



**SOUTHWEST AIRLINES CO.**

**Robert W. Kneisley**  
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February 14, 2003

Docket Management System  
U.S. Department of Transportation  
Room Plaza 401  
400 Seventh Street, S.W.  
Washington, DC 20590

DEPT. OF TRANSPORTATION  
DOCKETS  
2003 FEB 14 P 3:12

**Re: Revisions to PFC Rules for Compensation to Air Carriers,**  
**Docket No. FAA-2002-13918 -29**

Dear Sirs:

On February 12, 2003, Southwest Airlines filed comments in the above docket. These comments included two affidavits that were unsigned due to logistical difficulties. Please find enclosed two copies of the fully executed affidavits. Southwest requests that the enclosed affidavits be included with its previously-filed comments.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Kneisley", written over a horizontal line.

Robert W. Kneisley

**BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION  
WASHINGTON, D.C.**

DEPT. OF TRANSPORTATION  
DOCKETS

2003 FEB 14 P 3: 12

In the matter of	)	
	)	
REVISIONS TO PFC RULES FOR COMPENSATION TO AIR CARRIERS	)	Docket No. FAA-2002-13918
	)	
Notice of Proposed Rulemaking No. 02-19	)	
	)	

**AFFIDAVIT OF RANI BHANDARI**

I, Rani Bhandari, being duly sworn, hereby state and affirm as follows:

1. My name is Rani Bhandari. I am employed as Manager of Passenger Revenue Accounting for Southwest Airlines, a position I have held since September 2001. From September 1998 through September 2001, I was employed in the same department and performed many of the same functions as a Supervisor of Passenger Revenue Accounting.

In my current position, I oversee both the Research and Records Department and the Passenger Revenue Accounting and Audit Department. The Passenger Revenue Accounting and Audit Department is responsible for the administration and auditing of the Southwest Passenger Facilities Charge ("PFC") program. Under my direction, the Department performs an end of the month review of PFC information from ticketing systems that sell Southwest Airlines tickets, audits and analyzes this information, and makes related adjustments. Additionally, my employees research PFC

anomalies, process PFC checks for individual airports, and retain the \$0.08 PFC handling fee.

Accordingly, I am familiar with Southwest's PFC collection, remittance, and administration procedures and have worked with the Advertising and General Counsel Departments to prepare Southwest's 1999 PFC cost data submitted to the FAA in January 2001.

2. My purpose in executing this affidavit is to authenticate several of the exhibits used in Southwest's calculation of its PFC handling costs, as submitted to the FAA in this proceeding. Specifically, Southwest Exhibits 1, 2, 3, 4, and 5, attached hereto, were prepared by me or under my direction by a Southwest employee or an employee of Camelot Communications ("CCI"), the media purchasing and placement agency retained by Southwest Airlines. The exhibits are based upon information that Southwest, or CCI at Southwest's direction, maintain in the normal course of business. To the best of my knowledge and belief, the exhibits are complete, truthful, and accurate.

Exhibit 1 contains a PFC Disclosure Cost Summary for 1999.

Exhibit 2 contains a schedule of the total number of fare-based television and radio commercials that Southwest aired in 1999, as well as the cost per second for each medium.

Exhibit 3 contains the general ledger Advertising and Promotion expenditures that Southwest made in 1999.

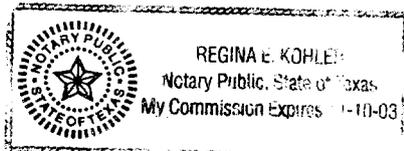
Exhibit 4 contains a copy of the Notes to the Consolidated Financial Statements from the Southwest Airlines 2001 Annual Report which states the advertising expenses that the company incurred for the year ending December 31, 1999.

Exhibit 5 contains the PFC Incremental Cost Definitions and the corresponding Notes from Ernst & Young, Southwest's independent accountants. Cost Definition and Note (c) pertain specifically to the PFC disclosure costs.

Further affiant sayeth not.

Rani Bhandari  
Rani Bhandari

13 SWORN TO AND SUBSCRIBED before me, the undersigned notary, on this the day of February, 2003, to certify which witness my hand and official seal.



Regina E. Kohler  
Notary Public

My Commission Expires:

11/10/03

**BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION  
WASHINGTON, D.C.**

DEPT. OF TRANSPORTATION  
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2003 FEB 14 P 3: 13

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	)	

**AFFIDAVIT OF JENA ATCHISON**

I, Jena Atchison, being duly sworn, hereby state and affirm as follows:

1. My name is Jena Atchison. I am employed as Manager of Advertising for Southwest Airlines, a position I have held since January 2001. From July 2000 through January 2001, I was employed in the same department and performed many of the same functions as an Advertising Specialist. Before joining Southwest, I did freelance work in television production, program editing, and on-screen graphics for ten years in the Dallas area.

In my current position, I am responsible for supervising all of the broadcast advertising for Southwest Airlines, from the initial creative strategy to delivery of the finished product. I work closely with the media and creative agencies that Southwest retains to oversee the creative message and the broadcast placement for all television commercials. Within Southwest, I coordinate with the Advertising, General Counsel, and Customer Relations Departments to ensure that the commercials contain all of the

necessary information on the fare or product being advertised and that the information is displayed for an appropriate length of time. Accordingly, I am familiar with the Passenger Facility Charge ("PFC") advertising disclosure requirement and oversee its inclusion in all Southwest fare-based television advertising.

2. The purpose of this affidavit is to describe the process by which Southwest derived the amount of time necessary for it to disclose applicable PFC charges in its 1999 fare-based television advertisements.

3. Attached hereto are Southwest Exhibits 6, 7, and 8. These exhibits were prepared by me or under my direction by a Southwest employee or an employee of Camelot Communications ("CCI"), the media purchasing and placement agency retained by Southwest Airlines. The exhibits are based upon information that Southwest, or CCI at Southwest's direction, maintain in the normal course of business. To the best of my knowledge and belief, the exhibits are complete, truthful, and accurate.

Exhibit 6 contains the script of a 1999 30-second fare-based television commercial with time allocations marked for each portion of the commercial.

Exhibit 7 contains a schedule of the 1999 advertising production costs attributable to the PFC disclosure requirement for television, radio, and newspaper advertisements.

Exhibit 8 contains all of the fare-based commercial creative messages that Southwest aired in 1999. Each of these creatives were modified for different fare sales and ran multiple times in various markets throughout the year.

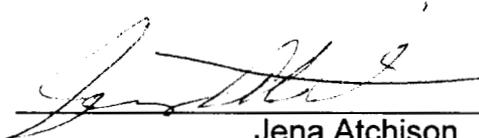
4. Southwest used the methodology outlined below to determine the amount of time required in each fare-based television advertisement for the PFC disclosure.

- A. A typical 30-second fare-based commercial from 1999 was used to model the impact of including the PFC disclosure in Southwest's television advertisements. This commercial consisted of approximately 17 seconds of creative message (*i.e.*, entertainment), 10 seconds of fare offer, which contained a 5-second fare offer (*i.e.*, the fare and applicable purchase restrictions) and a 5-second disclosure screen (*i.e.*, the fare, federal tax, and PFC disclosure), and 3 seconds of the Southwest logo tag (*i.e.*, "Ding! You are now free to move about the country."). Because television advertising is so expensive, Southwest carefully and deliberately allocates every second of screen space to communicate helpful information while maintaining high customer retention.
- B. Before the PFC disclosure requirement was imposed, Southwest's fare-based commercials contained a single fare-offer screen, or some variation thereof, which lasted approximately 5 seconds. This screen included the fare and applicable purchase restrictions. All of the disclosures occupied at most two lines of text. For the reasons explained below, Southwest could not fit the additional PFC disclosure on this screen within its longstanding, pro-consumer advertising guidelines.
- C. Southwest adheres to minimum size and display time standards for its disclosure copy to ensure that this information is of sufficient size for viewers to read comfortably from a reasonable television viewing distance. Accordingly, the standard size scan-line (analogous to font in newspaper advertising) that Southwest uses for its disclosure copy in its television advertisements is 16. In addition, Southwest ensures that the disclosures are displayed on the screen for a sufficient amount of time to be read by the average viewer (*e.g.*, 5 seconds).
- D. It has been Southwest's longstanding policy to include a maximum of two lines of disclosures on each screen. This policy is in place to ensure that the information on the screen has a clean appearance and is easy for viewers to read in the time available. Because the fare screen communicates important purchase information to the viewer, this policy ensures that the screen is not confusing or misleading to consumers.

- E. In order to comply with the Department of Transportation regulations prohibiting unfair and deceptive advertising, and because Southwest ensures that its passengers have full and appropriate information to make informed purchase decisions, Southwest always displays the PFC disclosure on the same screen as the fare offer. This requirement naturally limits how and where Southwest can display the required PFC notification.
  
- F. When the PFC disclosure requirement was imposed in 1991, an additional line of disclosures became necessary. Given the above scan-line standards, Southwest's longstanding policy to limit the lines of disclosure to no more than two per screen, and the requirement for display of PFC information proximate to the fare, the additional PFC disclosure line required a new 5-second fare screen. Therefore, as reflected in Southwest's 1999 fare-based commercials, the fare and applicable purchase restrictions are displayed for 5 seconds and then fade away and the next screen – with the fare, federal tax, and PFC disclosure – appears on to the screen for the next 5 seconds. *This additional 5-second screen of disclosure information would not be necessary and could be used for other purposes if the FAA did not require airlines to disclose applicable PFCs in all fare-based advertisements.*
  
- G. If the PFC disclosure requirement did not apply, Southwest could have used the 5 seconds required for the second disclosure screen to display additional creative material, an additional fare offer, or a promotion of one of Southwest's business products (such as "Book online at southwest.com", "Great vacation packages at swavacations.com", or "Join our Rapid Rewards travel program."). Because Southwest is required to extend the fare offer screen to accommodate the PFC disclosure, it is not able to utilize the entire 30-second commercial to promote its products and must therefore purchase additional advertising to achieve the same market impact and level of consumer awareness.
  
- H. Without the additional disclosure-screen requirement, Southwest would not display a single fare for 10 seconds. Indeed, the TV commercials that Southwest aired before the PFC disclosure requirement was imposed used those 5 seconds in a variety of ways that are no longer possible: to extend the creative portion of the commercial, to display the fare offer in larger font, to offer the fare on two separate screens at the beginning and end of the commercial, and to include the "call to action" (*i.e.*, call 1-800-IFLYSWA) with the fare.

H. For the reasons explained above, the amount of time attributable to the PFC disclosure requirement in Southwest's fare-based 1999 television commercials is 5 seconds per commercial.

Further affiant sayeth not.

  
\_\_\_\_\_  
Jena Atchison

SWORN TO AND SUBSCRIBED before me, the undersigned notary, on this the 13th day of February, 2003, to certify which witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

7/5/06

