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DEPT. OF TRANSPORTATION
DOCKET SECTION

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BEFORE THE
US DEPARTMENT OF TRANSPORTION
WASHINGTON, D.C.

Petition of

AMERICA WEST AIRLINES, INC.

for Amendment of Part 255 of the
Department's Economic Regulations to Limit
CRS Vendor Charges to Booking Fees for
Actual Travel and Permit Termination of
Passive Bookings by Participating Carriers

Docket No. OST- 97-2881 - 55

Advanced Notice of Proposed Rulemaking;

COMPUTER RESERVATION SYSTEM (CRS)
REGULATIONS

COMMENTS OF GULFSTREAM INTERNATIONAL AIRLINES, INC.

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REGULATIONS

COMMENTS OF GULFSTREAM INTERNATIONAL AIRLINES INC.

Gulfstream International Airlines Inc. (GULFSTREAM) files these comments in response to the Department's notice of November 7, 1997 requesting comments on the Petition for Rulemaking filed by America West Airlines, Inc. (America West) proposing two new rules to amend the Department's CRS rules (14 CFR Part 255). The proposed rules would limit Computer Reservation Service (CRS) vendor charges to booking fees for actual travel, and authorize participating carriers to prohibit a CRS vendor from permitting passive booking on its system.

(In addition these comments respond to the advanced Notice of Proposed Rulemaking issued by the Department on September 14, 1997 requesting comments on various issues).

CRS BOOKING PRACTICES RESULT IN EXCESSIVE CHARGES FOR IMPROPER BOOKING PRACTICES THAT ALSO AFFECT INVENTORY CONTROL.

For the reasons set forth in the petition filed by America West, Gulfstream fully supports America West's request that the Department immediately issue a notice of proposed rulemaking for two regulations that would; (1) limit CRS pricing practices to charges for bookings that result in actual travel, and (2) enable a participating airline to prohibit CRS vendors from allowing their travel agents to make passive bookings on that airline. Issuance of these proposed rules would substantially reduce Gulfstream's distribution expenses by eliminating charges for booking made by travel agents to meet productivity quotas and other incentives or to provide special benefits to customers but which provides no benefit to any airline that is forced to pay for these bookings. In addition this restriction on charges would substantially aid Gulfstream in predicting its monthly distribution cost. Significantly, elimination of these practices would also reduce inventory spoilage and overbooking situations which often are a direct result of these booking practices which directly harm an airline's passengers.

Gulfstreams' experience with the CRS Vendors mirrors that of America West. The abuses outlined in America West's Petition regarding duplicate and fictitious bookings, passive bookings and high net (churning) by travel agents have all been experienced by Gulfstream.

One CRS has refused to negotiate legitimate fee disputes with Gulfstream. Instead of seeking an amicable resolution to this matter, they threaten to expel Gulfstream from their system, and in fact, did eliminate Gulfstream for approximately one day. This tactic caused not only confusion for the traveling public, but also could have had substantial financial consequences for a small regional airline such as Gulfstream.

The CRS Vendors exert tremendous market power over the carriers, who are forced to participate in the CRS. The Participation Agreement is a unilateral document which the carrier is forced to sign in order to participate in the CRS. Being a small regional airline, Gulfstream has never wielded the market power to be able to negotiate any of the terms

of these agreements. Although, it should be noted that according to America West's Petition, it appears that, unless the CRS is affiliated with a major air carrier (i.e., SABRE-American Airlines or APOLLO-United Airlines), there is no negotiation for any of the terms regardless of the size of the airline.

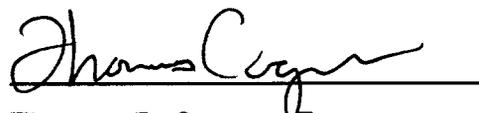
Additionally, the CRS Vendors have refused to curtail the abusive practices of the participating travel agent. In fact, the complete opposite occurs as the CRS Vendors induce these abusive practices by offering economic incentives to travel agents that subscribe to that particular CRS Vendor.

The problems created by the CRS Vendors impact an airline the size of Gulfstream to a great extent. Our short routes have low local fares and prorates of through fare which mean a greater percentage goes to pay for these overbearing booking fees. To continue to pay for these abusive practices will have serious adverse effects on Gulfstream's financial health as well as continue to cause the traveling public to pay higher fares.

CONCLUSION

For the reasons set forth above, Gulfstream urges the Department to immediately issue an NPRN proposing the rules requested by America West.

Respectfully Submitted,



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