

TRAVEL AGENTS INTERNATIONAL®

DEPT. OF TRANSPORTATION
DOCKET SECTION

971112 PM 2:55

QA-28752

November 7, 1997

Accepted per
T. Ray C-30

Department of Transportation
Room PL-401
400 Seventh St. SW
Washington, D.C. 20590

Re: Docket 49812

O ST-97-2881-11
O ST-96-1145-133

Enclosed you will find my recent correspondence with System One Amadeus, the CRS with whom our agency currently has a contract. This contract is five years in duration, and will expire in August, 2000. So we are about half way through the contract. The passive segment provision of the contract has now come under attack by the airlines, who threaten to issue debit memos for the use of passive segments. Yet the contract provides us with that capability so that we can meet the productivity requirements of the contract. I did not sign an automation contract that would incur debit memos from the airlines. Therefore, either the airlines must be prohibited from issuing debit memos for the proper performance of the contract, or System One Amadeus must amend the current contract so that debit memos are not incurred.

As you are gathering comments and suggestions for the CRS rules that will soon expire, I request that this problem be investigated and resolved, as if affects every retail travel business that has a contract with any of the CRS companies.

I would appreciate a response to this problem.

Sincerely,



Karen M. Krueger, CTC
Owner/Manager

10000

ISSAQUAH OFFICE

1145 N.W. Gilman Blvd. Suite G1 • Issaquah, WA 98027 • (206) 392-5644 • (FAX) 392-0422

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November 7, 1997

Mr. Paul Walker, National Sales Manager
System One Amadeus
9250 NW 36th Street
Miami, FL 33178

Re: Passive Segments

Dear Mr. Walker,

Enclosed is recent correspondence that I have had with System One Amadeus managers on the west coast. The problem, however, affects every, single agency that has an automation contract, and requires an immediate solution. It is neither sufficient, nor acceptable, to pass this off as an agency problem with the airlines, because when the contracts were signed, the use of the passive segment did not incur debit memos from the airlines. No one would have ever signed such contracts.

Therefore, I request that an immediate solution be found and contracts be amended to reflect these solutions. I look forward to hearing from you as soon as possible.

Sincerely,



Karen M. Krueger, CTC
Owner/Manager

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November 7, 1997

Mr. Ron Hale, Director of Sales, Western Region
System One Amadeus
33 New Montgomery Suite 990
San Francisco, CA 94105

Re: Passive Segments

Dear Mr. Hale,

Your response to my letter regarding the use of passive segments is not only ludicrous, but unacceptable. You know very well that the decision to no longer use a billable segment status code is *not* a decision based on our relationship with the airline, and, *yes*, this *is* a decision predicated on a change in our agreement with System One Amadeus. The change that has occurred is that the use of the standard passive segment (GK in S1, PK in 1A), as defined and permitted according to the contract, to meet productivity requirements, is now an improper use of the segment, which will result in the issuance of debit memos from the airlines. These *are not* the conditions under which I signed this agreement. I *did not* sign an agreement that incurred debit memos in the process of meeting my productivity requirements.

It seems to me that System One Amadeus has two choices for rectifying this violation of my contract. 1) We continue to honor the terms of the contract with the use of the passive segment, and any debit memos incurred as a result of this usage will be paid by System One. 2) System One will provide a segment status code that counts toward segment productivity but will not result in the issuance of debit memos from the airline.

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The current, signed agreement that I have with System One is, apparently, no longer functional. I request and expect that we will be provided with one of the above solutions to this problem. Until then, any shortfall in our productivity segments will be "paid" with the GN segments that we are having to use until the automation contract is properly amended.

A recent article (Oct.30th) in Travel Weekly stated that the DOT has extended the deadline for input on CRS rules until December 9th. I will be sending my comments regarding this serious violation of my CRS contract to the DOT. In the meantime, I request the courtesy of an immediate resolution to this problem. Thank you very much.

Sincerely,

Karen M. Krueger, CTC

cc: Paul Walker, National Sales Manager
Karen Wong, District Sales Manager
Marsha Parker, Sales Manager

PO BOX 025237
MIAMI, FL 33102-5237
BILLING INQUIRIES : 1-800-633-8249 OR (305) 499-6774
FAX : (305) 499-6911

DATE	INVOICE	GROUP	OFFICE ID
11/04/97	50813534 1197	00	SEA312105

92038

TRAVEL AGENTS INTERNATIONAL
145 NW GILMAN BLVD.
SUITE G1B
ISSAQUAH, WA 98027

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CURRENT CHARGE DESCRIPTION	BILLING PERIOD	PER UNIT CHARGE	QTY	AMOUNT	TAX
EQUIPMENT CHARGES : EQUIPMENT LEASE - RSA/PPP	11/01 - 11/30	SEE PAGE 3-B		\$153.48	\$13.20
CREDITS/SERVICE CHARGES : LATE CHARGE - 1.5% OF OUTSTANDING BALANCE				\$.95	
SUBTOTAL :				\$154.43	
TAX PERCENT : STATE 6.50 % CITY 2.10 % COUNTY .00 %				TAX 8.60 % :	\$13.20
TOTAL CURRENT INVOICE :				\$167.63	

I will not pay this!

★ The passive segment issue is not rectified. Use the SN status KPK for the Shortfall

Ron Hale
Director
Sales
Western Region

System One Company
33 New Montgomery
Suite 990
San Francisco, CA 94105
415-978-5700
Fax: 415-543-4918
Voice Mail: 800-485-3956

System One Company
33 New Montgomery Tower
Suite 990
San Francisco, CA 94105
415-978-5700
Fax: 415-543-4918

COPY

Ms. Karen M. Krueger, Owner/Manager
Travel Agents International
1145 N.W. Gilman Boulevard
Suite G1
Issaquah, WA 98027

RE: System One Information Management Services dated September 7, 1995 ("Agreement")

ACN: 50-813534

Dear Ms. Krueger:

This letter is in response to your letter to Marsha Parker, dated September 12, 1997. System One Amadeus has and does apply productivity credit for all billable airline segments. The present position taken by the airlines to issue debit memos for some billable segments (primarily passive segments) has not altered the System One Amadeus position. Your Agreement with System One Amadeus provides that air segments booked directly with the carrier and later entered into the System as confirmed segments shall be counted as active billable segments toward productivity for your agency.

Passive segments have in the past represented and continue to represent value to the airline and the travel agency community, especially when used in conjunction with the sale of cruise and tour packages. Most airlines still consider the use of passives as providing value to the end consumer. In fact, American Airlines and Delta Airlines have publicly stated that they accept the need for an agency to use a passive segment to service the traveler for cruise and tour sales.

Your decision to no longer use a billable segment status code when processing your leisure customers is a decision you made based on your relationship with the airlines you represent as an accepted retailer of the airline product. This decision was not predicated by a change in your Agreement with System One Amadeus. We provide and will continue to provide you with automation to conduct your business.

System One Amadeus will continue to provide business solutions to this ever changing industry, however, we cannot dictate how you use those solutions.

Sincerely,



Ron Hale
Western Region - Director of Sales

cc: Marsha Parker - Sales Manager
Karen Wong - District Sales Manager

Marsha Parker
Sales Manager

System One Company
8010 Chagnon Place NW
Silverdale, WA 98383
360-308-0318
Fax: 360-308-0318
Voice Mail: 800-485-3963

COPY

September 12, 1997

Ms. Marsha Parker
System One/Amadeus
33 New Montgomery Tower Ste.900
San Francisco, CA 94105

Dear Marsha,

We have received a letter of introduction from Karen Wong and your position as SystemOne/Amadeus Sales Manager. I am looking forward to meeting you soon.

However, in the meantime, I *must* address the issue of passive segments, and the letter just received from the Miami office. This letter defines the passive status codes and their various uses, as well as the cost factor for the airlines.

My agency has a cost factor as well. I also have a legal contract with SystemOne which not only requires productivity segments, but specifically states that the GK segments count toward that productivity. The fact that the airlines are billed by SystemOne for those segments is not my issue. That is for the airlines to resolve in their contracts.

You are well aware of the airlines' continued threats of debit memos if the billable, passive segment, GK, is used. This is a *major* problem that needs an immediate solution, which is not accomplished with a letter of definitions.

I do not intend to be held financially responsible for a problem that is not mine. This issue is between the CRS companies and the airlines. In the meantime, I intend to meet my productivity requirements as follows:

Our agency is primarily a leisure travel agency. We build *many* PNRs with air segments booked by cruise lines, tour operators, and consolidators. We will use the non-billable code, GN, for these segments, since I do not wish to incur debit memos from the airlines.

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I also do not wish to incur expenses from SystemOne when my billable segments fall below the productivity requirement because of the use of GN. If this does occur, I am notifying you at this time, that I will *not* pay any SystemOne charges due to the use of the GN segment. I am tracking those segments, and will submit them as *payment* for any productivity shortfall.

In my opinion, this entire issue is in violation of my contract with SystemOne. The contract provides for my use of the GK segment. There were no debit memos associated with GK segment when I signed my contract. I expect this provision to be upheld in some manner.

I suppose the second possibility is to continue to use the GK segment as stated in my contract, and to send the debit memos to SystemOne. But I refuse to have the ability to meet my productivity requirements denied, either by the airlines or by SystemOne.

Sincerely,

A handwritten signature in black ink that reads "Karen M. Krueger, CTC, ACC". The signature is written in a cursive style with some capitalization.
Karen M. Krueger, CTC, ACC
Owner/Manager

cc: Karen Wong
Ron Hale
SystemOne/Amadeus Company

COMPANY

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DATE	INVOICE	GRP	OFFICE ID	CURR	DUE DATE *
10/04/97	50813534 1097	00	SEA312105	USD	10/19/97

PREVIOUS BALANCE	PAYMENTS/ADJUSTMENTS	CURRENT CHARGES	TOTAL AMOUNT DUE
\$.00	\$.00	\$63.62	\$63.62

84123

508135340000199710100497A0023800000006362

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~~PAID~~
GN

RETURN THIS PORTION WITH YOUR REMITTANCE MAKE CHECKS PAYABLE TO SYSTEM ONE COMPANY

OPEN INVOICES	PREVIOUS BALANCE	ADJUSTMENTS	PAYMENTS †	OUTSTANDING BALANCE
PREVIOUS BALANCE :	\$.00			
PAYMENTS/ADJUSTMENTS :		\$.00		
				OUTSTANDING BALANCE :
				\$.00
			CURRENT CHARGES :	\$63.62
			* TOTAL AMOUNT DUE :	\$63.62

This Statement is ~~paid~~ with all the GN segments we are to use. Now forced to use. See attached. KMK

PLEASE SEE REVERSE SIDE FOR TERMS AND CONDITIONS

* LATE PAYMENT CHARGE OF 1.5% WILL APPLY IF PAYMENT IS NOT RECEIVED BY 10 31 97 DUE DATE APPLIES TO CURRENT CHARGES. ALL OUTSTANDING BALANCES ARE IMMEDIATELY DUE AND PAYABLE. † FOR PAYMENT DETAILS SEE PAGE 3-E

THANK YOU FOR DOING BUSINESS WITH SYSTEM ONE

512
Acy 1997
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Dear Travel Industry Partner,

With the growing confusion over the use of passive segments, please accept some simple guidelines for their use.

The simple rule:

With few exceptions, airlines acknowledge the use of passives is necessary when the reservation is booked directly with the airline and claim is not available, i.e., group bookings. (*Note: America West is the present exception.*)

Guidelines:

Airlines with specific guidelines for the use of passive segments, outline their guidelines in the DRS (Genie, AIS) pages.

Important notes:

- Airlines do not want to pay twice for the same segment. If you are inputting a passive segment for administrative purposes only (invoice, itinerary, an office record of the trip), the airlines may consider the segment for a debit memo.
- Most airlines agree with your need to service your customers. If you are inputting a passive segment to request or provide a service (seat assignment, boarding pass, special meal, transmit a FQTV number), these segments should not be subject to a debit memo.
- When used for appropriate reasons (to issue a ticket, to service the customer), passive segments are a useful tool in your everyday business and can continue to be used.
- The airline positions are still evolving. If you are unsure about a specific airline, check it out! Never input and then cancel a passive segment in an attempt to work around an airline's restriction. If you feel the passive segment was entered for legitimate reasons, do not cancel it because in most cases, the airline is billed for both the booking and the cancellation.

The code confusion:

The following table should assist you in determining which passive codes to use in the System One Central System and in the AMADEUS Central System.

<i>Transaction</i>	<i>System One Code</i>	<i>AMADEUS Code</i>
Standard Passive Segment	GK, GL	PK, PL
Service Passive Segment	HK, HL	HK, HL
Administrative Segment	GN	GK, GL, GN

The Administrative Segment (or ghost segment) is used when an office record of a trip is desired and it is not appropriate to use either the standard passive or the service segment. The administrative passive segment is not billable to the airline and does not count toward productivity or billing.

If you have additional questions, please contact the specific airline or your System One AMADEUS sales person.