

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

Application of)

REPUBLIC AIRLINE, INC.)
d/b/a REPUBLIC AIRLINES)

for a certificate of public convenience and)
necessity under 49 U.S.C. § 41102 to engage in)
interstate scheduled air transportation of persons,)
property and mail)

Docket OST-2003-14579

**OPPOSITION OF AIRLINE DIVISION, INTERNATIONAL
BROTHERHOOD OF TEAMSTERS TO APPLICATION
OF REPUBLIC AIRLINES**

The International Brotherhood of Teamsters submits this opposition to the application of Republic Airline, Inc. for a certificate of public convenience and necessity. Because Republic has failed to demonstrate that it will possess adequate financial means to maintain operations under the certificate and because its application is not in the public interest, the application should be denied.

1. The IBT is the certified representative of the pilots of Chautauqua Airlines, Inc. Chautauqua is a regional air carrier and a wholly-owned subsidiary of Republic Holding Group, Inc. (“Holding”). Holding is also the parent of the applicant Republic Airline (“Republic”).

2. The IBT submits that Republic has failed to demonstrate that it can maintain operations adequately under the requested certificate.

3. Republic's assertion that it will provide "a strong new entrant at a time when the industry is in contraction" is unsupported by any showing of financial viability. In light of Republic's failure to demonstrate that it possesses adequate financing to maintain operations, its assertion of being a "strong new entrant" is mere puffery. In fact, Republic has no operational employees and has not yet filled all of its FAA-mandated managerial positions.

4. Republic has also not demonstrated that it possesses adequate financing to obtain necessary aircraft under the delivery schedule submitted to the Department. Republic has announced that it will seek to obtain aircraft on the secondary market. This seems to indicate that Republic was unable to obtain financing to purchase aircraft directly from either Embraer or Bombardier. Republic, however, has made no showing that it has adequate financing to even obtain the aircraft on this secondary market. Given the current condition of the aviation industry and Republic's apparent inability to obtain financing for new aircraft, the IBT submits that the Department should require Republic Airline to present evidence that it can successfully take delivery of the aircraft necessary for its operations.

5. The IBT submits that the Department should not accept Republic's assertion that it need not make a showing of financial viability in the first three months of operations because of its service agreement with USAirways. Given USAirways recent emergence from bankruptcy and the limitations of its post-bankruptcy financing, USAirways cannot serve as adequate assurance of consumer

monies paid for travel on Republic such as to make the normal three-month zero revenue analysis unnecessary.

6. Republic represents that it will operate from Louisville, Kentucky, which does not currently serve as a hub of operations either for USAirways or any USAirways Express carrier. USAirways, therefore, is not in a position to assure continuation of service at Louisville, KY should Republic Airlines fail to obtain necessary financing.

7. As noted above, given USAirways very recent emergence from bankruptcy, Republic's situation is distinguishable from the situations presented to the Department by Atlantic Coast and Midway Airlines and merits the Department's analysis of Republic's financial viability. A review of 2003-2-9 reflects that the Department did make a fitness determination of Midway Airlines and that Midway provided all information requested by the Department. Midway is also distinguishable from Republic's case in that it dealt with a **resumption** of operations and not a new entrant as Republic is presenting to the Department. For these reasons, the Department should follow its traditional inquiry in examining the financial fitness of Republic.

8. Finally, the IBT submits that Republic's request for issuance of a certificate is inappropriate and unnecessary given that its service is duplicative of the operations conducted by Holdings' existing subsidiary, Chautauqua Airlines. Chautauqua has provided reliable and efficient regional service under its USAirways code share for years. Further, it operates more than 60 regional jets for its various code share partners. Unlike Republic, which has made no showing of

financial ability to acquire even used regional jets, Chautauqua has in place firm orders for additional regional jets from Embraer and has established financing to assure delivery and operation of those jets.

9. Indeed, the only reason for Republic Airline's application is an attempt by Holding to establish an alter ego, double-breasting operation within the Republic Holding family. This purpose would serve only to undermine prevailing rates of pay, rules and working conditions at Chautauqua Airlines. Further, such an alter-ego operation would consign USAirways mainline employees hired at Republic to substandard wages and working conditions. Since Holdings has in place a profitable, efficient and growing regional carrier in Chautauqua Airlines, which could easily expand to accommodate the expanding flying created under the USAirways "Jets for Jobs" protocol, Republic's application is not necessary to expand flying service to the general public and serves only to undermine prevailing labor conditions at Chautauqua.

10. The DOT should be aware that the pilots of Chautauqua Airlines have ratified the "Jets for Jobs" agreement presented by USAirways and has requested that Chautauqua and Holdings enter negotiations to conclude an agreement that would bring the expanded USAirways code share flying to Chautauqua. Since no barriers exist to the expansion of USAirways code share at Chautauqua and the public interest in the expanded air service can be achieved at an existing, financially strong and efficient air carrier, the public would not be served by granting the application to Republic, a putative carrier with no employees and no showing of financial viability.

11. Republic's application, therefore, does not serve the public interest in expanded regional air operations. Rather, it presents the Department with an untested and substantially nonexistent operation, lacking employees and aircraft. In light of the fact that the expanded flying proposed for Republic can far more quickly and efficiently be placed in service at Chautauqua Airlines, an established jet service regional carrier whose financial soundness, independent of USAirways, cannot be questioned, Republic's application does not serve the public interest and should be denied.

Dated: April 11, 2003.

Respectfully submitted,

/s/ William R. Wilder
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CERTIFICATE OF SERVICE

I hereby certify that true copies of the foregoing Opposition of International Brotherhood of Teamsters, Airline Division to Application of Republic Airline was served by first-class and facsimile upon:

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this 11th day of April 2003.

/s/ William R. Wilder
William R. Wilder