



DEPARTMENT OF TRANSPORTATION

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DOCKET SECTION

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**OST-97-2881-30**

TO: Department of Transportation  
400 Seventh Street, SW  
Washington, DC 20590

RE: Docket No. OST-97-2881; Notice No. 97-9  
Computer Reservations System (CRS) Regulations  
Part 255

From: American Automobile Association  
December 9, 1997

**Loggs**

The American Automobile Association (AAA) appreciates the opportunity to provide comments regarding the continuation and modification of federal regulations governing computer reservation systems (CRS). AAA has more than 900 fully accredited travel agency locations around the US, all of which contract with CRSs. AAA motor clubs consist of 86 different legal entities in the US which have travel agency operations ranging from annual sales of \$700,000 to over \$180 million.

AAA supports the extension of the existing CRS rules. In particular, AAA supports the current regulations' prohibition of display bias, the recognition that booking fees and other terms for airline participation be nondiscriminatory, and the requirement that other carriers have access to the marketing data generated from CRS bookings. AAA believes that the CRSs perform valuable services for the consumer and the travel industry. As the department considers comments on the extension of the current regulations, there are a few issues we would like to bring to your attention that may enhance competition in the airline industry.

First, we take issue with respect to 62 FR at 47606-47611 (September 10, 1997, 47607), which states: "Airlines could exert some competitive pressure on the systems if they could encourage travel agencies to use one system instead of another, but that has appeared to be impracticable."

Airlines do influence the use of their CRSs and AAA has experienced this practice in relation to at least one of our club's efforts to switch their CRS system. In response to AAA's decision to switch CRS's, the airline owner of the original CRS informed us that any corporate clients employing AAA travel agencies will be required to switch from AAA to another travel agency using that airline's particular CRS. In this case, the airline clearly has leverage because they provide large fare discounts to individual corporations who employ travel agents using their CRS.

AAA switched CRSs to provide the most comprehensive travel services to our membership. However, we feel the action detailed above would impede this initiative and conflict with AAA's goal to serve as a neutral advocate for the traveling public.

Current rules do not prevent airlines from tying a corporation's fare discount to the use of their particular CRS. AAA believes that this practice may have a negative impact on the customer base of our travel agencies. As a not-for-profit company, it is particularly important to us that travel agencies are able to utilize all of the available options that give customers the best price and service for their travel needs. This philosophy governs the manner in which AAA provides service to its 36 million members. AAA strongly believes that airlines' tying CRS use to fare discounts complicates the ability of our clubs to adequately serve their memberships. We would like to see this issue addressed when the final rule on the extension is considered.

In addition, in comments AAA submitted in September 1992 on the previous CRS rulemaking, AAA asserted that the current CRS rules provided travel agencies with the flexibility needed to change contracts, and that CRSs are competitive in developing and marketing their products and improving their services. AAA preferred that the Department of Transportation maintain a minimum of regulatory activity in this regard. With this in mind, AAA considered bids from all of the active CRSs for the purpose of getting the best system from a technical and financial standpoint. AAA wanted to rely on market forces rather than regulation to provide the best possible service for the general public. Unfortunately, AAA has run into some roadblocks we feel may be anti-competitive.

After selecting a CRS we felt best fit the needs of our membership, AAA Clubs have gone about moving their accounts to the chosen CRS. In most cases, the fee amounts required to terminate CRS contracts coincide with the length of time travel agencies have participated in the individual contracts. Fee amounts are usually much smaller if the termination is made towards the end of a contract term. However, one CRS specifically requires the same contract termination fee whether the agency has four days, four months, or four years remaining on the term of the contract.

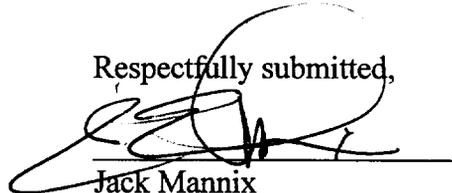
AAA believes that the department may want to examine some of the aspects involved with CRS contract-termination fees. We believe that if a contract is going to be terminated, the contractor should be due compensation for lost usage. However, the

experience of our clubs has been that one CRS imposes across the board contract-termination fees, regardless of the length of participation. AAA believes this situation may prevent agencies from having a realistic ability to switch CRS systems.

Again, AAA appreciates this opportunity to express our views concerning issues related to the regulation of CRSs. We respectfully request that the Department include these remarks in the rulemaking docket.

WHEREFORE, AAA respectfully requests the Department to consider its above comments,

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jack Mannix', written over a horizontal line.

Jack Mannix  
Managing Director  
Travel Related Services