



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

Issued by the Department of Transportation  
on the 4<sup>th</sup> day of August, 2022

Essential Air Service at

**ELFIN COVE, ALASKA  
PELICAN, ALASKA  
ANGOON, ALASKA  
TENAKEE, ALASKA**

Under 49 U.S.C. § 41731 *et seq.*

**DOT-OST-2002-11586  
DOT-OST-2002-11586  
DOT-OST-2006-25542  
DOT-OST-2006-25542**

**ORDER REQUESTING PROPOSALS**

**Summary**

By this Order, the U.S. Department of Transportation (the Department) is requesting proposals from air carriers interested in providing Essential Air Service (EAS) at Angoon, Elfin Cove, Pelican, *and/or* Tenakee, Alaska, for a new contract term beginning February 1, 2023, with or without subsidy. Air carriers should file proposals no later than September 6, 2022.

**Background**

By Order 2018-11-6 (November 13, 2018), the Department selected Kalinin Aviation, LLC d/b/a Alaska Seaplanes (Alaska Seaplanes), to provide EAS at Angoon, Elfin Cove, Pelican, and Tenakee, Alaska, for a four-year term, from February 1, 2019, through January 31, 2023, at the annual subsidy rates below.

<u>Angoon</u>			
<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
\$280,999	\$335,904	\$356,446	\$377,397
<u>Elfin Cove</u>			
<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
\$121,118	\$114,916	\$106,834	\$95,638
<u>Pelican</u>			
<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
\$296,412	\$320,438	\$339,292	\$358,530
<u>Tenakee</u>			
<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
\$121,826	\$147,718	\$159,940	\$172,427

Alaska Seaplanes uses 4-passenger Cessna 206, 6-passenger DeHavilland Beaver, and 9-passenger Cessna Caravan aircraft to provide service at all four communities as follows:

- Angoon: 10 weekly roundtrips in the 18-week peak period, 5 weekly roundtrips off-peak;
- Tenakee: 7 weekly roundtrips in the 18-week peak period, 3 per week off-peak;
- Pelican: 6 weekly roundtrips, year-round; and
- Elfin Cove: 5 weekly roundtrips in the peak period, 2 per week in the 34-week off-peak period.

The complete public file for EAS at these communities 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.

### **Request for Proposals: General Requirements**

The Department is requesting proposals from air carriers interested in providing EAS at Angoon, Elfin Cove, Pelican, *and/or* Tenakee, with subsidy support if necessary, for a new contract period beginning February 1, 2023. Air carriers should file their proposals no later than September 6, 2022. The proposals will then be uploaded to [www.regulations.gov](http://www.regulations.gov), thereby making them public. Shortly afterwards, the Department will provide a summary of the proposals to the community and ask them to submit their final comments.

The Department expects clear, well-documented proposals that will facilitate their evaluation by the community and the EAS team.<sup>1</sup> Air carrier proposals should be submitted to the Department

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<sup>1</sup> In selecting an air carrier to provide subsidized EAS for an eligible place in Alaska, 49 U.S.C. § 41733(c)(1) directs the Department to consider six factors: (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 the users; (E) whether the air carrier has included a plan in its proposal to market its service to the community; and (F) the experience of the applicant in providing, in Alaska, scheduled air service or significant patterns of non-scheduled air service. The Consolidated Appropriations Act, 2022, Pub. L. 117-103 (March 15, 2022), authorizes the Department to consider the relative subsidy requirements of the applicant air carriers. Interested air carriers should also be aware that the general

with all materials merged into a single document. In addition, proposals should be formatted to be viewed online. In order to evaluate air carrier proposals, the Department requires that air carriers adequately describe the service being proposed and the annual amount of subsidy being requested, if any. The Department requests that proposals include information concerning proposed schedules, projected block hours, and financial data supporting subsidy requests including information on projected expenses and revenues. In cases where an air carrier proposes to provide EAS without subsidy and the Department determines that basic EAS, as required by 49 U.S.C. § 41732, can be reliably provided without such compensation, the Department typically will not proceed with the air carrier selection case. Instead, the Department will simply rely on that air carrier's subsidy-free service as proposed. Lastly, the Department expects that air carriers will have completed due diligence regarding any community-specific operational requirements. Air carriers should prepare their proposals with every expectation that, should they be selected by the Department, they will be able to commence full EAS as described in their proposal on the first day of the new contract term.

Interested air carriers should prepare their proposals with the understanding that their initial proposals will represent their *final* and *only* proposals. However, the Department retains the discretion to negotiate proposals with air carriers when it deems it desirable; in such cases, the Department will give all applicants the same opportunity. The Department also retains the discretion to re-solicit a new round of proposals, in the event that proposals received are rejected due to being unreasonable or unrealistic.

Proposals should provide sufficient capacity to accommodate historical levels of traffic with, as a general matter, service up to two airports that provide numerous connecting opportunities to the national air transportation system.<sup>2</sup> When crafting a proposal, the air carrier should ensure that the proposed hub best meets the air service needs of the community. In order to assist air carriers in developing traffic and revenue projections for their proposals, the Department has provided a summary of recent historical passengers in Appendix B.<sup>3</sup> The Department encourages air carriers to work with the community as they prepare their proposals in order to craft a service proposal that meets the community's needs with subsidy requirements that remain competitive. As always, the Department will fully consider the community's and State's views before making an air carrier decision.

Air carriers may propose more than one service option. They can also propose service options different from what the community currently receives—lengths of contract terms or airports, for example. However, proposals should have at least one option that complies with the weekly capacity described below and all legal requirements.

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provisions governing EAS will be included in the selection order as part of our authorization of subsidy for the selected service. Appendix C of this Order contains those general provisions.

<sup>2</sup> For basic EAS in Alaska, service to a small hub or nonhub airport is acceptable. *See* 49 U.S.C. § 41732(a)(2). In some cases, the Department may require service to two airports. 14 CFR 398.2(b)(3).

<sup>3</sup> Source: Bureau of Transportation Statistics, Schedule T-100.

Air carriers should note that it is a federal crime to knowingly and willfully make materially false, fictitious, or fraudulent statements, entries, or representations in an EAS proposal submitted to the Department.<sup>4</sup>

### **Request for Proposals: Specific Requirements**

The Department expects proposals that meet basic EAS requirements and are consistent with what the communities currently receive, which is:

- At Angoon, 10 weekly roundtrips during the peak season and five weekly roundtrips during the off-peak season;
- At Tenakee seven weekly roundtrips in during the peak season and three weekly round trips during the off-peak season;
- At Pelican, six weekly round trips year-round; and
- At Elfin Cove, five weekly roundtrips in the peak season and two weekly round trips in the off-peak season.

### **Community and State Comments**

The communities of Angoon, Elfin Cove, Pelican, and Tenakee, Alaska, as well as the State of Alaska are welcome to submit comments at any time. The Department encourages interested air carriers to contact the communities before they submit their proposals so that they can tailor them to the communities' needs, as they will not be able to amend them after the due date. After the due date, the proposals will be uploaded to [www.regulations.gov](http://www.regulations.gov), thereby making them public. Shortly afterwards, the Department will notify the communities of the proposals and ask them to submit their comments by a specific date.

### **Other Air Carrier Requirements**

The Department is responsible for implementing various federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.<sup>5</sup> Consequently, all air carriers receiving subsidy for EAS must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those air carriers whose subsidies exceed \$100,000 over the life of the contract must also certify that they are in compliance with the regulations governing lobbying activities. Because the Department is prohibited from paying subsidy to air carriers that do not submit these documents, all air carriers that plan to submit proposals involving subsidy should be aware that the selected air carrier will be required to complete the required certifications.<sup>6</sup> Interested air carriers requiring more detailed information regarding these requirements should contact the Office of Aviation Analysis at (202) 366-5903.

This Order is issued under authority delegated by the Secretary of Transportation in 49 CFR 1.25a(b)(6)(ii)(D) and re-delegated to the Director, Office of Aviation Analysis.

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<sup>4</sup> 18 U.S.C. § 1001.

<sup>5</sup> The regulations applicable to these areas are: (1) 49 CFR Part 20 – New restrictions on lobbying; (2) 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act of 1964; (3) 49 CFR Part 27 – Nondiscrimination on the basis of disability in programs or activities receiving federal financial assistance; (4) 14 CFR Part 382 – Nondiscrimination on the basis of disability in air travel; (5) 49 CFR Part 32 – Governmentwide requirements for drug-free workplace (financial assistance); and (6) 2 CFR Part 1200 – Nonprocurement Suspension and Debarment.

<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>.

**ACCORDINGLY,**

1. The Department requests that air carriers interested in providing Essential Air Service at Angoon, Elfin Cove, Pelican, *and/or* Tenakee, Alaska, submit their proposals, with or without subsidy, no later than September 6, 2022. The proposals should be e-mailed to [EAS@dot.gov](mailto:EAS@dot.gov) and [michael.gormas@dot.gov](mailto:michael.gormas@dot.gov) with the title “Proposal to Provide EAS at Angoon, Elfin Cove, Pelican, and/or Tenakee, Alaska”;<sup>7</sup>
2. These dockets will remain open until further Order of the Department; and
3. The Department will serve this Order on the civic officials of Angoon, Elfin Cove, Pelican, and Tenakee, Alaska, the Alaska Department of Transportation and Public Facilities, and the courtesy distribution list for requests for proposals for EAS communities in Alaska.

By:

**TODD M. HOMAN**  
Director  
Office of Aviation Analysis

(SEAL)

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

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<sup>7</sup> Questions regarding filings in response to this Order may be directed to Mr. Michael Gormas at (202) 366-1853 or [michael.gormas@dot.gov](mailto:michael.gormas@dot.gov).

## AREA MAP



Map generated by the Great Circle Mapper - copyright © Karl L. Swartz.

## Passenger Traffic at Angoon, AK<sup>1</sup>

CityMarketName	Airport	Year	Month	InBound (Deplanements)			OutBound (Enplanements)			Total Sum of T110_Rpax	Total Sum of T219_Usmail_Tons	Total Sum of T217_Freight_Tons
				Sum of T110_Rpax	Sum of T219_Usmail_Tons	Sum of T217_Freight_Tons	Sum of T110_Rpax	Sum of T219_Usmail_Tons	Sum of T217_Freight_Tons			
Angoon, AK	AGN	2020	1	126	4.7785	6.463	116	1.3655	0.874	242	6.144	7.337
			2	130	1.8475	4.7985	130	0.23	0.4115	260	2.0775	5.21
			3	110	3.887	4.5795	113	0.221	0.26	223	4.108	4.8395
			4	9	1.3275	9.6945	19	0.453	0.6395	28	1.7805	10.334
			5	38	3.244	8.145	47	1.348	0.584	85	4.592	8.729
			6	113	3.5585	6.4475	119	0.2645	0.631	232	3.823	7.0785
			7	141	2.462	8.0025	174	0.2945	0.973	315	2.7565	8.9755
			8	110	3.924	9.113	143	0.594	2.107	253	4.518	11.22
			9	70	4.591	6.0635	77	0.294	0.79	147	4.885	6.8535
			10	76	3.2505	7.352	88	0.314	0.7	164	3.5645	8.052
			11	68	3.011	7.0905	70	0.34	0.6015	138	3.351	7.692
			12	47	2.908	6.3265	54	0.4115	1.4185	101	3.3195	7.745
		2020 Total		1038	38.7895	84.076	1150	6.13	9.99	2188	44.9195	94.066
		2021	1	93	2.056	5.121	96	0.315	0.67	189	2.371	5.791
			2	65	2.1595	4.5575	67	0.186	0.311	132	2.3455	4.8685
			3	178	3.422	9.6045	163	0.422	0.5075	341	3.844	10.112
			4	142	3.504	7.1555	179	0.2765	0.6405	321	3.7805	7.796
			5	247	2.674	7.917	245	0.292	0.5775	492	2.966	8.4945
			6	280	0	6.1945	272	0.296	0.881	552	0.296	7.0755
			7	257	2.4205	7.15	1	0	0	258	2.4205	7.15
			8	199	0	5.434	241	0.317	2.0045	440	0.317	7.4385
			9	154	2.8995	6.564	178	0.353	0.808	332	3.2525	7.372
			10	134	3.5715	5.776	162	0.3005	0.545	296	3.872	6.321
			11	106	3.944	5.154	115	0.1565	0.5385	221	4.1005	5.6925
			12	69	4.014	5.0195	82	0.389	0.3105	151	4.403	5.33
		2021 Total		1924	30.665	75.6475	1801	3.3035	7.794	3725	33.9685	83.4415
		2022	1	87	2.724	4.9235	97	0.276	0.5935	184	3	5.517
			2	110	2.2205	4.4655	112	0.338	0.383	222	2.5585	4.8485
			3	131	3.0575	5.2025	181	0.428	0.5255	312	3.4855	5.728
			4	127	2.865	4.42	168	0.386	0.4075	295	3.251	4.8275
			5	189	0	5.889	190	0.17	0.5975	379	0.17	6.4865

<sup>1</sup> Source: Bureau of Transportation Statistics: Schedule T-100 Market data.

**Passenger Traffic at Elfin Cove, AK**

CityMarketName	Airport	Year	Month	InBound (Deplanements)			OutBound (Enplanements)			Total Sum of T110_Rpax	Total Sum of T219_Usmail_Tons	Total Sum of T217_Freight_Tons
				Sum of T110_Rpax	Sum of T219_Usmail_Tons	Sum of T217_Freight_Tons	Sum of T110_Rpax	Sum of T219_Usmail_Tons	Sum of T217_Freight_Tons			
Elfin Cove, AK	ELV	2020	1	3	0.468	0.1895	2	0.3545	0.183	5	0.8225	0.3725
			2	4	0.229	0.079	1	0.047	0.1885	5	0.276	0.2675
			3	2	0.439	0.525	2	0.0855	0.0005	4	0.5245	0.5255
			4	6	0.22	0.2395	3	0.005	0.0005	9	0.225	0.24
			5	5	0.8095	0.8835	5	0.006	0.0295	10	0.8155	0.913
			6	43	1.4165	1.982	33	0.0575	0.2265	76	1.474	2.2085
			7	68	0.1125	3.544	60	0.061	0.446	128	0.1735	3.99
			8	77	0.8875	5.314	65	0.685	2.1645	142	1.5725	7.4785
			9	5	0.306	0.5915	11	0.5135	0.06	16	0.8195	0.6515
			10	0	0.4845	0.2375	0	0.144	0.0215	0	0.6285	0.259
			11	3	0.361	0.2715	3	0.083	0.0395	6	0.444	0.311
			12	1	0.383	0.225	1	0.115	0.0115	2	0.498	0.2365
		2020 Total		217	6.1165	14.082	186	2.157	3.3715	403	8.2735	17.4535
		2021	1	4	0.1195	0.05	3	0.057	0	7	0.1765	0.05
			2	0	0.2395	0.47	0	0.0195	0.1245	0	0.259	0.5945
			3	3	0.2885	0.4995	3	0.094	0.073	6	0.3825	0.5725
			4	10	0.7665	0.792	11	0.067	0	21	0.8335	0.792
			5	56	1.3815	0.819	48	0.052	0.0325	104	1.4335	0.8515
			6	115	0	3.4715	101	0	0.022	216	0	3.4935
			7	172	1.1685	3.625	149	0	0.2015	321	1.1685	3.8265
			8	71	0	1.897	102	0	0.1225	173	0	2.0195
			9	12	0.444	0.221	19	0	0.007	31	0.444	0.228
			10	3	0.184	0.1855	2	0	0.0025	5	0.184	0.188
			11	3	0.1405	0.014				3	0.1405	0.014
			12	1	0.168	0.112	1	0	0	2	0.168	0.112
		2021 Total		450	4.9005	12.1565	439	0.2895	0.5855	889	5.19	12.742
		2022	1	1	0.2575	0.0245	1	0	0	2	0.2575	0.0245
			2	1	0.275	0.0735				1	0.275	0.0735
			3	4	0.23	0.091	4	0	0	8	0.23	0.091
			4	4	0.489	0.0705	5	0	0	9	0.489	0.0705
			5	72	0	1.801	46	0	0.0075	118	0	1.8085



## Passenger Traffic at Pelican, AK

CityMarketName	Airport	Year	Month	InBound (Deplanements)			OutBound (Enplanements)			Total Sum of T110_Rpax	Total Sum of T219_Usmail_Tons	Total Sum of T217_Freight_Tons
				Sum of T110_Rpax	Sum of T219_Usmail_Tons	Sum of T217_Freight_Tons	Sum of T110_Rpax	Sum of T219_Usmail_Tons	Sum of T217_Freight_Tons			
Pelican, AK	PEC	2020	1	16	1.1545	1.862	15	0.219	0.1505	31	1.3735	2.0125
			2	20	1.1545	4.26	21	0.101	0.277	41	1.2555	4.537
			3	35	1.3855	3.062	18	0.3095	0.432	53	1.695	3.494
			4	4	0.9325	4.325	4	0.1285	0.092	8	1.061	4.417
			5	25	1.4415	3.776	27	0.361	0.308	52	1.8025	4.084
			6	186	2.641	5.0085	148	0.173	1.979	334	2.814	6.9875
			7	206	2.365	6.282	234	0.3245	5.9375	440	2.6895	12.2195
			8	177	2.0835	6.1545	206	0.7705	5.473	383	2.854	11.6275
			9	41	1.3845	2.808	50	0.244	1.477	91	1.6285	4.285
			10	29	1.8115	2.9165	39	0.177	0.26	68	1.9885	3.1765
			11	16	1.473	2.753	25	0.2585	0.293	41	1.7315	3.046
			12	12	1.3135	2.662	12	0.346	0.261	24	1.6595	2.923
		2020 Total		767	19.1405	45.8695	799	3.4125	16.94	1566	22.553	62.8095
		2021	1	18	1.5055	2.1955	24	0.1725	0.113	42	1.678	2.3085
			2	16	1.046	1.595	15	0.125	0.19	31	1.171	1.785
			3	19	1.4775	3.597	25	0.134	0.2075	44	1.6115	3.8045
			4	67	2.497	4.477	42	0.1625	0.2035	109	2.6595	4.6805
			5	111	2.1665	4.0115	80	0.118	0.2275	191	2.2845	4.239
			6	382	0	7.181	380	0.1535	3.427	762	0.1535	10.608
			7	367	2.4605	8.0265	421	0.213	7.057	788	2.6735	15.0835
			8	398	2.091	7.104	405	0.3485	6.7945	803	2.4395	13.8985
			9	77	1.2865	3.805	147	0.295	2.844	224	1.5815	6.649
			10	25	1.7065	3.908	40	0.196	0.2465	65	1.9025	4.1545
			11	23	1.1695	2.5315	30	0.1045	0.1275	53	1.274	2.659
			12	14	1.33	2.641	14	0.21	0.1155	28	1.54	2.7565
		2021 Total		1517	18.7365	51.073	1623	2.2325	21.5535	3140	20.969	72.6265
		2022	1	9	0.82	2.9745	17	0.2915	0.405	26	1.1115	3.3795
			2	14	0.943	3.1825	21	0.094	0.153	35	1.037	3.3355
			3	24	1.607	3.4905	16	0.0875	0.1355	40	1.6945	3.626
			4	53	2.808	3.5935	53	0.1435	0.072	106	2.9515	3.6655
			5	99	0	4.463	74	0.158	0.962	173	0.158	5.425

### Passenger Traffic at Tenakee, AK

CityMarketName	Airport	Year	Month	InBound (Deplanements)			OutBound (Enplanements)			Total Sum of T110_Rpax	Total Sum of T219_Usmail_Tons	Total Sum of T217_Freight_Tons
				Sum of T110_Rpax	Sum of T219_Usmail_Tons	Sum of T217_Freight_Tons	Sum of T110_Rpax	Sum of T219_Usmail_Tons	Sum of T217_Freight_Tons			
Tenakee, AK	TKE	2020	1	47	1.3205	1.17	57	0.1945	0.0865	104	1.515	1.2565
			2	26	1.0005	1.935	21	0.225	0.0725	47	1.2255	2.0075
			3	21	1.1625	1.792	9	0.171	0.0495	30	1.3335	1.8415
			4	4	0.8075	3.0995	1	0.197	0.0555	5	1.0045	3.155
			5	10	1.019	1.962	11	0.1845	0.1115	21	1.2035	2.0735
			6	26	1.3915	1.9955	41	0.2505	0.153	67	1.642	2.1485
			7	39	1.292	4.0625	57	0.2235	0.159	96	1.5155	4.2215
			8	131	3.7655	5.9695	129	2.814	3.25	260	6.5795	9.2195
			9	32	1.723	2.6115	30	0.2295	0.101	62	1.9525	2.7125
			10	25	1.5475	3.5365	30	0.2215	0.202	55	1.769	3.7385
			11	23	1.6895	3.0365	23	0.335	0.339	46	2.0245	3.3755
			12	11	1.239	3.212	13	0.3235	0.7895	24	1.5625	4.0015
		2020 Total		395	17.958	34.3825	422	5.3695	5.369	817	23.3275	39.7515
		2021	1	26	1.5095	2.679	22	0.2125	0.061	48	1.722	2.74
			2	6	1.4475	2.531	13	0.192	0.0945	19	1.6395	2.6255
			3	19	1.117	2.8865	27	0.1895	0.0345	46	1.3065	2.921
			4	30	0.9185	2.749	32	0.14	0.097	62	1.0585	2.846
			5	39	1.164	3.363	29	0.1815	0.0905	68	1.3455	3.4535
			6	58	0	3.3045	70	0.1415	0.0745	128	0.1415	3.379
			7	100	1.565	3.9675	96	0.2015	0.11	196	1.7665	4.0775
			8	79	1.153	3.3835	97	0.177	0.4215	176	1.33	3.805
			9	58	0.975	3.649	62	0.1875	0.3035	120	1.1625	3.9525
			10	34	0.9265	2.748	41	0.1755	0.1235	75	1.102	2.8715
			11	48	1.643	3.6075	48	0.23	0.0895	96	1.873	3.697
			12	6	0.4035	2.093	13	0.369	0.0385	19	0.7725	2.1315
		2021 Total		503	12.8225	36.9615	550	2.3975	1.5385	1053	15.22	38.5
		2022	1	15	1.142	2.959	14	0.2035	0.027	29	1.3455	2.986
			2	11	0.85	2.3895	18	0.155	0.031	29	1.005	2.4205
			3	32	1.3135	3.309	33	0.2	0.1115	65	1.5135	3.4205
			4	33	1.161	3.108	37	0.226	0.121	70	1.387	3.229
			5	60	0	2.8515	67	0.2395	0.1985	127	0.2395	3.05

### **Example of General Terms and Conditions for Essential Air Service**

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