

**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 21st CENTURY**)
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Docket OST-2000-7181 - 55

For exemptions from 14 CFR Part 93, under 49)
U.S.C. § 41718(a))
(beyond-perimeter slot exemptions at Ronald)
Reagan Washington National Airport))
)

**ANSWER OF AMERICA WEST IN OPPOSITION TO
MOTION OF NATIONAL AIRLINES**

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Dated: June 8, 2000

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**ANSWER OF AMERICA WEST IN OPPOSITION TO
MOTION OF NATIONAL AIRLINES**

Pursuant to Rule 11(c) of the Department's Rules of Practice, America West Airlines, Inc. (America West), files this answer in opposition to the motion to strike filed by National Airlines, Inc. (National). National's filing is frivolous and an inappropriate attempt to distort the objective evidence, reargue the purported benefits of its own application and misrepresent America West's timely filed comments of May 22, 2000. America West stands behind the accuracy of its statements that average fares paid by travelers on America West between JFK and Las Vegas, San Francisco and Los Angeles are lower than those paid on National. America West also submits it is not in the public interest to award limited available exemption slots to a new carrier that has yet to show it can operate profitably. Since America West has made no misstatements about National, the motion should be denied.

In support of this Answer, America West states as follows:

1. This proceeding was instituted by the Department pursuant to a Congressional directive setting an expedited schedule for the filing and consideration of applications. National's filing

of a meritless motion peppered with intemperate language creates an unnecessary burden on the Department, which must issue its decision on a tight schedule. The Department is more than capable of assessing the accuracy of facts presented in applications and comments filed in this proceeding. For this reason alone the motion should be rejected.

2. America West's statements that its fares are lower than National's between JFK and Los Angeles, San Francisco and Las Vegas are accurate. This information is based on average fare data in DOT's DB1B database. This database is derived from origin and destination (O&D) surveys of samples of fares passengers actually pay for travel in specific markets which the Department requires all carriers to submit.¹ America West's Rebuttal Exhibit 12 accurately reflects the DB1B data for the 3rd Quarter of 1999, which shows America West's average fares in these markets were lower than National's. America West's average fares in these markets were also lower than National's for the 4th Quarter of 1999.

3. National in its Motion has simply attached a list of published fares in various markets and repeats arguments made in its consolidated answer filed May 22nd. These fares can and do change daily. Average fares (DBIB data) provide a much better comparison of what consumers actually pay since published fares include fares to which passengers have little access because of eligibility restrictions developed for revenue management. Moreover, National does not contest, and even concedes, America West's average fares are lower than National's in the specified

¹ The DB1B database contains all the data as reported by participating air carriers from the continuous 10 percent sample of airline tickets. It includes the full itinerary and the dollar amount paid by each passenger. The data are compiled and published on a quarterly basis. These are the only publicly available data on what passengers actually pay for tickets purchased on particular airlines in specific origin-destination markets. It is therefore the best available method to compare what passengers pay on different airlines operating in the same markets. This is the data used by the Department to prepare its Domestic Airline Fares Consumer Report.

markets. (See Motion, footnote 3 at page 3). Rather, National offers various dubious explanations, but no specific fare data to explain this disparity. The bottom line, as stated in America West's comments, is that the average fares (DBIB) paid by America West passengers in these markets are lower than those paid on National.

4. The average fare data confirms America West's position that it is highly competitive in the Northeast to Western markets with average fares lower than National's in key markets. America West would bring these highly competitive fares from DCA to Las Vegas and its beyond markets. Moreover, America West would benefit many more passengers than National through its LAS connections to 19 beyond destinations.

5. America West's May 22nd comments raised an important public interest issue in questioning the financial ability of National to operate the proposed service. Should National receive slots and not maintain the service, the Department will be forced to reallocate the slots and the traveling public in Las Vegas will lose the benefit of those slots. In raising this point, America West relied on the latest currently available DOT Form 41 reports in drafting its comment on National's financial situation. This data showed that for the third quarter of 1999 National had an operating loss of almost \$13 million and a net loss of \$12.8 million. America West did not include losses for the second quarter of 1999 since National only commenced service in late May 1999. Fourth quarter Form 41 reports, which became available on June 7, 2000, show a net loss for National of \$15.6 million. The Form 41 reports show that National had a net loss of over \$40 million in 1999. In addition, a report in the March 24, 2000 Las Vegas Review-Journal stated that National was "likely to cost" Harrah's Entertainment, Inc., which owns 48 percent of the carrier "about \$5 million or three cents per share in the first quarter."

This suggests that National lost more than \$10 million in the first quarter of 2000. The fact that it may have made an operating profit in March does not make National a profitable airline.

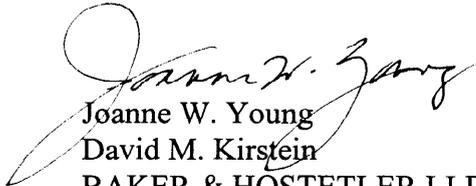
6. In contrast, and the essential point made by America West, is that it has 17 years of direct experience providing low fare competitive service. America West has the financial strength to implement and sustain the service it has proposed at Las Vegas as well as at Phoenix. National is the only beyond perimeter applicant that is not a publicly traded company. Accordingly, as National itself points out as a privately held company, it is the only applicant where the Department and other applicants do not have publicly available financial information to consider in assessing National's ability to institute service and compete vigorously in the market. The burden is on National to demonstrate that it has the financial ability to implement and sustain this operation. National should prepare and submit audited financial statements for the last two quarters showing it has the financial strength to institute and sustain this service.

Conclusion

National has filed a frivolous and strident motion for the obvious purpose of repeating arguments it has already made in hopes of prejudicing America West, under the pretext of responding to alleged misstatements. The filing itself is an abuse of the Department's procedural regulations. America West's statements about National's fares and its financial situation are fair and accurate comments taken out of the Department's own databases. The source of the fare data was clearly stated in America West's rebuttal exhibit, and the Form 41 reports are the only objective source of information on National's finances. Accordingly, America West urges the

Department in the strongest terms to deny National's motion to demonstrate that its tactics are unacceptable.

Respectfully submitted



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June 8,2000

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of June, 2000, I caused a true and correct copy of the Answer of America West Airlines, Inc. to be served by first-class mail, postage prepaid, upon the parties listed on the following service list.



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