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# ORIGINAL

**BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.**

U.S. DEPARTMENT OF TRANSPORTATION

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Application of )  
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 TRANS WORLD AIR LINES, INC. )  
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 under 49 U.S.C. 41718 for six (6) beyond-perimeter )  
 Ronald Reagan Washington National Airport )  
 exemption slots for nonstop service to Los Angeles )  
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Docket OST 00-7181 - 32

**COMMENTS OF  
TRANS WORLD AIRLINES, INC.**

Pursuant to the newly enacted Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("Air 21"), now codified at 49 USC 41718, Trans World Airlines, Inc. ("TWA") hereby submits its Comments to the applications of various other airlines for beyond-perimeter Ronald Reagan Washington National Airport ("Reagan National" or "DCA") exemption slots. TWA hereby answers<sup>1</sup> the applications filed by America West Airlines ("America West"), American Airlines ("American"), American Trans Air ("ATA"), Delta Airlines ("Delta"), Frontier Airlines ("Frontier"), National Airlines ("National"), Northwest Airlines ("Northwest"), and United Airlines ("United") in this proceeding.

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<sup>1</sup> Although not required by the Department's instituting order, TWA also submits a Certification pursuant to 18 U.S. Section 1001. Exhibit TWA-1.

TWA recognizes that the Department of Transportation ("Department") is facing a difficult decision. In the first domestic route case in over twenty years, the Department must determine how the limited available rights (six daily roundtrip flights) will be best allocated among nine competing applicants who are requesting a total of 22 daily roundtrip flights. Because Air 21 has limited the Department to only six additional round trip frequencies per day, the Department should: (1) identify the markets that have the greatest number of passengers (both O&D and one-stop) who are currently without DCA service beyond the perimeter; and (2) make a decision as to which of the applicants will provide those cities with the best new competitive services.

The Department's choice must be guided by the Congressional mandates when determining which applicant's proposal will provide the greatest benefit to the traveling public. TWA's service proposal best meets the stated Congressional criteria because it offers both new competition and network benefits. TWA proposes to serve, by far, the largest market with the most complete service aimed at the precise segment of the market to which Reagan National caters -- the business traveler.

In support of these Comments, TWA states as follows:

**I. LOS ANGELES - REAGAN NATIONAL IS, BY FAR, THE LARGEST MARKET UNDER CONSIDERATION.**

Los Angeles International Airport ("LAX") is clearly the most deserving market for potential new service. There is a broad consensus

among all applicants that LAX represents the largest market to be served from Reagan National. Indeed, many applicants for other beyond-perimeter destinations have acknowledged this fact in their applications.<sup>2</sup>

Moreover, the fact that four of the nine applicants requested LAX - DCA service demonstrates that the LAX - DCA nonstop market offers great untapped potential and suggests it should be the standard against which all other markets are measured. A brief review of the population and passenger traffic of competing cities reveals a wide disparity between Los Angeles and the others:

- Denver's population is only 18% of Los Angeles' population and Denver - Washington O&D passengers equal only 62% of the O&D passengers in the Los Angeles - Washington market;
- Las Vegas' population is only 13% of Los Angeles' population and Las Vegas - Washington O&D passengers equal only 16% of the O&D passengers in the Los Angeles - Washington market;
- Phoenix's population is only 30% of Los Angeles' population and Phoenix - Washington O&D passengers equal only 20% of the O&D passengers in the Los Angeles - Washington market; ·
- Salt Lake City's population is only 13.5% of Los Angeles' population and Salt Lake City - Washington O&D passengers equal only 23% of the O&D passengers in the Los Angeles - Washington market; and
- Seattle's population is only 25% of Los Angeles' population and Seattle - Washington O&D passengers equal only 32% of the O&D passengers in the Los Angeles - Washington market.<sup>3</sup>

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<sup>2</sup> See, Application of National Airlines at 4; Application of Frontier Airlines at 12; and Application of Northwest Airlines at Exhibit 3.

<sup>3</sup> Source: DOT DB1A Data; and Census data found at [www.census.gov](http://www.census.gov).

Hence, as measured by the two most relevant indicators -- population and annual traffic -- Los Angeles is, on average, four times larger than any other market under consideration by the Department in the instant proceeding.

The fact that that there are seven different cities to which service is being requested means the Department must make difficult choices. If the new slots are divided among more than a few locations, however, the allocated services can not provide meaningful competitive benefits or significant network benefits to the new beyond-perimeter markets -- as is mandated by Air 21. Los Angeles clearly deserves to be selected and awarded a substantial number of slots.

**II. SELECTION OF EITHER AMERICAN OR UNITED WOULD SEVERELY INHIBIT COMPETITION IN THE LOS ANGELES - WASHINGTON MARKET.**

TWA strongly urges the Department not to award any beyond-perimeter routes to either American or United. As TWA's application for beyond-perimeter slots specifically documented, American and United already control 82% of the Washington - Los Angeles market. *See* Exhibit TWA-6. These entrenched carriers should not be permitted to continue to dominate the entire Washington - Los Angeles market. It appears that both American and United, while presenting an adequate case for the Los Angeles market, fail to identify any special benefit from their additional service that might justify allowing them to further dominate the market.

American, for its part, states that "an award of beyond-perimeter DCA exemption slots to American will help redress the competitive imbalance at Los Angeles International Airport, where United Air Lines is the largest carrier." *See* Application of American, at 4. American is essentially urging the Department to tip the balance in American's competition with United at LAX. Air 21 offers the Department an opportunity to foster new competition in the Washington market and multiple beyond-perimeter markets. This opportunity should not be lost through a decision in favor of American, which would only ensure that the large entrenched carriers will continue to control the spoils of a noncompetitive marketplace.

United's market share is even larger than that of American and, therefore, is of even greater competitive concern. Although TWA does not challenge United's representations regarding its extensive network beyond LAX, it nevertheless, points out that United's network will be used to strangle any potential new competition in the Los Angeles - Washington market in the event that it receives more Washington - LAX service.

### **III. TWA'S SERVICE PROPOSAL IS SUPERIOR TO THE PROPOSALS OFFERED BY AMERICAN AND UNITED.**

TWA has submitted a superior service proposal to that of both United and American by offering to provide three daily roundtrip flights with supporting network benefits and also offering the Department flexibility in both the number of slots and the timing of TWA's arrivals and departures. United has touted its offer of three different service proposals for LAX-DCA

as if the mere existence of three stated alternatives should be treated as a decisional criterion in its favor. *See Application of United*, at 7. TWA points out that United's "scheduling options" translate into nothing more than what TWA offered in its proposal -- to make reasonable changes to its service proposal in response to the Department's need to work within Air 21 limitations.

Specifically, TWA stands ready to adjust its service proposal so as to assist the Department in meeting its statutory mandate to increase operations at DCA by no more than two per hour. TWA respectfully suggests that the Department first select the city to be served, the number of frequencies to be allotted, and then coordinate with the selected applicants as to adjust the timing of operations to ensure compliance with Air 21 requirements.

In its application, TWA made it clear that while it strongly prefers to operate three roundtrips per day, it is prepared to implement a twice-daily service pattern, if that is what the Department decides is appropriate. Moreover, TWA wishes to state, for the record, that it will adjust its proposed schedules to accord the Department maximum flexibility in awarding beyond-perimeter exemption slots.

TWA also offers network benefits that are comparable to those of both American and United. *See, Exhibit TWA-3*. TWA sees Reagan National beyond-perimeter slots as an opportunity to strengthen its transcontinental

presence with Reagan National as a critical component of that strategy. TWA stands ready to implement online connecting service at LAX for passengers continuing to destinations beyond LAX, specifically by adding connections to five California cities, four of which will receive on-line connections to DCA for the first time. These four markets -- Bakersfield, Monterey, San Luis Obispo, and Santa Barbara -- account for a total population of 1,348,984 with annual O&D passengers of 47,960 to/from Washington, DC. See, Exhibit TWA-3, attached hereto. American offers the same network benefits, but allowing TWA to provide them will effectively introduce a new competitor to the market. Communities in both California and Washington welcome TWA, as is evidenced by their support of TWA in the instant proceeding. See, Attached Letters of Support from the City of Bakersfield, the City of Norfolk, the City of Palm Springs, the City of San Luis Obispo, and the City of Santa Barbara, TWA Exhibit-2.

TWA not only matches the new network benefits offered by American, but compares favorably with the new one-stop traffic offered by United. Indeed, United offers first time one-stop service to a total population of 1,737,436 having annual O&D passengers of 56,290. A comparison to TWA's service proposal, which provides first time one stop service to DCA to a total population of 1,348,984 with annual O&D passengers of 47,960, shows that there is no meaningful difference. Reaching an additional 8,330 new one-stop online passengers beyond the service proposal of TWA, is not enough to

justify reinforcing the market dominance of United. *See*, Exhibit TWA-3, attached hereto.

Finally, American Airlines asserts in Exhibit 3 of its Application that the Los Angeles World Airports supports its application. TWA notes that the Los Angeles World Airports letter of support is addressed to Senator Boxer, is dated March 12, 1999, and is signed by Mr. John Driscoll, who is no longer employed by the Los Angeles World Airports. TWA understands from the present management of the Los Angeles World Airports that it is not taking a position on behalf of any carrier in the instant proceeding.

**IV. ATA'S SERVICE PROPOSAL DOES NOT OFFER MEANINGFUL COMPETITION BEYOND THE PERIMETER AND ALSO FAILS TO PROVIDE NETWORK BENEFITS TO THE CALIFORNIA MARKETS.**

**1. ATA's Service Proposal is Geared to its Request for Inside the Perimeter Slots and Offers No Network Benefits.**

ATA, another applicant for LAX beyond-perimeter service, submits a substantially weaker case than any other new competitor for the beyond-perimeter market. ATA has filed a request that integrates both inside- and outside-the-perimeter service. The request appears primarily geared to expansion of ATA's hub at Chicago Midway, for which it is requesting three roundtrip frequencies. ATA's additional request for one round-trip per day to Los Angeles and San Francisco almost seems to be an afterthought.

ATA urges the Department to grant its request on the grounds that it will "provide a powerful and sorely needed competitive stimulus to the traditional high fare service currently available in those markets."

Application of ATA, at 15. Although TWA understands this statement with respect to ATA efforts to build a hub at Midway, TWA fails to see how one roundtrip flight per day will provide a "powerful stimulus" to competition in the DCA-LAX nonstop market. To the contrary, it appears that ATA is not offering serious competition to the entrenched mega-carriers and is merely offering very limited point-to-point service.

Moreover, ATA offers no network benefits in either the LAX or San Francisco markets. Although ATA's application claims one-stop connections for Hawaii from both LAX and San Francisco, its proposed DCA service does not, in fact, connect with any of its Hawaii service at either LAX or San Francisco. *Compare* ATA Exhibit "DCA-California Single-Plane Schedule" at 5 *with* OAG July, 2000. Indeed, ATA will require their passengers to stay overnight at Los Angeles or San Francisco in order to connect with a Hawaii flight. TWA, by contrast, is offering to fully develop the market through an integrated service proposal that encompasses nonstop transcontinental service from Reagan National, as well as nonstop service from JFK, St. Louis, Kona, and San Juan, all connected with beyond-LAX service.

## 2. ATA is Not a True Low Fare Competitor in the Nonstop DCA-LAX Market – TWA Is.

Contrary to ATA's assertions, ATA is not truly the low-fare alternative offering maximum competitive benefits through real competition with United and American. *See*, Application of ATA, at 10, 15. ATA's stated corporate strategy is to avoid direct competition with the mega-carriers and to instead enter markets "under the radar". It deliberately chooses to remain a limited participant in many of the markets it serves in order to avoid the attention of the major carriers in those markets. This corporate strategy is evidenced by ATA statements in its most recent 10K filing before the Securities and Exchange Commission:

"In the United States, the scheduled airline business is dominated by large scheduled airlines, most of which have developed hub-and-spoke systems. As a result of this structure, many smaller cities or airports are not served by direct or nonstop flights to leisure destinations, and many secondary leisure destinations do not receive direct or nonstop service from more than a few major U.S. cities. ***In developing its business, the Company has focused on low-frequency, non-stop or direct service from its principal gateways to leisure or business destinations where there is little or no competing direct or nonstop service.***" (emphasis added)<sup>4</sup>

This strategy is also clearly reflected by ATA's limited service proposal for beyond-perimeter slots and is understandable in an environment where the mega-carriers (United, American, Delta and Northwest) are attempting to crush any serious competition. In the instant proceeding, however, ATA's strategy raises the question as to whether its low-frequency service offers the

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<sup>4</sup> SEC Form 10-K, filed before the Securities and Exchange Commission on March 30, 2000.

traveling public the best competitive choice. TWA suggests that TWA is the one airline that is proposing to truly compete with United and American in the LAX market.

TWA will also provide lower fare alternatives to the entrenched dominant carriers -- as it must in order to compete in the market. Indeed, TWA regularly offers lower fares than other carriers in its markets. For example, on an average fare basis, TWA actually offers the third lowest fare between LGA and San Francisco and Los Angeles out of the nine carriers cited by ATA in its Exhibit at page 25. Although ATA's exhibit would mislead the casual reader into believing that TWA's fares are in line with United, American, and Delta, TWA will, in reality, have to offer lower fares for DCA-LAX service than the mega-carriers in order to compete effectively -- just as it does at La Guardia.

More importantly, TWA is a low fare carrier compared to any applicant in the instant proceeding. The sample of transcontinental fare data taken from DOT O&D data<sup>5</sup> and provided below gives ample evidence that TWA is regularly one of the lowest fare service providers in the markets it serves.

<b>Service</b>	<b>Average TWA One-Way Fare</b>	<b>Average Fares of Other Providers</b>	<b>Lowest Fare Providers</b>
JFK-LAX Non-Stop	\$199.9	American - \$335 Delta - \$200.2 United - \$342	<b>TWA</b>
JFK-SFO Non-Stop	\$187	American - \$365 Delta - \$218 United - \$411	<b>TWA</b>
Newark-LAX One-Stop	\$142	America West - \$177 Delta - \$202 Northwest - \$165 US Airways - \$185	<b>TWA</b>
Newark-SFO One-Stop	\$143	America West - \$213 American - \$172 Delta - \$199 Northwest - \$174 US Airways - \$171	<b>TWA</b>
Boston-LAX One-Stop	\$144	America West - \$203 Continental - \$153 Delta - \$201 Frontier - \$216 Northwest - \$174 US Airways - \$206	<b>TWA</b>
Philadelphia-LAX One-Stop	\$172	America West - \$210 American - \$187 ATA - \$172 Continental - \$155 Delta - \$238 Northwest - \$173	<b>Continental (\$155)</b> <b>TWA and ATA (\$172)</b>
BWI-LAX One-Stop	\$158	America West - \$158 American - \$185 Continental - \$162 Delta - \$186 Frontier - \$189 Northwest - \$140	<b>Northwest (\$140)</b> <b>TWA and HP (\$158)</b>

<sup>5</sup> Notably, TWA's average fares cited in the DOT O&D data are actually inflated because they do not reflect substantial discounts that are available on TWA through

Further evidence of TWA's ability to offer lower fares than its mega-carrier rivals can be found by comparing the nonstop one-way transcontinental fares offered by American and United between Dulles and LAX (\$228 and \$279 respectively) with TWA's one-way fare between JFK and LAX (\$200). Once again, TWA offers the lowest fare.

Unlike ATA, TWA is not proposing only to skim a small number of passengers from the DCA-LAX market. Rather, TWA is proposing a full schedule of flights that will present true competition to the entrenched carriers and broad network benefits to beyond-perimeter markets, while also offering the traveling public a lower-cost alternative. ATA has not put forth a convincing proposal with regard to beyond-perimeter network benefits, nor has it explained how one nonstop roundtrip per day will actually compete with the entire bank of flights already offered by United and American or proposed by TWA.

**3. ATA Offers an Inferior Product in the DCA-LAX Nonstop Market.**

ATA's nonstop DCA-LAX service proposal lacks several features that are important to the primary users of Reagan National. With its accessibility to government and commercial centers in the District of Columbia, Reagan National's greatest usage is by business travelers who come to Washington to work with the federal government and government-related enterprises. Such travelers require multiple departures and arrivals, often prefer business/first

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ticket consolidator agreements.

class service in order to be able to work during the flight and leave it feeling refreshed, and want to benefit from being frequent flyers. This makes ATA's lack of multiple flights, lack of business/first class service, and lack of a frequent flyer program serious defects in its proposed DCA-LAX nonstop service. ATA's proposal is better suited for BWI or Dulles service. A grant of beyond-perimeter slot exemptions for LAX to ATA would waste the potential competitive impact the slots can otherwise have.

TWA is also a smaller carrier fighting to compete in a market environment where entrenched incumbents impede the ability of smaller carriers to survive. Despite that, unlike ATA, TWA has set as its market strategy offering a complete product to the market, including business/first class service, a frequent flyer program, and Ambassador Club lounges at both DCA and LAX. TWA is putting forth a proposal aimed at establishing a competitive product in the DCA-LAX nonstop market and thus a serious presence in the beyond-perimeter market.

**V. SERVICE PROPOSALS FOR OTHER CITIES DO NOT COMPARE FAVORABLY WITH TWA'S DCA-LAX NONSTOP SERVICE PROPOSAL.**

The combination of the Los Angeles market, TWA's nonstop service proposal, and TWA's network benefits make its daily three round-trip proposal the best possible utilization of beyond-perimeter benefits. As demonstrated below, service proposals for other cities in the instant proceeding do not compare well with that of TWA.

**1. Delta Airlines Offers Only Limited Network Benefits to Beyond-Perimeter Markets and Does Not Increase Competition in the Market.**

The Delta Airlines proposal does not offer substantial network benefits. As measured by new one-stop online service, Delta provides first time online service to ten new cities. Exhibit DL-202.<sup>6</sup> The number of passengers actually reached in these markets, however, is insignificant and does not warrant a beyond-perimeter frequency allocation to Delta. Specifically, Delta's new one-stop service will reach a total population of 446,706, with annual O&D passengers of 16,690. Hence, new network benefits (as well as competition in multiple beyond-perimeter markets) appear to be quite small in comparison to the beyond LAX traffic.

Moreover, Delta is another entrenched mega-carrier. This is evidenced by Delta's extensive DCA service, which includes the Delta Shuttle and a current allotment of close to 100 slots at Reagan National. In addition, Delta has a fortress hub at Salt Lake City -- a location that few other carriers serve to any significant degree. For its part, TWA is competing aggressively with Delta in the transcontinental market between JFK and LAX/SFO and thus providing consumers with the benefit of true fare competition in that market. *See*, fare data *infra* at, 12. Providing Delta with yet more DCA and Salt Lake City service would stand as an affirmative reinforcement of Delta's already powerful positions in both DCA and Salt Lake City and so mark a

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<sup>6</sup> TWA notes that it is unable to locate any traffic or population statistics for Lovell/Powell, WY. *See*, Exhibit TWA-3, attached hereto.

significant departure from the Department's recent attention to the state of competition in the aviation industry.

**2. America West's Request for Three Phoenix and Two Las Vegas Beyond-Perimeter Slot Exemptions Far Exceeds the Merits of the Markets They Propose to Serve.**

America West's claim to the beyond-perimeter DCA slots is not justified by its service proposal. It is clear from its application that America West feels entitled to all of the beyond-perimeter slots. However, America West fails to make a convincing argument that would justify even half of what it has requested.

America West has not substantiated any network benefits for its proposed Las Vegas service. Indeed, America West only offers one additional one-stop online connection from Las Vegas, to Bakersfield. Bakersfield would be far better served by TWA via Los Angeles. *See*, Support Letter of the City of Bakersfield, Exhibit TWA-2. Las Vegas also suffers from the fact that it is -- by far -- the smallest market both in terms of its population (seventh out of the seven cities involved in the instant proceeding) and in terms of its traffic (seventh out of the seven cities). *See* Application of TWA, at 9.

America West's twice-daily service proposal from Las Vegas offers one of the weakest network benefits from among the competing applications. Why America West should receive even a single valuable beyond-perimeter slot exemption for its proposed Las Vegas service has not been established by its application. Indeed, National Airlines (another applicant for Las Vegas),

characterizes passenger volume in the Las Vegas - DCA market as "relatively stagnant."<sup>7</sup> Application of National Airlines, at 6. It would seem that applicants for the Las Vegas market appear to ask the Department to risk valuable beyond-perimeter rights on a market with no solid track record of passenger growth, no substantial network benefits, and little, if any, business or government related traffic.

America West also requests three daily roundtrip flights between Reagan National and Phoenix/Mesa. Though the Phoenix/Mesa population is substantially larger than many other western markets, it is still only 2.8 million people with only 170,310 annual passengers. This means that the Department will have to justify allocation of half of the available slot exemptions to a western market that is only the second largest on the basis of population and sixth largest in terms of annual passenger traffic.

Although Phoenix/Mesa beyond-perimeter network benefits are significant, they are not meaningfully larger than the benefits offered by TWA at Los Angeles. America West proposes new one-stop online services to fourteen new cities, representing a total population of 2,151,366 and 73,660 annual O&D passengers. TWA notes that its service proposal represents access to a far larger overall market, while also providing comparable network benefits. On balance, TWA has justified allocation of three daily flights to Los Angeles from Reagan National on the basis on Los Angeles' 9.3

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<sup>7</sup> National made this characterization in the context of its broader argument that DCA-LAS requires additional capacity. TWA strongly disagrees with this

million residents. America West's proposal for three round-trip for three round-trip Phoenix/Mesa slot allocations, by comparison, appears to be excessive.

In its request for five beyond-perimeter slots overall, America West has failed to recognize the limited nature of the slot exemptions that are available for allocation in this case. The merits of the markets to be served simply do not support America West's request for three daily round-trip services between Phoenix and Reagan National, as well as two daily roundtrip services between Las Vegas and Reagan National. America West's brazen attempt to take essentially all of the available beyond-perimeter slots reflects a misguided strategy unsupported by the merits of its application.

**3. Northwest's Request for One Daily Nonstop Roundtrip Beyond-Perimeter Slot Exemption for Seattle is Not Justified.**

Being another one of the mega-carriers, Northwest's application for beyond-perimeter slots suffers from the same types of deficiencies as Delta's service proposal. Northwest is proposing service to Seattle, which has a population of 2,312,978 and 271,670 annual O&D passengers. These statistics indicate that Seattle has the third largest population and is the fourth largest market of the seven involved in the instant proceeding. With only six round-trip flights available, however, the question remains whether any allocation to an entrenched mega-carrier makes sense in this proceeding -- particularly to serve a relatively lower-volume market.

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characterization as is discussed in greater detail in section V(4) below.

Northwest's application suggests that it will provide new network benefits of one-stop service to 13 cities. Application of Northwest at 4, NW-2. The number of passengers reached in these one-stop markets, though, does not warrant a beyond-perimeter frequency allocation to Northwest. Specifically, Northwest's new one-stop service will reach a total population of 833,535 with annual O&D passengers of 37,980. Therefore, in Northwest's case, not only will network benefits of beyond-Seattle traffic be quite small in comparison to the beyond-LAX traffic, but they will also likely be at the expense of enhancing true new competition in a major market.

Finally, Northwest has selected inferior equipment for the Reagan National market. The choice of an A319 aircraft allows for only 124 passengers. As is noted below with respect to proposal of Frontier, the Department should not waste precious slots on service proposals that do not fully utilize the resource. The B757 equipment proposed by almost all other applicants makes far better use of DCA slots.

**4. Frontier Airlines and National Airlines Do Not Justify a Substantial Allocation of Beyond-Perimeter Slots.**

Frontier Airlines and National Airlines each make competing cases for the development of their airlines as a new competitor in beyond-perimeter markets. As noted above in the case of America West, National Airlines' request for three daily round trip flights is not in keeping with either the size of the market it proposes to serve, or the benefits it is able to bring to that market. National's recent public assertion that the decision in this case will

be a "tragedy" because it will be decided on political grounds should be tempered by the substantive deficiencies in National's application for beyond-perimeter slots.<sup>8</sup> In reality, National has put forth an application for far too many flights in a relatively stagnant market. Indeed, National cites the fact that traffic between Dulles and Las Vegas has decreased by 4.2% over the last year, while traffic between BWI and Las Vegas has increased by 27.2%. Application of National Airlines, at 6, note 5.

Contrary to National's assertions, however, it is not describing a market in need of stimulation but a market that is showing small growth and is merely shifting within a broad catchment area (that is from Dulles to BWI). In fact, were this an unrestricted market (such as BWI or Dulles), National would be free to test its somewhat speculative service proposal for the "shift factor." As DCA is a restricted market, such a test would not appear justified within the scope of this proceeding.

Frontier Airlines also presents itself as a new entrant for consideration. While Frontier makes an energetic case for service to Denver from Reagan National, it is the only applicant to propose service using B737 equipment. Although its application nowhere indicates the number of seats to be offered, as best TWA can speculate, the largest number of passengers Frontier can serve on any one flight is approximately 140. As a result, if the Department decides to award slots to Frontier, it should not allocate more than one daily roundtrip flight because Frontier does not represent the best

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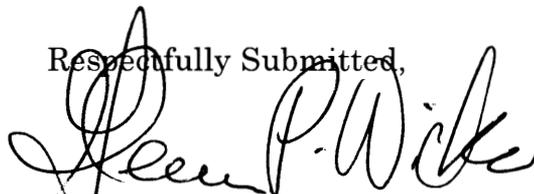
<sup>8</sup> See, Washington Post, B7, Monday, May 15, 2000.

utilization of the limited Air 21 capacity. The restricted capacity at Reagan National demands that the Department ensure that each available beyond-perimeter slot is fully utilized by B757 Stage 3 equipment.

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WHEREFORE, for the reasons set forth herein, TWA respectfully urges the Department to grant it three roundtrip flights (six beyond-perimeter DCA exemption slots) between Los Angeles and Reagan National. TWA's requested service substantively merits an award of beyond-perimeter slots by the Department, as TWA will provide Los Angeles with its first nonstop services to DCA, as well as provide cities in California and Hawaii with their first or competitive one-stop service to DCA, and also provide true competition to the entrenched mega-carriers at LAX through multiple flights and lower fares. Los Angeles merits a three-flight level of service because it so dramatically outnumbers the other cities in the instant proceeding both in terms of population and O&D traffic. Finally, TWA reiterates its willingness to adjust the timing and number of arrivals and departures in order to assist the Department in allocating the beyond-perimeter slots.

Respectfully Submitted,

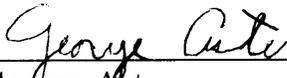


Glenn P. Wicks  
Counsel for Trans World Airlines, Inc.

**EXHIBIT TWA-1**

## CERTIFICATION

Pursuant to Title 18 United States Code Section 1001, I, George Aste, in my individual capacity and as the authorized representative of the pleader, have not in any manner knowingly and willfully falsified, concealed or failed to disclose any material fact or made any false, fictitious or fraudulent statement or knowingly used any documents which contain such statements in connection with the preparation, filing, or prosecution of the pleading. I understand that an individual who is found to have violated the provisions of Title 18 United States Code Section 1001 shall be fined or imprisoned not more than five years, or both.

  
\_\_\_\_\_  
George Aste  
Vice President, International Affairs  
Trans World Airlines, Inc.

**EXHIBIT TWA-2**



Alan Tandy • City Manager

May 18, 2000

Honorable Rodney Slater, Secretary  
United States Department of Transportation  
400 Seventh St. SW, Room 10200  
Washington, DC 20500

Subject: Slot Exemption Proceedings  
Docket OST-2000-7181

Dear Mr. Secretary:

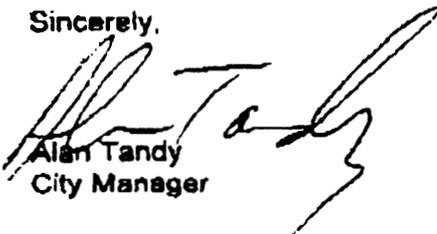
We understand that this case, concerned with limited exemptions for nonstop airline service to points beyond the 1,250 mile perimeter restriction at Reagan Washington National Airport (DCA), is now underway.

Trans World Airlines (TWA) has informed the City that it is applying for three of the available round trips to serve Los Angeles International Airport (LAX). Los Angeles is the largest city in the United States not now receiving non-stop service to DCA.

On behalf of the City of Bakersfield, we request that you give TWA's proposal favorable consideration. TWA has committed to serve our market, via Chautauqua Regional partner, with a minimum of four departures daily. This level of service would certainly be effective for Reagan Washington, as well as stimulating other travel to these cities served by TWA.

TWA will bring a healthy level of new competition to the Washington-Los Angeles market and serve our travelers by gaining access to a new hub. Such performance, combined with the exceptionally convenient location of DCA to the District of Columbia, will be of great benefit to Bakersfield, and its business and tourism communities of interest.

Sincerely,



Alan Tandy  
City Manager

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City of Bakersfield • City Manager's Office • 1501 Truxtun Avenue  
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(661) 326-3751 • Fax (661) 852-2050

# City of Norfolk Virginia



**Paul D. Fraim**  
Mayor

April 21, 2000

1105 City Hall Building  
Norfolk, Virginia 23510

The Honorable Rodney E. Slater  
U.S. Secretary of Transportation  
400 Seventh St., S.W., Room 10200  
Washington, D.C. 20590

Dear Secretary Slater:

I understand that under recently approved federal legislation the Department of Transportation (DOT) will be able to award six new nonstop round trip flights between Reagan National Airport (DCA) and cities outside the existing perimeter limit of 1,250 miles. I have been informed that Trans World Airlines (TWA) will apply for three of these available round trips to serve Los Angeles International Airport (LAX). I strongly urge that you select TWA for this route.

In recent years TWA has contributed very substantially to the economy of the City of Norfolk and is now one of our largest civilian employers. The company established a reservations center here in 1996 which now employs 661 persons at peak periods, and last year opened a center here for its Getaway Vacations program, which already employs 108 persons. I am advised that payroll and other expenses for the combined activities exceed \$34 million annually, considerable in itself, and the application of even a modest multiplier shows that TWA has a profound favorable influence on our local economy.

Our City receives an extensive level of service from TWA and its commuter affiliate TWE, to points West and to New York. The proposed DCA-LAX service will undoubtedly benefit very large numbers of travelers, since I understand that Los Angeles is the largest city in the country without nonstop service to Reagan National. TWA should be selected over those much larger airlines already providing nonstop flights from Dulles International Airport, because it will provide a superior competitive alternative using new aircraft. Furthermore, it has for some time maintained the best on-time performance of flights in the entire airline industry.

New successful TWA services to Washington, DC and the adjacent Northern Virginia suburbs will obviously be of benefit to the maintenance and potential increase of the airline's employment and activities in Norfolk. On behalf of our citizens, I again urge that TWA be chosen for the Reagan National to Los Angeles route.

Sincerely,

Paul D. Fraim  
Mayor





# City of Palm Springs

Department of Aviation  
 Palm Springs International Airport  
 3400 Tahquitz Canyon Way • Palm Springs, California 92262  
 TEL: (760) 323-8161 • FAX (760) 322-4308 • TDD (760) 864-9327

May 16, 2000

The Honorable Rodney E. Slater, Secretary  
 U.S. Department of Transportation  
 400 Seventh Street, S.W., Room 10200  
 Washington, DC 20590

Re: Docket OST-2000-7181

Dear Secretary Slater:

We have been informed that this proceeding, dealing with limited exemptions for non-stop airline service to points beyond the 1,250 mile perimeter restriction at Reagan Washington National Airport (DCA) is now under way. This issue is of great interest and importance to the City of Palm Springs and the Coachella Valley.

Trans World Airlines (TWA) has advised us that it is applying for six of the twelve available slots which it will utilize to operate three round trips to serve Los Angeles International Airport (LAX). Located approximately 100 miles from Los Angeles (LA), we know firsthand the tremendous growth that area has experienced, and we have been a benefactor of that growth. With 10 million people residing in the County of Los Angeles, we understand that LA is by far the largest city in the country without nonstop service to DCA presently in place.

On behalf of the City of Palm Springs, Department of Aviation, I urge you to give TWA's proposal the strongest possible consideration. The airline will bring a healthy level of new competition to the LAX to Washington market, as three much larger carriers presently operate several times daily nonstop service to both Washington's Dulles International Airport as well as Baltimore/Washington International Airport.

What's more, if selected, TWA has committed to provide convenient connections to and from Palm Springs to its proposed flights as well as to certain other useful service operated at LAX via its commuter airline affiliate. TWA has captured the top spot in on-time performance for 1999 and has continued in that position as we enter 2000. This performance, coupled with the advantages of the remarkably convenient location of DCA to the District of Columbia, will certainly have a profound impact on the tourism and business community traveling to and from Palm Springs and the Coachella Valley via Palm Springs International Airport.

Thank you.

Sincerely,

Jeri L. Riddle  
 Director of Aviation

Post Office Box 2743 • Palm Springs, California



# CITY OF SAN LUIS OBISPO

OFFICE OF THE CITY COUNCIL  
990 Palm Street ■ San Luis Obispo

May 8, 2000

Post-It® Fax Note	7671	Date	5-10-00
To	Steven Slade	From	Council Office
Co./Dept.		Co.	
Phone #		Phone #	
Fax #	202/1638-4584	Fax #	

Honorable Rodney E. Slater, Secretary of Transportation  
Department of Transportation  
400 Seventh Street, SW, Room 10200  
Washington, DC 20590

RE: Support for TWA Service Between Los Angeles and Washington

Dear Secretary Slater:

I am writing to express the City of San Luis Obispo's support for TWA's proposal to provide nonstop air service between Los Angeles and Washington's Reagan National Airport.

As you know, President Clinton recently signed the Wendell H. Ford Aviation Investment and Reform Act for the 21<sup>st</sup> Century. This legislation that you, your department and Congress worked so hard on allows you to award new roundtrip flights between Washington's Reagan National Airport and domestic hub airports beyond the current 1,250 mile perimeter limit (like Los Angeles International).

With this new service, TWA will be able to serve small communities like San Luis Obispo. Improved air service between San Luis Obispo and other parts of our Country is a high priority. This new service would benefit our developing high-tech industries as well as our significant tourism industry. It would also make it very convenient for residents of San Luis Obispo to travel to the East Coast.

On behalf of the City, I strongly urge you to add this service.

Sincerely,

Allen K. Settle  
Mayor

AKS.SS:ss

cc: Congresswoman Lois Capps  
Steven Slade

02  
UCR  
P.01

05-17-2000 15:57

# CITY OF SANTA BARBARA

Harriet Miller  
Mayor



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Fax: (805) 564-5475  
e-mail: [auditor@ci.santa-barbara.ca.us](mailto:auditor@ci.santa-barbara.ca.us)

May 17, 2000

## CALIFORNIA

Honorable Rodney Slater  
U.S. Secretary of Transportation  
400 Seventh St SW, Room 10200  
Washington, DC 20500

RE: DOCKET OST-2000-7181

Dear Mr. Secretary:

We have been informed that the above referenced proceeding, covering limited exemptions for non-stop airline service to points beyond the 1,250 mile perimeter restriction at Ronald Reagan Washington National Airport (DCA) is about to begin.

Trans World Airlines (TWA) has advised our City that it is applying for three of the available round trips to serve Los Angeles International Airport (LAX). We understand that Los Angeles is the largest city in the US not now receiving non-stop air service to DCA.

We urge you to give TWA's proposal the strongest consideration. The airline will bring a healthy level of increased competition, operating new aircraft, to the two very much larger carriers already serving the Dulles International Airport-Los Angeles route.

If selected as the carrier, TWA has committed to provide connections to and from Santa Barbara to its proposed flights as well as to certain other desirable TWA services at LAX, via its commuter airline affiliate. TWA had the best on time performance of any carrier in 1999, this record being continued into 2000. This performance, combined with the advantages of the highly convenient location of DCA to the District of Columbia, will be of true benefit to the business and tourism community traveling to and from Santa Barbara and its surrounding communities.

Again, we do urge you to give the highest consideration to TWA's application in this case.

Sincerely Yours,

  
Harriet Miller  
Mayor

**EXHIBIT TWA-3**

**New Network Benefits  
Western U.S. Cities With First One-Stop Service to DCA,  
Population and Traffic Statistics**

<b>AIRLINE</b>	<b>NEW ONE-STOP CITY</b>	<b>POPULATION JULY 1998</b>	<b>ANNUAL O&amp;D PASSENGERS</b>
<b>Trans World Airlines</b>	Bakersfield	631,459	5,060
	Monterey	93,637	18,040
	San Luis Obispo	234,366	5,520
	Santa Barbara	389,502	19,340
<b>TWA Total</b>		<b>1,348,964</b>	<b>47,960</b>
<b>American Airlines</b>	Bakersfield	631,459	5,060
	Monterey	93,637	18,040
	San Luis Obispo	234,366	5,520
	Santa Barbara	389,502	19,340
<b>American Total</b>		<b>1,348,964</b>	<b>47,960</b>
<b>United Airlines</b>	Bakersfield	631,459	5,060
	Monterey	93,637	18,040
	San Luis Obispo	234,366	5,520
	Santa Barbara	389,502	19,340
	Carlsbad	74,732	4,010
	Imperial	7,044	460
	Merced	197,730	140
	St. George	46,186	500
	Santa Maria	68,121	2,620
	Santa Rosa	126,891	870
	Visalia	355,240	250
	Yuma	132,259	2,110
	<b>United Total</b>		<b>1,737,426</b>
<b>Delta</b>	Butte	34,005	1,700
	Casper	182,651	2,840
	Elko	19,204	370
	Idaho Falls	48,122	7,650
	Pocatello	74,866	1,070
	St George	46,186	500
	Sun Valley/Hly/K	1,010	1,660
	Twin Falls	33,296	780
	Vernal	7,366	120
<b>Delta Total</b>		<b>446,706</b>	<b>16,690</b>

**New Network Benefits  
Western U.S. Cities With First One-Stop Service to DCA,  
Population and Traffic Statistics**

<b>America West</b>	Aspen	5,188	13,600
	Farmington	39,028	820
	Flagstaff	120,371	920
	Fort Huachuca/Sr	38,038	280
	Grand Junction	112,891	4,280
	Durango	13,854	3,380
	Montrose	11,451	3,850
	Prescott	34,129	20
	Eugene	314,068	10,470
	Carlsbad	74,732	4,010
	Bakersfield	631,459	5,060
	San Luis Obispo	234,366	5,520
	Santa Barbara	389,502	19,340
	Yuma	132,259	2,110
<b>America West Total</b>		<b>2,151,366</b>	<b>73,660</b>
<b>Northwest</b>	Sun Valley	1,010	1,660
	Eugene	314,068	10,470
	Bellingham	61,894	2,280
	Bend/Redmond	11,728	2,430
	Fairbanks Intl.	33,295	5,030
	Kalispell	1,089	5,260
	Ketchikan Intl.	7,543	470
	Lewiston	30,363	430
	Medford	173,123	6,030
	Moses Lake	14,759	70
	Port Angeles	18,769	280
	Pullman/Moscow	24,950	740
	Sitka	8,338	310
	Walla Walla	28,721	280
	Wenatchee	23,918	420
	Yakima	64,967	1,820
<b>Northwest Total</b>		<b>833,535</b>	<b>37,980</b>

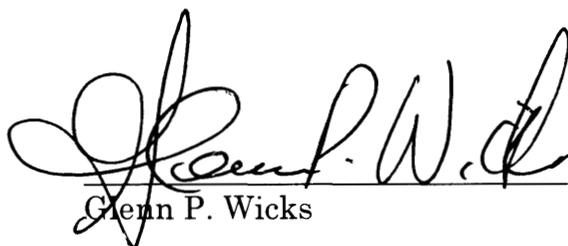
Sources:           Application of American at 3  
                       Application of United at Exhibit UA-24  
                       Application of Delta at Exhibit DL-202  
                       Application of America West at Exhibit 11  
                       Application of Northwest Airlines at Exhibit NW-2

Data Sources: DB1A Data  
                       www.census.gov

Note:               Population is for metropolitan areas, where applicable

## CERTIFICATE OF SERVICE

I hereby certify that I have on this day served a copy of the foregoing document upon all persons named on the attached service list by causing a copy thereof, postage prepaid, to be mailed to each of them.



Glenn P. Wicks

Dated: May 22, 2000

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