



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

Issued by the Department of Transportation  
on the 16th day of March, 2023

Essential Air Service at

**GRAND ISLAND, NEBRASKA**  
(FAIN 69A3452360111)<sup>1</sup>

under 49 U.S.C. § 41731 *et seq.*

**DOT-OST-2002-13983**

**ORDER SELECTING AIR CARRIER**

**Summary**

By this Order, the U.S. Department of Transportation (the Department) is selecting American Airlines, Inc. (American), branded as American Eagle, to provide Essential Air Service (EAS) at Grand Island, Nebraska, using 65-seat CRJ-700 regional jet aircraft, for the two-year term from July 1, 2023, through June 30, 2025. American will provide 12 weekly round trips to Dallas/Fort Worth International Airport (DFW) at an annual subsidy amount of \$4,999,500.<sup>2</sup>

**Background**

By Order 2021-3-9 (March 12, 2021), the Department selected American to provide 12 nonstop round trips per week from Grand Island to DFW using 50-seat ERJ-145 regional jet aircraft, from July 1, 2021, through June 30, 2023, at a first-year annual subsidy amount of \$1,016,713, and a second-year annual subsidy of \$462,981.

In anticipation of the end of the current rate term, the Department issued Order 2022-11-24 (November 18, 2022), soliciting proposals to provide EAS, with or without subsidy, at Grand Island for a new contract period. In response to the Department's request, American submitted a proposal for consideration.

**Summary of Air Carrier Proposal**

American proposed 12 weekly round trips operating 65-seat CRJ-700 regional jet aircraft to DFW, consisting of 56 main cabin seats, and nine first class seats. American also states in their

<sup>1</sup> FAIN = Federal Award Identification Number.

<sup>2</sup> Such subsidy is calculated on a fiscal year basis, subject to the availability of funds.

proposal that they may substitute a larger airplane with more capacity or add additional frequencies as they have done in the past, subject to market demand and aircraft availability.<sup>3</sup>

The complete public file, including air carrier proposals, for EAS at Grand Island may be accessed online through the Federal Docket Management System at [www.regulations.gov](http://www.regulations.gov) by entering the community's docket number in the "Search" field.

### **Community and State Comments**

In a letter dated January 25, 2023, Mr. Roger G. Steele, Mayor of Grand Island, Nebraska states: "On behalf of the City of Grand Island, it is our pleasure to submit this Letter of Support for Essential Air Service to provide [daily flights] to [DFW] with American Airlines." This letter was accompanied by Resolution 23-02 from the Hall County Airport Authority recommending American's proposal to provide continued EAS between DFW and Grand Island.<sup>4</sup>

Mr. Michael J. Olsen, Executive Director of the Hall County Airport Authority, further informed the Department by a letter dated February 13, 2023, that the community is also seeking a waiver from 49 U.S.C. § 41734(c).<sup>5</sup>

### **Decision**

Title 49 U.S.C. § 41733(c)(1) directs the Department to consider five factors when making an air carrier selection for a community not in Alaska where basic EAS will not be provided without compensation:<sup>6</sup> (A) service reliability of the applicant air carrier; (B) the existence of contractual and marketing arrangements with a larger air carrier at the hub; (C) the existence of interline arrangements with a larger air carrier at the hub; (D) the preferences of the actual and potential users of the EAS, giving substantial weight to the views of the elected officials representing those users; and (E) whether the air carrier has included a plan in its proposal to market its EAS to the community. In addition, Section 41732(b)(1)(A) requires basic EAS to include at least two daily round trips six days a week for an eligible place not in Alaska. Finally, the Consolidated Appropriations Act, 2023, Pub. L. No. 117-328 (December 29, 2022), authorizes the Department to consider the relative subsidy requirements of the applicant air carriers.

The proposal submitted by American, the only carrier to bid, meets the air carrier selection criteria the Department is required to consider, and the Department finds its service and subsidy levels reasonable. Therefore, the Department is selecting American for a new, two-year term.

American serves several EAS communities and provides reliable EAS. American will provide Grand Island passengers connectivity and access to the national air transportation system, via its largest hub at Dallas/Fort Worth International Airport, where 750 to 900 daily departures serve 225 nonstop destinations. American's membership in the oneworld alliance provides access to more than 1,000 destinations in 159 countries. American states that its proposal offers more

---

3 American may substitute a larger aircraft and/or add more frequencies as it suggests in its proposal but may do so with the understanding that only 12 weekly round trips will be paid by EAS funds, at the rates specified in Appendix B for the CRJ-700 aircraft.

4 <https://www.regulations.gov/document/DOT-OST-2002-13983-0159>.

5 <https://www.regulations.gov/document/DOT-OST-2002-13983-0160>.

6 The Department did not receive any proposals to provide EAS at Grand Island without subsidy.

seats that the prior bid, and they may substitute an aircraft “with more capacity or add additional frequencies as [they] have done in the past,” and they may add another gateway (hub) if traffic warrants. Lastly, American’s proposal is supported by the community’s officials.

Under the authority provided by 49 U.S.C. § 41732(c), the Department approves Grand Island’s request for a waiver from 49 U.S.C. § 41734(c). This waiver allows American to terminate service at the community 120 days after providing a notice of termination to the Department and to the community. As noted above, Grand Island supported American’s proposal, including its request for a waiver from the hold-in provisions at 49 U.S.C. § 41734(c). This waiver shall remain in effect only during the term of this Order.

### **Reminder About EAS Eligibility**

To remain eligible for EAS, communities must comply with all applicable EAS eligibility requirements. We note that many of the traditional eligibility requirements, including those below, do not apply for Fiscal Year 2023, by the Consolidated Appropriations Act, 2023, Pub L. No. 117-328 (December 29, 2022).<sup>7</sup> However, unless waived by Congress for future fiscal years, compliance with these eligibility requirements will resume at the beginning of Fiscal Year 2024 (October 1, 2023).

Title 49 U.S.C. § 41731(a)(1)(B) provides that a community must maintain an average of 10 enplanements per service day, as determined by the Secretary of Transportation, during the most recent fiscal year, to remain eligible for EAS. Locations in Alaska and Hawaii, and communities that are more than 175 driving miles from the nearest large- or medium-hub airport, are exempt from this requirement. Grand Island is subject to this requirement, because it is not more than 175 miles from the nearest large- or medium-hub airport.

Further, the Department of Transportation and Related Agencies Appropriations Act, 2000, Pub. L. No. 106-69 (October 9, 1999), prohibits the Department from subsidizing EAS to communities located within the 48 contiguous States that require a subsidy per passenger amount exceeding \$200 (“Subsidy Cap”), unless the community is located more than 210 miles from the nearest large- or medium-hub airport. Grand Island is subject to this requirement, because it is not more than 210 miles from the nearest large- or medium-hub airport.

EAS communities, except for those in Alaska and Hawaii, must have had an average subsidy per passenger of less than \$1,000 during the most recent fiscal year, regardless of the distance to the nearest large- or medium-hub airport.<sup>8</sup>

The Department expects American and Grand Island to work together to ensure that the community will comply with the applicable requirements. Communities that fail to comply with the applicable above requirements may risk having their eligibility in the EAS program terminated. In the event the Department terminates a community’s eligibility for EAS due to lack of compliance, that action will supersede this Order.

---

<sup>7</sup> The same requirements to maintain eligibility for EAS also did not apply Fiscal Years 2020 and 2021 by the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (December 27, 2020), and for Fiscal Year 2022 by the Consolidated Appropriations Act, Pub L. No. 117-103 (March 15, 2022).

<sup>8</sup> See 49 U.S.C. § 41731(a)(1)(C).

### **Air Carrier Fitness**

Title 49 U.S.C. §§ 41737(b) and 41738 require that the Department find an air carrier fit, willing, and able to provide reliable service before the Department may subsidize it to provide EAS. American 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 Federal Aviation Administration has not raised concerns that would negatively affect the Department's fitness findings. The Department therefore concludes that American remains fit to conduct the operations proposed at Grand Island.

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

### **Accordingly,**

1. The Department selects American Airlines, Inc., branded as American Eagle, to provide Essential Air Service at Grand Island, Nebraska, from July 1, 2023, through June 30, 2025, in accordance with the proposal set forth in Appendix A, and establishes the annual subsidy rate as described in Appendix B;
2. The Department makes this selection contingent upon receiving properly-executed certifications from American Airlines, Inc., branded as American Eagle, that it is in compliance with the Department's regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations concerning lobbying activities;<sup>9</sup>
3. The Department directs American Airlines, Inc., branded as American Eagle, 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. Under the authority provided by 49 U.S.C. § 41732(c), the Department waives 49 U.S.C. § 41734(c) for the term from July 1, 2023, through June 30, 2025;
5. The Department finds that American Airlines, Inc., branded as American Eagle, is fit, willing, and able to perform Essential Air Service at Grand Island, Nebraska;
6. This docket will remain open pending further Department action; and

---

<sup>9</sup> The certifications are available online under "Reports and Publications" at <http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

7. The Department will serve this Order on the Mayor of Grand Island, Nebraska, the Executive Director of Hall County Airport Authority, and American Airlines, Inc.

By:

Carol A. (Annie) Petsonk  
Assistant Secretary  
for Aviation and International Affairs

(SEAL)

*An electronic version of this document is available at*  
[www.regulations.gov](http://www.regulations.gov)

**American Airlines, Inc. – Proposal for Grand Island, NE****EAS Bid Summary****DFW-GRI @ 1 5/7 Daily RT Frequency with a CRJ-700***Prepared December 2022*

<b><u>EAS Market</u></b>	<b><u>DFW-GRI</u></b>
<b><u>Stats</u></b>	
A/C Type	CRJ700
Seats Per Departure	65
Weekly Round Trips	12
Annual Departures (99% completion factor)	1,236
Stage Length (Miles)	561
Block Hours Per Departure	1.8
Annual Block Hours (Factors)	2,244
RPMs ('000s)	28,429
ASMs ('000s)	45,053
Estimated Load Factor	63%
<b><u>Passenger Revenue</u></b>	
Average Onboard Fare	\$125
Onboard Pax	<u>50,675</u>
	\$6,334,357
<b><u>Revenue Forecast</u></b>	
Passenger Revenue	\$6,334,357
<u>Other Revenue</u>	<u>\$570,092</u>
<b>Total Revenue</b>	<b>\$6,904,449</b>
<b><u>Expense Forecast</u></b>	
Direct Expense	\$7,190,726
Indirect Expense	\$2,984,800
<u>Aircraft Ownership and Overhead</u>	<u>\$1,383,200</u>
<b>Total Expense</b>	<b>\$11,558,726</b>
<b>Profit/(Loss)</b>	<b>(\$4,654,278)</b>
<b><u>Profit Element</u></b>	<b>\$345,222</b>
<b>Subsidy Requirement</b>	<b>\$4,999,500</b>
<b><u>Subsidy Requirement</u></b>	
Subsidy Per Trip	\$4,046
Subsidy Per Passenger	\$99

**American Airlines, Inc.**  
**Essential Air Service to be provided at Grand Island, Nebraska**  
**DOT-OST-2002-13983**

<u>Annual Subsidy:</u>	\$4,999,500
<u>Contract Term:</u>	July 1, 2023, through June 30, 2025
<u>Hub(s)</u>	Dallas/Fort Worth International Airport (DFW)
<u>Scheduled Service:</u>	12 weekly round trips
<u>Aircraft/Seats:</u>	CRJ-700 (65 seats)
<u>Subsidy Rate per Flight:</u> <sup>1</sup>	\$4,045
<u>Weekly Ceiling:</u> <sup>2</sup>	\$97,080

**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 this rate, 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 service amounts, 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, 2023. The Government's obligation for performance under this Order beyond September 30, 2023, 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, 2023, until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond September 30, 2023, the Department will provide notice in writing to the air 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 31; August claims must be submitted by November 30, and so on.

---

<sup>1</sup> Annual compensation of \$4,999,500 divided by 1,236 annual flights (24 flights x 52 weeks multiplied by 99 percent completion).

<sup>2</sup> 24 flights per week multiplied by \$4,045.