



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

Issued by the Department of Transportation
on the 21st day of November, 2017

Essential Air Service at

GREENBRIER/WHITE SULPHUR SPRINGS, WV

(FAIN #69A3451860441)¹

STAUNTON, VIRGINIA

(FAIN #69A3451860442)

DOT-OST-2003-15553

DOT-OST-2002-11378

Under 49 U.S.C. § 41731 *et seq.*

ORDER SELECTING CARRIER AND ESTABLISHING SUBSIDY RATES

Summary

By this Order, the United States 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 two-year period from April 1, 2018, through March 31, 2020. SkyWest will provide each community with 12 round trips per week to Chicago O'Hare International Airport (ORD) and Washington Dulles International Airport (IAD), using 50-seat Canadair Regional Jet 200 (CRJ-200) aircraft, at an annual subsidy rate of \$3,994,423 at Greenbrier, and \$2,992,903 at Staunton.²

Background

By Order 2016-9-10, issued on September 13, 2016, the Department selected Via Airlines, Inc. ("Via Air", "ViaAir", or "Via") to provide EAS at Greenbrier and Staunton for the two-year period from October 1, 2016, through November 30, 2018. Under the terms of that contract, Via Air was selected to provide each community with 12 nonstop round trips per week to Charlotte Douglas International Airport (CLT), using 50-seat ERJ-145 aircraft, at an annual subsidy rate of \$4,731,866 at Greenbrier, and \$3,797,780 at Staunton.

At the request of Mr. Stephen M. Snyder, Airport Manager of Greenbrier Valley Airport, and the Chairman of the Shenandoah Regional Airport Commission, on behalf of all five local government member jurisdictions of the Shenandoah Valley, the Department issued Orders

¹ Federal Award Identification Number.

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

2017-7-15 and 2017-7-16 requesting proposals for replacement EAS. In response to those Orders, Aerodynamics, Inc. d/b/a SkyValue Airlines (SkyValue), Boutique Air, Inc. (Boutique Air), SkyWest Airlines, Inc. (SkyWest), and Ultimate Jetcharters, Inc. submitted proposals for consideration at Greenbrier. At Staunton, SkyValue, Boutique, SkyWest, and Southern Airways Express, LLC submitted proposals for consideration.

Proposals of SkyValue

SkyValue proposed eight service options, each proposes to use 50-seat ERJ-145 aircraft, with a mix of hub options to Baltimore/Washington International Thurgood Marshall Airport (BWI), Hartsfield–Jackson Atlanta International Airport (ATL), and Charlotte Douglas International Airport (CLT), as described below:

Option Number	EAS Community	Number of Weekly Round Trips	Number of Stops	Hub Airport	Seasonality	Subsidy Request
Option 1 (Inseparable)	Staunton	24	Nonstop	BWI	Year-round	\$7,629,287
	Greenbrier	12	Nonstop	ATL	Year-round	
	Greenbrier	12	One-Stop	BWI	October - March	
	Greenbrier	24	One-Stop	BWI	April - September	
Option Number	EAS Community	Number of Weekly Round Trips	Number of Stops	Hub Airport	Seasonality	Subsidy Request
Option 2 (Inseparable)	Staunton	12	Nonstop	BWI	Year-Round	\$7,394,191
	Greenbrier	6	Nonstop	CLT	Year-Round	
	Greenbrier	6	One-Stop	BWI	October - March	
	Greenbrier	12	One-Stop	BWI	April - September	
Option Number	EAS Community	Number of Weekly Round Trips	Number of Stops	Hub Airport	Seasonality	Subsidy Request
Option 3 (Inseparable)	Staunton	12	Nonstop	CLT	Year-Round	\$6,777,252
	Greenbrier	12	Nonstop	CLT	Year-Round	
Option Number	EAS Community	Number of Weekly Round Trips	Number of Stops	Hub Airport	Seasonality	Subsidy Request
Option 4 (Inseparable)	Staunton	12	Nonstop	ATL	Year-Round	\$9,860,100
	Greenbrier	12	Nonstop	ATL	Year-Round	
Option Number	EAS Community	Number of Weekly Round Trips	Number of Stops	Hub Airport	Seasonality	Subsidy Request
Option 5	Greenbrier	12	Nonstop	CLT	Year-Round	\$4,365,701
Option Number	EAS Community	Number of Weekly Round Trips	Number of Stops	Hub Airport	Seasonality	Subsidy Request
Option 6	Staunton	12	Nonstop	CLT	Year-Round	\$4,204,461
Option Number	EAS Community	Number of Weekly Round Trips	Number of Stops	Hub Airport	Seasonality	Subsidy Request
Option 7	Greenbrier	12	Nonstop	ATL	Year-Round	\$5,841,518
Option Number	EAS Community	Number of Weekly Round Trips	Number of Stops	Hub Airport	Seasonality	Subsidy Request
Option 8	Staunton	12	Nonstop	CLT	Year-Round	\$5,567,129

Proposals of Boutique Air

Boutique Air submitted four service options, each proposes to use 8- or 9-seat Pilatus PC-12 or Beechcraft King Air 350 aircraft, as described below. On May 1, 2017, Boutique Air activated an interline ticket and baggage agreement with United Airlines, Inc. (United). Boutique Air’s proposals include \$20,000 per community for marketing the air service.

Boutique Air’s proposals at Greenbrier

Option Number	EAS Community	Number of Weekly Nonstop Round Trips	Hub Airport	Aircraft	Subsidy Request
Option 1	Greenbrier	28	BWI	PC-12	\$3,936,225
				King Air 350	\$4,894,704

Option Number	EAS Community	Number of Weekly Nonstop Round Trips	Hub Airport	Seasonality	Aircraft	Subsidy Request
Option 2	Greenbrier	42	BWI	May - October	PC-12	\$4,645,932
		24	BWI	November - April	King Air 350	\$5,505,760

Option Number	EAS Community	Number of Weekly Nonstop Round Trips	Hub Airport	Seasonality	Aircraft	Subsidy Request
Option 3	Greenbrier	42	BWI and ATL (4/3 Daily)	May - October	PC-12	\$5,464,161
		24	BWI and ATL (2/2 Daily)	November - April		

Option Number	EAS Community	Number of Weekly Nonstop Round Trips	Hub Airport	Seasonality	Aircraft	Subsidy Request
Option 4	Greenbrier	36	BWI and ATL (4/2 Daily)	May - October	PC-12	\$4,996,937
		24	BWI and ATL (2/2 Daily)	November - April	King Air 350	\$5,364,844

Boutique Air’s proposals at Staunton

Option Number	EAS Community	Number of Weekly Nonstop Round Trips	Hub Airport	Aircraft	Subsidy Request
Option 1	Staunton	28	BWI	PC-12	\$3,261,073
				King Air 350	\$3,647,000

Option Number	EAS Community	Number of Weekly Nonstop Round Trips	Hub Airport	Aircraft	Subsidy Request
Option 2	Staunton	28	BWI and ATL (3/1 Daily)	PC-12	\$3,488,031
				King Air 350	\$4,191,743

Proposal of SkyWest

SkyWest offered one inseparable proposal for Greenbrier and Staunton consisting of 12 round trips per week to Chicago O’Hare International Airport (ORD) and Washington Dulles International Airport (IAD), using 50-seat CRJ-200 aircraft. SkyWest has a full interline ticket and baggage agreement in place with United. SkyWest’s proposal includes \$20,000 per community for marketing campaigns to advertise the air service. SkyWest requested the Department and communities waive the right to hold-in the air carrier upon issuance of a 120-day notice of SkyWest to termination its air service. SkyWest proposed to provide this service at an annual subsidy rate of \$3,994,423 at Greenbrier, and \$2,992,903 at Staunton.

Proposals of Ultimate Jetcharters

Ultimate Jetcharters proposed to provide Greenbrier with 12 nonstop round trips each week to CLT, using 30-seat Dornier 328 aircraft, at an annual subsidy rate of \$4,696,454.

At Staunton, Ultimate Jetcharters proposed to provide 12 nonstop round trips per week to CLT, using 30-seat Dornier 328 aircraft, at an annual subsidy rate of \$4,364,275.

Ultimate Jetcharters is a Part 380 public charter operator with authority to provide scheduled passenger service as a commuter air carrier using small aircraft pursuant to Part 135 of the Federal Aviation Regulations.³ This service contemplates using a non-sterile Fixed Base Operator at CLT with van service to the entrance of the terminal. Ultimate Jetcharters proposed to contribute \$60,000 per year per community to market the service.

³ Ultimate Jetcharters does not have the requisite authority from either the Federal Aviation Administration or the Department to operate 30-seat aircraft in scheduled service. Thus, it would provide this service under the Alternate Essential Air Service (EAS) program, which the community has requested the Department to terminate, as stated above.

Proposal of Southern Airways Express

Southern Airways Express proposed three options for Staunton, all using 9-seat Cessna Caravan aircraft, as described below:

Option	Number of Weekly Round Trips	Hub Airport	Subsidy Request
Option A:	24	BWI	\$2,185,112
Option B:	21	BWI	\$2,493,110
	7	PIT	
Option C:	28	BWI	\$2,442,388

Community Comments

On September 19, 2017, the Department requested community comments regarding this air carrier selection case. Those comments were due to the Department by October 19, 2017.

Comments from Greenbrier

By letter dated September 20, 2017, Mr. Snyder, the Airport Manager of Greenbrier, stated, “Greenbrier County Airport Authority met on September 19, 2017 in a public meeting and has unanimously voted to accept the bid set forth by SkyWest Airlines.” In that letter, Mr. Snyder further stated, “[w]e understand the requirement for Shenandoah Airport to select SkyWest as a combined city proposal and we agree to language regarding ‘hold-in’ and 120 [day] notice.”

Comments from Staunton

By letter dated September 21, 2017, Mr. Garber, the Chairman of the Shenandoah Valley Regional Airport Commission, provided strong support for SkyWest’s proposal. In regards to Boutique Air’s proposal, Mr. Garber stated, “[w]e respectfully decline to endorse the single engine proposal. The twin engine proposals require subsidies ranging from \$3.6 million to \$4.2 million dollars, significantly higher than other proposals. We understand that Boutique does an excellent job providing EAS service at other cities. However, we do not recommend any of the Boutique proposals at this time.”

In regards to the single-engine proposals from Southern Airways Express, Mr. Garber stated, “[w]e understand that Southern does an excellent job providing EAS service at other cities. However, since we have twin engine proposals that provide us with network coded regional jet service we respectfully decline to endorse these single engine proposals at this time.”

Regarding SkyValue’s proposal, Mr. Garber stated, “[s]everal of the proposals are tied to service at Greenbrier Valley Airport (LWB). All of the proposals except one requires more than \$3 million dollars in annual subsidy. The carrier does not have a network code share and the extent of its ticket and bag agreement is unclear. We are aware that the carrier does a good job serving two EAS cities in South Dakota; however, we decline to endorse SkyValue at this time.”

In regards to SkyWest’s proposal, Mr. Garber stated, “[t]he proposal offers regional jet service under the brand and code of United Airlines for just under \$3 million dollars annually, which

represents a reduction of \$700,000 in required subsidy. SkyWest has an outstanding record of providing EAS service with regional jets nationwide.” Mr. Garber added, “we strongly endorse the proposal of SkyWest to provide our EAS.”

Via Air’s Notice to Terminate EAS

By separate Notices dated November 2, 2017, Via Air submitted notification to the Department that it intends to terminate all EAS at Greenbrier and Staunton, effective April 1, 2018.

Decision

The Department has decided to select SkyWest to provide replacement EAS at Greenbrier and Staunton because its proposal aligns well with all five factors that 49 U.S.C. § 41733(c)(1) directs the Department to consider when making an air carrier selection decision: (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) community views, giving substantial weight to the views of the elected officials representing the users of the service; and (E) whether the air carrier has included a plan in its proposal to market the service.⁴

Regarding the single-engine proposals from Boutique Air (PC-12) and Southern Airways Express (Cessna Caravan), basic EAS at these communities requires service using twin-engine aircraft.⁵ Therefore, the Department is unable to select any of the single-engine proposals.

SkyValue, Southern Airways Express, and Ultimate Jetcharters lack marketing and interline agreements with larger air carriers and did not receive any community support. The air carrier selection criterion at 49 U.S.C. § 41733(c)(1)(D) requires that the Secretary consider the preferences of the actual and potential users of the service, giving great weight to the views of elected officials representing the actual and potential users of the service. None of these three carriers received community support, and, in addition, there was no support for Boutique Air’s proposal using twin-engine King Air 350 aircraft.

SkyWest received community support and has active codeshare and interline agreements in place with larger air carriers. SkyWest has a proven record of providing reliable EAS at other markets around the country. The air carrier’s service package will allow passengers to connect to air service provided by United and its Star Alliance partners at ORD and IAD. Additionally, the Department finds SkyWest’s service levels and subsidy rates to be reasonable.

As noted above, SkyWest’s proposal is contingent upon an exemption from the requirement at 49 U.S.C. 41734(c), which requires air carriers providing EAS to continue to serve the community even after filing a notice to suspend service until a replacement air carrier begins full EAS. The Secretary may exempt air carriers from certain EAS requirements when the exemption is consistent with the public interest. Under 49 U.S.C. § 40101(a)(11), the Secretary of Transportation shall consider as being in the public interest: “maintaining a complete and convenient system of continuous scheduled interstate air transportation for small communities

⁴ In addition, the Consolidated Appropriations Act, 2017, Pub. L. 115-31 as continued by the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017, Pub. L. 115-56, provides that when selecting a carrier to provide EAS, the Department may consider the relative subsidy requirements, thus codifying a factor that has been considered since the inception of the program.

⁵ See 49 U.S.C. § 41732(b)(6).

and isolated areas with direct financial assistance from the United States Government when appropriate.” Greenbrier and Staunton support SkyWest’s proposal and, for this reason, and the reasons described below, the Department will grant SkyWest an exemption from the requirement at 49 U.S.C. 41734(c) under the authority provided at 49 U.S.C. § 40109(c). As long as the communities remain eligible to receive EAS, the Department would, in response to any notice from SkyWest announcing its intent to terminate, suspend, or reduce service, issue a request for proposals to find a replacement air carrier, as soon as it is practicable.

The Department shall make this selection of SkyWest at Greenbrier and Staunton 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.⁶

Service Transition

The contracts for Via Air to provide service at Greenbrier and Staunton were to end on September 30, 2018, and November 30, 2018, respectively. However, as noted earlier, Via Air, on November 2, 2017, provided termination notices to the Department. The termination notices stated that Via will coordinate the service transition so there will be no disruption in service at either community.

The Department expects Via Air and SkyWest to work together to make a smooth transition at both communities, with Via Air ending service on one day and SkyWest inaugurating service the next day. In that regard, before Via Air suspends its service, it must notify any passengers holding reservations for travel after the termination date, assist those passengers in making alternate air transportation arrangements, or provide a refund of the ticket price, without penalty, if requested.

Given Via Air’s advance termination notice, and its commitment to provide a smooth transition to the new air carrier, the Department will amend Order 2016-9-10, to terminate, Via Air’s obligation to provide EAS at Greenbrier and Staunton, effective March 31, 2018. The Department expects SkyWest to begin service at Greenbrier and Staunton on April 1, 2018.

Note Regarding Eligibility

The Department of Transportation and Related Agencies Appropriations Act, 2000, prohibits the Department from subsidizing EAS to communities located within the 48 contiguous States receiving per passenger subsidy amounts exceeding \$200, unless the communities are located more than 210 miles from the nearest large- or medium-hub airport. Staunton is located fewer than 210 miles from Washington Dulles International Airport, a large-hub, and therefore subject to the \$200 cap. The FAA Modernization and Reform Act of 2012, Pub. L. 112-95 (The Act), provides that the Secretary of Transportation may waive the \$200 subsidy cap, subject to the availability of funds, on a case-by-case basis, for a limited period of time.

The Act also amended 49 U.S.C. § 41731(a)(1)(B) to change the definition of “eligible place” for the purpose of receiving EAS. The amendment states that to be eligible, a community must maintain an average of 10 enplanements or more per service day, as determined by the

⁶ The certifications are internet accessible at: <https://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

Secretary, during the most recent Fiscal Year beginning after September 30, 2012. The legislation exempts locations in Alaska and Hawaii and communities that are more than 175 driving miles from the nearest large- or medium-hub airport. The Secretary also has the authority to waive the 10-enplanement standard (*see* 49 U.S.C. § 41731(e)), on an annual basis, if the community can demonstrate that the reason the location averages fewer than 10 enplanements per day is due to a temporary decline in enplanements. Staunton is also subject to this requirement.

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.

Air Carrier Fitness

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 Department's staff 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 SkyWest is reliable and remains 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, 2018, through March 31, 2020;
2. Under the authority provided by 49 U.S.C. § 40109(c), the Department exempts SkyWest Airlines, Inc. from 49 U.S.C. § 41734(c) for Essential Air Service at Greenbrier/White Sulphur Springs, West Virginia, and Staunton, Virginia, under this Order and finds that this exemption is consistent with the public interest at 49 U.S.C. § 40101(a)(11);
3. Via Air, LLC may suspend service at Greenbrier/White Sulphur Springs, West Virginia and Staunton, Virginia, effective April 1, 2018, provided that (A) SkyWest Airlines, Inc. is prepared to inaugurate full Essential Air Service the day after the final day of service provided by Via Air, LLC.; and (B) Via Air, LLC has satisfied the conditions described in the paragraph titled "Service Transition" in this Order;
4. The Department ends the obligation of Via Air, LLC to provide Essential Air Service at Greenbrier and Staunton effective March 31, 2018;

5. The Department directs SkyWest Airlines, Inc. to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years from the service date of this Order or until the Department indicates that the records may be destroyed, whichever comes first. Copies of flight logs for aircraft sold or disposed of must be retained. The air carrier may forfeit its compensation for any claim that is not supported under the terms of this Order;

6. 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;

7. These dockets will remain open pending further Department action; and

8. 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.

By:

SUSAN McDERMOTT
Deputy Assistant Secretary
for 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 9/18/2017	SHD <u>IAD/ORD</u>	LWB <u>IAD/ORD</u>
Number of round-trips per week	12	12
Aircraft type	CRJ	CRJ
Passenger Revenue		
Passengers	16,000	19,000
Average fare	\$ 69.00	\$ 79.00
Revenue	<u>\$ 1,104,000</u>	<u>\$ 1,501,000</u>
Block Time		
Trip block time (minutes)	50	88
Total scheduled block time	1,040	1,820
Total completed block time	98% 1,019	1,784
RPMS		
Passengers	16,000	19,000
Stage length	<u>91</u>	<u>334</u>
Total RPMS	1,456,000	5,867,000
ASMs		
Scheduled departures	1,248	1,248
Completed departures	98% 1,223	1,223
Stage length	91	334
Available Seats	<u>50</u>	<u>50</u>
Total ASMs	5,678,400	20,810,400
Revenue	\$ 1,104,000	\$ 1,501,000
Direct operating expenses	\$ 2,890,882	\$ 3,843,645
Marketing Costs	\$ 20,000	\$ 20,000
RPM related	\$ 65,588	\$ 77,886
Departure related	\$ 896,806	\$ 1,121,007
ASM related	\$ 52,923	\$ 193,953
Total expenses	<u>\$ 3,926,199</u>	<u>\$ 5,256,492</u>
Operating income (loss)	\$ (2,822,199)	\$ (3,755,492)
5% profit margin	<u>\$ 170,704</u>	<u>\$ 238,931</u>
Annual subsidy requirement	\$ 2,992,903	\$ 3,994,423
SkyWest effective rates per unit		
Cost per trip	\$ 3,210	\$ 4,298
Cost per passenger	\$ 213	\$ 252
SkyWest cost per block hour	\$ 3,852	\$ 2,947
Effective Subsidy rate per unit		
Subsidy per trip	\$ 2,447	\$ 3,266
Subsidy per passenger	\$ 187	\$ 210
Load factor	26%	28%

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

Effective Period: April 1, 2018, through March 31, 2020

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: \$3,266¹

Weekly Ceiling: \$78,384²

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 December 8, 2017. The Government's obligation for performance under this Order beyond December 8, 2017, 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 8, 2017, until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond December 8, 2017, 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.

1 Annual compensation of \$3,994,423 divided by 1,223 annual departures (24 weekly departures x 52 weeks x 98 percent completion).

2 24 flights per week multiplied by \$3,266 per flight.

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

Effective Period: April 1, 2018, through March 31, 2020

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

Aircraft: 50-seat CRJ-200 aircraft

Rate per Eligible Flight: \$2,447¹

Weekly Ceiling: \$58,728²

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.

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