



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

Issued by the Department of Transportation  
on the 3<sup>rd</sup> day of December, 2020

Essential Air Service at

**DUBOIS, PENNSYLVANIA**  
(FAIN #69A3451960416)<sup>1</sup>  
**MORGANTOWN, WEST VIRGINIA**  
(FAIN #69A3451960417)

**DOCKET DOT-OST-2004-17617**

**DOCKET DOT-OST-2005-20735**

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 Southern Airways Express, LLC (Southern Airways) to provide Essential Air Service (EAS) at DuBois, Pennsylvania (DUJ), and Morgantown, West Virginia (MGW), with a total of 38 nonstop round trips per week, per community, for the four-year period from November 1, 2020, through October 31, 2024.

Southern Airways will provide each of DuBois and Morgantown with 24 nonstop round trips per week to Pittsburgh International Airport (PIT) and 14 nonstop round trips per week to Baltimore/Washington International Thurgood Marshall Airport (BWI),<sup>2</sup> using 9-seat Cessna 208 Caravan aircraft, at the annual subsidy rates indicated in the chart below.

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

<sup>2</sup> As noted in its proposal, BWI is currently the airport Southern Airways uses to service the Washington, D.C. market and is subject to change to Washington Dulles International Airport (IAD) or Ronald Reagan Washington National Airport (DCA), in consultation with the Department and the communities.

<b>Southern Airways</b> 24 Weekly Round Trips to PIT and 14 Weekly Round Trips to BWI				
Option A	Subsidy at DuBois		Subsidy at Morgantown	
	Year 1	\$3,184,014	Year 1	\$3,146,083
	Year 2	\$3,263,614	Year 2	\$3,224,735
	Year 3	\$3,345,205	Year 3	\$3,305,353
	Year 4	\$3,428,835	Year 4	\$3,387,987

### Background

By Order 2018-9-5 (September 6, 2018), the Department selected Southern Airways to provide EAS at DuBois and Morgantown for the two-year period from November 1, 2018, through October 31, 2020. Under the terms of that Order, Southern Airways provides a total of 38 round trips per week, per community, consisting of 24 weekly nonstop round trips to PIT and 14 weekly nonstop round trips to BWI, using Cessna 208 Caravan aircraft, at an annual subsidy of \$3,199,007 at DuBois and \$3,128,256 at Morgantown.

In anticipation of the end of those contract terms, the Department issued Order 2020-4-8 (April 28, 2020), soliciting proposals for new contract terms, with or without subsidy, for service consistent with what each community currently receives: 38 weekly round trips using small aircraft or 12 weekly round trips using large aircraft, to a suitable hub airport. In response to the Department's solicitation, Boutique Air, Inc. (Boutique Air), Hyannis Air Service, Inc. d/b/a Cape Air (Cape Air), and Southern Airways submitted proposals for consideration.<sup>3</sup>

Those proposals, as well as the entire dockets for the above communities, may be accessed online through [www.regulations.gov](http://www.regulations.gov), by entering each community's respective docket number in the "Search" field.

### Boutique Air's Proposal

Boutique Air proposed two options at DuBois and Morgantown, with a mix of service to PIT and BWI, using 8- or 9-seat Pilatus PC-12 aircraft for a two-year term, as indicated in the charts below.

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<sup>3</sup> Additionally, the Department received a proposal for consideration under the Alternate Essential Air Service (AEAS) program submitted by Public Charters, Inc. d/b/a Regional Sky (Regional Sky). Order 2020-4-8 did not solicit proposals for consideration under AEAS, and EAS-eligible communities must submit an application to the Department requesting admittance into the AEAS program. Therefore, the Department will not consider Regional Sky's proposal in this Order.

<b>Boutique Air at DuBois Option 1</b> 24 Weekly Round Trips to PIT and 14 Weekly Round Trips to BWI Using 8- or 9-Seat PC-12	
<b>Term</b>	<b>Annual Subsidy</b>
Year 1	\$3,203,235
Year 2	\$3,267,299
<b>Boutique Air at DuBois Option 2</b> 19 Weekly Round Trips to PIT and 19 Weekly Round Trips to BWI Using 8- or 9-Seat PC-12	
<b>Term</b>	<b>Annual Subsidy</b>
Year 1	\$3,241,035
Year 2	\$3,305,855
<b>Boutique Air at Morgantown Option 1</b> 24 Weekly Round Trips to PIT and 14 Weekly Round Trips to BWI Using 8- or 9-Seat PC-12	
<b>Term</b>	<b>Annual Subsidy</b>
Year 1	\$3,225,684
Year 2	\$3,290,197
<b>Boutique Air at Morgantown Option 2</b> 19 Weekly Round Trips to PIT and 19 Weekly Round Trips to BWI Using 8- or 9-Seat PC-12	
<b>Term</b>	<b>Annual Subsidy</b>
Year 1	\$3,267,100
Year 2	\$3,332,442

Boutique Air has an interline and codeshare agreement with United Airlines, Inc. (United) and an interline agreement with American Airlines, Inc. (American) and intends to spend \$20,000 per community to market the air service.

### Cape Air's Proposal

Cape Air proposed two options, using 9-seat Tecnam Traveler aircraft, for a two- or four-year term, as indicated in the charts below.

<b>Cape Air at DuBois Option 1</b> 24 Weekly Round Trips to PIT and 14 Weekly Round Trips to BWI Using 9-Seat Tecnam Traveler Aircraft				
Option 1	Two-Year Option		Four-Year Option	
	Year 1	\$3,608,412	Year 1	\$3,543,031
			Year 2	\$3,649,322
	Year 2	\$3,716,665	Year 3	\$3,758,802
<b>Cape Air at DuBois Option 2</b> 38 Weekly Round Trips to PIT Using 9-Seat Tecnam Traveler Aircraft				
Option 2	Two-Year Option		Four-Year Option	
	Year 1	\$2,668,500	Year 1	\$2,620,149
			Year 2	\$2,698,754
	Year 2	\$2,748,555	Year 3	\$2,779,716
			Year 4	\$2,863,108

<b>Cape Air at Morgantown Option 1</b> 24 Weekly Round Trips to PIT and 14 Weekly Round Trips to BWI Using 9-Seat Tecnam Traveler Aircraft				
Option 1	Two-Year Option		Four-Year Option	
	Year 1	\$3,191,792	Year 1	\$3,133,960
			Year 2	\$3,227,979
	Year 2	\$3,287,546	Year 3	\$3,324,818
			Year 4	\$3,424,563

<b>Cape Air at Morgantown Option 2</b> 38 Weekly Round Trips to PIT Using 9-Seat Tecnam Traveler Aircraft				
Option 2	Two-Year Option		Four-Year Option	
	Year 1	\$2,136,295	Year 1	\$2,097,588
			Year 2	\$2,160,525
	Year 2	\$2,200,384	Year 3	\$2,225,331
			Year 4	\$2,292,091

Cape Air has interline agreements with United, American, Delta Air Lines, Inc., JetBlue Airways, Inc., and Alaska Airlines, Inc. (Alaska) and it intends to spend \$60,000 per community to market the air service.

### **Southern Airways' Proposal**

As indicated in the table below, Southern Airways proposed several options at both communities, using 9-seat aircraft, for either a two- or four-year term. Southern Airways has interline agreements with American, Alaska, and international air carriers, and its proposal indicates it will spend \$25,000 per community to market the air service.

<b>Southern Airways at DuBois Option A</b> 24 Weekly Round Trips to PIT and 14 Weekly Round Trips to BWI Using 9-Seat Cessna Caravan		
Option A	Subsidy	
	Year 1	\$ 3,184,014
	Year 2	\$ 3,263,614
	Year 3	\$ 3,345,205
	Year 4	\$ 3,428,835
<b>Southern Airways at DuBois Option B</b> 38 Weekly Round Trips to PIT Using 9-Seat Cessna Caravan		
Option B	Subsidy	
	Year 1	\$ 2,706,622
	Year 2	\$ 2,774,288
	Year 3	\$ 2,843,645
	Year 4	\$ 2,914,736

<b>Southern Airways at DuBois Option C</b> 30 Weekly Round Trips to PIT Using 9-Seat Cessna Caravan		
Option C	Subsidy	
	Year 1	\$ 2,475,887
	Year 2	\$ 2,537,785
	Year 3	\$ 2,601,229
	Year 4	\$ 2,914,736
<b>Southern Airways at DuBois Option D</b> 19 Weekly Round Trips to PIT and 19 Weekly Round Trips to BWI Using 9-Seat Cessna Caravan		
Option D	Subsidy	
	Year 1	\$ 3,313,737
	Year 2	\$ 3,396,580
	Year 3	\$ 3,481,495
	Year 4	\$ 3,568,532
<b>Southern Airways at DuBois Option E</b> 19 Weekly Round Trips to PIT and 19 Weekly Round Trips to PHL Using 9-Seat Cessna Caravan		
Option E	Subsidy	
	Year 1	\$ 3,400,293
	Year 2	\$ 3,485,200
	Year 3	\$ 3,572,433
	Year 4	\$ 3,661,774
<b>Southern Airways at DuBois Option F</b> 14 Weekly Round Trips to PIT and 24 Weekly Round Trips to BWI Using 9-Seat Cessna Caravan		
Option F	Subsidy	
	Year 1	\$ 3,420,108
	Year 2	\$ 3,505,611
	Year 3	\$ 3,593,251
	Year 4	\$ 3,683,082

<b>Southern Airways at DuBois Option G</b> 14 Weekly Round Trips to PIT and 24 Weekly Round Trips to PHL Using 9-Seat Cessna Caravan		
Option G	Subsidy	
	Year 1	\$ 3,575,707
	Year 2	\$ 3,665,100
	Year 3	\$ 3,756,727
	Year 4	\$ 3,850,645

<b>Southern Airways at Morgantown Option A</b> 24 Weekly Round Trips to PIT and 14 Weekly Round Trips to BWI Using 9-Seat Cessna Caravan		
Option A	Subsidy	
	Year 1	\$ 3,146,083
	Year 2	\$ 3,224,735
	Year 3	\$ 3,305,353
	Year 4	\$ 3,387,987
<b>Southern Airways at Morgantown Option B</b> 38 Weekly Round Trips to PIT Using 9-Seat Cessna Caravan		
Option B	Subsidy	
	Year 1	\$ 2,635,158
	Year 2	\$ 2,701,037
	Year 3	\$ 2,768,563
	Year 4	\$ 2,837,777
<b>Southern Airways at Morgantown Option C</b> 30 Weekly Round Trips to PIT Using 9-Seat Cessna Caravan		
Option C	Subsidy	
	Year 1	\$ 2,453,192
	Year 2	\$ 2,514,522
	Year 3	\$ 2,577,385
	Year 4	\$ 2,641,820

<b>Southern Airways at Morgantown Option D</b> 19 Weekly Round Trips to PIT and 19 Weekly Round Trips to PHL Using 9-Seat Cessna Caravan		
Option D	Subsidy	
	Year 1	\$ 3,774,640
	Year 2	\$ 3,869,006
	Year 3	\$ 3,965,731
	Year 4	\$ 4,064,875

<b>Southern Airways at Morgantown Option E</b> 24 Weekly Round Trips to PIT Using 9-Seat Cessna Caravan and 14 Weekly Round Trips to CLT Using 9-Seat Piatas PC-12		
Option E	Subsidy	
	Year 1	\$ 3,355,255
	Year 2	\$ 3,439,136
	Year 3	\$ 3,525,114
	Year 4	\$ 3,613,242
<b>Southern Airways at Morgantown Option F</b> 19 Weekly Round Trips to PIT Using 9-Seat Cessna Caravan and 19 Weekly Round Trips to CLT Using 9-Seat Piatas PC-12		
Option F	Subsidy	
	Year 1	\$ 3,921,639
	Year 2	\$ 4,019,680
	Year 3	\$ 4,120,172
	Year 4	\$ 4,223,177
<b>Southern Airways at Morgantown Option G</b> 19 Weekly Round Trips to BWI Using 9-Seat Cessna Caravan and 19 Weekly Round Trips to CLT Using 9-Seat Piatas PC-12		
Option G	Subsidy	
	Year 1	\$ 4,417,674
	Year 2	\$ 4,528,116
	Year 3	\$ 4,641,319
	Year 4	\$ 4,757,352



<b>Southern Airways at Morgantown Option H</b>		
19 Weekly Round Trips to PHL Using 9-Seat Cessna Caravan and 19 Weekly Round Trips to CLT Using 9-Seat Piatius PC-12		
Option H	Subsidy	
	Year 1	\$ 4,517,964
	Year 2	\$ 4,630,913
	Year 3	\$ 4,746,686
	Year 4	\$ 4,865,353

### **Community and State Comments**

On May 28, 2020, the Department requested comments regarding this air carrier selection case.

#### **DuBois Comments**

By letter dated June 26, 2020, Mr. W. Jay Chamberlin, Chairman of the Clearfield-Jefferson Counties Regional Airport Authority (the Authority), operator of the DuBois Regional Airport (DUJ), explained that the Authority voted to support Southern Airways' Option A proposal to provide 24 weekly round trips to PIT and 14 weekly round trips to BWI. Chairman Chamberlin explained that "after discussion on the various bids received for the DuBois service, the Authority elected to support the Southern bid. Of the bids received, Southern's provides the continuity of service at the levels currently provided and requested by the RFP at the best price. Southern is providing reliable low cost service which is bringing customers back to the DUJ."

By letter dated June 30, 2020, the Jefferson County Commissioners explained that, on June 26, 2020, the Authority voted to support Southern Airways' Option A proposal to provide 24 weekly round trips to PIT and 14 weekly round trips to BWI. That letter stated that "the County Board of Commissioners also supports Southern Airways bid. The airport has seen passenger increase from a low of 2,200 in 2015 to 11,000 in 2019 which is a 500% increase. Southern is providing reliable low cost service which is bringing customers back to the DUJ. Continuity is extremely important to continue to increase passengers which in turn brings people into our region."

The Elk County Board of Commissioners submitted a letter dated June 29, 2020, supporting the Clearfield-Jefferson Counties Regional Airport Authority's decision to recommend Southern Airways to continue providing EAS at DuBois. The Commissioners stated that "with Southern's proven track record of sound business planning, reliability, professionalism and enthusiasm, the Authority believes that ridership will continue to increase. . . . [T]he Elk County Board of Commissioners would like to express our support for and request that you give serious and thoughtful consideration to the Clearfield- Jefferson Counties Regional Airport Authority decision to support the bid provided to them by Southern Airways Express."

By letter dated June 29, 2020, State Representative Cris Dush of Pennsylvania's 66<sup>th</sup> Legislative District, stated: "It is with great pleasure that I write to you today to express my full support for [Southern Airways] to continue their service through [DUJ]... for another two years." Representative Dush explained that "Southern's reliability rate is around 98% - 99%, only having

one flight cancelled in January due to inclement weather. In June and July 2019, Southern was able to attain 100% reliability rate.”

By letter dated June 30, 2020, Pennsylvania State Senator Joe Scarnati provided support for Southern Airways’ continued EAS at DUJ for an additional two year-term and explained that Southern has provided reliable service, which has increased usage at the airport “with 2/3 of these passengers flying to Pittsburgh and 1/3 to Baltimore.”

The Department also received several letters of support for Southern Airways’ continued EAS at DuBois from concerned citizens.

### **Morgantown Comments**

By letter dated June 26, 2020, Mr. Jonathon Vrabel, Morgantown Municipal Airport Director, explained that the community of Morgantown formed an assembly of local representatives to make a recommendation on this air carrier selection case. Mr. Vrabel explained that the committee recommended Southern Airways’ Option G proposal with air service to the Washington, D.C. market and Charlotte, NC. Mr. Vrabel stated that “the connectivity provided by two airline hubs will provide the community with greater use of the National Transportation System by offering connections to hundreds of locations throughout the United States with only one connection, making ease of travel much easier for the community.”

By a supplemental comment submitted to the Department on August 24, 2020, Mr. Vrabel clarified that the committee’s first choice of service is Southern Airways’ Option G proposal with service to the Washington, D.C. market and Charlotte, NC, the second preferred choice is the Option H proposal with service to PHL and CLT, the third preferred choice is the Option D proposal with service to PIT and PHL, and the fourth preferred choice is the Option A proposal with service to PIT and the Washington D.C. market.

### **Decision**

After carefully reviewing the proposals and considering the communities’ noted preference for long-term continuity of air service, the Department has decided to select Southern Airways’ Option A proposal at DuBois and Morgantown for the four-year term from November 1, 2020, through October 31, 2024, as indicated below:

<b>Southern Airways</b> 24 Weekly Round Trips to PIT and 14 Weekly Round Trips to BWI				
Option A	Subsidy at DuBois		Subsidy at Morgantown	
	Year 1	\$ 3,184,014	Year 1	\$ 3,146,083
	Year 2	\$ 3,263,614	Year 2	\$ 3,224,735
	Year 3	\$ 3,345,205	Year 3	\$ 3,305,353
	Year 4	\$ 3,428,835	Year 4	\$ 3,387,987

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>4</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 the EAS. 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 Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94 (December 19, 2019), as extended by Continuing Appropriations Act, 2021 and Other Extensions Act, Pub. L. No. 116-159 (October 1, 2020), authorizes the Department to consider the relative subsidy requirements of the applicant air carriers.

Southern Airways' proposal meets a preponderance of the air carrier selection criteria the Department is required to consider, and the Department finds its service and subsidy levels to be reasonable. Southern Airways has a proven record of providing reliable EAS at DuBois and Morgantown, has established interline ticket and baggage agreements with a larger air carrier (American Airlines), and included a marketing plan for both communities. As noted above, the Department is directed by statute to consider community views, giving "substantial weight" to the views of the officials representing the users of the air service, which in this case, noted the benefits of long-term air service continuity with Southern Airways. Southern Airways' proposal was fully supported by both communities, and this selection is consistent with the current EAS routes and level of service provided, which as noted above, has resulted in a substantial increase in passenger usage.

### **Reminder About EAS Eligibility**

To remain eligible for EAS, communities must comply with all applicable EAS eligibility requirements. 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. DuBois and Morgantown are subject to this requirement.

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. DuBois and Morgantown are subject to this requirement. EAS communities within the 48 contiguous States, including DuBois and Morgantown, are also subject to a \$1,000 subsidy per passenger cap, regardless of the distance to a hub airport.<sup>5</sup>

The Department expects Southern Airways and the communities to work together to ensure that the communities comply with the applicable requirements described above. Communities that

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<sup>4</sup> The Department did not receive any proposals to provide EAS at DuBois and Morgantown without subsidy, and there is no other scheduled air service at the community.

<sup>5</sup> See 49 U.S.C. § 41731(a)(1)(C).

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.

### **Air Carrier Fitness**

Title 49 U.S.C. §§ 41737(b) and 41738 require that the Department find an air carrier reliable, fit, willing, and able to provide reliable service before the Department may subsidize it to provide EAS. Southern Airways 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 Department has contacted the Federal Aviation Administration, and it has raised no concerns that would negatively affect the Department's fitness findings. The Department therefore concludes that Southern Airways is reliable and is fit to conduct the operations proposed at DuBois and Morgantown.

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

### **ACCORDINGLY,**

1. The Department selects Southern Airways Express, LLC to provide Essential Air Service at DuBois, Pennsylvania, and Morgantown, West Virginia, at the service levels and subsidy rates as described in Appendix B, for the period from November 1, 2020, through October 31, 2024;
2. The Department makes this selection contingent upon receiving properly-executed certifications from Southern Airways Express, LLC 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>6</sup>
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. 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. The Department finds Southern Airways Express, LLC fit, willing, and able to operate as a commuter air carrier, and capable of providing reliable Essential Air Service at DuBois, Pennsylvania, and Morgantown, West Virginia;
5. These dockets will remain open pending further Department action; and

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<sup>6</sup> The certifications are available online under "Reports and Publications" at <http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

6. The Department will serve copies of this Order on the civic officials of DuBois, Pennsylvania, and Morgantown, West Virginia; the airport managers at DuBois Regional Airport and Morgantown Municipal Airport; Boutique Air, Inc., Hyannis Air Service, Inc. d/b/a Cape Air, and Southern Airways Express, LLC.

By:

David E. Short  
Deputy Assistant Secretary  
for Aviation and International Affairs

(SEAL)

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

## Southern Airways

Annual Compensation Requirements for Essential Air Service at DuBois, Pennsylvania to provide 24 nonstop round trips each week to PIT and 14 nonstop round trips each week to BWI, a total of 38 round trips per week

### DuBois Proposal

	OPTION A	OPTION B	OPTION C	OPTION D	OPTION E	OPTION F	OPTION G
<b>Weekly Round Trips</b>							
DUJ-PIT	24	38	30	19	19	14	14
DUJ-WAS*	14	-	-	19	-	24	-
DUJ-PHL	-	-	-	-	19	-	24
<b>Total</b>	<b>38</b>	<b>38</b>	<b>30</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
<b>Operating Revenues</b>							
DUJ-PIT	\$292,032	\$449,500	\$406,000	\$236,250	\$256,500	\$184,032	\$189,000
DUJ-WAS*	\$241,176	\$0	\$0	\$341,250	\$0	\$455,676	\$0
DUJ-PHL	\$0	\$0	\$0	\$0	\$484,500	\$0	\$612,000
<b>Total Operating Revenues</b>	<b>\$533,208</b>	<b>\$449,500</b>	<b>\$406,000</b>	<b>\$577,500</b>	<b>\$741,000</b>	<b>\$639,708</b>	<b>\$801,000</b>
<b>Operating Expenses</b>							
Flying Operations	\$1,425,390	\$1,183,053	\$1,124,176	\$1,487,390	\$1,570,639	\$1,544,524	\$1,650,054
Fuel and Into Plane	\$520,568	\$410,795	\$324,456	\$559,762	\$616,532	\$598,956	\$670,662
Maintenance	\$791,200	\$615,296	\$502,412	\$854,005	\$950,981	\$916,811	\$1,039,301
Aircraft	\$399,839	\$399,839	\$399,839	\$399,839	\$399,839	\$399,839	\$399,839
Indirect	\$403,213	\$396,848	\$393,772	\$404,943	\$406,097	\$406,361	\$408,436
<b>Total Operating Expenses</b>	<b>\$3,540,211</b>	<b>\$3,005,831</b>	<b>\$2,744,655</b>	<b>\$3,705,940</b>	<b>\$3,944,089</b>	<b>\$3,866,492</b>	<b>\$4,168,292</b>
<b>Operating Loss</b>	<b>\$3,007,003</b>	<b>\$2,556,331</b>	<b>\$2,338,655</b>	<b>\$3,128,440</b>	<b>\$3,203,089</b>	<b>\$3,226,784</b>	<b>\$3,367,292</b>
<b>Profit Element (5%)</b>	<b>\$177,011</b>	<b>\$150,292</b>	<b>\$137,233</b>	<b>\$185,297</b>	<b>\$197,204</b>	<b>\$199,325</b>	<b>\$208,415</b>
<b>Compensation Required</b>	<b>\$3,184,014</b>	<b>\$2,706,622</b>	<b>\$2,475,887</b>	<b>\$3,313,737</b>	<b>\$3,400,293</b>	<b>\$3,420,108</b>	<b>\$3,575,707</b>
Compensation per Pax	\$187	\$175	\$177	\$189	\$179	\$185	\$188
Compensation per Departure	\$818	\$695	\$805	\$851	\$874	\$879	\$919
Annual Seats	35,028	35,028	27,666	35,028	35,028	35,028	35,028
Annual Passengers	17,000	15,500	14,000	17,500	19,000	18,500	19,000
Load Factor	49%	44%	51%	50%	54%	53%	54%
Departures	3,892	3,892	3,074	3,892	3,892	3,892	3,892
Average Fare	\$31	\$29	\$29	\$33	\$39	\$35	\$42
Completion Factor	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%
Compensation Required Year 1	\$3,184,014	\$2,706,622	\$2,475,887	\$3,313,737	\$3,400,293	\$3,420,108	\$3,575,707
Compensation Required Year 2	\$3,263,614	\$2,774,288	\$2,537,785	\$3,396,580	\$3,485,300	\$3,505,611	\$3,665,100
Compensation Required Year 3	\$3,345,205	\$2,843,645	\$2,601,229	\$3,481,495	\$3,572,433	\$3,593,251	\$3,756,727
Compensation Required Year 4	\$3,428,835	\$2,914,736	\$2,666,260	\$3,568,532	\$3,661,744	\$3,683,082	\$3,850,645

\*BWI is the current Washington airport for Southern Airways but is subject to change to IAD or DCA, in consultation with the community.

## Southern Airways

Annual Compensation Requirements for Essential Air Service at Morgantown, West Virginia to provide 24 nonstop round trips each week to PIT and 14 nonstop round trips each week to BWI, a total of 38 round trips per week

### Morgantown Proposal

	OPTION A C208	OPTION B C208	OPTION C C208	OPTION D C208	OPTION E C208	OPTION F C208/PC-12(*)	OPTION G C208/PC-12(*)	OPTION H C208/PC-12(*)
<b>Weekly Round Trips</b>								
MGW-PIT	24	38	30	19	24	19	-	-
MGW-WAS (^)	14	-	-	-	-	-	19	-
MGW-PHL	-	-	-	19	-	-	-	19
MGW-CLT	-	-	-	-	14	19	19	19
<b>Total</b>	<b>38</b>	<b>38</b>	<b>30</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
<b>Operating Revenues</b>								
MGW-PIT	\$196,080	\$471,250	\$435,000	\$305,250	\$413,787	\$327,591	\$0	\$0
MGW-WAS (^)	\$371,680	\$0	\$0	\$0	\$0	\$0	\$547,952	\$0
MGW-PHL	\$0	\$0	\$0	\$633,750	\$0	\$0	\$0	\$739,830
MGW-CLT	\$0	\$0	\$0	\$0	\$471,653	\$735,329	\$772,924	\$829,864
<b>Total Operating Revenues</b>	<b>\$567,760</b>	<b>\$471,250</b>	<b>\$435,000</b>	<b>\$939,000</b>	<b>\$885,440</b>	<b>\$1,062,920</b>	<b>\$1,320,876</b>	<b>\$1,569,694</b>
<b>Operating Expenses</b>								
Flying Operations	\$1,474,803	\$1,232,576	\$1,193,397	\$1,588,679	\$1,557,951	\$1,561,017	\$1,643,812	\$1,750,906
Fuel and Into Plane	\$452,873	\$343,284	\$271,134	\$545,461	\$650,725	\$789,799	\$1,092,422	\$1,194,949
Maintenance	\$745,660	\$525,780	\$431,710	\$1,129,040	\$965,540	\$1,177,690	\$1,500,402	\$1,625,270
Aircraft	\$460,949	\$460,949	\$460,949	\$814,913	\$459,045	\$805,645	\$808,989	\$805,645
Indirect	\$402,707	\$395,895	\$393,469	\$411,088	\$405,496	\$413,048	\$419,662	\$420,999
<b>Total Operating Expenses</b>	<b>\$3,536,993</b>	<b>\$2,958,484</b>	<b>\$2,750,659</b>	<b>\$4,489,181</b>	<b>\$4,038,757</b>	<b>\$4,747,200</b>	<b>\$5,465,286</b>	<b>\$5,797,769</b>
Operating Loss	\$2,969,233	\$2,487,234	\$2,315,659	\$3,550,181	\$3,153,317	\$3,684,280	\$4,144,410	\$4,228,075
Profit Element (5%)	\$178,850	\$147,924	\$137,533	\$224,459	\$201,938	\$237,360	\$273,264	\$289,888
<b>Compensation Required</b>	<b>\$3,146,083</b>	<b>\$2,635,158</b>	<b>\$2,453,192</b>	<b>\$3,774,640</b>	<b>\$3,355,255</b>	<b>\$3,921,639</b>	<b>\$4,417,674</b>	<b>\$4,517,964</b>
Compensation per Pax	\$194	\$162	\$164	\$199	\$177	\$196	\$196	\$199
Compensation per Departure	\$808	\$677	\$798	\$970	\$862	\$1,008	\$1,135	\$1,161
Annual Seats	35,028	35,028	27,666	31,136	35,028	33,082	33,082	33,082
Annual Passengers	16,250	16,250	15,000	19,000	19,000	20,000	22,500	22,750
Load Factor	46%	46%	54%	61%	54%	60%	68%	69%
Departures	3,892	3,892	3,074	3,892	3,892	3,892	3,892	3,892
Average Fare	\$35	\$29	\$29	\$49	\$46	\$53	\$59	\$69
Completion Factor	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%
Compensation Required Year 1	\$3,146,083	\$2,635,158	\$2,453,192	\$3,774,640	\$3,355,255	\$3,921,639	\$4,417,674	\$4,517,964
Compensation Required Year 2	\$3,224,735	\$2,701,037	\$2,514,522	\$3,869,006	\$3,439,136	\$4,019,680	\$4,528,116	\$4,630,913
Compensation Required Year 3	\$3,305,353	\$2,768,563	\$2,577,385	\$3,965,731	\$3,525,114	\$4,120,172	\$4,641,319	\$4,746,686
Compensation Required Year 4	\$3,387,987	\$2,837,777	\$2,641,820	\$4,064,875	\$3,613,242	\$4,223,177	\$4,757,352	\$4,865,353

(\*) PC-12 flown on MGW-CLT route for these options.

(^\*) BWI is the current Washington airport for Southern Airways but is subject to change to IAD or DCA, in consultation with the community.

Southern has included in its indirect operating expense a direct marketing spend of \$25,000.

**Southern Airways Express, LLC**  
**Essential Air Service to be provided at DuBois, PA**  
**DOT-OST-2004-17617**

Contract Term: November 1, 2020, through October 31, 2024

Scheduled Service: Twenty-four (24) round trips per week to Pittsburgh International Airport (PIT) and fourteen (14) round trips per week to Baltimore/Washington International Thurgood Marshall Airport (BWI)

Aircraft: 9-Seat Cessna 208 Caravan

First Year (November 1, 2020, through October 31, 2021) Annual Subsidy: \$3,184,014

First Year Rate per Eligible Flight: \$818<sup>1</sup>

First Year Weekly Ceiling: \$62,168<sup>2</sup>

Second Year (November 1, 2021, through October 31, 2022) Annual Subsidy: \$3,263,614

Second Year Rate per Eligible Flight: \$838<sup>3</sup>

Second Year Weekly Ceiling: \$63,688<sup>4</sup>

Third Year (November 1, 2022, through October 31, 2023) Annual Subsidy: \$3,345,205

Third Year Rate per Eligible Flight: \$859<sup>5</sup>

Third Year Weekly Ceiling: \$65,284<sup>6</sup>

Fourth Year (November 1, 2023, through October 31, 2024) Annual Subsidy: \$3,428,835

Fourth Year Rate per Eligible Flight: \$881<sup>7</sup>

Fourth Year Weekly Ceiling: \$66,956<sup>8</sup>

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,

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1 Annual compensation of \$3,184,014 divided by 3,893 annual departures (76 weekly departures x 52 weeks x 98.5 percent completion)

2 76 flights per week multiplied by \$818 per flight.

3 Annual compensation of \$3,263,614 divided by 3,893 annual departures (76 weekly departures x 52 weeks x 98.5 percent completion)

4 76 flights per week multiplied by \$838 per flight.

5 Annual compensation of \$3,345,205 divided by 3,893 annual departures (76 weekly departures x 52 weeks x 98.5 percent completion)

6 76 flights per week multiplied by \$859 per flight.

7 Annual compensation of \$3,428,835 divided by 3,893 annual departures (76 weekly departures x 52 weeks x 98.5 percent completion)

8 76 flights per week multiplied by \$881 per flight.



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 December 11, 2020. The Government's obligation for performance under this Order beyond December 11, 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 December 11, 2020 until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond December 11, 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 31<sup>st</sup>; August claims must be submitted by November 30<sup>th</sup> and so on.

**Southern Airways Express, LLC**  
**Essential Air Service to be provided at Morgantown, WV**  
**DOT-OST-2005-20735**

Contract Term: November 1, 2020, through October 31, 2024

Scheduled Service: Twenty-four (24) round trips per week to Pittsburgh International Airport (PIT) and fourteen (14) round trips per week to Baltimore/Washington International Thurgood Marshall Airport (BWI)

Aircraft: 9-Seat Cessna 208 Caravan

First Year (November 1, 2020, through October 31, 2021) Annual Subsidy: \$3,146,083

First Year Rate per Eligible Flight: \$808<sup>1</sup>

First Year Weekly Ceiling: \$61,408<sup>2</sup>

Second Year (November 1, 2021, through October 31, 2022) Annual Subsidy: \$3,224,735

Second Year Rate per Eligible Flight: \$828<sup>3</sup>

Second Year Weekly Ceiling: \$62,928<sup>4</sup>

Third Year (November 1, 2022, through October 31, 2023) Annual Subsidy: \$3,305,353

Third Year Rate per Eligible Flight: \$849<sup>5</sup>

Third Year Weekly Ceiling: \$64,524<sup>6</sup>

Fourth Year (November 1, 2023, through October 31, 2024) Annual Subsidy: \$3,387,987

Fourth Year Rate per Eligible Flight: \$870<sup>7</sup>

Fourth Year Weekly Ceiling: \$66,120<sup>8</sup>

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,

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4 76 flights per week multiplied by \$828 per flight.

5 Annual compensation of \$3,305,353 divided by 3,893 annual departures (76 weekly departures x 52 weeks x 98.5 percent completion)

6 76 flights per week multiplied by \$849 per flight.

7 Annual compensation of \$3,387,987 divided by 3,893 annual departures (76 weekly departures x 52 weeks x 98.5 percent completion)

8 76 flights per week multiplied by \$870 per flight.

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