

474385



**U.S. Department of
Transportation**
Office of the Secretary
Of Transportation

DEPT. OF TRANSPORTATION
DOCKETS

1200 New Jersey Ave., S.E.
Washington, DC 20590

2007 JUN 27 P 2: 51

OST-2002-11348-46

June 27, 2007

Fax: (706) 613-3425

Tim Beggerly
Airport Manager
Athens-Ben Epps Airport
1010 Ben Epps Dr
Athens, GA 30605

Dear Mr. Beggerly:

I would like to update you on the essential air service situation at Athens and give you an opportunity to submit any comments if you wish. As you know, Air Midwest, the incumbent carrier, filed a 90-day notice of its intent to suspend service at your community. As a result, by Order 2007-5-14, May 21, 2007, the Department prohibited Air Midwest from suspending service and solicited proposals from all interested air carriers to provide service at Athens, as well as at DuBois and Franklin/Oil City, Pennsylvania, and Greenbrier/White Sulphur Springs/Lewisburg, West Virginia. (We will continue to require Air Midwest to provide service so that there will be no hiatus in service.) At this stage, we would normally ask for your preferences for various carrier and service options. However, in response to that order, Gulfstream International Airlines, Inc. was the only carrier to submit a proposal. Nonetheless, we want to give you an opportunity to submit any final comments for the record that you may have.

We have directed the carrier to serve its proposal on you; in addition, a copy of the proposal may be accessed online through the Department's Dockets Management System at: <http://dms.dot.gov/> by doing a simple search on Docket Number 11348, so we will only briefly summarize it here.

Gulfstream proposes to offer 12 weekly nonstop round trip flights to Charlotte with 19-passenger Beechcraft 1900D aircraft at an annual subsidy of \$825,345. The proposal also includes service at Greenbrier/White Sulphur Springs/Lewisburg, West Virginia for \$1,329,477, for a total annual subsidy for both communities of \$2,154,822. Its proposal

is contingent upon Gulfstream finalizing its negotiations of a code agreement with US Airways.

My purpose in writing to you at this time is to request any final comments you might have on the carrier's service and subsidy proposals before we submit a recommendation on the carrier-selection issue to the Assistant Secretary for Aviation and International Affairs.

Please note that the average passenger fares shown in each proposal do not necessarily reflect the average local fare Athens passengers would actually pay, but, rather, reflect a prorated portion of the total ticket price, e.g., the Athens – Charlotte portion of a Athens – Charlotte – Washington, D.C. ticket that the subsidized carrier would realize. Also, the fare shown is net of certain charges such as Federal transportation security fees, excise or ticket taxes, and Passenger Facility Charges. Of course, carriers have the discretion to charge fares they deem appropriate, and the passenger fares presented in their proposals have been developed for subsidy rate computation purposes only. Based on the cost elements incorporated in the carrier's computation summaries, the carrier would have to realize passenger fares comparable to the averages shown in its proposal in order to achieve break-even or profitable operations without subsidy.

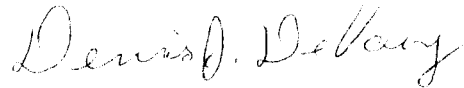
You should also note that the schedules that the carrier has submitted are illustrative only, and that they may make schedule changes to reflect changing conditions, e.g., to better meet shifting connecting bank times at the hub. The Department expects subsidized air carriers to maintain well-timed and well-spaced flights in order to ensure full compensation.

We request that you review each proposal and service option and submit any comments you may have before we submit a recommendation to the Assistant Secretary. We ask that you submit any comments you may have as soon as possible, but in any case no later than July 18, 2007. We will carefully consider your comments before we submit a recommendation to the Assistant Secretary for a decision. We appreciate that there are significant issues for you to consider, so if you have any questions or if you find that you need additional time to draft your comments, please let us know.

Please send an original and one copy of your comments to me at the following address: Essential Air Service Division, X-53; 8th Floor West; Office of Aviation Analysis; Department of Transportation; 1200 New Jersey Ave, S.E.; Washington, D.C. 20590. You should also send a copy to each carrier. In order to expedite the process, we would appreciate your sending an advance copy by fax to 202-366-7638 or by email to dennis.devany@dot.gov and kevin.schlemmer@dot.gov. Again, if you have any questions, please feel free to contact Kevin Schlemmer of my staff at 202-366-3176.

A similar letter has been sent to the Mayor of the Unified Government of Athens-Clarke County.

Sincerely,

A handwritten signature in cursive script that reads "Dennis J. DeVany".

Dennis J. DeVany
Chief, Essential Air Service Division, X-53
Office of Aviation Analysis