41732(b)(1)(A) to permit SkyWest to operate fewer than 12 weekly round trips at Greenbrier/White Sulphur Springs, West Virginia, from December 1, 2020, through March 27, 2021;
3. The Department directs SkyWest Airlines, Inc. 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. This documentation shall be retained for three years from the last day of service under this Order, or such 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. This selection is contingent upon receiving properly-executed certifications from the air carrier that it is in compliance with the Department's regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations concerning lobbying activities;⁷
5. The Department finds SkyWest Airlines, Inc. fit, willing, and able to operate as a certificated air carrier, and capable of providing reliable Essential Air Service at Greenbrier/White Sulphur Springs, West Virginia, and Staunton, Virginia;
6. These dockets will remain open pending further Department action; and

⁷ The certifications are internet accessible at: <http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

7. The Department will serve copies of this Order on the civic officials of Greenbrier County West Virginia, the Airport Manager at Greenbrier Valley Airport, the civic officials of Staunton, Virginia, and the Shenandoah Valley Regional Airport Commission, and SkyWest Airlines, Inc.

By:

David E. Short
Deputy Assistant Secretary
Aviation and International Affairs

(SEAL)

An electronic version of this document is available at
<http://www.regulations.gov>

SkyWest Airlines, Inc.

Annual Compensation Requirements for Essential Air Service at Greenbrier/White Sulphur Springs, West Virginia and Staunton, Virginia

SkyWest Airlines

Essential Air Service Bid

11/1/2019

	LWB IAD/ORD	SHD IAD/ORD
Number of round trips per week	12	12
Aircraft type	CRJ	CRJ
Passenger Revenue		
Passengers	22,000	29,000
Average fare	\$ 97.00	\$ 84.00
Revenue	\$ 2,186,380	\$ 2,424,030
Block Time		
Trip block time (minutes)	85	83
Total scheduled block time	1,851	1,716
Total completed block time	1,796	1,665
RPMS		
Passengers	22,000	29,000
Stage length	333	316
Total RPMs	8,567,000	9,839,000
ASMs		
Scheduled departures	1,248	1,248
Competed departures	1,211	1,211
Stage length	333	316
Available Seats	50	50
Total ASMs	21,704,332	19,126,848
Marketing Costs	\$ 20,000	\$ 20,000
Direct operating expenses	\$ 4,198,259	\$ 3,924,136
RPM related	\$ 90,184	\$ 118,879
Departure related	\$ 1,164,708	\$ 1,164,708
ASM related	\$ 202,284	\$ 178,262
Total expenses	\$ 5,675,436	\$ 5,405,985
Operating income (loss)	\$ (3,489,056)	\$ (2,981,955)
5% profit margin	\$ 269,233	\$ 256,451
Annual subsidy requirement	\$ 3,758,289	\$ 3,238,406
Effective Subsidy rate per unit		
Subsidy per trip	\$ 3,105	\$ 2,675
Subsidy per passenger	\$ 171	\$ 112
Load factor	39%	51%

SkyWest Airlines, Inc.
Essential Air Service to be provided at Greenbrier/White Sulphur Springs, WV
DOT-OST-2003-15553

Effective Period: April 1, 2020, through March 31, 2023 (see below for seasonal adjustments)

Aircraft: 50-seat CRJ-200 aircraft

Rate per Eligible Flight (all time periods): \$3,103¹

Effective Period: April 1, 2020, through May 7, 2020

Scheduled Service: Twelve (12) round trips each week to Chicago O'Hare International Airport and Washington Dulles International Airport

Weekly Ceiling: \$74,472²

Effective Period: May 8, 2020, through September 30, 2020

Scheduled Service: Sixteen (16) round trips each week to Chicago O'Hare International Airport and Washington Dulles International Airport

Weekly Ceiling: \$99,296³

Effective Period: October 1, 2020, through October 24, 2020

Scheduled Service: Fourteen (14) round trips each week to Chicago O'Hare International Airport and Washington Dulles International Airport

Weekly Ceiling: \$86,884⁴

Effective Period: October 25, 2020, through November 30, 2020

Scheduled Service: Twelve (12) round trips each week to Chicago O'Hare International Airport and Washington Dulles International Airport

Weekly Ceiling: \$74,472⁵

Effective Period: December 1, 2020, through March 3, 2021

Scheduled Service: Seven (7) round trips each week to Chicago O'Hare International Airport and Washington Dulles International Airport

Weekly Ceiling: \$43,442⁶

Effective Period: March 4, 2021, through March 27, 2021

Scheduled Service: Twelve (12) round trips each week to Chicago O'Hare International Airport and Washington Dulles International Airport

Weekly Ceiling: \$74,472⁷

1 Annual compensation of \$3,758,289 divided by 1,211 annual departures (24 weekly departures x 52 weeks x 97 percent completion).

2 24 flights per week multiplied by \$3,103 per flight.

3 32 flights per week multiplied by \$3,103 per flight.

4 28 flights per week multiplied by \$3,103 per flight.

5 24 flights per week multiplied by \$3,103 per flight.

6 14 flights per week multiplied by \$3,103 per flight.

7 24 flights per week multiplied by \$3,103 per flight.

SkyWest Airlines, Inc.
Essential Air Service to be provided at Greenbrier/White Sulphur Springs, WV
DOT-OST-2003-15553
(continued)

Effective Period: March 28, 2021, through March 31, 2023⁸

Scheduled Service: Twelve (12) round trips each week to Chicago O'Hare International Airport and Washington Dulles International Airport

Weekly Ceiling: \$74,472⁹

Note: The air 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 plans outlined in the Order and any other significant elements of the required service, without prior approval. The air 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 air 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 air carrier contemplates any such changes beyond the scope of the Order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement air carrier to provide service on these routes. The air 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 stipulated amounts or at the stipulated service levels, the air 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 Department and air carrier 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.

Funds may not be available for performance under this Order beyond September 30, 2020. The Government's obligation for performance under this Order beyond September 30, 2020 is subject to the availability of funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this Order beyond September 30, 2020 until funds are made available to the Department for performance. If sufficient

⁸ The community must submit a supplementary waiver request from 49 U.S.C. § 41732(b)(1)(A) if SkyWest is to continue to provide a seasonally adjusted schedule after March 27, 2021.

⁹ 24 flights per week multiplied by \$3,103 per flight.

funds are not made available for performance beyond September 30, 2020, the Department will provide notice in writing to the carrier.

All claims for payment, including any amended claims, must be submitted within 90 days of the last day of the month for which compensation is being claimed. For example, claims for service provided in July must be filed by October 31st; August claims must be submitted by November 30th and so on.

SkyWest Airlines, Inc.
Essential Air Service to be provided at Staunton, VA
DOT-OST-2002-11378

Effective Period: April 1, 2020, through March 31, 2023

Scheduled Service: Twelve (12) round trips each week to Chicago O'Hare International Airport and Washington Dulles International Airport

Aircraft: 50-seat CRJ-200 aircraft

Rate per Eligible Flight: \$2,674¹

Weekly Ceiling: \$64,176²

Note: The air 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 plans outlined in the Order and any other significant elements of the required service, without prior approval. The air 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 t

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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 stipulated amounts or at the stipulated service levels, the air 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 Department and air carrier 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.

Funds may not be available for performance under this Order beyond September 30, 2020. The Government's obligation for performance under this Order beyond September 30, 2020 is subject to the availability of funds from which payment for services can be made. No legal liability on the

¹ Annual compensation of \$3,238,406 by 1,211 annual departures (24 weekly departures x 52 weeks x 97 percent completion).

² 24 flights per week multiplied by \$2,674 per flight.

part of the Government for any payment may arise for performance under this Order beyond September 30, 2020 until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond September 30, 2020, the Department will provide notice in writing to the carrier.

All claims for payment, including any amended claims, must be submitted within 90 days of the last day of the month for which compensation is being claimed. For example, claims for service provided in July must be filed by October 31st; August claims must be submitted by November 30th and so on.