ORDER SELECTING CARRIERS; SETTING FINAL AND HOLD-IN RATES

Summary
By this order, the Department is selecting Hyannis Air Service, Inc. d/b/a Cape Air (Cape Air) to provide subsidized essential air service (EAS) at Marion/Herrin, Quincy, and Cape Girardeau, for a two-year period beginning when Cape Air inaugurates full EAS at each of the three communities and ending at the close of the 24th month thereafter, at a combined annual subsidy rate of $5,469,768 ($2,053,783 for Marion/Herrin, $1,946,270 for Quincy, and $1,469,715 for Cape Girardeau). The Department is selecting Multi-Aero, Inc. d/b/a Air Choice One (Air Choice One) to provide subsidized EAS at Decatur, Illinois, and Burlington, Iowa, for a two-year period beginning when it inaugurates full EAS and ending at the close of the 24th month thereafter, at a combined annual subsidy of $5,253,644 ($3,082,403 for Decatur and $2,171,241

1 Subsidy is calculated and distributed on a fiscal year basis, subject to the availability of appropriated funds.
for Burlington). The Department is selecting Great Lakes Aviation, Ltd. (Great Lakes) to provide subsidized EAS at Fort Leonard Wood, Missouri, for the two-year period from November 1, 2009, through October 31, 2011, at an annual subsidy of $1,292,906.

However, if Air Choice One is unable to inaugurate service at Decatur by December 15, 2009 (with service to St. Louis), and service to Chicago O’Hare by January 15, 2010, utilizing 9-passenger Cessna Caravan aircraft, we would instead select Cape Air to provide EAS with subsidy support, for a two-year period beginning when Cape Air inaugurates service, at a total annual subsidy of $2,129,081.

Background
In previous orders, Great Lakes was selected to provide EAS at all six communities.2 Decatur was to receive 24 weekly round trips at an annual subsidy of $1,350,256 for the first year, and an annual subsidy of $1,055,844 for the second year. Marion/Herrin was to receive 26 weekly round trips at an annual subsidy of $1,126,810. Quincy was to receive 24 weekly round trips at an annual subsidy of $1,532,891 for the first year and $1,421,614 for the second year. Burlington and Fort Leonard Wood were to receive 18 weekly round trips for annual subsidies of $943,793 and $519,858, respectively. Cape Girardeau was to receive 19 weekly round trips at an annual subsidy of $1,497,542. Great Lakes is currently serving Burlington from Kansas City, Fort Leonard Wood from Kansas City and St. Louis, and Marion/Herrin, Decatur, Quincy and Cape Girardeau from St. Louis.

Great Lakes inaugurred service to Burlington and Fort Leonard Wood on October 7, 2007, Decatur, Marion/Herrin, and Quincy on November 4, 2007, and Cape Girardeau on June 1, 2008. Currently, only Burlington and Fort Leonard Wood are receiving the full amount of weekly round trips that the Orders outline and summarized above, and Fort Leonard Wood is receiving more service than was awarded, but at no additional subsidy from the Department. In anticipation of the end of the rate term, the Department issued Order 2009-7-9 on July 9, 2009, soliciting proposals to provide EAS, with subsidy support if necessary, at all six communities, for a new, two-year period.

Proposals
We received proposals from seven carriers:

- Alaska Juneau Aeronautics, Inc. d/b/a SeaPort Airlines (SeaPort)
- Charter Air Transport (CAT) and Aviation Technologies, Inc. d/b/a Public Charters (Charter Air Transport)
- Gulfstream International Airlines (Gulfstream)
- Great Lakes Aviation, Ltd. (Great Lakes)
- Hyannis Air Service, Inc. d/b/a Cape Air (Cape Air)
- Locair, Inc. (Locair)
- Multi-Aero, Inc. d/b/a Air Choice One (Air Choice One)

2 Order 2007-3-5, March 9, 2007, for Burlington Fort Leonard Wood, and Marion/Herrin; Order 2007-3-10, March 13, 2007, for Quincy; Order 2007-4-12, April 10, 2007, for Decatur; and Order 2008-2-1, February 1, 2008, for Cape Girardeau.
Because of the large number of options, we will not attempt to summarize them in narrative form. Rather, we have summarized them in chart form as Appendix D. In addition, all of the carriers’ complete proposals may be accessed online at http://www.regulations.gov by typing in the docket number on page 1 of this order in the field marked “Enter Keyword or ID” and selecting the “Search” button.

Community Comments
On August 18, we requested community comments regarding the carrier selection at the six communities, to be due to the Department by September 16. On September 14, at the request of two communities (Burlington and Decatur), the deadline for community comments was extended until September 23.

Decatur
The Department received a letter from Cynthia A. Deadrick, President of the Decatur Park Board of Commissioners, representing the Decatur Park District, owner and operator of the Decatur Airport. It “has determined that the best alternative for continuing air service under the EAS Program auspices is Air Choice One.” Its recommendation is based “primarily on the carrier’s ability to access Chicago O’Hare – an airport deemed critical to Decatur’s extensive corporate travel community.” It says St. Louis is no longer appealing, with the announced reduction of American Airlines’ schedules. The letter asks that the Department condition its approval on three items. First, “Air Choice One will guarantee that service provided to Decatur passengers will be via the Cessna Caravan 9-seat airplane only.” Second, “Passenger service to St. Louis will be guaranteed by November 15, 2009. Third, “Service to Chicago O’Hare will be guaranteed within 90 days following the DOT contract award.”

Marion/Herrin
We received a letter from Douglas Kimmel, Airport Manager at the Williamson County Regional Airport in Marion. He states that, “[a]t its regular meeting held on September 8, 2009, the (Williamson County) Airport Authority unanimously selected the proposal submitted by Cape Air as its recommendation to the Department of Transportation.” The airport authority also believes “that the increased frequency of flights, lower fares, number of dedicated aircraft, and commitments of staff and advertising dollars to promote the service will produce exceptional results.”

Quincy
John A. Spring, Mayor of the City of Quincy, informed the Department in a September 17 letter that, “the Aeronautics Committee for Quincy Regional Airport met and made a determination to give full and unanimous support to Cape Air.” In the letter, the Mayor says that Marty Stegeman, Airport Director at Quincy Regional Airport, contacted several communities in the EAS program served by Cape Air and stated, “[e]ach community made it clear that Cape Air has delivered on every promise they made and many stated that Cape Air had exceeded their expectations.”

Burlington
We received letters from the City of Burlington, the City of West Burlington, the Des Moines County Board of Supervisors, and Southeast Iowa Regional Airport. The Southeast Iowa Regional Airport Authority Board members reviewed the proposals submitted by Great Lakes, Gulfstream, and Air Choice One. “In a 3-2 vote, the Authority Board recommends the proposal of Air Choice One, option A-4.” They “believe it is the only option proposed by Air Choice One that will provide adequate service for Southeast Iowa Regional Airport.” It also states that community input and comments from the Greater Burlington Partnership stress the importance of the Chicago O’Hare service. Numerous international companies would benefit from a Chicago O’Hare connection. They further state, “[w]e trust Air Choice One will follow through on its assurances to secure gate access at Chicago O’Hare, provide a schedule to allow the best connectivity, to continue to secure agreements with popular web site booking engines and provide a reasonable fare structure.” Lastly, they state Great Lakes has been a “wonderful partner” and “[t]he proposal they submitted is our second recommendation for commercial air service.” William L. Ell, Mayor of the City of Burlington, and Hans K. Trousil, Mayor of the City of West Burlington, also support the Airport Authority’s recommendation of Air Choice One, stressing that its proposed service to Chicago O’Hare was the chief driving decision to their recommendation for Air Choice One’s proposal. The Des Moines County Board of Supervisors also endorse Air Choice One’s service to Chicago O’Hare and St. Louis.

Cape Girardeau
Scott A. Meyer, City Manager, City of Cape Girardeau stated that the Cape Girardeau Regional Airport Advisory Board and the Cape Girardeau Regional Airport Administration, representing the City of Cape Girardeau thoroughly reviewed proposals for all five carriers that submitted proposals for Cape Girardeau and provided a summary report of its findings. “The report concludes that the best alternative to re-establish quality air service for the City of Cape Girardeau is to award the Essential Air Service two-year contract to…Cape Air.”

Fort Leonard Wood
The Department received a joint letter from the City of Waynesville and the City of Saint Robert, “the civilian sponsors of the existing joint use agreement on Fort Leonard Wood.” The letter states that “[a]lthough we were pleased by the caliber of the companies submitting proposals, based on our review of the EAS proposals and discussions with the other local entities, the Cities of Waynesville and St. Robert recommend the proposal submitted by Gulfstream Airlines.”

We also received a letter from the Department of the Army, Fort Leonard Wood. Darlene F. Battle, Chief of the Transportation Division states that “[a]lthough there was comparable information for the companies that submitted proposals, based on our review of the proposals and hearing proposals submitted by Gulfstream and Air Choice One, Ft. Leonard Wood recommends the proposal submitted by Gulfstream.” The letter further notes that Great Lakes’ on-time statistics and availability status have greatly declined over the past two years while it has provided service to the community. “It is difficult to encourage personnel to utilize the service when its on time statistics are typically below 50% on a regular basis and the availability is continuing to drop.”

Decision and Back-up carrier selection
Four of the six communities (Decatur, Marion/Herrin, Quincy, and Cape Girardeau) have been receiving less than full EAS for a significant period of the last two years, and, thus, replacement carriers’ ability to start service in a timely fashion takes on added importance. In that regard, we note that Locair and Charter Air Transport do not have the requisite authority to provide their service as proposed. In addition, Locair’s proposed service does not meet the EAS guarantee of two round trips a day to a hub. None of the communities support either carrier, so this leaves five carriers as the remaining options (Gulfstream, SeaPort, Cape Air, Great Lakes, and Air Choice One).

Gulfstream’s proposal is an “all-or-nothing” six-community proposal and only one community supports it. While Gulfstream’s proposed annual subsidy of $12,141,192, is competitively priced against other carriers proposals, because only one community (Fort Leonard Wood) supports its proposal, we can effectively eliminate it from further consideration. This leaves Cape Air, SeaPort, Great Lakes, and Air Choice One, with selectable proposals.

At two of the communities, the decision is very straightforward. Marion/Herrin and Quincy support Cape Air and its proposals require less subsidy support than Air Choice One’s, the only other viable applicant, for comparable service levels.

At Decatur, the community supports Air Choice One’s option that would provide three round trips a day to both St. Louis and Chicago O’Hare (36 round trips a week) with a nine-seat Cessna Caravan. That option requires $3.1 million per year in subsidy compared to Cape Air’s proposal, which is comparable in aircraft size and frequency, but about $1 million less per year. Under Air Choice One’s proposal, it would provide three of the six daily round trips flights to Chicago O’Hare, rather than all six round trips to St. Louis under Cape Air’s proposal.

As noted in Decatur’s community comments, it requests that the Department condition the selection of Air Choice One on several factors, including aircraft type and inauguration dates. Decatur has suffered from serious service deficiencies over the last several years, beginning when RegionsAir ceased all operations in March 2007. The replacement service by Great Lakes has been hampered by that carrier’s ability to acquire sufficient aircraft to service the St. Louis hub on a reliable basis. As a result, traffic levels have suffered considerably in the past couple of years, so we will defer to the community’s requests in selecting Air Choice One, in order for the new service to begin as quickly as possible and to start the rebuilding of traffic levels. In that regard, the community’s support of Air Choice One is premised on three conditions: (1) Air Choice One will use the Cessna Caravan exclusively, (2) that service to St. Louis be started by November 15, and (3) that service to Chicago O’Hare start within 90 days of the award. We will defer to the community’s wishes, and make the award contingent on those three conditions. Because this decision has taken longer than expected, it would be unfair to expect Air Choice One to start up operations to Decatur by November 15, now less than 30 days away. As a result, we will establish December 15 as a must-start date for St. Louis service, and January 15, 2010 (90 days from the issue date of this order) as the must-start date for O’Hare service. If Air Choice One is unable to inaugurate service at Decatur by December 15, 2009 (with service to St. Louis) and service to Chicago O’Hare by January 15, 2010, utilizing 9-passenger Cessna Caravan aircraft, the Order would instead select Cape Air to provide EAS with subsidy support, for a two-year period beginning when Cape Air inaugurates service, at a total annual subsidy of
$2,129,081. Service would consist of 36 round trips per week to St. Louis with 9-passenger Cessna 402 aircraft.

We are aware of the higher subsidy level for the community’s recommendation; however, we believe Air Choice One’s proposal to reinstate the community’s long sought-after service to Chicago O’Hare has the potential to rejuvenate traffic levels at Decatur, given the greater array of airlines and connecting opportunities available at O’Hare. We note that Air Choice One has no electronic ticketing or baggage agreements with major airlines and no presence online with any major online travel providers. We encourage Air Choice One to fulfill its commitment to have its flights available for sale in a wider range of distribution channels as soon as possible. The community and carrier must work together closely to generate traffic at levels to justify the high subsidy level, keeping in mind the $200 per-passenger subsidy level applies for Decatur. Since a new carrier will be serving a new hub, we will give the service at least 12 months after inauguration before we examine per-passenger subsidy rates again.

At Cape Girardeau, Cape Air and SeaPort are the only remaining applicants. SeaPort’s proposal for Cape Girardeau calls for four round trips a day to Memphis with a single-engine Pilatus PC-12 aircraft. The community has not waived the requirement for twin-engine aircraft called for under the EAS guidelines and, affirmatively supports the selection of Cape Air. Cape Air proposed four round trips a day to St. Louis with twin-engine Cessna 402 aircraft. Thus, we will dismiss SeaPort’s proposal despite its lower subsidy requirement.

That leaves only Burlington and Fort Leonard Wood. At Fort Leonard Wood, the community supports Gulfstream; however, we have already eliminated Gulfstream because it proposed a six-city, all-or-nothing proposal that only one community supported and that offered no subsidy savings over the combination of proposals that we are selecting. The only other applicants are Great Lakes and Air Choice One. Air Choice One’s least expensive option requires significantly more subsidy than Great Lakes -- $1.8 million vs. $1.29 million per year, and the community did not waive its right to 15-seat or larger aircraft, thus eliminating Air Choice One from consideration at Fort Leonard Wood.

At Burlington, the community’s first choice, Air Choice One, is only slightly more expensive than Great Lakes proposal, and we will defer to the community’s preference. Cape Air did not submit a proposal for Burlington.

We note that Cape Air proposed more service than the Department requested, and the proposals for Marion/Herrin, Quincy, and Cape Girardeau require a combined annual subsidy of almost $6.4 million. Cape Air’s proposal is based on six daily round trips (42 per week) for the Illinois communities and four daily round trips (28 per week) for Cape Girardeau. In our request for proposals (Order 2009-7-9), we specifically stated, “If aircraft with fewer than 15 passenger seats are contemplated, service patterns should consist of six round trips each weekday and weekend (36 total round trips per week).” Its original proposed annual subsidy amounts of $6,381,395 for the three communities ($2,396,080 for Marion/Herrin, $2,270,648 for Quincy, and $1,714,667 for Cape Girardeau). Reduced weekend service is common practice, not only in the EAS program, but it is widespread in the airline industry in general. The 36 nonstop round trips per week for Marion/Herrin, and Quincy, and the 24 nonstop round trips per week for Cape
Girardeau will give the communities a wide selection of arrival and departures times during weekdays, with convenient options on Saturdays and Sundays. Specifically, we will authorize subsidy levels that are prorated from 42 round trips a week to 36 for Marion/Herrin, and Quincy and for 24 round trips a week for Cape Girardeau. The revised annual subsidy amounts are as follows: $2,053,783 for Marion/Herrin, $1,946,270 for Quincy, and $1,469,715 for Cape Girardeau, for a total of $5,469,768 for those 3 communities. This will result in a savings of over $1.8 million over the course of the two-year period and still provide the communities with access to the national air transportation system. The prorated subsidy levels will also apply to Decatur, if the award reverts to Cape Air, as described in other parts of this order.

Based on all the above, we will select Cape Air to serve Marion/Herrin, Quincy, and Cape Girardeau to Cape Air; Air Choice One to serve Decatur and Burlington; and Great Lakes to serve Fort Leonard Wood.³

As described above, if Air Choice One is unable to inaugurate service at Decatur by December 15, 2009 (with service to St. Louis), and service to Chicago O’Hare by January 15, 2010, utilizing 9-passenger Cessna Caravan aircraft, we are here selecting Cape Air to provide EAS with subsidy support, for a two-year period beginning when Cape Air inaugurates service, at a total annual subsidy of $2,129,081. Service would consist of 36 round trips per week to St. Louis with 9-passenger Cessna 402 aircraft. If, at that time, Cape Air declines our selection of it, the Department would solicit a new round of proposals for service at Decatur.

We shall make this selection at all six communities contingent upon the Department’s receiving properly executed certifications from Cape Air, Air Choice One, and Great Lakes, that each is in compliance with the Department’s regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations concerning lobbying activities.

**Carrier Transition**

We expect Great Lakes and Cape Air to coordinate a smooth transition in service at Marion/Herrin, Quincy, and Cape Girardeau, including setting a date to switch services from Great Lakes to Cape Air. We expect similar cooperation between Great Lakes and Air Choice One regarding Decatur and Burlington’s service transition. We expect Great Lakes to contact all passengers holding reservations for travel after that date, to notify them of the suspension of service, and to secure alternate air transportation for such passengers or to provide a full refund of the ticket price, without penalty, if requested. In this regard, we will compensate Great Lakes at the subsidy rates contained in its proposal for Burlington from November 1, 2009, until Air Choice One inaugurates full EAS, with service to Chicago O’Hare and St. Louis. We will compensate Great Lakes at Decatur, Marion/Herrin, Quincy, and Cape Girardeau, at the subsidy rates contained in the original selection orders.⁴

---

³ By endorsing Cape Air, Marion/Herrin, Quincy, and Cape Girardeau have effectively waived their right to 15-seat aircraft, which we consider only in effect for the two-year term after Cape Air inaugurates service. The same applies to Air Choice One at Decatur and Burlington.

⁴ Order 2007-3-5, March 9, 2007, for Marion/Herrin; Order 2007-3-10, March 13, 2007, for Quincy; Order 2007-4-12, April 10, 2007, for Decatur; and Order 2008-2-1, February 1, 2008, for Cape Girardeau
Carrier Fitness
49 U.S.C. 41737(b) requires that we find an air carrier fit, willing, and able to provide reliable service before we may subsidize it to provide essential air service. Cape Air, Air Choice One, and Great Lakes are subject to the Department’s continuing fitness requirements, and no information has come to our attention that would cause us to question any of these carriers’ fitness at this time. We have contacted the Federal Aviation Administration, and it has raised no concerns that would negatively affect our fitness finding. We therefore conclude that the carriers remain fit to conduct the operations proposed here.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,
1. We select Hyannis Air Service, Inc. d/b/a Cape Air to provide essential air service at Marion/Herrin, and Quincy Illinois, and Cape Girardeau, Missouri;

2. We set the final rate of compensation for Hyannis Air Service, Inc. d/b/a Cape Air, for the provision of essential air service at Marion/Herrin, and Quincy Illinois, and Cape Girardeau, Missouri; as described in Appendix C;

3. We direct Hyannis Air Service, Inc. d/b/a Cape Air, 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 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 carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

4. We find that Hyannis Air Service, Inc. d/b/a Cape Air, continues to be fit, willing and able to operate as a commuter air carrier and capable of providing reliable essential air service at Marion/Herrin, and Quincy Illinois, and Cape Girardeau, Missouri;

5. We select Multi-Aero, Inc. d/b/a Air Choice One to provide essential air service at Decatur, Illinois, and Burlington, Iowa;

6. We set the final rate of compensation for Multi-Aero, Inc. d/b/a Air Choice One for the provision of essential air service at Decatur, Illinois, and Burlington, Iowa, as described in Appendix C;

7. We direct Multi-Aero, Inc. d/b/a Air Choice One 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 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 carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

8. We find that Multi-Aero, Inc. d/b/a Air Choice One continues to be fit, willing and able to operate as a commuter air carrier and capable of providing reliable essential air service at Decatur, Illinois, and Burlington, Iowa;

9. We select Great Lakes Aviation, Ltd. to provide essential air service at Fort Leonard Wood, Missouri;

10. We set the final rate of compensation for Great Lakes Aviation, Ltd. for the provision of essential air service at Fort Leonard Wood, Missouri; as described in Appendix C;

11. We direct Great Lakes Aviation, Ltd. 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 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 carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

12. We find that Great Lakes Aviation, Ltd. continues to be fit, willing and able to operate as a commuter air carrier and capable of providing reliable essential air service at Fort Leonard Wood, Missouri;

13. In the event that Multi-Aero, Inc. d/b/a Air Choice One does not inaugurate service to St. Louis by December 15, 2009, and to Chicago O’Hare by January 15, 2010, with 9-passenger Cessna Caravan aircraft, we select Hyannis Air Service, Inc. d/b/a Cape Air to provide essential air service at Decatur, Illinois5;

14. We set the rates for Burlington from November 1 until Air Choice One takes over service at the rates Great Lakes submitted in its bid6;

15. These dockets will remain open until further order of the Department; and

16. We will serve copies of this order on the Mayors and Airport Managers of Decatur, Marion/Herrin, and Quincy Illinois, and Cape Girardeau, Missouri, Hyannis Air Service, Inc. d/b/a Cape Air, Great Lakes Aviation, Ltd., Gulfstream International Airlines, Alaska Juneau Aeronautics, Inc. d/b/a SeaPort Airlines, Multi-Aero d/b/a Air Choice One, Locair, Inc., and Aviation Technologies, Inc. and Charter Air Transport.

5 See Appendix F, page 1 for calculations.
6 See Appendix F, page 2 for calculations.
By:

[SUSAN KURLAND]
Assistant Secretary for
Aviation and International Affairs

(SEAL)

An electronic version of this document is available online at
www.regulations.gov
This map is provided by Planet Profitability Forecasting System and is being used with express permission of the copyright holder, Sabre Airline Solutions®.
## Drivers

<table>
<thead>
<tr>
<th></th>
<th>Quincy</th>
<th>Desatur</th>
<th>Cape Girardeau</th>
<th>Marion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily RTs</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Cruise (naut. miles)</td>
<td>61</td>
<td>96</td>
<td>90</td>
<td>67</td>
</tr>
<tr>
<td>Seats/Opt</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Annual Scheduled Flights</td>
<td>4,380</td>
<td>4,380</td>
<td>2,920</td>
<td>4,380</td>
</tr>
<tr>
<td>Completion Rate</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
</tr>
<tr>
<td>Annual Actual Flights</td>
<td>4,249</td>
<td>4,249</td>
<td>2,832</td>
<td>4,249</td>
</tr>
<tr>
<td>PDSW</td>
<td>19.9</td>
<td>19.9</td>
<td>13.3</td>
<td>19.9</td>
</tr>
<tr>
<td>Pax/Opt</td>
<td>3.4</td>
<td>3.4</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Load Factor</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>Annual Passengers</td>
<td>14,980</td>
<td>14,980</td>
<td>9,986</td>
<td>14,980</td>
</tr>
<tr>
<td>Avg. Net Fare</td>
<td>$49.69</td>
<td>$47.04</td>
<td>$49.02</td>
<td>$42.63</td>
</tr>
<tr>
<td>Passenger Rev</td>
<td>$576,704</td>
<td>$563,501</td>
<td>$465,161</td>
<td>$619,423</td>
</tr>
</tbody>
</table>

## Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>Quincy</th>
<th>Desatur</th>
<th>Cape Girardeau</th>
<th>Marion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>$668,839</td>
<td>$996,297</td>
<td>$675,527</td>
<td>$919,822</td>
</tr>
<tr>
<td>Maintenance</td>
<td>$585,639</td>
<td>$743,228</td>
<td>$456,586</td>
<td>$420,795</td>
</tr>
<tr>
<td>Pilots</td>
<td>$254,040</td>
<td>$268,890</td>
<td>$194,180</td>
<td>$267,180</td>
</tr>
<tr>
<td>Ownership</td>
<td>$166,875</td>
<td>$192,945</td>
<td>$130,351</td>
<td>$177,305</td>
</tr>
<tr>
<td>Rents &amp; Landing Fees</td>
<td>$395,975</td>
<td>$420,146</td>
<td>$282,564</td>
<td>$442,559</td>
</tr>
<tr>
<td>Staff</td>
<td>$210,103</td>
<td>$210,103</td>
<td>$175,200</td>
<td>$210,103</td>
</tr>
<tr>
<td>Marketing</td>
<td>$65,700</td>
<td>$65,700</td>
<td>$43,100</td>
<td>$65,700</td>
</tr>
<tr>
<td>General &amp; Admin./Other</td>
<td>$115,613</td>
<td>$163,742</td>
<td>$112,028</td>
<td>$161,265</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>$2,704,065</td>
<td>$3,009,027</td>
<td>$2,070,036</td>
<td>$2,846,723</td>
</tr>
<tr>
<td>Return of 5%</td>
<td>$142,966</td>
<td>$158,371</td>
<td>$109,201</td>
<td>$145,775</td>
</tr>
<tr>
<td>Economic Expense</td>
<td>$2,847,352</td>
<td>$3,167,429</td>
<td>$2,179,825</td>
<td>$3,216,503</td>
</tr>
<tr>
<td>Passenger Revenue</td>
<td>$576,704</td>
<td>$563,501</td>
<td>$465,161</td>
<td>$619,423</td>
</tr>
<tr>
<td>Profit</td>
<td>($2,270,648)</td>
<td>($2,483,928)</td>
<td>($1,714,667)</td>
<td>($2,396,089)</td>
</tr>
</tbody>
</table>

|            | Annual Subsidy | $2,270,648 | $2,483,928 | $1,714,667 | $2,396,089 |
| Per Departure | $534       | $565       | $465       | $564       |
| Amort./Opt    | $37        | $37        | $43        | $37        |
| **Total Subsidy/Op** | $571       | $621       | $648       | $601       |
| Per Passenger | $107       | $102       | $100       | $107       |
Multi-Aero, Inc dba Air Choice One
Proposal to Provide Essential Air Service
Decatur, IL - Chicago, IL(3 rt's) - St. Louis, MO(3rt's)
Aircraft --- Cessna Caravan(9 pax)
Calculation of Compensation Required

(Completion 98%)

Option: A-1

Departures: 1,840
Block Hours: 2,410
Revenue Passenger Miles: 1,784,000
Available Seat Miles: 3,881,962

Operation Revenues:

<table>
<thead>
<tr>
<th></th>
<th># Passengers</th>
<th>Average Fare</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEC-ORD</td>
<td>8,000</td>
<td>$125.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departures:</td>
<td>1,840</td>
<td></td>
</tr>
<tr>
<td>Block Hours:</td>
<td>2,410</td>
<td></td>
</tr>
<tr>
<td>Revenue Miles</td>
<td>1,784,000</td>
<td></td>
</tr>
<tr>
<td>Available Seat Miles:</td>
<td>3,881,962</td>
<td></td>
</tr>
</tbody>
</table>

Operation Revenues:

Passenger: DEC-STL

<table>
<thead>
<tr>
<th></th>
<th># Passengers</th>
<th>Average Fare</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,415</td>
<td>$65.00</td>
</tr>
</tbody>
</table>

Other Revenues

Total Operating Revenues: $1,496,794.75

Operating Expenses

Direct
Flying Operations: 501,615.36
Fuel and Oil: 1,127,212.14
Maintenance: 758,007.18
Aircraft/Insurance/Taxes: 420,000.00
Total Direct: 2,666,834.68

Indirect: 1,464,306.40

Total Operating Expense: 4,131,141.08
Operating Loss: 2,864,346.33
Profit Element (5% of Total Operating Expense): 218,057.05
Compensation Required: 3,062,403.36

Compensation Per PAX: 199.96
Compensation per Departure: $837.61
Multi-Aero, Inc
Proposal to Provide Essential Air Service
Burlington, IA - Chicago, IL(2 rt's) - St. Louis, MO(2rt's)
Aircraft --- Cessna Caravan(9 pax)
Calculation of Compensation Required

(Completion 98%)

Option: A-4

Departures: 1,226
Block Hours: 1,349
Revenue Passenger Miles: 581,000
Available Seat Miles: 2,068,376

Operation Revenues:

<table>
<thead>
<tr>
<th># Passengers</th>
<th>Average Fare</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRL-ORD</td>
<td>5,500</td>
<td>$125.00</td>
</tr>
</tbody>
</table>

Departures: 1,226
Block Hours: 1,055
Revenue Passenger Miles: 800,415
Available Seat Miles: 161,906,162

Operation Revenues:

<table>
<thead>
<tr>
<th>Passenger: BRL-STL</th>
<th># Passengers</th>
<th>Average Fare</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,445</td>
<td>$75.00</td>
<td>$408,375.00</td>
</tr>
</tbody>
</table>

Other Revenues: $5,479.38
Total Operating Revenues: $1,101,354.38

Operating Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>2,140,729.14</td>
</tr>
<tr>
<td>Indirect</td>
<td>976,037.50</td>
</tr>
</tbody>
</table>

Total Operating Expense: 3,116,757.64
Operating Loss: 2,015,403.26
Profit Element (5% of Total Operating Expen: 155,837.88
Compensation Required: 2,171,241.14

Compensation Per PAX: 196.38
Compensation per Departure: $885.50
Great Lakes Aviation, Ltd.
Annual Compensation Requirements for Essential Air Service at
Fort Leonard Wood, Missouri
(at 98 percent completion)

Departures: 1,840
Block Hours: 1,564
Revenue Passenger Miles: 2,244,000
Available Seat Miles: 615,960

Operating Revenues:
- Passenger: TBN 12,750 psgs at $107.02 $1,364,505
- Other: (at 0.62% of passenger revenue) $8,460
Total Operating Revenues: $1,372,965

Operating Expenses:
- Direct: Aircraft and Hull Insurance $335,757
- Fuel and Oil $746,264
- Flying Operations $253,834
- Maintenance $450,004
Total Direct Expenses: $1,785,659

Total Indirect Expenses: $753,266
Total Operating Expenses: $2,538,925

Operating Loss: ($1,165,960)
Profit Element (5.0% of Total Operating Expenses) $126,846

Annual Compensation Requirement: $1,292,906

Bid assumes current schedule would serve as a representative schedule.
Multi-Aero, Inc. d/b/a Air Choice One

Essential Air Service to be provided at Decatur, Illinois

Effective Period: Two years beginning when Air Choice One inaugurates full EAS through the end of the 24th month thereafter. If Air Choice One does not inaugurate service to St. Louis by December 15, 2009, and to Chicago O’Hare by January 15, 2010, the carrier selection reverts to Cape Air

Scheduled Service: 18 nonstop round trips each week to St. Louis and 18 nonstop round trips each week to Chicago O’Hare

Aircraft: Cessna Caravan, 9 seats

Rate per Eligible Flight\(^1\): $840

Weekly Ceiling\(^2\): $60,480

Note: The 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 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 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 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 carrier to provide service on these routes. The 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 complete, 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 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 carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this order beyond October 31, 2009. The Department’s obligation for performance under this order beyond October 31, 2009, is subject to the availability of appropriated 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 October 31, 2009, until funds are made available to the Department for performance. If funds are not made available for performance beyond October 31, 2009, the Department will provide notice in writing to the carrier.

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.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

\(^1\) Annual compensation of $3,082,403, divided by 3,669 annual departures (72 weekly departures x 52 weeks x 98 percent completion).

\(^2\) 72 arrivals and departures per week multiplied by $840 per flight.
Hyannis Air Service, Inc., d/b/a Cape Air
Essential Air Service to be provided at Marion/Herrin, Illinois

Effective Period: Two years beginning when Cape Air inaugurates full EAS through the end of the 24th month thereafter.
Scheduled Service: 36 weekly nonstop round trips to St. Louis
Aircraft: Cessna 402C, 9 seats
Rate per Eligible Flight1: $602
Weekly Ceiling2: $43,344

Note: The 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 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 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 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 carrier to provide service on these routes. The 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 complete, 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 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 carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this order beyond October 31, 2009. The Department’s obligation for performance under this order beyond October 31, 2009, is subject to the availability of appropriated 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 October 31, 2009, until funds are made available to the Department for performance. If funds are not made available for performance beyond October 31, 2009, the Department will provide notice in writing to the carrier.

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.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

1 Annual compensation of $2,053,783, divided by 3,632 annual departures (72 weekly departures x 52 weeks x 97 percent completion) = $565 + $37 start-up amortization.
2 72 arrivals and departures per week multiplied by $602 flight.
Hyannis Air Service, Inc., d/b/a Cape Air
Essential Air Service to be provided at Quincy, Illinois

Effective Period: Two years beginning when Cape Air inaugurates full EAS through the end of the 24th month thereafter.
Scheduled Service: 36 weekly nonstop round trips to St. Louis
Aircraft: Cessna 402C, 9 seats
Rate per Eligible Flight\(^1\): $573
Weekly Ceiling\(^2\): $41,256

Note: The 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 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 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 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 carrier to provide service on these routes. The 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 complete, 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 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 carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this order beyond October 31, 2009. The Department’s obligation for performance under this order beyond October 31, 2009, is subject to the availability of appropriated 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 October 31, 2009, until funds are made available to the Department for performance. If funds are not made available for performance beyond October 31, 2009, the Department will provide notice in writing to the carrier.

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.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

\(^1\) Annual compensation of $1,946,270, divided by 3,632 annual departures (72 weekly departures x 52 weeks x 97 percent completion) = $536 + $37 start-up amortization.
\(^2\) 72 arrivals and departures per week multiplied by $573.
Multi-Aero, Inc. d/b/a Air Choice One  
Essential Air Service to be provided at Burlington, Iowa

Effective Period: Two years beginning when Air Choice One inaugurates full EAS (12 weekly round trips to Chicago O’Hare and 12 weekly round trips to St. Louis) through the end of the 24th month thereafter.

Scheduled Service: 12 weekly nonstop round trips to Chicago O’Hare and 12 weekly round trips to St. Louis

Aircraft: Cessna Caravan, 9 seats

Rate per Eligible Flight\(^1\): $888

Weekly Ceiling\(^2\): $42,624

Note: The 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 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 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 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 carrier to provide service on these routes. The 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 complete, 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 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 carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this order beyond October 31, 2009. The Department’s obligation for performance under this order beyond October 31, 2009, is subject to the availability of appropriated 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 October 31, 2009, until funds are made available to the Department for performance. If funds are not made available for performance beyond October 31, 2009, the Department will provide notice in writing to the carrier.

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.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

---

\(^1\) Annual compensation of $2,171,241, divided by 2,446 annual departures (48 weekly departures x 52 weeks x 98 percent completion).

\(^2\) 48 arrivals and departures per week multiplied by $888 per flight.
Hyannis Air Service, Inc., d/b/a Cape Air
Essential Air Service to be provided at Cape Girardeau, Missouri

Effective Period: Two years beginning when Cape Air inaugurates full EAS through the end of the 24th month thereafter.

Scheduled Service: 24 weekly nonstop round trips to St. Louis

Aircraft: Cessna 402, 9 seats

Rate per Eligible Flight: $650

Weekly Ceiling: $31,200

Note: The 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 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 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 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 carrier to provide service on these routes. The 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 complete, 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 makes payments in the stipulated amounts or at the stipulated service levels, the 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 carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this order beyond October 31, 2009. The Department’s obligation for performance under this order beyond October 31, 2009, is subject to the availability of appropriated 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 October 31, 2009, until funds are made available to the Department for performance. If funds are not made available for performance beyond October 31, 2009, the Department will provide notice in writing to the carrier.

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.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

---

1 Annual compensation of $1,469,715, divided by 2,421 annual departures (48 weekly departures x 52 weeks x 97 percent completion) = $607 + $43 start-up amortization.

2 48 arrivals and departures per week multiplied by $650.
Great Lakes Aviation, Ltd.

**Essential Air Service to be provided at Fort Leonard Wood, Missouri**

**Effective Period:** November 1, 2009, through October 31, 2011.

**Scheduled Service:** 18 weekly nonstop round trips to Kansas City or St. Louis

**Aircraft:** Beech 1900, 19 seats

**Rate per Eligible Flight**\(^1\): $703

**Weekly Ceiling**\(^2\): $25,308

Note: The 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 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 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 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 carrier to provide service on these routes. The 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 complete, 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 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 carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this order beyond October 31, 2009. The Department’s obligation for performance under this order beyond October 31, 2009, is subject to the availability of appropriated 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 October 31, 2009, until funds are made available to the Department for performance. If funds are not made available for performance beyond October 31, 2009, the Department will provide notice in writing to the carrier.

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.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

---

\(^1\) Annual compensation of $1,292,906, divided by 1,840 annual departures (313 service days x 6 flights per service day x 98 percent completion).

\(^2\) 36 arrivals and departures per week multiplied by $703.
## Summary of Proposals

<table>
<thead>
<tr>
<th>Carrier/option</th>
<th>EAS Community</th>
<th>Skd Auth?</th>
<th>HUB</th>
<th>A/C Type</th>
<th>Seats</th>
<th>#RTs/week</th>
<th>Annual Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Cape Air</td>
<td>DEC</td>
<td>Yes</td>
<td>STL</td>
<td>C-402</td>
<td>9</td>
<td>42</td>
<td>$2,483,928</td>
</tr>
<tr>
<td></td>
<td>MWA</td>
<td>Yes</td>
<td>STL</td>
<td>C-402</td>
<td>9</td>
<td>42</td>
<td>$2,396,080</td>
</tr>
<tr>
<td></td>
<td>UIN</td>
<td>Yes</td>
<td>STL</td>
<td>C-402</td>
<td>9</td>
<td>42</td>
<td>$2,270,648</td>
</tr>
<tr>
<td></td>
<td>CGI</td>
<td>Yes</td>
<td>STL</td>
<td>C-402</td>
<td>9</td>
<td>28</td>
<td>$1,714,667</td>
</tr>
<tr>
<td>2 SeaPort</td>
<td>CGI</td>
<td>Yes</td>
<td>MEM</td>
<td>PC-12</td>
<td>9</td>
<td>24</td>
<td>$1,134,277</td>
</tr>
<tr>
<td>3 Aviation Tech</td>
<td>DEC</td>
<td>No</td>
<td>MDW or ORD</td>
<td>King Air</td>
<td>13</td>
<td>24</td>
<td>$1,436,172</td>
</tr>
<tr>
<td></td>
<td>MWA</td>
<td>No</td>
<td>MDW or ORD</td>
<td>King Air</td>
<td>13</td>
<td>24</td>
<td>$1,255,985</td>
</tr>
<tr>
<td></td>
<td>UIN</td>
<td>No</td>
<td>MDW or ORD</td>
<td>King Air</td>
<td>13</td>
<td>24</td>
<td>$1,255,985</td>
</tr>
<tr>
<td>4 Gulfstream</td>
<td>DEC</td>
<td>Yes</td>
<td>STL</td>
<td>B-1900</td>
<td>19</td>
<td>24</td>
<td>$2,249,380</td>
</tr>
<tr>
<td></td>
<td>MWA</td>
<td>Yes</td>
<td>STL</td>
<td>B-1900</td>
<td>19</td>
<td>24</td>
<td>$2,157,729</td>
</tr>
<tr>
<td></td>
<td>UIN</td>
<td>Yes</td>
<td>STL</td>
<td>B-1900</td>
<td>19</td>
<td>24</td>
<td>$2,065,696</td>
</tr>
<tr>
<td></td>
<td>BRL</td>
<td>Yes</td>
<td>STL</td>
<td>B-1900</td>
<td>19</td>
<td>18</td>
<td>$2,046,615</td>
</tr>
<tr>
<td></td>
<td>CGI</td>
<td>Yes</td>
<td>STL</td>
<td>B-1900</td>
<td>19</td>
<td>18</td>
<td>$1,885,006</td>
</tr>
<tr>
<td></td>
<td>TBN</td>
<td>Yes</td>
<td>STL</td>
<td>B-1900</td>
<td>19</td>
<td>18</td>
<td>$1,736,766</td>
</tr>
<tr>
<td>5 Great Lakes</td>
<td>BRL</td>
<td>Yes</td>
<td>MCI</td>
<td>B-1900</td>
<td>19</td>
<td>18</td>
<td>$1,997,602</td>
</tr>
<tr>
<td></td>
<td>TBN</td>
<td>Yes</td>
<td>MCI/STL</td>
<td>B-1900</td>
<td>19</td>
<td>18</td>
<td>$1,292,906</td>
</tr>
<tr>
<td>6 Locair</td>
<td>DEC</td>
<td>No</td>
<td>MCI/MSP/BNA</td>
<td>Metro/J31</td>
<td>9 or 19</td>
<td>24</td>
<td>$2,107,356</td>
</tr>
<tr>
<td></td>
<td>UIN</td>
<td>No</td>
<td>MCI/CHI/IAD</td>
<td>Metro/J31</td>
<td>9 or 19</td>
<td>24</td>
<td>$2,225,497</td>
</tr>
<tr>
<td></td>
<td>CGI</td>
<td>No</td>
<td>CVG/BNA</td>
<td>Metro/J31</td>
<td>9 or 19</td>
<td>16</td>
<td>$1,258,654</td>
</tr>
</tbody>
</table>

Codes:
DEC – Decatur
MWA – Marion/Herrin
UIN – Quincy
CGI – Cape Girardeau
TBN – Fort Leonard Wood
BRL – Burlington
## Summary of Proposals (continued)

<table>
<thead>
<tr>
<th>7 Air Choice One</th>
<th>DEC (A1)</th>
<th>Yes</th>
<th>ORD/STL</th>
<th>Caravan</th>
<th>9</th>
<th>18 ORD/18 STL</th>
<th>$3,082,403</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWA (A2)</td>
<td>Yes</td>
<td>ORD/STL</td>
<td>Caravan</td>
<td>9</td>
<td>18 ORD/18 STL</td>
<td>$3,120,289</td>
<td></td>
</tr>
<tr>
<td>UIN (A3)</td>
<td>Yes</td>
<td>ORD/STL</td>
<td>Caravan</td>
<td>9</td>
<td>18 ORD/18 STL</td>
<td>$3,023,238</td>
<td></td>
</tr>
<tr>
<td>BRL (A4)</td>
<td>Yes</td>
<td>ORD/STL</td>
<td>Caravan</td>
<td>9</td>
<td>12 ORD/12 STL</td>
<td>$2,171,241</td>
<td></td>
</tr>
<tr>
<td>CGI (A5)</td>
<td>Yes</td>
<td>STL/MEM</td>
<td>Caravan</td>
<td>9</td>
<td>12 STL/12 MEM</td>
<td>$2,056,477</td>
<td></td>
</tr>
<tr>
<td>TBN (A6)</td>
<td>Yes</td>
<td>STL/MEM</td>
<td>Caravan</td>
<td>9</td>
<td>24 STL</td>
<td>$1,823,926</td>
<td></td>
</tr>
<tr>
<td>DEC (B1)</td>
<td>Yes</td>
<td>ORD/STL</td>
<td>Caravan</td>
<td>9</td>
<td>12 ORD/24 STL</td>
<td>$2,780,371</td>
<td></td>
</tr>
<tr>
<td>MWA (B2)</td>
<td>Yes</td>
<td>ORD/STL</td>
<td>Caravan</td>
<td>9</td>
<td>12 ORD/24 STL</td>
<td>$2,839,319</td>
<td></td>
</tr>
<tr>
<td>UIN (B3)</td>
<td>Yes</td>
<td>ORD/STL</td>
<td>Caravan</td>
<td>9</td>
<td>12 ORD/24 STL</td>
<td>$2,636,446</td>
<td></td>
</tr>
<tr>
<td>BRL (B4)</td>
<td>Yes</td>
<td>STL</td>
<td>Caravan</td>
<td>9</td>
<td>24 STL</td>
<td>$1,930,239</td>
<td></td>
</tr>
<tr>
<td>CGI (B5)</td>
<td>Yes</td>
<td>STL</td>
<td>Caravan</td>
<td>9</td>
<td>24 STL</td>
<td>$1,819,270</td>
<td></td>
</tr>
<tr>
<td>TBN (B6)</td>
<td>Yes</td>
<td>STL/MEM</td>
<td>Caravan</td>
<td>9</td>
<td>12 STL/12 MEM</td>
<td>$2,134,258</td>
<td></td>
</tr>
<tr>
<td>DEC (C1)</td>
<td>Yes</td>
<td>STL</td>
<td>Caravan</td>
<td>9</td>
<td>36 STL</td>
<td>$2,333,022</td>
<td></td>
</tr>
<tr>
<td>MWA (C2)</td>
<td>Yes</td>
<td>STL</td>
<td>Caravan</td>
<td>9</td>
<td>36 STL</td>
<td>$2,626,453</td>
<td></td>
</tr>
<tr>
<td>MWA (C3)</td>
<td>Yes</td>
<td>STL/MEM</td>
<td>Caravan</td>
<td>9</td>
<td>18 MEM/18 STL</td>
<td>$2,626,453</td>
<td></td>
</tr>
<tr>
<td>UIN (C4)</td>
<td>Yes</td>
<td>STL</td>
<td>Caravan</td>
<td>9</td>
<td>36 STL</td>
<td>$2,171,600</td>
<td></td>
</tr>
<tr>
<td>CGI (C5)</td>
<td>Yes</td>
<td>MEM</td>
<td>Caravan</td>
<td>9</td>
<td>24 MEM</td>
<td>$2,201,263</td>
<td></td>
</tr>
<tr>
<td>TBN (C6)</td>
<td>Yes</td>
<td>MEM</td>
<td>Caravan</td>
<td>9</td>
<td>24 MEM</td>
<td>$2,139,173</td>
<td></td>
</tr>
<tr>
<td>DEC (D1)</td>
<td>Yes</td>
<td>STL</td>
<td>Navajo</td>
<td>7</td>
<td>36 STL</td>
<td>$2,100,891</td>
<td></td>
</tr>
<tr>
<td>MWA (D2)</td>
<td>Yes</td>
<td>STL</td>
<td>Navajo</td>
<td>7</td>
<td>36 STL</td>
<td>$2,056,512</td>
<td></td>
</tr>
<tr>
<td>UIN (D3)</td>
<td>Yes</td>
<td>STL</td>
<td>Navajo</td>
<td>7</td>
<td>36 STL</td>
<td>$1,961,687</td>
<td></td>
</tr>
<tr>
<td>BRL (D4)</td>
<td>Yes</td>
<td>STL</td>
<td>Navajo</td>
<td>7</td>
<td>24 STL</td>
<td>$1,644,942</td>
<td></td>
</tr>
<tr>
<td>CGI (D5)</td>
<td>Yes</td>
<td>STL</td>
<td>Navajo</td>
<td>7</td>
<td>24 STL</td>
<td>$1,640,991</td>
<td></td>
</tr>
<tr>
<td>DEC &amp; MWA (E1)</td>
<td>Yes</td>
<td>ORD/STL</td>
<td>Caravan</td>
<td>9</td>
<td>18 ORD/18 STL</td>
<td>$4,748,501</td>
<td></td>
</tr>
<tr>
<td>UIN/CGI/TBN (E2)</td>
<td>Yes</td>
<td>STL</td>
<td>Caravan</td>
<td>9</td>
<td>36 UIN/24 CGI &amp; TBN</td>
<td>$5,069,496</td>
<td></td>
</tr>
<tr>
<td>BRL/CGI/TBN (E3)</td>
<td>Yes</td>
<td>STL</td>
<td>Caravan</td>
<td>9</td>
<td>24 for each</td>
<td>$5,192,469</td>
<td></td>
</tr>
<tr>
<td>BRL/G/TBN (E4)</td>
<td>Yes</td>
<td>STL</td>
<td>Navajo</td>
<td>7</td>
<td>24 for each</td>
<td>$4,464,297</td>
<td></td>
</tr>
<tr>
<td>UIN/MWA (F1)</td>
<td>Yes</td>
<td>STL</td>
<td>Navajo</td>
<td>7</td>
<td>36 for each</td>
<td>$5,556,034</td>
<td></td>
</tr>
<tr>
<td>BRL/CGI/TBN (F2)</td>
<td>Yes</td>
<td>STL</td>
<td>Navajo</td>
<td>7</td>
<td>24 for each</td>
<td>$4,464,297</td>
<td></td>
</tr>
</tbody>
</table>

**Codes:**
- DEC – Decatur
- MWA – Marion/Herrin
- UIN – Quincy
- CGI – Cape Girardeau
- TBN – Fort Leonard Wood
- BRL – Burlington
Great Lakes Aviation, Ltd.
Annual Compensation Requirements for Essential Air Service at
Burlington, Iowa
(at 98 percent completion)

| Departures:             | 1,840 |
| Block Hours:            | 1,840 |
| Revenue Passenger Miles:| 1,519,000 |
| Available Seat Miles:   | 7,586,320 |

Operating Revenues:

| Passenger: BRL 7,000 psgs at $98.72 | $691,040 |
| Other: (at 0.62% of passenger revenue) | $4,284 |
| **Total Operating Revenues:** | **$695,324** |

Operating Expenses:

<table>
<thead>
<tr>
<th>Direct:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft and Hull Insurance</td>
<td>$335,757</td>
</tr>
<tr>
<td>Fuel and Oil</td>
<td>$792,021</td>
</tr>
<tr>
<td>Flying Operations</td>
<td>$296,353</td>
</tr>
<tr>
<td>Maintenance</td>
<td>$485,282</td>
</tr>
<tr>
<td><strong>Total Direct Expenses:</strong></td>
<td><strong>$1,911,453</strong></td>
</tr>
<tr>
<td><strong>Total Indirect Expenses:</strong></td>
<td><strong>$653,239</strong></td>
</tr>
<tr>
<td><strong>Total Operating Expenses:</strong></td>
<td><strong>$2,564,692</strong></td>
</tr>
<tr>
<td>Operating Loss</td>
<td>($1,869,368)</td>
</tr>
<tr>
<td>Profit Element (5.0% of Total Operating Expenses)</td>
<td>$128,235</td>
</tr>
<tr>
<td><strong>Annual Compensation Requirement:</strong></td>
<td><strong>$1,997,602</strong></td>
</tr>
</tbody>
</table>

Bid assumes current schedule would serve as a representative schedule.
Hyannis Air Service, Inc., d/b/a Cape Air  
Essential Air Service to be provided at Decatur, Illinois  
Back-up carrier selection

Effective Period: Two years beginning when Cape Air inaugurates full EAS through the end of the 24th month thereafter (if Air Choice One does not inaugurate service to St. Louis by December 15, 2009, and Chicago O'Hare, by January 15, 2010, utilizing Cessna Caravan aircraft)

Scheduled Service: 36 weekly nonstop round trips each week to St. Louis

Aircraft: Cessna 402C, 9 seats

Rate per Eligible Flight\(^1\): $623

Weekly Ceiling\(^2\): $44,856

Note: The 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 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 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 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 carrier to provide service on these routes. The 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 complete, 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 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 carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this order beyond October 31, 2009. The Department’s obligation for performance under this order beyond October 31, 2009, is subject to the availability of appropriated 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 October 31, 2009, until funds are made available to the Department for performance. If funds are not made available for performance beyond October 31, 2009, the Department will provide notice in writing to the carrier.

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.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

\(^1\) Annual compensation of $2,129,081, divided by 3,632 annual departures (72 weekly departures x 52 weeks x 97 percent completion) = $586 + $37 start-up amortization.

\(^2\) 72 arrivals and departures per week multiplied by $623 per flight.
Great Lakes Aviation, Ltd.
Essential Air Service to be Provided at Burlington, Iowa

Effective Period: November 1, 2009, until Air Choice One inaugurates full EAS
Scheduled Service: 18 weekly nonstop round trips to Kansas City
Aircraft: Beech 1900, 19 seats
Rate per Eligible Flight\(^1\): $1,086
Weekly Ceiling\(^2\): $39,096

Note: The 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 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 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 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 carrier to provide service on these routes. The 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 complete, 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 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 carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this order beyond October 31, 2009. The Department’s obligation for performance under this order beyond October 31, 2009, is subject to the availability of appropriated 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 October 31, 2009, until funds are made available to the Department for performance. If funds are not made available for performance beyond October 31, 2009, the Department will provide notice in writing to the carrier.

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.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

---

\(^{1}\) Annual compensation of $1,997,602, divided by 1,840 annual departures (313 service days x 6 flights per service day x 98 percent completion).

\(^{2}\) 36 arrivals and departures per week multiplied by $1,086.