

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

41718(a), Special rules for Ronald Reagan)
Washington National Airport)
(beyond-perimeter exemptions, *i.e.*, service to) Docket No. OST-00-7181
another airport more than 1,250 miles from)
Ronald Reagan Washington National Airport)

41718(b), Special rules for Ronald Reagan)
Washington National Airport)
(within-perimeter exemptions, *i.e.*, service to) Docket No. OST-00-7182
another airport 1,250 miles or less from)
Ronald Reagan Washington National Airport)

**ANSWER OF THE CITY OF CHICAGO
IN SUPPORT OF AMERICAN TRANS AIR, INC.**

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May 22, 2000

**BEFORE THE
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**ANSWER OF THE CITY OF CHICAGO
IN SUPPORT OF AMERICAN TRANS AIR, INC.**

The City of Chicago (“City”), owner and operator of O’Hare International Airport (“O’Hare”) and Chicago-Midway Airport (“Midway”), hereby files this Answer in support of the Application of American Trans Air, Inc. (“ATA”) for an exemption from Subparts K and S of 14 C.F.R. 93 pursuant to 49 U.S.C. §§ 41718(a) and (b), for service between Ronald Reagan Washington National Airport (“DCA”) and Midway.

ATA is a well known low fare carrier that can enhance competition, increase convenience and passenger choice, and accommodate the expected substantial growth in the DCA-Midway market. ATA is currently the second largest carrier at Midway and operates nonstop service between Midway and twenty-five other U.S. cities. The City urges the Department to grant

ATA's slot exemption requests for the DCA-Midway market as such allocations will increase jobs in the Chicago region, greatly benefit the Chicago, Midwest, and U.S. economy, and enhance competitive benefits for U.S. consumers.

ATA's Application

Pursuant to new provisions in the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR 21"), 49 U.S.C. 41718(a) and (b), the Department is authorized to award slot exemptions at DCA for certain trips within and outside the 1,250 mile perimeter. Several parties have applied for the new DCA slots in Dockets OST-2000-7181¹ and 2000-7182.² On May 5, 2000, ATA applied to serve Midway from DCA. ATA proposes to offer daily roundtrips with B-757 aircraft configured for 216 passengers. With so few opportunities to add nonstop service to medium hubs within the perimeter, the City encourages the Department to make every effort to allocate these limited new slots to a carrier that can service a route that will maximize competition, create jobs, enhance competitive benefits, and bring consumer choice and convenience to the greatest number of passengers.

Maximizing Economic and Competitive Benefits and Increasing Competition and Consumer Choice

Two explicit objectives set forth in AIR 21 are that new service "will produce the maximum competitive benefits, including low fares..." and "increase competition by new entrant

¹ These include: Delta Air Lines, Inc., American Airlines, Inc., United Air Lines, Inc., Trans World Airlines, Inc., National Airlines, Inc., Frontier Airlines, Inc., National Airlines, Inc., and America West Airlines, Inc.

² These include: AirTran Airways Inc., Vanguard Airlines, Inc., Midwest Express Airlines, Inc., Spirit Airlines, Inc., Midway Airlines Corporation, Pro Air, Inc., Legend Airlines, Inc., Accessair, Inc., and Atlantic Southeast Airlines, Inc. and the Central Illinois Regional Airport (applying for slots).

air carrier or in multiple markets.” 49 U.S.C. § 41718(b)(5) and §41718(a)(2). ATA’s proposed services would satisfy all relevant statutory and regulatory criteria, including the important objectives set forth above. ATA’s proposals would meet the public interest goals of Congress and the Department by enhancing new entrant competition and low fares, increasing consumer choice and convenience, and maximizing the competitive benefits to the economy of Chicago, the Midwest, and the U.S.

ATA also estimates that its Midway only proposal will maximize use of slots and encourage the carriage of the greatest number of an estimated 497,000 passengers. *Id.* ATA is also a vigorous low-fare competitor with a proven track record of offering low fares and growing the markets it services. Because of the history and ATA’s dedication to Chicago’s Midway market, ATA is best positioned to provide low fare service necessary to further stimulate price competition.

ATA’s proposed services would also provide maximum economic benefits to the Chicago and Midwest region and the U.S. economy. Chicago understands that ATA’s planned service would result in new employment at Midway and increased employment at DCA and elsewhere. In addition, ATA’s proposed Midway service would provide significant downstream benefits associated with increased employment, namely additional spending and tax revenues. ATA’s low fares also would create enormous public benefits in terms of money saved by passengers in the proposed markets, which should be multiplied to account for the tendency of low fares to stimulate large amounts of new traffic. ATA estimates that enhancement of ATA’s recently inaugurated nonstop service to Chicago Midway would produce consumer fare savings of more than \$64

million on an annual basis. (See Application of American Trans Air, Inc. for Exemption, Docket OST—00-7182, May 5, 2000, at 10). ATA also estimates that ATA's within perimeter proposal involving only low fare non-stop service to Midway would produce another consumer fare savings of \$34 million. *Id.*

In addition, ATA's services will bring substantial tourism related benefits to the economy. The proposed Midway services will improve access by businesses and citizens of Chicago to DCA, and vice versa. Chicago is one of the largest cities in the United States, a critical business center and tourist destination and a major intra- and intercontinental gateway. Because Chicago depends on convenient air transportation to maintain its ability to compete for business and tourist travel dollars, the future economic development of the greater Chicago region depends, to a great extent, on the availability of affordable nonstop air transportation from Midway to important gateways such as DCA. Thus, ATA's proposed services are critical to ensure that the Chicago region will attract its share of business and leisure travelers from the greater Washington area, including those visitors from Washington's growing high tech region, so that economic growth in the Chicago region will continue.

CONCLUSION

For the reasons discussed above, the City respectfully requests that the Department grant expeditiously ATA's application for an exemption from Subparts K and S of 14 C.F.R. Part 93 pursuant to 49 U.S.C. §§ 41718 (a) and (b) for valuable service between Midway and DCA. ATA's proposed service to Midway would bring price competition in the Midway-DCA market. The growing demand for air transportation between DCA and Midway is more than sufficient to

support competitive nonstop low fare service from the greater Washington area to Midway; but ATA can cannot do so effectively unless it is granted slots at DCA. Granting slots to ATA at DCA would lower fares, stimulate demand, maximize slot use, encourage economic efficiency, and provide substantial economic benefits to Chicago, the Midwest region, and the U.S. The City urges to Department to favorably consider ATA applications and order the granting of slot exemptions to ATA for service between DCA and Midway.

Respectfully submitted,

/s/ Kenneth P. Quinn

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Dated: May 22, 2000

Certificate of Service

I hereby certify that I have this date served a copy of the foregoing Answer by U.S. mail on all persons named on the attached service list.

/s/ Asaf S. Hahami
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Washington, D.C.
May 22, 2000

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