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**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

**ESTABLISHMENT OF SLOT EXEMPTION PROCEEDINGS
PURSUANT TO 49 U.S.C. § 41718**

**Docket OST-2000-7181 - 2137
Docket OST-2000-7182 - 729**

NOTICE

On December 12, 2003, President Bush signed into law the Vision 100--Century of Aviation Reauthorization Act, P.L. 108-176 (Vision 100), which, among other things, directs the Department to grant a total of 12 additional slot exemptions at Ronald Reagan Washington National Airport (DCA) for services to another airport more than 1,250 miles from DCA and eight additional slot exemptions for services within 1,250 miles of DCA.¹ By this notice, we are requesting applications for these slot exemptions. In addition, Vision 100 also amended certain provisions of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) that specify the criteria upon which the allocation of certain DCA "inside perimeter" slot exemptions should be based. At the time that Vision 100 was enacted, the Department was conducting a proceeding to reallocate two previously awarded "inside perimeter" slot exemptions that had been returned to the Department. Because the Vision 100 legislation has now amended the criteria for awarding these slot exemptions, we are resoliciting applications for these exemptions, as well.

This notice provides information to air carriers interested in applying for these exemptions.

¹ Specifically, at DCA, 49 U.S.C. § 41718(a), added by Section 231 of AIR-21, provides that the Secretary shall, subject to certain findings, grant 12 slot exemptions to air carriers for the provision of air transportation outside the 1,250-mile perimeter established for air transportation under 49 U.S.C. § 49109. By Order 2000-7-1, Order 2001-6-20, and Order 2002-11-20, the Department fully allocated these 12 outside-perimeter slot exemptions. Vision 100 directs the Department now to distribute an additional 12 DCA outside-perimeter slot exemptions. In like manner, 49 U.S.C. § 41718(b), also added by Section 231 of AIR-21, provides that the Secretary shall grant 12 slot exemptions to air carriers for the provision of air transportation within the 1,250-mile perimeter established for air transportation under 49 U.S.C. § 49109. By Order 2000-7-2, and Order 2003-1-16, the Department fully allocated those 12 within-perimeter slot exemptions. Vision 100 directs the Department now to distribute an additional eight DCA within-perimeter slot exemptions.

General

The Department will consider applications for the 12 available DCA beyond-perimeter slot exemptions and eight available DCA within-perimeter slot exemptions as directed by Vision 100. We will also include the allocation of two DCA slot exemptions originally awarded to Corporate Airlines, Inc., by Order 2003-1-16, in the “inside perimeter” proceeding. Thus, a total of 10 “inside perimeter” slot exemptions will be subject to allocation in this proceeding. The selection criteria are those set forth in 49 U.S.C. § 41718(a) and (b), respectively, as amended by Vision 100.

Beyond-Perimeter Slot Exemptions

For the 12 DCA beyond-perimeter slot exemptions that are now available as a result of Vision 100, the Department will consider, using the criteria set forth in 49 U.S.C. § 41718(a), applications from air carriers to provide nonstop service to DCA from airports beyond the 1,250 mile perimeter. The statutory criteria require that the granted exemptions will (1) provide air transportation with domestic network benefits beyond the 1,250 mile 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 1,250 mile perimeter; and (4) not result in meaningfully increased travel delays. Applications for the 12 available beyond-perimeter slot exemptions should be filed in Docket OST-2000-7181.

Inside-Perimeter Slot Exemptions

As originally enacted in AIR-21, section 41718(b) directed the Secretary to distribute inside-perimeter slot exemptions in a manner that promotes air transportation (1) by new entrant air carriers and limited incumbent air carriers; (2) to communities without existing nonstop air transportation to DCA; (3) to small communities; (4) that will provide competitive nonstop air transportation on a monopoly nonstop route to DCA; or (5) that will produce the maximum competitive benefits, including low fares.²

As amended by Vision 100, section 41718(c)(3) provides that four of the newly available eight inside-perimeter slot exemptions shall be for air transportation to airports of any size, two of the newly available eight slot exemptions must be to medium hub airports and smaller, and two of the newly available eight slot exemptions must be for air transportation to small hub airports and nonhub airports.³ Further, Vision 100 amends section 41718(b) so that, for these latter two available slot exemptions set aside for air

² The terms “new entrant air carrier” and “limited incumbent air carrier” are defined in 49 U.S.C. § 41714(h). In addition, under 49 U.S.C. § 41714(k) “...an air carrier that operates under the same designator code, or has or enters into a code-share agreement, with any other air carrier shall not qualify for a new slot or slot exemption as a new entrant or limited incumbent air carrier at an airport if the total number of slots and slot exemptions held by the 2 carriers at the airport exceed 20 slots and slot exemptions.”

³ Definitions of nonhub, small hub, and medium hub airports are provided under 49 U.S.C. § 41714(h)(7), (8), and (9).

transportation to small hub airports and nonhub airports, the Department shall not consider the new entrant/limited incumbent status of the carrier applicants. Applications for the eight newly authorized within-perimeter slot exemptions and the two slot exemptions originally awarded to Corporate Airlines by Order 2003-1-16 should be filed in Docket OST-2000-7182. In addition, as stated in our Notice of October 22, 2003, the two available DCA slot exemptions originally awarded to Corporate Airlines must, consistent with their statutory status, be for nonstop service to a small hub or nonhub airport. Because of Vision 100's statutory change, we will consider applications for the "Corporate" slot exemptions without regard to the new entrant/limited incumbent status of the applicant.

Carriers that filed applications pursuant to the Department's Notice of October 22 for the Corporate slot exemptions, need not re-apply, but may file revised proposals. All applications filed pursuant to the Notice of October 22 will be evaluated according to the statutory criteria as amended by Vision 100.

Also, applications for all exemptions at DCA must be from air carriers proposing service with Stage 3 aircraft (49 U.S.C. §41718(c)(1)).

Application Process

For both proceedings, completed applications must be submitted by January 9, 2004, and comments with respect to any timely filed request for slot exemptions must be filed by January 23, 2004. We will also require applicants to submit a schedule for their proposed operations, including takeoff and landing times at DCA.

Available Slot Times

As a final matter, we note that 49 U.S.C. § 41718(c)(2) allows us to assign only one additional slot exemption per one hour period, an increase from the original two per hour authorized in AIR-21. Because many one-hour periods are likely to be over-subscribed, we may not be able to accommodate carrier requests for slot exemption times. There are 15 hourly periods beginning at the 0700 period and ending at the 2100 period and a total of 44 slot exemptions must fit into those 45 slot times.⁴ As our Notice of October 22 states, the AIR-21 times allocated for the Corporate Airlines' DCA service are in the 1000 and 1100 hour period, and these times will be available. Finally, there are times available at the 0700, 1100, 1200, 1300 (two openings available), and 2000 hour periods based on the previous AIR-21 slot times assigned in previous proceedings. In instances where carriers granted slot exemptions in the instant proceedings have conflicting requested scheduled times, the Department can be expected to give priority to those carriers with the least flexibility provided by current DCA slot and slot exemption holdings. Moreover, given their longer stage lengths and flight times as well as the requirement for network benefits at 49 U.S.C. § 41718(a)(1) that may require that their DCA slot times be conducted with connecting banks, beyond-perimeter services may

⁴ AIR-21 authorized 24 DCA slot exemptions and Vision 100 authorized an additional 20 slot exemptions.

have less scheduling flexibility and merit a priority over within-perimeter services. In applying for specific times, applicants granted slot exemptions may be asked to specifically justify their requests. Applicants should keep these constraints in mind prior to submitting any proposals and should understand that these slot-time constraints may cause some proposals not to be viable. In coordination with FAA's Slot Administration Office, we shall assign slot times corresponding with the authority granted in these proceedings in a notice subsequent to our decision.

We shall serve a copy of this notice on all certificated air carriers, the Metropolitan Washington Airports Authority, and the Federal Aviation Administration's Slot Administration office.

By:

KARAN K. BHATIA
Assistant Secretary for Aviation
and International Affairs

Dated: December 17, 2003

(SEAL)

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