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BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

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Application of

FRONTIER AIRLINES, INC.

Docket OST-00-7181 - 44

For exemptions from Subparts K and S of
14 C.F.R. Part 93 pursuant to 49 U.S.C § 41718
("beyond perimeter" slot exemptions)
Ronald Reagan Washington National
Airport — Denver, Colorado

ANSWER OF THE CITY AND COUNTY OF DENVER

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May 22, 2000

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

Application of	:	
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FRONTIER AIRLINES, INC.	:	
	:	Docket OST-00-7181
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(“beyond perimeter” slot exemptions)	:	
Ronald Reagan Washington National	:	
Airport — Denver, Colorado	:	
	:	

**ANSWER OF
THE CITY AND COUNTY OF DENVER**

The City and County of Denver hereby submits its Answer in strong support of the Application of Frontier Airlines, Inc. (Frontier) to allow it to provide two daily nonstop roundtrips between Denver International Airport (DEN) and Ronald Reagan Washington National Airport (National Airport).

I. SUMMARY

Pursuant to 49 U.S.C. § 41718, section 23 l(e) of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (“Act”), the Secretary may award 12 slots for service to National Airport from beyond the 1,250-mile perimeter. Carriers have filed applications for 44 slots to serve seven cities. Frontier has applied for four of the 12 slots to provide two daily roundtrips between DEN and National Airport. There is clearly a great deal of competition for the 12 valuable opportunities. In making its determination, Denver respectfully requests that the Department give significant weight to the following facts and allow Denver to receive nonstop service to National Airport:

- With 38 million passengers in 1999, DEN ranks sixth among airports nationwide.
- DEN is the principal airport for the people and businesses of Denver, the State of Colorado and the entire Rocky Mountain and Great Plains Region.
- DEN is the largest, true east-west hub beyond the perimeter.
- Denver has the largest number of federal government civilian employees of any city outside of the Washington area and Denver is the regional headquarters for several federal agencies. This strong nexus between Denver and Washington justifies and requires additional air service that is more convenient to downtown Washington and less expensive than existing service to the Washington area.
- Of the seven cities beyond the perimeter that could receive non-stop service in these proceedings, Denver is the closest to National Airport, which is approximately 1,470 miles away.¹ The policy behind the perimeter rule is to allow communities nearer to Washington, D.C., to have access to National Airport, which is close to downtown Washington, while communities that are more distant have access to Dulles and BWI. Thus, providing Denver access to National Airport is strongly supported by the basic policy of the perimeter rule.
- Denver also notes that the perimeter has been gradually extended from 650 miles to 1,000 miles and then again to 1,250 miles to allow additional communities to be served. Providing four slots for Denver/National Airport service would extend the perimeter from 1,250 miles to 1,470 miles and would be the logical next step in the gradual expansion of the perimeter.
- Frontier is a new entrant carrier and has no slots at National Airport; most of the other applicants for beyond-perimeter slots are large carriers that already have a substantial number of slots.
- Frontier would provide low-cost air service and significantly enhance competition in the Denver/Washington, D.C. market.

¹ The approximate air mileage between National Airport and the other cities is: Salt Lake City – 1,844; Phoenix – 1,974; Las Vegas – 2,083; Los Angeles – 2,304; Seattle – 2,320; San Francisco – 2,436. Source: O.A.G.

II. DENVER/NATIONAL AIRPORT SERVICE IS FULLY SUPPORTED BY THE ACT

A. Statutory Requirements for Awarding Slots.

The Act specifically requires that slots may be issued if the Secretary finds that the slots will:

1. Provide air transportation with domestic network benefits in areas beyond the perimeter.
2. Increase competition by new entrant air carriers or in multiple markets.
3. Not reduce travel options for communities served by small hub airports and medium hub airports within the perimeter.
4. Not result in meaningfully increased travel delays.

Frontier's proposed service between DEN and National Airport clearly satisfies these statutory criteria.

B. Denver/National Airport Service Will Provide Extensive Domestic Network Benefits in Areas Beyond the Perimeter.

DEN had 3 8 million passengers in 1999 and is ranked sixth among airports nationwide. With its central location, it is one of the nation's largest hub airports and has two hub carriers, Frontier and United. DEN provides air service to an extensive and growing network of communities throughout the country and, most importantly, is a critical air link for many small and medium-sized communities throughout the Rocky Mountain and Great Plains Region.

In recognition of DEN's important role in the regional transportation network, Mayor Wellington Webb hosted a Regional Air Service Roundtable in Denver on January 18, 2000, that was attended by over one hundred community, civic and aviation leaders from six states, Colorado, Montana, Nebraska, North Dakota, South Dakota and Wyoming. As noted in Mayor's Webb's letter dated April 26, 2000 to Secretary Slater (Attachment 1), the goal of this effort,

which will be an ongoing one, is to improve air service to, from and throughout the region. Allowing Frontier to provide a non-stop link between DEN's large regional and nationwide network and National Airport would be an important step in meeting this goal.

Of the seven cities beyond the perimeter that could receive non-stop service in these proceedings, Denver is the closest to National Airport.

<u>City</u>	<u>Mileage to Washington, D.C.²</u>
Denver	1, 470
Salt Lake City	1,844
Phoenix	1,974
Las Vegas	2,083
Los Angeles	2,304
Seattle	2,320
San Francisco	2,436

The policy behind the perimeter rule is to allow communities that are nearer to Washington, D.C. to have non-stop access to National Airport, which is close to the downtown area. Communities that are more distant are provided access to Washington Dulles and Baltimore/Washington International Airports. In extending the perimeter from 650 miles to 1,000 miles, the FAA acknowledged this important policy:

The perimeter would maintain the long-haul nonstop service at **Dulles** and **BWI** which otherwise would preempt shorter haul service at National. This is most consistent with the roles proposed for National Airport as a short/medium haul-facility and for **Dulles** as an unrestricted facility available for all types of operations. 46 Fed. Reg. 58045 (Nov. 27, 1981).

² Source: O.A.G.

Thus, the fundamental purpose of the perimeter rule more fully supports awarding Denver non-stop service to National Airport compared to any of the six more distant cities proposed by other carriers. Moreover, awarding Denver non-stop service to National Airport would simply extend the perimeter from 1,250 miles to 1,470 miles, an extra 220 miles. This is consistent with the approach taken over the years of gradually expanding the perimeter from 650 miles to 1,000 miles and then again to 1,250 miles. Conversely, to deny DEN non-stop service to National Airport would unfairly leapfrog Denver in favor of more distant cities and in contravention of the longstanding policies and goals of the perimeter rule.

C. Denver/National Airport Service Will Increase Competition by New Entrant Carriers.

Frontier is headquartered in Denver and started operations only six years ago. Since then its Denver hub has grown and in March 2000, Frontier became the number two carrier at DEN with 7 percent of the passenger that month. Frontier now serves 20 cities from DEN and provides the type of competition and low-cost fares that are critically important goals of the Act³.

The Act makes only 12 beyond-perimeter slots available. Most the applicants for these limited and important opportunities are large, well-established carriers that already control a substantial number of slots at National Airport.

<u>Carrier</u>	<u>Slots at National</u>
American	35
Northwest ⁴	118
Delta	96
United	52

³ For example, section 155 of the Act requires airports to submit competitions plans in order to obtain approval of Airport Improvement Program grant applications or approvals for passenger facility charges.

⁴ Includes Continental.

TWA	32
Frontier	0

One of the key criteria for awarding the 12 slots is to “increase competition by new entrant carriers.” 49 U.S.C. § 41718(a)(2). Frontier, which has no slots at National Airport, clearly meets this fundamental criterion? The above carriers clearly do not.

The benefits of enabling new entrants to provide service at slot-controlled airports is exemplified by Frontier’s impact on **Denver/LaGuardia** service. The Department awarded Frontier slots in October 1999 and Frontier started **DEN-LaGuardia** on December 3, 1997 with two daily roundtrip flights.

- For the year ended September 30, 1999, average fares decreased \$64, or 22.2 percent, compared to the year ended September 30, 1997, before Frontier entered the market, and passengers on the route increased by 219,000 or 81 percent.

Frontier’s low-fare service has already provided similar benefits in the DEN-Washington, D.C. area market. Frontier began at **DEN/BWI** service on November 16, 1997 with one daily roundtrip.

- For the year ended September 30, 1999, average fares decreased by \$43, or 18.4 percent, compared to the year ended September 30, 1997 before Frontier entered the market, and passengers on the route increased by 146,000 or 114 percent.

Similar benefits can be expected if the Department, in keeping with the policy under the Act, allows Frontier to provide **DEN/National Airport** services.

⁵ A “new entrant carrier” is **defined** as an air carrier or commuter operator that holds or operates (or held and operated since December 16, 1985) fewer than 12 slots at the airport in question, not including international, essential air services, or certain night time slots at Reagan or La Guardia Airports. 49 U.S.C. § 41714(c)(1).

D. Denver/National Airport Service Will Not Reduce Travel Options for Communities Served by Small Hub Airports and Medium Hub Airports Within the Perimeter.

Frontier’s proposal to add flights between DEN and National would not require it to reduce any of its flights to and from points within the perimeter and will have no other negative impacts on travel options for communities within the perimeter.

E. Denver/National Airport Service Will Not Result in Meaningfully Increased Travel Delays.

Frontier’s DEN/National Airport service will significantly decrease, not increase, travel delays since it will allow passengers to travel non-stop between the two airports rather than have to change planes at a point within the existing perimeter.

The allocation of four slots to Frontier that are spread throughout the day will have no impact on delays at National Airport. Since it opened in 1995, DEN has consistently been one of the nation’s least congested large airports and has had far fewer delays than other airports seeking non-stop service to National.

<u>Airport</u>	<u>Delays per 1,000 operations in 1998</u>	<u>Delays per 1,000 operations in 1999⁶</u>
DEN	1.75	2.5
LAS	6.34	7.12
LAX	9.74	13.66
PHX	22.19	21.13
SEA	7.39	18.4
SFO	68.08	48.14
SLC	2.79	1.94

⁶ Federal Aviation Administration.

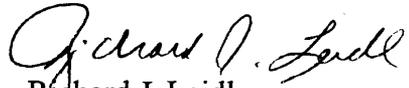
Accordingly, while additional flights may cause further congestion at other airports seeking to obtain service to National Airport, two daily round trips between DEN and National Airport will not.

III. CONCLUSION

The award of four slots for Frontier's Denver/National Airport service is fully supported by, and consistent with, the Act's policies in support of new entrant carriers, competition, low fares and improvements to regional air service. Since Denver is much closer to Washington, D.C. than any of the six other communities seeking non-stop service to National Airport, the award of slots to Frontier is further supported by the longstanding and fundamental policies of allowing closer-in communities to have access to National Airport and of gradually extending the perimeter.

For the foregoing reasons, Denver respectfully urges the Department to award four slots to Frontier so it may operate two daily roundtrips between DEN and National Airport.

Respectfully Submitted,



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City and County of Denver

CITY AND COUNTY BUILDING - DENVER, COLORADO - 80202

AREA CODE 303 640-2721
640-2720 (V/TDD)

April 26, 2000

The Honorable Rodney Slater
United States Department of Transportation
400 7th Street, SW
Washington, DC 20590

Dear Secretary Slater:

The recent signing of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("FAIR 21") has great potential to increase competition and provide more travel choices for the residents of Colorado. Under Section 41718 (a), the Department can ward up to twelve (12) exemption slots to allow limited frequencies on routes between Ronald Reagan Washington National Airport and domestic hubs beyond the 1,250 mile perimeter rule. We urge you to approve the petition submitted by Denver-based Frontier Airlines for four (4) slots to allow non-stop service to Denver International Airport, which is located outside of the perimeter rule. An award of the slots to Frontier would benefit the Denver community, the state of Colorado and other communities throughout the west.

Frontier is entering its sixth year of operations, as well as its second consecutive year of profitability. It is the only airline based in Denver, and the majority of its 2,000 employees live and work in Colorado. The airline currently provides air service to 20 major metropolitan cities from its Denver hub, and 16 of those are among the top origin and destination markets as measured by the Department. Direct service to National Airport would add a significant component to Denver International Airport's scope by allowing non-stop service to our nation's capital, as well as providing convenient, one-stop service to cities served by Frontier beyond Denver.

"FAIR 21" calls for "increased competition by new entrant carriers or in multiple markets" and we believe Frontier's presence offers a strong track record in promoting air competition in Denver and throughout the country. The slots awarded by the Department to Frontier Airlines at New York's LaGuardia Airport in 1997 are a good example of how opening markets and promoting air competition is beneficial for multiple communities. Since the inception of Frontier's Denver - LaGuardia service, the number of passengers

Secretary Rodney Slater

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traveling on this route has increased more than 88 percent, while the average fare on that same route has decreased more than 22 percent. These statistics aside, that Frontier received the LaGuardia slots means the citizens and businesses of Denver and New York, as well as the communities that have air service connecting through Denver, now have additional travel options. This should be counted as a success for those communities, and especially for the Department.

We are supportive of all air service we have in Denver, and will continue to promote competition and growth of all carriers in our market. As one of the few communities in the country with more than one hub carrier, Frontier's presence in our community and service to our citizens provides significant value to the city of Denver and to the state of Colorado. We hope you will demonstrate your continued support for our community and for the future of deregulation by awarding two non-stop daily flights (four slots) from National Airport to Frontier Airlines. We believe this Service will further build on both the commerce and community links between our two growing communities.

Thank you in advance for your consideration.

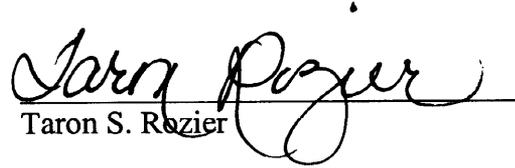
Yours truly,



Wellington E. Webb
Mayor

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Answer of the City of County of Denver was served on May 22, 2000, upon each of the persons on the attached list by first class mail, postage prepaid.


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DC #89543 v1

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