Order: 2025-9-19
Issued: September 26, 2025

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

Issued by the Department of Transportation
on the 26th day of September, 2025

Essential Air Service at **PADUCAH, KENTUCKY** (FAIN 69A3452660225)[1] Under 49 U.S.C. § 41731 *et seq.*	**DOT-OST-2009-0299**

ORDER SELECTING AIR CARRIER

Summary
By this Order, the U.S. Department of Transportation (the Department) selects SkyWest Airlines, Inc., branded as United Express (SkyWest), to provide Essential Air Service (EAS) at Paducah, Kentucky, using 50-seat CRJ-200 aircraft, for the four-year term from December 1, 2025, through November 30, 2029. SkyWest will provide 12 weekly round trips to Chicago O'Hare International Airport (ORD) at the annual subsidy rates indicated below.[2]

SkyWest at Paducah	
Year 1	$4,549,562
Year 2	$4,686,049
Year 3	$4,826,631
Year 4	$4,971,429

Background
By Order 2022-8-21, issued on August 30, 2022, the Department: (1) granted Paducah a waiver from the requirement in 49 U.S.C. § 41732(a) that basic EAS be scheduled air transportation, and (2) selected Corporate Flight Management, Inc. d/b/a Contour Airlines (Contour) to provide EAS as public charter flights for the three-year contract term from December 6, 2022, through November 30, 2025.[3] Under the terms of that order, Contour provides Paducah with 12 nonstop round trips per week from Barkley Regional Airport (PAH) to Charlotte Douglas International Airport (CLT), using 30-passenger Embraer ERJ-135 (EMB-135) aircraft, at the current annual

[1] FAIN = Federal Award Identification Number.
[2] Such subsidy is calculated on a fiscal year basis, subject to the availability of funds.
[3] December 6, 2022, is the date that Contour was able to begin service at Paducah.

subsidy rate of $6,359,523. The waiver granted to Paducah by Order 2022-8-21 expires on November 30, 2025. The community has not sought a renewal of that waiver.

On May 20, 2025, the Department issued Order 2025-5-9, requesting proposals from air carriers interested in providing EAS at Paducah. American Airlines, Inc. d/b/a American Eagle (American), Air Wisconsin, Inc. (Air Wisconsin), Contour, Key Lime Air Corporation d/b/a Denver Air Connection (DAC), and SkyWest submitted proposals for consideration. On September 10, 2025, Air Wisconsin withdrew its proposal to provide EAS at Paducah.[4] Therefore, Air Wisconsin's proposal will not be considered for selection under this Order.

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[4] *See* "Air Wisconsin Airlines LLC (Withdrawal of EAS Process)," September 10, 2025, *available at* www.regulations.gov/document/DOT-OST-2009-0299-0083.

Summary of Air Carrier Proposals

Paducah, Kentucky EAS Proposals											
Air Carrier (Option)	**Annual Subsidy (Year 1)**	**Annual Subsidy (Year 2)**	**Annual Subsidy (Year 3)**	**Annual Subsidy (Year 4)**	**Round Trips per Week**	**Hub(s)**	**Aircraft**	**Seats**	**Marketing Plan**	**Interline/ Codeshare**	**Community Support**
Air Wisconsin	$4,967,093	$5,314,790	$5,580,529	N/A	12	ORD	CRJ-200LR	50	Yes	Codeshare (American Airlines)	No
American Airlines (American Eagle) Option 1	$5,098,302	$5,353,217	N/A	N/A	12	CLT	ERJ-145	50	Yes	Oneworld Alliance	No
American Airlines (American Eagle) Option 2	$5,915,714	$6,211,500	N/A	N/A	12	6 to CLT & 6 to DFW	CRJ-700/ E-170	65	Yes	Oneworld Alliance	No
American Airlines (American Eagle) Option 3	$6,471,449	$6,795,022	N/A	N/A	12	6 to DFW & 6 to ORD	CRJ-700/ E-170	65	Yes	Oneworld Alliance	No
Contour*	$5,928,233	$6,224,645	$6,535,877	$6,862,671	12	CLT & ORD	ERJ-135	30	Yes	Interline (Alaska Airlines, American Airlines, and United Airlines)	No
DAC	$5,751,060	$6,038,613	$6,340,544	$6,657,571	12	ORD & ATL	ERJ-145	50	Yes	Interline (American, Delta, and United)	No
SkyWest Option 1	$5,625,148	$5,793,903	$5,967,720	$6,146,752	12	DTW	CRJ-550	50	Yes	Codeshare (Delta Airlines)	No
SkyWest Option 2	$5,352,148	$5,512,712	$5,678,093	$5,848,436	12	IAH & ORD	CRJ-200	50	Yes	Codeshare (United Airlines)	Yes
SkyWest Option 3	$4,549,562	$4,686,049	$4,826,631	$4,971,429	12	ORD	CRJ-200	50	Yes	Codeshare (United Airlines)	No
*Contour flights to be conducted under 14 CFR Part 380 Public Charter authority, which is subject to Paducah waiving its right to scheduled air service.											

The complete public file, including the air carrier proposals, for EAS at Paducah may be accessed online through the Federal Docket Management System at www.regulations.gov by entering the community's docket number (DOT-OST-2009-0299) in the "Search" field.

Community Comments

On June 24, 2025, the Department requested comments from the community of Paducah on this EAS carrier-selection case.

In response, by letter dated July 10, 2025, Mr. Dennis Rouleau, Executive Director of PAH, stated:[5]

> On behalf of the Board of Directors of the Barkley Regional Airport Authority, we are pleased to submit our unanimous recommendation to the U.S. Department of Transportation in support of SkyWest Airlines, operating under a United Airlines codeshare agreement, as the next Essential Air Service (EAS) provider for Barkley Regional Airport (PAH).
>
> We strongly endorse Option 2 of SkyWest's proposal, which includes six (6) weekly round trips to George Bush Intercontinental Airport (IAH) and six (6) weekly round trips to Chicago O'Hare International Airport (ORD)…We respectfully request that this service be approved for a four-year term beginning December 1, 2025.[6]

By Letter dated July 17, 2025, the Honorable George Bray, Mayor of the City of Paducah, stated:[7]

> On behalf of City of Paducah, I write to express my strong support for the Barkley Regional Airport Authority's recommendation to select SkyWest Airlines as the next Essential Air Service provider for Barkley Regional Airport.
>
> As the representative for the municipal government serving the citizens of Paducah, I recognize the critical role that reliable air service plays in supporting our local economy, healthcare access, and quality of life. The City of Paducah, Kentucky fully supports the Barkley Regional Airport Authority's recommendation to select SkyWest Airlines as our next Essential Air Service provider.

By letter dated July 10, 2025, Ms. Sandra Wilson, President/CEO of the Paducah Area Chamber of Commerce, stated:[8]

> On behalf of the business community, the Paducah Area Chamber of Commerce strongly supports the selection of SkyWest Airlines as the next EAS provider. Reliable air service is a key factor in economic development, and SkyWest's proposal will help our region compete and thrive in a global marketplace.

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[5] *See* "Barkley Regional Airport Authority (Community Comments)," July 16, 2025, *available at:* www.regulations.gov/document/DOT-OST-2009-0299-0075.

[6] The Department notes that Mr. Rouleau expressed a community preference for Option 2 of SkyWest's proposal, in particular due to the use of CRJ-550 aircraft. SkyWest's Option 2 lists the same CRJ-200 as Option 3 for the proposed aircraft. The Department did not rely on this disparity in its analysis.

[7] *See* "City of Paducah, Kentucky (Community Comments)," July 18, 2025, *available at* www.regulations.gov/document/DOT-OST-2009-0299-0079.

[8] *See* "Paducah Area Chamber of Commerce (Community Comments)," July 16, 2025, *available at* www.regulations.gov/document/DOT-OST-2009-0299-0077.

The Department also received several comments from community organizations and concerned citizens expressing strong support for the selection of SkyWest.

Decision

49 U.S.C. § 41733(c)(1)[9] directs the Department to consider, among other things, five specific factors when making an air carrier selection for a community not in Alaska where basic EAS will not be provided without compensation: (A) the demonstrated reliability of the applicant in providing scheduled air service; (B) the contractual, marketing, code-share, or interline arrangements the applicant has made with a larger air carrier serving the hub airport; (C) the preferences of the actual and potential users of air transportation at the eligible place, including the views of the elected officials representing the users; (D) whether the air carrier has included a plan in its proposal to market its services to the community; and (F) the total compensation proposed by the air carrier for providing scheduled air service.[10] In addition, for a place not in Alaska, Section 41732(b)(1)(A) requires basic EAS to include at least two daily round trips six days a week. The Department considers these factors in the context of the specific facts and circumstances of each EAS community's air service needs and experiences with air carriers providing EAS.

The Department notes that Contour's proposal would require the community to waive its right to scheduled air transportation under 49 U.S.C. § 41732(a) in order for Contour to provide EAS as a public charter operator under 14 CFR Part 380. Paducah has not submitted such a waiver request, and therefore Contour is not eligible for selection under this Order.

SkyWest's Option 3, proposing service to ORD, aligns well with each of the required statutory factors the Department is required to consider. SkyWest has a well-established track record of providing reliable EAS across the country, including past service at Paducah. The air carrier operates a large fleet of CRJ-200 aircraft and consistently provides on-time air service at other EAS markets around the country. SkyWest's extensive EAS experience gives the Department high confidence in the air carrier's ability to provide reliable air service at Paducah. SkyWest's $25,000 annual marketing plan demonstrates a strong commitment to the Paducah market. The air carrier proposes local advertising, digital and social media outreach, and cooperative campaigns that utilize United's branding and booking channels. These efforts will help ensure public awareness of the air service and encourage passenger demand.

Moreover, the community strongly supports the selection of SkyWest as its EAS provider. Though the community expressed a preference for SkyWest's Option 2, the Department, in considering the statutory factor on total compensation and the Department's responsibility to ensure prudent use of federal funds, finds that Option 3 is the most cost-effective while still providing excellent connections to the national air transportation system. SkyWest's Option 3, which offers the same number of frequencies and aircraft type as Option 2, provides the lowest total subsidy of all bids, and reflects a savings of more than $3 million when compared to Option 2, over a four-year term. The community expressed an interest in codeshare arrangements and reliable air service, both of which are delivered by SkyWest under Option 3. Notably,

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[9] As amended by the FAA Reauthorization Act of 2024, Pub L. No. 118-63, 138 Stat 1025, 1215 (May 16, 2024) ("FAA 2024").

[10] A sixth factor, 49 § U.S.C. 41733(c)(1)(E), only applies to EAS selection cases in Alaska.

SkyWest's Option 3 provides Paducah passengers seamless connectivity to one of the world's largest route networks via ORD and through SkyWest's codeshare agreement with United. The United codeshare partnership with SkyWest will provide Paducah passengers seamless ticketing and baggage transfers, mileage accrual, and connections through a major hub with robust domestic and international options.

In comparing the proposals from DAC and American, the Department finds that SkyWest's Option 3 aligns better with the statutory factors regarding community support, arrangements with larger air carriers, and cost-effectiveness. DAC's proposal would require a higher subsidy for a similar service to the one offered by SkyWest's Option 3, while providing a lower level of integration with larger air carriers as interline arrangements provide fewer consumer conveniences than codeshares. In addition, SkyWest's subsidy request is lower than American's Option 3 and comparable to American's Option 2, further showing that SkyWest's Option 3 aligns well with the total compensation selection factor. Moreover, neither DAC nor American received significant support from the community.

Taking into account all of the circumstances, the Department finds that SkyWest's Option 3 aligns best overall with the selection factors the Department is required to consider and that its proposed subsidy rate is reasonable for the service being offered. Accordingly, the Department selects SkyWest's Option 3 to provide EAS at Paducah for a four-year term.

Service Transition
The Department expects SkyWest and Contour to work together to make a smooth transition at Paducah with no service hiatus. Before Contour suspends service, the Department expects the air carrier to notify all passengers holding reservations for travel after the suspension date, to assist those passengers in making alternate air transportation arrangements, or to provide a full refund of the ticket price, without penalty, if requested.

Reminder About EAS Eligibility
To remain eligible for EAS, communities must comply with all applicable EAS eligibility requirements. The Department notes that many of the eligibility requirements, including those below, do not apply for Fiscal Year 2025, pursuant to the Full-Year Continuing Appropriations and Extensions Act, 2025, Pub. L. No. 119-4, 139 Stat. 9, 139 (March 15, 2025). However, unless Congress waives these eligibility criteria for future fiscal years, compliance will resume at the beginning of Fiscal Year 2026 (October 1, 2025).

49 U.S.C. § 41731(a)(1)(B) provides that a community must maintain an average of 10 enplanements per service day, as determined by the Secretary of Transportation, during the most recent fiscal year, to remain eligible for EAS. Paducah is subject to this requirement.

As amended by FAA 2024, 49 U.S.C. § 41731(a)(1)(C)(iii)[11] requires that EAS communities less than 175 driving miles from the nearest large or medium hub airport have an average subsidy per passenger, as determined by the Secretary of Transportation, of less than $650. Paducah is subject to this requirement.

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[11] Under 49 U.S.C. § 41731(c), this requirement does not apply to EAS eligible communities located in the states of Alaska and Hawaii.

All EAS communities, regardless of distance from a hub (except for those in Alaska and Hawaii), must have had an average subsidy per passenger of less than $1,000 during the most recent fiscal year, regardless of the distance to the nearest large- or medium-hub airport.[12] Effective October 1, 2026, this amount is reduced to $850.[13]

Under 49 U.S.C. § 41731(e)(1), the Secretary may waive, on an annual basis, subsections (a)(1)(B) and (a)(1)(C)(iii) with respect to an eligible place if such place demonstrates to the Secretary's satisfaction that the reason the eligibility requirements of such subsections are not met is due to a temporary decline in demand. Limitations on these waivers begin October 1, 2026, when the Secretary may not provide a waiver for any community (a) in more than two consecutive fiscal years; or (b) in more than five fiscal years within 25 consecutive years. The Department expects SkyWest and Paducah to work together to ensure that the community will comply with the applicable requirements. Communities that fail to comply with the applicable above requirements may risk having their eligibility in the EAS program terminated. In the event the Department terminates a community's eligibility for EAS due to lack of compliance, that action will supersede this Order.

Air Carrier Fitness

49 U.S.C. §§ 41737(b) and 41738 require that the Department find an air carrier fit, willing, and able to provide reliable service before the Department may subsidize it to provide EAS. SkyWest is subject to the Department's continuing fitness requirements, and no information has come to the Department's attention that would cause the Department to question the air carrier's fitness at this time. In addition, the Federal Aviation Administration has not raised concerns that would negatively affect the Department's fitness findings. The Department therefore concludes that SkyWest remains fit to conduct the operations proposed at Paducah.

This Order is issued under authority redelegated by the Under Secretary of Transportation for Policy in 49 CFR § 1.25a(b)(6)(ii)(D), as further authorized by 49 CFR § 1.60(b).

Accordingly,

1. The Department selects SkyWest Airlines, Inc. to provide Essential Air Service at Paducah, Kentucky for the four-year term from December 1, 2025, through November 30, 2029, in accordance with the proposal set forth in Appendix A, and establishes the annual subsidy rates as described in Appendix B;

2. The Department makes this selection contingent upon receiving properly executed certifications from SkyWest Airlines, Inc. that it is in compliance with the Department's regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations concerning lobbying activities;[14]

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[12] *See* 49 U.S.C. § 41731(a)(1)(C)(i), as amended by FAA 2024.

[13] *See* 49 U.S.C. § 41731(a)(1)(C)(ii), as amended by FAA 2024.

[14] The certifications are available online under "Reports and Publications" at http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports.

3. The Department directs SkyWest Airlines, Inc. to retain all books, records, and other source and summary documentation to support claims for payment, including copies of flight logs for aircraft used to provide EAS under this Order and sold or disposed of, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. This documentation shall be retained for three years from the last day of service under this Order, or such longer period as the Department may notify the air carrier. If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. The air carrier may forfeit its compensation for any claim that is not supported under the terms of this Order;

4. The Department finds that SkyWest Airlines, Inc. is fit, willing, and able to perform Essential Air Service at Paducah, Kentucky;

5. This docket will remain open pending further Department action; and

6. The Department will serve this Order on the civic officials of Paducah, Kentucky, the Director of the Barkley Regional Airport, American Airlines, Inc. d/b/a American Eagle, Air Wisconsin, Inc., Corporate Flight Management, Inc. d/b/a Contour Airlines, Key Lime Air Corporation d/b/a Denver Air Connection, and SkyWest Airlines, Inc.

By:

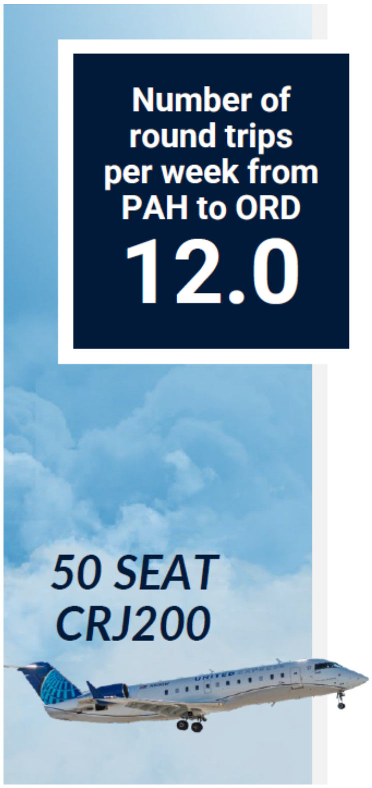
CINDY A. BARABAN
Deputy Assistant Secretary
for Aviation and International Affairs

(SEAL)

An electronic version of this document is available at
www.regulations.gov

Appendix A

SkyWest Proposal to Provide EAS at Paducah, Kentucky



Passenger Revenue		
Passengers		24,960
Revenue	$	3,120,000

Block Time	Minutes
Trip block time	85
Total scheduled block time	1,772
Total completed block time	1,719

RPMs	
Passengers	24,960
Stage length	342
Total RPMs	8,536,320

ASMs	
Scheduled departures	1248
Completed departures	1,211
Available Seats	50
Total ASMs	21,340,800

Revenue	$	3,120,000

Marketing costs	$	25,000
Direct operating expenses	$	4,084,906
Departure related	$	2,995,543
ASM related	$	198,896
Total expenses	$	7,304,345
Operating income (loss)	$	(4,184,345)
5% profit margin	$	365,217

Annual subsidy requirement (Year 1)	**$**	**4,549,562**
Annual subsidy requirement (Year 2)	**$**	**4,686,049**
Annual subsidy requirement (Year 3)	**$**	**4,826,631**
Annual subsidy requirement (Year 4)	**$**	**4,971,429**

Effective subsidy rate per unit		
Subsidy per trip	$	3,758
Subsidy per passenger	$	182
Load factor		40%

SkyWest will dedicate $25,000 annually to market air service

SkyWest Airlines, Inc.
Essential Air Service to be provided at Paducah, Kentucky
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Contract Term:[1]	December 1, 2025, through November 30, 2029
Annual Subsidy:	See chart below
Hubs:	Chicago O'Hare International Airport (ORD)
Scheduled Service:	12 round trips per week
Aircraft/Seats:	50-seat CRJ-200
Subsidy Rate per Flight:[2]	See chart below
Weekly Ceiling:[3]	See chart below

Effective Period	Annual Subsidy	Rate per Flight	Weekly Ceiling
December 1, 2025, through November 30, 2026	$4,549,562	$3,757	$90,168
December 1, 2026, through November 30, 2027	$4,686,049	$3,870	$92,880
December 1, 2027, through November 30, 2028	$4,826,631	$3,986	$95,664
December 1, 2028, through November 30, 2029	$4,971,429	$4,105	$98,520

Note: The air carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate Order, including the service plans outlined in the Order and any other significant elements of the required service, without prior approval. The air carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight. Absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the air carrier does not schedule or operate its flights in full conformance with the Order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the air carrier contemplates any such changes beyond the scope of the Order during the applicable period of this rate, 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 a 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. In the event the air carrier provides notice that it is ending, suspending, or reducing basic EAS, the air carrier must conform with all requirements under 49 U.S.C. § 41734, including any contract termination penalties or conditions on compensation that the Secretary of Transportation incorporates in this EAS subsidy contract.

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[1] Year 1: December 1, 2025, through November 30, 2026; Year 2: December 1, 2026, through November 30, 2027; Year 3: December 1, 2027, through November 30, 2028; Year 4: December 1, 2028, through November 30, 2029.
[2] Annual compensation divided by 1,211 annual departures (24 weekly departures x 52 weeks x 97 percent completion). Use same calculation for subsequent years.
[3] 24 weekly departures multiplied by rate per flight. Use same calculation for subsequent years.

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 service amounts, 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.

Funds may not be available for performance under this Order beyond September 30, 2025. The Government's obligation for performance under this Order beyond September 30, 2025, 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 September 30, 2025, until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond September 30, 2025, the Department will provide notice in writing to the air carrier. If a new EAS contract has not been awarded by the expiration date of the contract term, the Department and the carrier may agree to an extension to avoid a hiatus in service while the Department completes an EAS selection proceeding.

All claims for payment, including any amended claims, must be submitted within 90 days of the last day of the month for which compensation is being claimed. For example, claims for service provided in July must be filed by October 31; August claims must be submitted by November 30, and so on.