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

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In the matter of )  
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**THE WENDELL H. FORD AVIATION.** )  
**INVESTMENT AND REFORM ACT FOR** )  
**THE 21<sup>st</sup> CENTURY** )  
 )  
 For exemptions from 14 CFR Part 93, under 49 )  
 U.S.C. § 41718(a) )  
 (beyond-perimeter slot exemptions at Ronald )  
 Reagan Washington National Airport) )

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**Docket OST-2000-7181-36**

**CONSOLIDATED COMMENTS OF AMERICA WEST AIRLINES**

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In the matter of	)	
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<b>THE WENDELL H. FORD AVIATION.</b>	)	<b>Docket OST-2000-7181</b>
<b>INVESTMENT AND REFORM ACT FOR</b>	)	
<b>THE 21<sup>st</sup> CENTURY</b>	)	
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For exemptions from 14 CFR Part 93, under 49	)	
U.S.C. § 41718(a)	)	
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Reagan Washington National Airport)	)	

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**CONSOLIDATED COMMENTS OF AMERICA WEST AIRLINES**

Pursuant to the Department’s April 14, 2000 Notice establishing slot exemption proceedings under 49 U.S.C. § 41718, America West Airlines, Inc. (“America West”) submits the following comments in response to the applications for beyond-perimeter slot exemptions at Ronald Reagan Washington National Airport (“DCA”).<sup>1</sup> Of the nine applications only grant of America West’s application for 10 DCA exemption slots will maximize the consumer benefits under the Congressionally mandated statutory criteria, by making available to the traveling

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<sup>1</sup> In addition to America West, applications were tiled by American Airlines, Inc. (“American”), American Trans Air, Inc. (“ATA”), Delta Air Lines, Inc. (“Delta”), Frontier Airlines, Inc. (“Frontier”), National Airlines, Inc. (“National”), Northwest Airlines, Inc. (“Northwest”), Trans World Airlines, Inc. (“TWA”) and United Air Lines, Inc. (“United”).

public a completely new low fare **DCA-TO-THE-WEST NETWORK**<sup>2</sup> competitor serving 42 Western cities beyond its Phoenix, Arizona (PHX) and Las Vegas, Nevada (LAS) hubs.

These comments begin with an overview of the essential factors which America West believes demonstrate why its application is far superior to those of the incumbent network carriers and the new entrants. Section II demonstrates in detail why the combined network and low fare benefits of America West substantially outweigh the proposed benefits alleged by each of the incumbents. Part III similarly demonstrates that America West's **DCA-TO-THE-WEST NETWORK** coupled with low fares serves the statutory criteria to a much greater extent than any of the other new entrant applicants. As noted in its application, America West will begin service 30 days following grant of authority by the Department

#### **I. The Statutory Decisional Criteria Strongly Favor Grant of America West's Application**

The Department has received applications for 44 exemption slots from nine different carriers for service beyond the perimeter. Unfortunately, there are only 12 exemption slots available for six round-trips to domestic hub airports beyond the perimeter. As emphasized in America West's application, even using the B-757, the largest aircraft that can operate at DCA, in full-service configuration, fewer than 1200 passengers each way will directly benefit from new competition. Accordingly, the Department must carefully evaluate the nine applications through the filter of the specific Congressionally mandated criteria set forth in 49 U.S.C § 41718(a) to

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<sup>2</sup> America West uses the **DCA-TO-THE-WEST-NETWORK** term throughout these comments to reflect the fact that it is the only applicant providing an entirely new substantial low fare, full service network from DCA to the West that will maximize consumer benefit as defined by the statute.

maximize consumer benefits. The two criteria critical to the Department's decision are:

- (1) provide air transportation with domestic network benefits in areas beyond the perimeter described in [49 U.S.C. § 49109]; [and]
- (2) increase competition by new entrant air carriers or in multiple markets.<sup>3</sup>

While other applicants assert their proposals best fulfill these statutory criteria, the fact is America West's unique position in the industry enables it alone to provide both a significant level of domestic network benefits beyond the perimeter including cities served by small and medium hub airports, and the increased fare competition in multiple markets required by law. A comparison of the applications demonstrates that no other allocation of the ten exemption slots requested by America West can bring as much new sustainable competition to consumers throughout the West from Ronald Reagan Washington National Airport. Indeed, as set forth below, no other applicant comes close to matching the overall consumer benefits of America West's proposal.

In assessing the competing applications, America West submits there are certain essential factors the Department must consider and which support America West's application. First, an award to any of the established DCA incumbents would provide little in the way of new one-stop (network) service. Most of the larger network cities included in the incumbents' applications can already be reached one-stop over their existing dominant hubs inside the perimeter.<sup>4</sup> Moreover,

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<sup>3</sup> The two other criteria not reducing service to small and medium hub airports within the perimeter, and not meaningfully increasing travel delays - are not critical since none of the applications would lead to such results.

<sup>4</sup> This fact is vividly demonstrated by American's announcement that it will begin Dallas-Maui service in November and Delta's announcement of service to Anchorage from Atlanta this summer. Both carriers had claimed service to these respective points as new one stop service from DCA via Los Angeles and Salt Lake City.

as all the new entrant applicants note, awards to the incumbents, particularly United, American or Delta, will guarantee that prices from DCA will remain among the highest in the nation. See Rebuttal Exhibit I. In this regard, the GAO recently recognized that:

If exemptions allowed the major airlines already serving Reagan National to operate to and **from** large Western cities, those airlines could capitalize on the scarcity of their new nonstop service and charge a premium fare.” *Reagan National Airport: Capacity to Handle Additional Flights and Impact on Other Area Airports*, GAO/RCED-99-234, Sept. 1999, at 18.

The main objective of the incumbents is to protect their existing hubs as well as their service from Dulles. Yet, one of key objectives of this legislation was to begin to provide a level playing field at DCA. An award to incumbents United or American for Los Angeles would only further tilt the field and allow these carriers to continue to dominate the East-West market from DCA and the Washington area. Only low fare carriers can ensure real fare competition to the West, but only America West has the proven track record of providing low fare, full service to business and leisure travelers over a sustained period of time that the Department can count on to achieve the Congressional objectives set forth in the legislation

Second, this proceeding is not a local service case in general or a service to Los Angeles case in particular. United, American and TWA have cited the colloquy among Senators Feinstein, Boxer and McCain for the proposition that Los Angeles would be eligible to receive nonstop service. However, those applicants conveniently failed to focus on Chairman McCain’s answers to the two California Senators. Senator McCain, the Chairman of the Senate Commerce Committee with jurisdiction over aviation and competition in the industry, and the principal architect and moving force behind this legislation, made clear in his answers that the beyond perimeter legislation was intended to “provide numerous domestic cities, including small and medium sized communities with improved service.” Senator McCain further noted that even

carriers proposing to serve cities with large numbers of airline passengers, such as Los Angeles, would have to “demonstrate that their routes provide domestic network benefits and increase competition in multiple markets.” See 145 Cong. Rec. (daily ed.) S10946, Sept. 25, 1998 (emphasis added). Senator McCain’s remarks paraphrase the legislation, which does not mention the size of the local market in any of the criteria. Similarly, the legislation does not, as suggested by some carriers, require the Department to divide the awards among three carriers at different hubs. If Congress had such intent, it would have written §41718(a) like the inside perimeter provision, which specifically requires multiple awards.

As set forth in the statute America West will provide important new one-stop network service not only to Los Angeles and San Francisco but also to many small and medium size cities. Indeed, over 1.25 million passengers will have a new one-stop service from America West. Rebuttal Exhibits 2- 1 0A graphically show that none of the competing applicants, singly or in combination, can provide the one-stop network benefits to passengers in small, medium and large cities that will be provided by America West. As the only carrier that can create a substantial new **DCA-TO-THE-WEST** NETWORK, America West clearly maximizes beyond benefits for consumers through its Phoenix and Las Vegas hubs better than any other applicant. This is reflected by the fact that only ten percent of the passengers in the beyond-perimeter markets America West proposes to serve from DCA are in non-stop markets. See Exhibit 4 to America West’s application.

Third, America West will provide new fare competition for both business and leisure travel to more passengers than any other applicant including other new entrants claiming low fare honors. In fact, America West’s fares are lower, in some cases significantly lower, than fares offered by National and ATA in several markets where America West competes with them. As

for Frontier, America West's average fares on flights from Phoenix to the East are significantly lower than Frontier's average fares on its flights from Denver to the East. Similarly, America West's fares on flights from New York/Newark to Western points are significantly lower than Frontier's flights to the same points from New York. See Rebuttal Exhibit 12 and 12A.

In sum, America West's application by providing five DCA round-trips spread through the day will create a new DCA-Western network, benefiting the most passengers through the combination of its major carrier network strength and competitive low fares, precisely the objectives envisioned by the legislation. Approval of America West's application offers the Department the best course of action to make convenient competitive service available to as many Western points as possible. As the table below demonstrates, America West's proposal is far superior to those of all other applicants based on the number of cities which would gain new service, the number of passengers who would benefit from the proposed service, and the commitment America West has over the years since deregulation clearly demonstrated to low-fare service.

	<b>New to Carrier</b>		
<b>Airline</b>	<b>One-stop Cities</b>	<b>Annual Passengers</b>	<b>Low Fare Service</b>
America West	42	1,252,446	Yes
American	4	7,658	No
United	21	95,776	No
Delta	24	75,102	No
Northwest	21	24,316	No
TWA	1*	847	No
Frontier	9	991,800	Yes, but higher than America West's in competitive markets
National	2**	347,626	Yes, but higher than America West's in competitive markets
ATA	2	55,276	Yes

\*Excludes currently non-existent commuter connections

\*\*Excludes interline connecting service

**II. Unlike the Incumbent Carriers, America West Would Increase Competition at DCA and in Multiple Western Markets Through New Entry and Competitive Fares**

Awarding beyond-perimeter exemption slots to any of the current DCA major incumbents would only allow these carriers to more thoroughly dominate service to the Nation's Capital. America West, the other new entrant applicants, the General Accounting Office, Transportation Research Board and National Review Commission, all agree that further increasing the DCA slot holdings of the incumbent carriers would harm competition at DCA by simply reinforcing the existing barriers to new entry at Reagan National Airport. It also would

deprive multiple Western markets of the competitive service America West proposes to provide through a new DCA-to-the-West network. The pre-deregulation incumbents at DCA already are able to operate more flights through their massive hubs inside the perimeter to more Western destinations served by America West than America West itself. See Exhibit 3 to Application. Beyond-perimeter service by the DCA incumbents would offer consumers nothing in the way of increased competition and only keep prices from DCA to the West among the highest in the country. The incumbents' lack of interest in price competition is starkly reflected by the fact that none even mention consumer savings in their applications. Indeed, in a throwback to the 1960's route cases, some of the applications filed by incumbents mention increased legroom or larger overhead baggage compartments in their applications as important competitive benefits. This is obviously not the type of competitive benefit of concern to Congress in passing this legislation. In contrast, awarding sufficient slots to a low-fare new entrant at DCA such as America West promotes increased competition resulting in true consumer savings. However, only America West among all new entrant competitors offers large hub-and-spoke systems in Phoenix and Las Vegas, which will extend low fare service to 44 destinations in the West. The incumbents at DCA have no incentive to use exemption slots to increase competition, yet they are strongly incentivized to acquire as many scarce DCA exemption slots as possible to foreclose effective challenges to their dominance at the airport.

Still another important reason the incumbents should not be awarded any of the available slots is their current considerable flexibility to increase service from DCA to the West by increasing the size of the aircraft they operate between DCA and their dominant other hubs. Rebuttal Exhibit 13 shows the type of aircraft and the number of seats the DCA incumbents currently offer on flights to their hubs. If the pre-deregulation carriers really want to increase

service from DCA to the West, they clearly have the ability to do so right now through their existing hubs by using larger aircraft. Indeed, except for TWA, each of the incumbents could add more than twice the number of daily seats requested for new beyond perimeter service to their current East-West hubs to increase service to the West. Accordingly, because many of the existing DCA slots operated by incumbents go underutilized, awarding beyond perimeter exemption slots to these carriers would not only be contrary to the purposes of the legislation, but would essentially reward the incumbents for limiting competition through the use of existing slots. The number of beyond points America West proposes to serve through its proposed **DCA-TO-THE-WEST NETWORK** is comparable to, or greater than the numbers proposed by any of the incumbent applicants. Combined with America West's low-fare service, this makes its proposed service clearly superior and deserving of the Department's approval

Significantly it is because of the incumbents' current strength and flexibility at DCA that America West has requested slots to serve at least four of the desirable time channels at DCA, and provide sufficient frequencies to adequately cover the early morning to early evening times so important to business travelers. According to the 1992 Washington-Baltimore Regional Air Passenger Survey (the most recent available), fully 63 percent of all passengers at DCA travel for business reasons. To provide network coverage, the incumbent carriers currently offer frequent service to each of their hubs, with some of the larger airlines offering as many as 19 departures per day. The fewest departures are offered by TWA, with six departures to its primary hub in St. Louis. See Rebuttal Exhibit 15. In fact, among all incumbent carriers, the minimum number of frequencies to any one East-West hub is three and the minimum number of frequencies across all East-West hubs is six, one more than the number requested by America West in this proceeding. See *Id.* Thus, even with 10 slots to allow five daily roundtrips, America West will still be at a

disadvantage relative to the DCA incumbents, both in terms of total operations and during the most competitively important “rush hour” periods.

In the words of a Delta vice president recently quoted in *USA Today*, “Schedule is the primary driver when a business traveler is choosing a flight.” Frequency is at the core of network competition in large part because business travelers require multiple flight options to accommodate meeting times and the occasional need to reschedule flights on short notice. America West has requested 10 DCA slots specifically to provide the frequencies necessary to make it an effective network competitor at DCA. Granting America West its full request for five daily trips in each direction will allow the carrier to become an aggressive network competitor in the important DCA market.<sup>6</sup>

**A. United**

United proposes two roundtrips to Los Angeles. Such service would not produce new competitive benefits and few network benefits. It would primarily redirect some of United’s

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<sup>5</sup> Donna Rosato and Barbara Hansen, *Shuttle flights fill the skies Convenience comes with a price: Delays*, USA Today, May 2, 2000, at 1B.

<sup>6</sup> In this connection, as the first new entrant vying to operate as an effective, low-cost network competitor at DCA, America West should be given its choice of slot times even if doing so would necessitate sliding some of the current slots of incumbent carriers, and America West should be allowed to trade slots within its own schedule to maximize their competitive utility. Rebuttal Exhibit 15 presents America West’s proposed schedule of departures as compared with the times of current one-stop flights departing DCA for other carriers’ primary East-West hubs.

existing passengers through Los Angeles rather than Chicago where it already provides connecting service to many of the same Western points. United's proposal might convert the carrier's existing service to some of these points to one-stop service, but United proposes nothing in its application that would increase competition. United, like the other pre-deregulation incumbent applicants, does not even attempt to argue that its proposed service would result in fare competition or provide consumer savings. On the basis of average fares from the Northeast to points beyond the perimeter, United's fares are by far the highest of all the applicants, exceeding those of Frontier, the applicant with the next highest fares on these routes by almost 17 percent, and exceeding those of America West by 62 percent. Indeed, United's fares to points beyond the perimeter are higher than those offered by America West in 95% of the city pairs where the two carriers compete head-to-head.

Also, like other applicants proposing to use beyond-perimeter slots to operate to Los Angeles, United's application is focused on the local traffic between the two points rather than on providing network benefits. United's admission that many of the passengers its hopes to carry are local Washington-Los Angeles passengers currently flying nonstop from BWI and Dulles confirms this focus on local traffic. However, as noted above, 49U.S.C §41718(a) was enacted not to promote local traffic, but to provide network benefits and increased competition, neither of which United's proposed service would do. Additionally, because the law specifically speaks to domestic network benefits, the connections to international points listed in the applications of United and other applicants are irrelevant to this proceeding. Moreover, for international travel as well as for travel to Hawaii, Dulles or BWI are often preferable departure points. Indeed, the network benefits United claims for its proposal are unimpressive compared to

what America West would provide. Of the 34 points United proposes to serve via Los Angeles, United would provide new one-stop service on only 21. America West's proposal would add new one-stop service to 42 points, 11 of which are included in United's 34. Moreover, approximately 96,000 passengers would actually receive new network service from United versus over 1.25 million passengers who would receive new network service from America West. Compare Rebuttal Exhibits 2 and 6.

Clearly, America West's proposal should be given preference over that of United, which would provide more in the way of local traffic to Los Angeles than network benefits, and which United does not even pretend would promote competition at DCA or beyond the perimeter.

**B. American**

American seeks four DCA slots for service to LAX and claims its request will help it compete with United. Of course, the purpose of the legislation is not to strengthen one incumbent carrier relative to another in a local market. Like United's application, American's is focused on the size of the local city-pair market, but the criteria for slot awards is not providing service to the largest local market, but rather network benefits. American is another pre-deregulation incumbent at DCA hoping to be given an exclusive, lucrative non-stop franchise to Los Angeles despite its vast slot holdings at DCA and its existing 27 daily one-stop departures from DCA and four non-stops from IAD.<sup>7</sup> American offers little in the way of new network benefits. Out of the 13 domestic beyond points American proposes to serve via Los Angeles, American would be a new service provider on only four, with only 7,658 total annual passengers. See Rebuttal Exhibit 3. America West's proposed service includes all the cities listed as beyond points by American, except Honolulu.

America West not only provides service to the same cities, but also will provide fare competition for American's existing one-stop services. American's fares to points beyond the perimeter are higher than America West's in over 86 percent of the city-pair markets the two carriers both serve. On average, American's fares from the Northeast to points beyond the perimeter are 25 percent higher than America West's. Thus, as with the other incumbent applications, it is hard to imagine how American believes its proposal would increase competition as required by the legislation. American proposes no substantial new network benefits and it will not be a price leader. Its application is vastly inferior to that of America West's which will bring competitive full-service to Los Angeles and 41 other cities beyond Phoenix and Las Vegas.

### C. TWA

TWA proposes three roundtrips to LAX with virtually no network benefits. As a pre-deregulation incumbent carrier, TWA has given up many of the slots it once held at DCA.<sup>8</sup> TWA's application is basically to serve the LAX-DCA point-to-point market. TWA does not meet either of the statutory criteria. It offers no network and no competition in multiple markets. TWA's reliance on other slot exemption orders is misplaced because Congress has set the two criteria - domestic network benefit and competition. Its proposed beyond points include five California cities that are also served by America West and Kona, Hawaii. The total number of beyond passengers that would benefit is less than 16,000 per year. See Rebuttal Exhibits 7 and 7A. Moreover, TWA's live beyond points in California are based upon a non-existent codeshare

<sup>7</sup> American appears to claim its proposed service would benefit all passengers between Los Angeles and all three major Washington-area airports rather than just DCA.

<sup>8</sup> It had 43 DCA slots as of May 12, 1987. *USAir-Piedmont Acquisition Case*, Recommended Decision of Administrative Law Judge Ronnie A. Yoder, 1987 DOT Av. LEXIS 252, \*199 (Appendix I) (Sept. 21, 1987).

agreement with a regional carrier. This code-share is dependent on TWA being awarded these slots and even if the slots were given to TWA, it is not certain that the code-share service would be provided.

Like America West, TWA proposes an overnight service and America West agrees with TWA on the benefits of a red-eye flight. However, TWA's proposal for overnight service from Los Angeles for any points besides LAX is contingent on the proposed codeshare. Unlike America West's existing connections to 19 cities behind Las Vegas, TWA currently does not have such connections, and may never have them.

Finally, America West notes that TWA states the award to it would strengthen and revitalize the carrier. In this regard, America West notes the industry is still deregulated. The purpose of the new legislation is to open DCA to competition to the West that will immediately benefit the maximum number of consumers. Shoring up financially weak carriers that cannot maximize consumer benefits is not a legitimate use of the limited available slots. America West agrees with TWA that awarding any slots to the other incumbents would be a mistake, but notes that TWA could best serve the cause of network competition in the West by strengthening its current services through its St. Louis hub.

#### **D. Delta**

Delta requests two daily flights to Salt Lake City. Obviously, Delta's goals in proposing this service are quite different from those of America West. Delta is interested in shoring up its incumbent status, while America West is interested in providing new entry and competitive, low-fare service to compete with Delta and the other incumbents. With 321 daily departures, America West's Phoenix hub is 26 percent larger than Delta's Salt Lake City Hub. Furthermore, Delta's mainline operation in Salt Lake City is shrinking, not growing as implied on page 8 of

the Delta application. In the third quarter of 1999, Delta had onboard passenger totals in Salt Lake City of 1.82 million versus 1.95 million in the same quarter in 1998. Delta's total departures also decreased year-over-year from 14,502 in 1998 to 14,080. In contrast, America West experienced growth of 6.8 percent in onboard passengers and 7.1 percent in departures from its PHX hub when comparing 3rd quarter of 1999 with 1998. While Salt Lake City did have over 10 million passengers in 1998 according to the T100 database, Phoenix was 63% larger with 16.8 million passengers.

As with the other incumbent applications, Delta will not generate new fare competition. In fact, it is one of the higher fare carriers in the Northeast to West Coast markets. Delta's fares to points beyond the perimeter are higher than those of America West in head to head competition in 83% of the city pairs the two carriers share. On average, Delta's fares from the Northeast to points beyond the perimeter are 23 percent higher than those of America West. See Exhibit 14 to America West Application.

Finally, while Delta claims a large number of passengers will gain network benefits, most of these passengers are in larger markets Delta already serves one-stop from its existing major hubs. Delta already operates an average of 23 daily flights from DCA to its three largest hubs, all within the perimeter. This is 23 more daily flights than America West is able to operate to its largest hubs from DCA due to the perimeter rule. As a result of the service through its existing hubs, only 75,000 annual passengers would actually gain a new network benefit on Delta versus the 1.25 million who will gain new one-stop service from an America West **DCA-TO-THE-WEST NETWORK**. Compare Rebuttal Exhibits 4 and 2. In addition, of the 39 markets listed as connecting markets by Delta, America West would serve 20 of those same cities.

Accordingly, the award of the exemption slots requested by America West will provide new

competition to 16 times as many network passengers as will benefit from Delta, with this new competition offered at America West's significantly lower fares.

**E. Northwest**

Northwest proposes a single roundtrip to Seattle with 124-seat Airbus 319 aircraft. Granting Northwest's application would be a waste of scarce slots on service that would not provide significant domestic network benefits or be likely to increase competition. Even if Northwest's proposal met the applicable statutory criteria, the 190-seat Boeing 757 aircraft America West proposes for its service can carry 66 more passengers per flight. This means that if Northwest's proposal were otherwise comparable to America West's, only two-thirds as many passengers per flight would benefit. Moreover, Northwest's proposed service does not produce significant domestic network benefits or competitive fares.

Northwest's proposed service overlaps significantly with that of America West's, but largely would involve code-share service in comparison to America West's online service. Specifically, of the passengers Northwest claims it would offer new one-stop service, almost 88 percent are in markets America West proposes to provide with new one-stop, on-line service. *Compare* Rebuttal Exhibit 2 with 5 and 5A. In addition, of the 35 points beyond Seattle claimed by Northwest, including its code-share service, it offers new one-stop service to only 21 of these cities, serving only 24,316 passengers annually.

As is clearly required by the legislation, and as the Department has repeatedly recognized, the benefit of slot exemptions is maximized by awards to carriers with on-line network support. See e.g. Order 98-4-21 (April 21, 1998) at 15. Yet, unlike connections provided to its main hubs by official Northwest Airlink partners, service offered by Northwest beyond Seattle is operated by the Alaska Air Group. Moreover, Northwest and Alaska Air Group flights do not even

operate from the same terminals in Seattle, making Northwest's proposed service even less convenient. Additionally, many of the new one-stop routes claimed by Northwest are too circuitous to be convenient for the vast majority of travelers. Northwest misleadingly implies the carrier serves 38 Western cities via Seattle, but its Spring 2000 schedule shows only 22 daily domestic flights from Seattle to Detroit, Honolulu, Memphis and Minneapolis.<sup>9</sup>

Furthermore, despite the inconvenience of many of its proposed flights, Northwest is unlikely to compete as aggressively on price. The fares Northwest currently offers on flights beyond the perimeter in markets where it competes with America West head-to-head are higher than America West's in 53% of the city pairs. Northwest stopped transcontinental service from Seattle to Boston in 1999. This service ended despite the fact that the demand in the Boston to Seattle market in 1999 was twice the size of the current demand for service between Seattle and DCA. Relevant to Northwest's failed Boston-Seattle service is its lack of competitive fares on the route. For 1997-1999, the average fare in the Boston Seattle as reported in the DB1A survey was \$238. For Boston-Seattle origin and destination passengers in the same year, Northwest charged the market average. In contrast, America West's fare between Boston and Seattle during the same time period was \$169, well below the market average and 30 percent lower than Northwest's. This confirms Northwest's proposed new Seattle service is unlikely to offer anything in the way of increased competition for DCA passengers. In short, America West's proposal offers superior service at more competitive fares and in more domestic Western

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<sup>9</sup> Honolulu is the one domestic market beyond Seattle that potentially could benefit from connections to Northwest's proposed DCA service. For the same reasons discussed in relation with United's proposal, Northwest's proposed international connections from Seattle do not benefit Northwest's application. However, even with Honolulu, the flight times Northwest proposes would not create viable connections for DCA service. For example, Northwest flights from Honolulu arrive Seattle at 9:48 p.m. and 5:18 a.m., but Northwest's proposed Washington National departure is at 1:00 p.m. With such a long stopover time in Seattle, Honolulu cannot realistically be considered a new beyond-perimeter connection point. Additionally, Northwest already offers nonstop service from

markets than the Northwest proposal.

**III. Unlike the Other New Entrant Applicants With Their Essentially Point-to-Point Service, America West Would Provide Domestic Network Benefits in Multiple Markets, With Similar or Lower Fares**

Just as no incumbent DCA proposal would stimulate fare competition, as required by the statute, no other new entrant can match the domestic network benefits of America West's **DCA-TO-THE-WEST-NETWORK**. Indeed, other new entrant applicants do not even compare with America West in terms of domestic network size or the number of beyond points it proposes to serve from DCA. Contrary to the statute, the other new entrants are seeking beyond-perimeter slots for service to only a handful of beyond points, or for what is essentially point-to-point service. The most points any other new entrant proposes to serve, -11-, is only one-fourth of the 44 points America West proposes in its application. Like America West, the other new entrants propose to increase competition by offering fares well below those offered by the incumbents at DCA. However, their fares would not be significantly lower, and in some cases would be higher, than those America West offers. Thus, while each of the new entrant applicants could increase competition through new entry at DCA, only America West's proposal effectively and aggressively advances the mandatory Congressional criteria by combining network strength with competitive fares in multiple markets beyond the perimeter.

**A. National**

National's application offers practically no network benefits, and the points beyond Las Vegas that National does propose to serve, are included in America West's proposal. National contemplates service to only seven points with 563,389 annual passengers beyond Las Vegas,

Detroit and Minneapolis to Honolulu with much better timed connections to DCA, so it is difficult so see how passengers would benefit from the proposed service through Seattle.

Of those six beyond points, only two are online points for National. Compare Rebuttal Exhibit 2 with 9 and 9A. In contrast, America West will provide online service to 19 points from Las Vegas, including all those listed by National with a total of 1,214,997 beyond passengers. As noted, passengers have a strong preference for such online service over the interline service National proposes to operate to four of its six beyond LAS points pursuant to “ticketing and baggage” agreements with other carriers. Thus America West would provide more convenient service to a vastly greater number of passengers than National

Like TWA, National suggests it should be granted slots to help it develop its system. As noted earlier, this new law is not intended to help carriers with financial problems. The purpose is to create new and immediate significant competition between DCA and the West. In this regard, granting National’s application would certainly waste the Department’s few available beyond-perimeter slot exemptions. There is insufficient demand in the DCA-LAS market to support all three daily flights proposed by National without a substantial connecting network like America West’s network, making it likely National’s LAS service would prove unprofitable as have other operations tried by National. Therefore, any limited benefits provided by National’s proposal could be short-lived.

Moreover, in multiple markets out of New York JFK served by both America West and National, National’s fares are considerably higher than those of America West. See Rebuttal Exhibit 11. For example, in the third quarter of 1999, National’s first full quarter of operations since starting up last year, National’s fare on service between New York and LAS was \$161. During the same period, America West’s fare was \$144, or 11 percent less than National’s. National’s fare also was higher than that of Delta and TWA the other two carriers then providing nonstop service in the market. Thus, while National may intend to bring competitive new entry

to DCA-the new law's objective-it is doubtful it would actually offer fares lower than America West. Also, given the substantially greater numbers of passengers and communities that will benefit by America West's new DCA network, the total consumer savings on America West will be much greater. America West has a 17-year history as a low-fare, network carrier. Indeed, it has demonstrated its ability to sustain and grow as the only major low-fare service carrier in multiple markets, competing directly with aggressive competitors such as Southwest Airlines. National's operating history is too short and the number of cities it proposes to serve from DCA is too small for National to be considered an effective provider of domestic network benefits beyond the perimeter. DOT should not "chance" its limited number of slot awards on National for Las Vegas service.

**B. Frontier**

Frontier seeks four slots for service to Denver and ten beyond points. Frontier describes itself as a low-cost, low-fare airline with a Denver hub on page 2 of its application. In reality, although its fares may be lower than industry averages, Frontier's fares are considerably higher on a per-mile basis than America West's. See Rebuttal Exhibit 12. Include from the Northeast to points beyond the perimeter, Frontier's fares are on average 38 percent higher than America West's. Accordingly and compared to America West, Frontier would provide only modest benefits in terms of increased competition.

Frontier's application also would provide insubstantial network benefits in its nine proposed markets beyond Denver. America West's much more numerous connecting points will include all nine of the points proposed by Frontier, as well as 33 others not included in Frontier's proposal. Thus, America West's beyond service would benefit nearly 300,000 more passengers than Frontier's, *Compare* Rebuttal Exhibits 2 and 8.

Frontier also fails to provide the necessary capacity to maximize consumer benefits. With only 136 seats on their Boeing 737-300s, Frontier offers 26 percent less seats than America West's 190-seat Boeing 757s.<sup>10</sup> The only real benefit offered by Frontier is in the DCA-Denver market, which has approximately 150,000 annual passengers, which is comparable to the approximately 150,000 passengers in the Local DCA to Phoenix and Las Vegas market. In terms of network benefits and fare competition in multiple markets, Frontier's application falls far short of the benefits provided by America West.

### **C. ATA**

ATA has tiled alternative proposals: one strictly for DCA to Midway Airport, which would provide connecting service to Los Angeles and San Francisco; and a second that includes one daily roundtrip each to Los Angeles and San Francisco. ATA operates its B757s in a high density all coach configuration and offers no business or first class seating. America West has no comment on ATA's proposal to serve Chicago Midway from DCA. ATA's California proposal must be rejected because it provides virtually no network benefits and is essentially a local service application. In this regard, ATA indicates on page 6 of its application that its proposed service would offer passengers connecting service to Honolulu and Maui via LAX and SFO. However, this does not appear possible, given that ATA's proposed flights from LAS and SFO would leave the West Coast in the morning and its existing service from Hawaii to the West Coast arrives in the evening. The flights simply do not connect. Nor would this service connect going the other direction. Only passengers already interested in a lengthy stopover in both directions could possibly find any value in these so-called connections. Additionally, using

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<sup>10</sup> Additionally, it is not clear that a fully loaded 737-300 aircraft could fly nonstop between DCA and Denver. Therefore, it is possible Frontier would not be able to make full use of the limited number of seats available on its proposed flights.

beyond-perimeter slots to support connecting service to Hawaii, even if it actually did connect, would not make efficient use of the few available DCA slots. Service to Hawaii involves such long travel times that the convenience of DCA is not a significant factor, and such service can be, as America West understands it currently is, operated effectively from Dulles International Airport or Baltimore-Washington International Airport rather than from DCA. In addition, there is no shortage of one-stop service to Hawaii from DCA. Essentially, ATA proposes no domestic network benefits, and it is not a full-service airline like America West. It operates what is essentially scheduled charter service with no first-class or business-class seats. Therefore awarding it exemption slots would benefit only the narrow segment of the travelling public interested in ATA service. Moreover, despite ATA's trumpeting of its low fares, they are still higher than those of America West in some markets to the West Coast from the Northeast. As indicated in Exhibit 14 to America West's application in this proceeding, ATA's average fares from the Northeast to the West Coast were higher than America West's for the year ending with the 3rd quarter of 1999.

ATA spends considerable time reviewing the impact their new service has had upon the LaGuardia market to Los Angeles and San Francisco. America West does not dispute that ATA's single connection service via its primary hub in Chicago has resulted in considerable benefit for passengers between LaGuardia and California. However, if America West had been granted comparable access to its primary PHX and LAS hubs from LaGuardia, the consumer benefits would be even more pronounced. Specifically, in the 3rd quarter of 1999 according to the DB1A survey, ATA's average fare between LaGuardia and Los Angeles was \$165, which is considerably lower than the market fare. However, \$165 is still more than America West's \$147 average fare from Newark to Los Angeles or its \$132 average fare from Kennedy to Los

Angeles. America West's average fare for its flights from Newark and New York Kennedy to San Francisco in the 3rd quarter of 1999 also was lower than ATA's fare for its flights from New York LaGuardia to San Francisco.

As discussed above, America West's fares from the East Coast to the West Coast are comparable to or lower than those of ATA, Frontier and National. However, America West's network is significantly larger than those of the other three new entrant applicants combined. It is this unique ability to offer low fares and domestic network connections that clearly sets America West apart from the other new entrant applicants as well as the incumbents,

#### **IV. Conclusion**

In its application, America West stated that as the only major post deregulation low fare full service network carrier it was uniquely qualified to maximize public benefits under the criteria established by 49 U.S.C. § 41718(a). America West submitted an application for ten exemption slots to operate five round trips-three to Phoenix and two to Las Vegas. America West stated that it needed these frequencies to compete aggressively with the major incumbents to meet the needs of business travelers with the flexibility of multiple connecting opportunities, while offering new low fare competition for all travelers in multiple markets in its network. Specifically America West showed that 42 destinations throughout the West beyond Phoenix and Los Vegas would receive new one-stop service, that every passenger in every market served by America West would benefit from low fares, with annual savings exceeding \$30 million a year, and that no other applicant could produce these kind of benefits. As demonstrated above, America West has proven it is the only applicant that can provide these significant pro-competitive benefits

As shown, America West's application will advance the mandatory Congressional

objectives in this long-coming legislation more than any other application. An award to the incumbents would actually be contrary to Congressional intent because any such award would further entrench their enormous advantage in the DCA to the West markets through their existing dominant hubs. As noted in America West's application, each of the incumbents already enjoys substantially better access to America West's Western network from DCA than America West itself. These applicants offer little in the way of new one-stop network service and will not stimulate low fares. As the GAO recently stated, they would likely only raise fares in these markets. Each of these carriers can already expand service to the West through their existing hubs. Their goal is to maintain the status quo and foil new entrant competition

The other new entrant applicants would offer fare competition to the incumbents, But with only 12 slots to allocate, the law requires the awards to be made to maximize domestic network benefits and competition by new entrants or in multiple markets. The other new entrants simply do not have the market or network presence to provide substantial network benefits. America West's fares are comparable, and as discussed above, in many cases lower than the other new entrants. In addition to its competitive low fares, America West offers much greater beyond benefits through its network. It is the size of domestic network benefits coupled with new competition, not the size of the point-to-point market, that are the criteria established by Congress. America West will serve four times the number of network points than the next closest new entrant, Frontier. Multiplying the number of cities and passengers by the likely fare savings, it becomes clear that America West's proposal will best maximize consumer benefits in multiple markets and that it is uniquely qualified to best fulfill the Congressional mandate.

In this regard, the Department must avoid the temptation to spread these few slots among three or more airlines. This will not fulfill the twofold statutory mandate. Only America West's

**DCA-TO-THE-WEST-NETWORK** offering highly competitive low fares will maximize the competitive impact. As America West emphasizes in its application and these comments, to effectively challenge the entrenched incumbents, it must serve the key time channels necessary to meet the demand of business travelers who constitute 63 percent of the DCA market. While the other new entrants without significant network capabilities have requested fewer slots to essentially serve a local market, they cannot and will not have the substantial effect on competition that can be instantly attained by the grant of five round trips to America West.

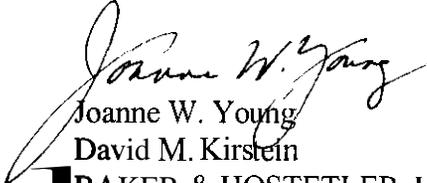
Significantly, approximately 3,400 passengers currently travel each day in America West's new one-stop markets. As shown in America West's application, every passenger whether they fly on America West or not, will benefit if we are given the opportunity to effectively compete against the incumbents. The other applicants in comparison provide virtually no new network benefits that are not also reached by America West. From this perspective, it is clear there are virtually no incremental consumer benefits generated by other applicants beyond those produced by America West. Accordingly, if the Department provides America West with fewer than the 10 requested slots, each reduction given to another applicant will actually hurt more passengers than it helps and only serve to weaken America West's ability to compete with the high fare incumbents as a major network carrier from the Nation's capital.

America West has an 18 year post deregulation track record of low fares and aggressive competition for the Department to rely on in making these awards. The Department should not chance or squander this important and very limited opportunity to promote competition at DCA by giving slots to high fare incumbents or unproven or financially weak applicant. America West respectfully submits that its request should be granted in full because such action by the Department on the ten slots requested alone can best advance the Congressional criteria and

produce the most significant benefit long overdue the traveling public

WHEREFORE, pursuant to the Department's April 14, 2000 Notice and 49 U.S.C. §41718(a) and for the compelling statutory and policy-based reasons detailed above, America West requests that its application be granted in full and that the Department deny the competing applications to the extent they conflict with America West's request and grant such other and further relief as the Department finds to be in the public interest.

Respectfully submitted,

  
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Dated: May 22, 2000

# EVALUATION OF COMPETING APPLICATIONS



## Rebuttal Exhibit 1

Criterion	America West	American	Delta	Northwest	United	TWA	Frontier	National	ATA
Creation of a New Network Competitor	Yes	No	No	No	No	No	Limited	Limited	No
Current number of daily flights to hubs from DCA	0	31	24	19	16	7	0	0	0
# Western domestic cities where carrier would be a new online one-stop entrant	42	5	25	0	21	1	9	2	0
Total current passengers in those cities (000)	1252	10	95	0	96	1	991	348	0
Application Provides Evidence That Carrier Provides Low-Fare Service	Yes	No	No	No	No	No	Yes (but higher than HP in competitive markets)	Yes (but higher than HP in competitive markets)	Yes
Evidence That Most Benefits Are Due To One-Stop Online Service (Network Benefits) As Opposed to Point-to-Point or Interline Benefits	Yes	No	No	No	No	No	Yes	Yes	No
One-stop on-line market sizes in newly served markets as a percent of total	79%	1%	5%	0%	8%	0%	87%	84%	0%

Sources: See other exhibits.

# DOMESTIC CONNECTING MARKETS CLAIMED BY AMERICA WEST AIRLINES



## Rebuttal Exhibit 2

Locid	City	Daily PDEWs from DCA	New Market for HP	New Market for Industry
ABQ	ALBUQUERQUE, NEW MEXICO	161.41	1	0
ANC	ANCHORAGE, ALASKA	27.14	1	0
ASE	ASPEN, COLORADO	2.37	1	1
BFL	BAKERSFIELD, CALIFORNIA	2.80	1	1
BOI	BOISE, IDAHO	12.22	1	0
BUR	BURBANK, CALIFORNIA	3.22	1	0
CLD	CARLSBAD, CALIFORNIA	0.50	1	1
COS	COLORADO SPRINGS, COLORADO	62.56	1	0
DEN	DENVER, COLORADO	205.35	1	0
DRO	DURANGO, COLORADO	0.81	1	1
ELP	EL PASO, TEXAS	41.14	1	0
EUG	EUGENE, OREGON	2.62	1	1
FAT	FRESNO, CALIFORNIA	6.96	1	0
FHU	FT. HUACHUCA/SR. VISTA, ARIZONA	0.27	1	1
FLG	FLAGSTAFF, ARIZONA	0.78	1	1
FMN	FARMINGTON, NEW MEXICO	0.80	1	1
GEG	SPOKANE, WASHINGTON	12.78	1	0
GJT	GRAND JUNCTION, COLORADO	1.02	1	1
HII	LAKE HAVASU CITY, ARIZONA	0.12	1	1
IFP	LAUGHLIN, NEVADA	0.03	1	1
LAX	LOS ANGELES, CALIFORNIA	246.66	0	0
LGB	LONG BEACH, CALIFORNIA	2.44	1	0
MAF	MIDLAND/ODESSA, TEXAS	5.17	1	0
MRY	MONTEREY, CALIFORNIA	3.24	1	1
MTJ	MONTROSE, COLORADO	2.05	1	1
OAK	OAKLAND, CALIFORNIA	30.71	1	0
ONT	ONTARIO, CALIFORNIA	50.90	1	0
OXR	OXNARD, CALIFORNIA	0.51	1	0
PDX	PORTLAND, OREGON	81.48	1	0
PRC	PRESCOTT, ARIZONA	0.00	1	1
PSP	PALM SPRINGS, CALIFORNIA	10.17	1	0
RNO	RENO, NEVADA	24.05	1	0
SAN	SAN DIEGO, CALIFORNIA	163.42	1	0
SBA	SANTA BARBARA, CALIFORNIA	3.44	1	1
SBP	SAN LUIS OBISPO, CALIFORNIA	1.01	1	1
SEA	SEATTLE/TACOMA, WASHINGTON	159.97	1	0
SFO	SAN FRANCISCO, CALIFORNIA	229.54	1	0
SJC	SAN JOSE, CALIFORNIA	60.83	1	0
SLC	SALT LAKE CITY, UTAH	109.83	1	0
SMF	SACRAMENTO, CALIFORNIA	57.67	1	0
SNA	ORANGE COUNTY, CALIFORNIA	93.42	1	0
TUS	TUCSON, ARIZONA	80.22	1	0
YUM	YUMA, ARIZONA	0.71	1	1
Number of Points Receiving New Network Service			42	17
Annual Passengers Receiving New Network Service			1,252,446	16,476
Annual Passengers Receiving Network Service in Markets Already Served			180,062	
Annual Passengers in New Nonstop Markets (PHX,LAS)			150,612	



# DOMESTIC CONNECTING MARKETS CLAIMED BY AMERICAN AIRLINES



## Rebuttal Exhibit 3

Locid	City	Daily PDEWs from DCA	New Market for AA	New Market for Industry	Market Not Serveable by HP
BFL	BAKERSFIELD, CALIFORNIA	2.80	1	1	0
FAT	FRESNO, CALIFORNIA	6.96	0	0	0
HNL	HONOLULU, OAHU, HAWAII	73.08	0	0	1
LAS	LAS VEGAS, NEVADA	89.39	0	0	0
MRY	MONTEREY, CALIFORNIA	3.24	1	1	0
PSP	PALM SPRINGS, CALIFORNIA	10.17	0	0	0
RNO	RENO, NEVADA	24.05	0	0	0
SAN	SAN DIEGO, CALIFORNIA	163.42	0	0	0
SBA	SANTA BARBARA, CALIFORNIA	3.44	1	1	0
SBP	SAN LUIS OBISPO, CALIFORNIA	1.01	1	1	0
SFO	SAN FRANCISCO, CALIFORNIA	229.54	0	0	0
SJC	SAN JOSE, CALIFORNIA	60.83	0	0	0
Number of Points Receiving New Network Service			4	4	1
Annual Passengers Receiving New Network Service			7,658	7,658	
Annual Passengers Receiving Network Service in Markets Already Served			479,931		
Annual Passengers in New Nonstop Markets (LAX)			180,059		

# DOMESTIC CONNECTING MARKETS CLAIMED BY DELTA AIRLINES



## Rebuttal Exhibit 4

Locid	City	Daily PDEWs from DCA	New Market for DL	New Market for Industry	Market Not Serveable by HP
ABQ	ALBUQUERQUE, NEW MEXICO	161.41	0	0	0
BIL	BILLINGS, MONTANA	10.88	1	0	1
BOI	BOISE, IDAHO	12.22	1	0	0
BTM	BUTTE, MONTANA	0.92	1	1	1
BZN	BOZEMAN, MONTANA	8.53	1	0	1
COD	CODY/YELLOWSTONE, WYOMING	0.30	1	1	1
COS	COLORADO SPRINGS, COLORADO	62.56	0	0	0
CPR	CASPER, WYOMING	1.43	1	1	1
DEN	DENVER, COLORADO	205.35	0	0	0
EKO	ELKO, NEVADA	0.14	1	1	1
FAI*	FAIRBANKS, ALASKA	3.42	1	0	1
FAT	FRESNO, CALIFORNIA	6.96	1	0	0
FCA	KALISPI/GLACIER PK, MONTANA	2.06	1	1	1
GEG	SPOKANE, WASHINGTON	12.78	1	0	0
GJT	GRAND JUNCTION, COLORADO	1.02	1	1	0
GTF	GREAT FALLS, MONTANA	6.09	1	0	1
HLN	HELENA, MONTANA	3.66	1	1	1
IDA	IDAHO FALLS, IDAHO	3.32	1	1	1
JAC	JACKSON HOLE, WYOMING	6.13	1	1	1
LAS	LAS VEGAS, NEVADA	89.39	0	0	0
LAX	LOS ANGELES, CALIFORNIA	246.66	0	0	0
MSO	MISSOULA, MONTANA	8.09	1	0	1
ONT	ONTARIO, CALIFORNIA	50.90	0	0	0
PDX	PORTLAND, OREGON	81.48	0	0	0
PHX	PHOENIX, ARIZONA	116.93	0	0	0
PIH	POCATELLO, IDAHO	0.74	1	1	1
PSC	PASCO, WASHINGTON	2.91	1	1	1
PSP	PALM SPRINGS, CALIFORNIA	10.17	1	0	0
RNO	RENO, NEVADA	24.05	0	0	0
SAN	SAN DIEGO, CALIFORNIA	163.42	0	0	0
SEA	SEATTLE/TACOMA, WASHINGTON	159.97	0	0	0
SFO	SAN FRANCISCO, CALIFORNIA	229.54	0	0	0
SGU	ST. GEORGE, UTAH	0.23	1	1	1
SJC	SAN JOSE, CALIFORNIA	60.83	0	0	0
SMF	SACRAMENTO, CALIFORNIA	57.67	0	0	0
SNA	ORANGE COUNTY, CALIFORNIA	93.42	0	0	0
SUN	SUN VALLEY, IDAHO	0.44	-	-	-
TWF	TWIN FALLS, IDAHO	0.41	1	1	1
VEL	VERNAL, UTAH	0.03	1	1	1
Number of Points Receiving New Network Service			24	15	19
Annual Passengers Receiving New Network Service			75,102	17,330	
Annual Passengers Receiving Network Service in Markets Already Served			1,316,613		
Annual Passengers in New Nonstop Markets (SLC)			80,179		
*Not served one-stop using proposed service					



# DOMESTIC CONNECTING MARKETS CLAIMED BY NORTHWEST AIRLINES\*



## Rebuttal Exhibit 5

Locid	City	Daily PDEWs from DCA	New Market for NW	New Market for Industry	Market Not Serveable by HP
ALW	WALLA WALLA, WASHINGTON	0.18	1	1	1
ANC	ANCHORAGE, ALASKA	27.14	0	0	0
BLI	BELLINGHAM, WASHINGTON	1.01	1	1	1
BOI	BOISE, IDAHO	12.22	0	0	0
BTM	BUTTE, MONTANA	0.92	1	1	1
BUR	BURBANK, CALIFORNIA	3.22	1	0	0
BZN	BOZEMAN, MONTANA	8.53	0	0	1
CLM	PORT ANGELES, WASHINGTON	0.23	1	1	1
EAT	WENATCHEE, WASHINGTON	0.38	1	1	1
EUG	EUGENE, OREGON	2.62	1	1	0
FAI	FAIRBANKS, ALASKA	3.42	1	1	1
FAT	FRESNO, CALIFORNIA	6.96	1	0	0
FCA	KALISP/GLACIER PK. MONTANA	2.06	1	1	1
GEG	SPOKANE, WASHINGTON	12.78	0	0	0
GTF	GREAT FALLS, MONTANA	6.09	0	0	1
HLN	HELENA, MONTANA	3.66	1	1	1
HNL	HONOLULU, OAHU, HAWAII	73.08	0	0	1
JNU	JUNEAU, ALASKA	1.25	1	1	1
KTN	KETCHIKAN, ALASKA	0.36	1	1	1
LAS	LAS VEGAS, NEVADA	89.39	0	0	0
LWS	LEWISTON, IDAHO	0.26	1	1	1
MFR	MEDFORD, OREGON	1.31	1	1	1
MWH	MOSES LAKE, WASHINGTON	0.00	1	1	1
ONT	ONTARIO, CALIFORNIA	50.90	0	0	0
PDX	PORTLAND, OREGON	81.48	0	0	0
PHX	PHOENIX, ARIZONA	116.93	0	0	0
PSC	PASCO, WASHINGTON	2.91	1	1	1
PUW	PULLMAN, WASHINGTON	0.56	1	1	1
RDM	REDMOND, OREGON	0.72	1	1	1
RNO	RENO, NEVADA	24.05	0	0	0
SFO	SAN FRANCISCO, CALIFORNIA	229.54	0	0	0
SJC	SAN JOSE, CALIFORNIA	60.83	0	0	0
SMF	SACRAMENTO, CALIFORNIA	57.67	0	0	0
SUN	SUN VALLEY, IDAHO	0.44	1	1	1
YKM	YAKIMA, WASHINGTON	0.84	1	1	1
Number of Points Receiving New Network Service			21	19	21
Annual Passengers Receiving New Network Service			24,316	16,885	
Annual Passengers Receiving Network Service in Markets Already Served			620,960		
Annual Passengers in New Nonstop Markets (SEA)			116,776		

\*Note: All points except HNL would be served via codeshare connection with Alaska Airlines.

# DOMESTIC CONNECTING MARKETS FOR NORTHWEST AIRLINES – ACTUAL ON-LINE



## Rebuttal Exhibit 5A

Locid	City	Daily PDEWs from DCA	New Market for NW	New Market for Industry	Market Not Serveable by HP
HNL	HONOLULU, OAHU, HAWAII	73.08	0	0	1
	Number of Points Receiving New Network Service		0	0	1
	Annual Passengers Receiving New Network Service		0	0	
	Annual Passengers Receiving Network Service in Markets Already Served		53,348		
	Annual Passengers in New Nonstop Markets (SEA)		116,776		

# DOMESTIC CONNECTING MARKETS CLAIMED BY UNITED AIRLINES



## Rebuttal Exhibit 6

Locid	City	Daily PDEWs from DCA	New Market for UA	New Market for Industry	Market Not Serveable by HP
BFL	BAKERSFIELD, CALIFORNIA	2.80	1	1	0
CLD	CARLSBAD, CALIFORNIA	0.50	1	1	0
FAT	FRESNO, CALIFORNIA	6.96		0	0
HNL	HONOLULU, OAHU, HAWAII	73.08	0	0	1
IPL	EL CENTRO/IMPERIAL, CALIFORNIA	0.18	1	1	1
IYK	INYOKERN, CALIFORNIA	0.29	1	1	1
KOA	KONA, HAWAII	1.16	1	1	1
LAS	LAS VEGAS, NEVADA	89.39	0	0	0
LIH	LIHUE, KAUAI, HAWAII	1.27	1	1	1
MCE	MERCED, CALIFORNIA	0.05	1	1	1
MFR	MEDFORD, OREGON	1.31	1	1	1
MRY	MONTEREY, CALIFORNIA	3.24	1	1	0
OAK	OAKLAND, CALIFORNIA	30.71	0	0	0
OGG	KAHULUI, MAUI, HAWAII	2.64	1	0	1
ONT	ONTARIO, CALIFORNIA	50.90	0	0	0
OXR	OXNARD, CALIFORNIA	0.51	1	1	0
PDX	PORTLAND, OREGON	81.48	0	0	0
PHX	PHOENIX, ARIZONA	116.93	0	0	0
PSP	PALM SPRINGS, CALIFORNIA	10.17	0	0	0
RNO	RENO, NEVADA	24.05	1	0	0
SAN	SAN DIEGO, CALIFORNIA	163.42	0	0	0
SBA	SANTA BARBARA, CALIFORNIA	3.44	1	1	0
SBP	SAN LUIS OBISPO, CALIFORNIA	1.01	1	1	0
SEA	SEATTLE/TACOMA, WASHINGTON	159.97	0	0	0
SFO	SAN FRANCISCO, CALIFORNIA	229.54	0	0	0
SGU	ST. GEORGE, UTAH	0.23	1	1	1
SJC	SAN JOSE, CALIFORNIA	60.83	0	0	0
SMF	SACRAMENTO, CALIFORNIA	57.67	0	0	0
SMX	SANTA MARIA, CALIFORNIA	0.39	1	1	1
SNA	ORANGE COUNTY, CALIFORNIA	93.42	0	0	0
STS	SANTA ROSA, CALIFORNIA	0.18	1	1	1
TUS	TUCSON, ARIZONA	80.22	1	0	0
VIS	VISALIA, CALIFORNIA	0.06	1	1	1
YUM	YUMA, ARIZONA	0.71	1	1	0
Number of Points Receiving New Network Service			21	17	12
Annual Passengers Receiving New Network Service			95,776	12,651	
Annual Passengers Receiving Network Service in Markets Already Served			888,782		
Annual Passengers in New Nonstop Markets (LAX)			180,059		

# DOMESTIC CONNECTING MARKETS CLAIMED BY TWA\*



## Rebuttal Exhibit 7

Locid	City	Daily PDEWs from DCA	New Market for TW	New Market for Industry	Market Not Serveable by HP
BFL	BAKERSFIELD, CALIFORNIA	2.80	1	1	0
KOA	KONA, HAWAII	1.16	1	1	1
MRY	MONTEREY, CALIFORNIA	3.24	1	1	0
PSP	PALM SPRINGS, CALIFORNIA	10.17	1	0	0
SBA	SANTA BARBARA, CALIFORNIA	3.44	1	1	0
SBP	SAN LUIS OBISPO, CALIFORNIA	1.01	1	1	0
Number of Points Receiving New Network Service			6	5	1
Annual Passengers Receiving New Network Service			15,929	8,505	
Annual Passengers Receiving Network Service in Markets Already Served			0		
Annual Passengers in New Nonstop Markets (LAX)			180,059		

\*Note: All points except KOA would be served via proposed codeshare connection with Chautauqua Airlines.

# DOMESTIC CONNECTING MARKETS FOR TWA -ACTUAL ON-LINE



## Rebuttal Exhibit 7A

<b>Locid</b>	<b>City</b>	<b>Daily PDEWs from DCA</b>	<b>New Market for TW</b>	<b>New Market for Industry</b>	<b>Market Not Serveable by HP</b>
KOA	KONA, HAWAII	1.16	1	1	1
Number of Points Receiving New Network Service					
Annual Passengers Receiving New Network Service			847	847	1
Annual Passengers Receiving Network Service in Markets Already Served			0		
Annual Passengers in New Nonstop Markets (LAX)			180,059		

# DOMESTIC CONNECTING MARKETS CLAIMED BY FRONTIER AIRLINES



## Rebuttal Exhibit 8

Locid	City	Daily PDEWs from DCA	New Market for F9	New Market for Industry	Market Not Serveable by HP
ABQ	ALBUQUERQUE, NEW MEXICO	161.41	1	0	0
LAS	LAS VEGAS, NEVADA	89.39	1	0	0
LAX	LOS ANGELES, CALIFORNIA	246.66	1	0	0
PDX	PORTLAND, OREGON	81.48	1	0	0
PHX	PHOENIX, ARIZONA	116.93	1	0	0
SAN	SAN DIEGO, CALIFORNIA	163.42	1	0	0
SEA	SEATTLE/TACOMA, WASHINGTON	159.97	1	0	0
SFO	SAN FRANCISCO, CALIFORNIA	229.54	1	0	0
SLC	SALT LAKE CITY, UTAH	109.83	1	0	0
Number of Points Receiving New Network Service			9	0	0
Annual Passengers Receiving New Network Service			991,800	0	
Annual Passengers Receiving Network Service in Markets Already Served			0		
Annual Passengers in New Nonstop Markets (DEN)			149,908		



# DOMESTIC CONNECTING MARKETS CLAIMED BY NATIONAL AIRLINES



## Rebuttal Exhibit 9

Locid	City	Daily PDEWs from DCA	New Market for N7	New Market for Industry	Market Not Serveable by HP
FAT	FRESNO, CALIFORNIA	6.96	1	0	0
GCN	GRAND CANYON, ARIZONA	0.00	1	1	1
LAX	LOS ANGELES, CALIFORNIA	246.66	1	0	0
PDX	PORTLAND, OREGON	81.48	1	0	0
PSP	PALM SPRINGS, CALIFORNIA	10.17	1	0	0
SEA	SEATTLE/TACOMA, WASHINGTON	159.97	1	0	0
SFO	SAN FRANCISCO, CALIFORNIA	229.54	1	0	0
Number of Points Receiving New Network Service			7	1	1
Annual Passengers Receiving New Network Service			536,389	0	
Annual Passengers Receiving Network Service in Markets Already Served			0		
Annual Passengers in New Nonstop Markets (LAS)			65,252		



# DOMESTIC CONNECTING MARKETS FOR NATIONAL AIRLINES – ACTUAL ON-LINE



## Rebuttal Exhibit 9A

<b>Locid</b>	<b>City</b>	<b>Daily PDEWs from DCA</b>	<b>New Market for N7</b>	<b>New Market for Industry</b>	<b>Market Not Serveable by HP</b>
LAX	LOS ANGELES, CALIFORNIA	246.66	1	0	0
SFO	SAN FRANCISCO, CALIFORNIA	229.54	1	0	0
Number of Points Receiving New Network Service			2	0	0
Annual Passengers Receiving New Network Service			347,626	0	
Annual Passengers Receiving Network Service in Markets Already Served			0		
Annual Passengers in New Nonstop Markets (LAS)			65,252		



# DOMESTIC CONNECTING MARKETS CLAIMED BY ATA



## Rebuttal Exhibit 10

<b>Locid</b>	<b>City</b>	<b>Daily PDEWs from DCA</b>	<b>New Market for TZ</b>	<b>New Market for Industry</b>	<b>Market Not Serveable by HP</b>
HNL	HONOLULU, OAHU, HAWAII	73.08	1	0	1
OGG	KAHULUI, MAUI, HAWAII	2.64	1	0	1
Number of Points Receiving New Network Service			2	0	2
Annual Passengers Receiving New Network Service			55,276	0	
Annual Passengers Receiving Network Service in Markets Already Sewed			0		
Annual Passengers in New Nonstop Markets (LAS)			65,252		

**DOMESTIC CONNECTING MARKETS  
FOR ATA – ACTUAL ON-LINE**



R b E ib 10A

<u>Locid</u>	<u>City</u>	<u>Y PDEW</u>	<u>Ma</u>	<u>ket</u>	<u>Ma</u>	<u>lot</u>
[NONE]		m DCA	r T.	ity	rve	by

# AMERICA WEST FARES VS. FRONTIER AIRLINES



## Rebuttal Exhibit 11

Revenue Per Mile (yields) on America West Airlines from the east to Phoenix are 16% below yields on Frontier to and from Denver.

	To/From Denver			To/From Phoenix			Difference
	F9 Fare	Distance	Yield	HP Fare	Distance	Yield	
Boston	\$195	1,754	0.1112	\$241	2,300	0.1048	-5.7%
New York'	\$184	1,619	0.1137	\$230	2,140	0.1076	-5.3%
Baltimore	\$199	1,491	0.1335	\$150	1,998	0.0751	-43.8%
Atlanta	\$189	1,199	0.1576	\$231	1,587	0.1456	-7.7%
Average			0.1290			0.1083	-16.1%

\* Includes LGA for F9 and EWR/JFK for HP

Source: DB1B, 1999 3Q



GRA, Incorporated

# AMERICA WEST FARES VS. FRONTIER AIRLINES



## Rebuttal Exhibit 1 1A

America West fares from New York/Newark to points on the west coast are 25 percent lower than fares on Frontier Airlines to the same points from New York/LaGuardia.

	From LaGuardia to West Coast On Frontier Airlines	From Newark to West Coast On America West Airlines	Difference
	Avg Fare	Avg Fare	
San Diego	\$192	\$160	-17%
Los Angeles	\$195	\$147	-25%
San Francisco	\$204	\$176	-14%
Portland	\$210	\$148	-30%
Seattle	\$231	\$143	-38%
Albuquerque	\$154	\$119	-23%
Salt Lake City	\$212	\$143	-33%
Average	\$200	\$148	-25%

Source: DB1B, 1999 3Q



GRA, Incorporated

# AMERICA WEST VERSUS NATIONAL AIRLINES

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## Rebuttal Exhibit 12

America West provides significantly lower fares in head-to-head competition with National Airlines at JFK.

Average Fares in Competing Markets			
Market	America West	National	Difference
JFK-LAS	\$161	\$179	-10%
JFK-LAX	\$150	\$234	-36%
JFK-SFO	\$159	\$215	-26%

Source: DB1 B, 1999 3Q

# DCA SEAT GAP OF COMPETING NETWORK CARRIERS



## Rebuttal Exhibit 13

Other network applicants do not efficiently utilize their existing DCA slots; in all cases, they could add significantly more capacity by substituting larger aircraft on flights to their hubs that connect to points beyond the perimeter.

Carrier	Avg # Daily Flights from DCA to Hubs	Avg Seats per Flight		Daily Seat Gap*	Proposed #Seat Departures for New DCA Service
		Current Schedule	With Boeing 757		
American	22.3	137	175	847	350
Delta	22.9	149	182	756	364
Northwest	18.9	141	192	964	124
TWA	6.7	152	180	188	540
United	15.6	129	182	827	364

\*Daily Seat Gap = # Daily Flights x Seat Difference between 757 and current schedule

Source: Equipment Usage Table (Exhibit 14)

# EXISTING EQUIPMENT USAGE FROM DCA TO NETWORK HUBS



## Rebuttal Exhibit 14

Carrier	Hub	Equipment Types Used (#Weekly Flights; Avg Seatsize)					#Weekly Flights to Hub	Avg Seats per Flight Across All Eqpt Types
		72S	757	M80				
American	DFW	72S (7;150)	757 (13;175)	M80 (61;139)			81	146
	ORD	100 (28;97)	738 (14;155)	757 (1;188)	M80 (32;139)		75	127
	TOTAL						<b>156</b>	<b>137</b>
Delta	ATL	72S (7;149)	757 (7;182)	M80 (90;142)			104	145
	CVG	72S (7;149)	757 (14;182)	M80 (14;142)			35	159
	DFW	M90 (21;150)					21	150
	TOTAL						<b>160</b>	<b>149</b>
Northwest	DTW	319 (7;124)	320 (30;148)	72S (1;149)	757 (1;192)	D9S (20;112)	59	134
	MEM	320 (20;150)					20	150
	MSP	319 (6;124)	320 (21;148)	757 (12;192)	D9S (14;112)		53	146
	TOTAL						<b>132</b>	<b>141</b>
TWA	STL	757 (16;180)	D9S (2;100)	M80 (29;140)			47	152
	TOTAL						<b>47</b>	<b>152</b>
United	ORD	319 (7;128)	320 (26;147)	72S (31;141)	733 (20;120)	735 (25;104)	109	129
	TOTAL						<b>109</b>	<b>129</b>

source: Equipment types and flights - OAG Flight Guide, April 24-30, 2000  
 Seat sizes OAG Flight Guide Supplement. Apr-Jun 2000 and carrier applications, where available: otherwise. industry averages



# PROPOSED HP SCHEDULE VS. CURRENT ONE-STOP DEPARTURES FROM DCA TO LOS ANGELES VIA PRIMARY EAST-WEST HUBS



## Rebuttal Exhibit 15

To effectively compete with other network carriers and to provide competitive network benefits, America West needs to offer service in the most popular time channels.

Carrier	Routing	Total	Departure Hour																
			0600	0700	0800	0900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000	2100	
America West	PHX	3		1											1		1		
	LAS	2			1					1									
	<b>All Hours</b>	<b>5</b>																	
	Key Time Channels	5																	
American	DFW	10	1	1		1	1		1	1		1		1	1	2			
	ORD	9		1	1		1	1	1	1			1		1		1		
	<b>All Hours</b>	<b>19</b>																	
	Key Time Channels	15																	
Continental	CLE	3	1				1			1									
	IAH	7	1		1			1			1	1		1	1				
	<b>All Hours</b>	<b>10</b>																	
	Key Time Channels	7																	
Delta	ATL	8		1		1		1		1		1		1		1		1	
	CVG	4	1			1				1				1					
	DFW	3	1						1					1					
	<b>All Hours</b>	<b>15</b>																	
	Key Time Channels	12																	
Northwest	DTW	5	1			1			1					1				1	
	MEM	3	1					1						1					
	MSP	5			1				1		1				1	1			
	<b>All Hours</b>	<b>13</b>																	
	Key Time Channels	12																	
TWA	STL	6	1			1		1				1				1		1	
	<b>All Hours</b>	<b>6</b>																	
	Key Time Channels	5																	
United	ORD	13	1		1	1	1	1	1	1		1	1	1	2		1	1	
	<b>All Hours</b>	<b>13</b>																	
	Key Time Channels	10																	
USAirways	PHL	3	1	1									1						
	PIT	5		1		1				1			1			1			
	<b>All Hours</b>	<b>8</b>																	
	Key Time Channels	6																	

Source: OAG Flight Guide, April 24-30, 2000.

**CERTIFICATE OF SERVICE**

I hereby certify that on this **22nd** day of May, 2000, I caused a true and correct copy of the foregoing Consolidated Comments of America West Airlines for an Exemption to be served by first-class U.S. mail, postage prepaid, upon the parties listed on the following Service List.

  
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