

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

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<b>NEW U.S. – RUSSIA OPPORTUNITIES</b>	)	
	)	
<b>Application of</b>	)	<b>Docket OST-99-5286</b>
	)	
<b>DELTA AIR LINES, INC.</b>	)	
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**APPLICATION OF DELTA AIR LINES, INC.**

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**March 29, 1999**

**BEFORE THE  
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**APPLICATION OF DELTA AIR LINES, INC.**

In response to the Department’s Notice served March 18, 1999, Delta Air Lines, Inc. (“Delta”) hereby requests: (1) a designation for third-country codeshare service available in 2000 to authorize Delta to serve Moscow and St. Petersburg in conjunction with Societé Air France (“Air France”) via Paris, (2) an allocation of seven (7) weekly combination frequencies for use in conjunction with the Air France services, and (3) the immediate allocation of fourteen (14) weekly Russia overflight frequencies for service between Europe and the Indian Subcontinent.

In support of this Application, Delta states the following:

I. THIRD-COUNTRY CODESHARE AUTHORITY

A. On January 22, 1999, the United States and the Russian Federation signed a Memorandum of Consultations (“MOC”) permitting the United States to authorize five third-country codeshare arrangements between the United States and Russia operated by airlines of third countries. Three of the codeshare arrangements are authorized to begin as of January 22, 1999, and two are authorized to begin as of January 22, 2000.

B. By Notice served March 18, 1999, the Department invited interested U.S. carriers to apply for the two third-country codeshare opportunities available in 2000. The Notice also confirmed Delta’s right to continue its codeshare service with Swissair, using one of the three 1999 designations. This decision is consistent with the Department’s longstanding policy and practice to grandfather existing services.

C. Delta hereby applies for a year-2000 designation to provide third-country codeshare service between the United States and Russia in conjunction with Air France via Paris, France. Delta also requests seven weekly combination frequencies to provide the proposed third-country codeshare service.

D. Delta proposes to offer seven weekly roundtrip codeshare flights to Moscow and seven weekly roundtrip codeshare flights to St. Petersburg on flights

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operated by Air France to and from Paris, beginning January 22, 2000. Air France operates Boeing 737 aircraft between Moscow and Paris and Boeing 737 and Airbus 320 aircraft between St. Petersburg and Paris. Air France's Boeing 737 aircraft is configured with 24 business seats and 78 economy seats. Air France's A-320 aircraft has 18 business seats and 132 economy seats.

E. The grant of Delta's application is in the public interest and will maximize service and competitive benefits.

1. Delta currently operates fourteen weekly codeshare flights to Moscow and three weekly codeshare flights to St. Petersburg with Swissair. Since the MOC limits the number of codeshare flights in any city-pair to no more than seven per week, Delta will be required to cut its current Moscow service in half, a result contrary to Delta's longstanding objectives to increase U.S.-Russia codeshare service. The Department is well aware of Delta's plans to increase third-country codeshare service to Russia. Indeed, the Department allocated to Delta additional frequencies to implement expanded service, but Delta's plans were blocked by Russia's refusal to allow Delta to conduct additional codeshare flights. In light of Delta's inability to operate its planned service increases due to the actions of the Russian Federation, the Department granted Delta waivers of the dormancy requirements applicable to Delta's frequencies. The new rights under

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the MOC now give the Department the important opportunity to allow Delta to achieve its long planned objective to expand its U.S.-Russia service.

2. An award to Delta of a year-2000 designation would enable it to preserve existing Moscow service levels that Delta has provided in the marketplace for over two years. As the Department has stated, “it is in the public interest . . . to facilitate continuation of the existing incumbent carrier services in the market.” Order 94-9-1 at 6. It would also allow Delta to increase service to St. Petersburg from three weekly flights to seven weekly flights.

3. Delta’s proposal would maximize service options and enhance competition. Delta will offer additional Russia service from a total of eight U.S. gateways: Atlanta, Boston, Chicago, Cincinnati, Los Angeles, New York (JFK), San Francisco and Washington, D.C.

F. The third-country codeshare services proposed by Delta are fully consistent with the U.S.-France and U.S.-Russia bilateral agreements. In addition, Delta already holds underlying authority to provide the services proposed herein.<sup>1</sup>

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<sup>1</sup> See, Delta’s certificate for Route 616 (Order 95-3-25) and Order 97-7-16 granting Delta broad route integration authority. See also, Order 98-6-5, which granted Delta an exemption to provide service between any point in the United States and any point in France, and any point beyond France to third countries.

G. The Delta-Air France cooperative service agreement has already been provided to the Department in connection with the Department's review and approval of the blanket statements of authorization permitting Delta and Air France to engage in reciprocal codeshare service.<sup>2</sup>

II. RUSSIA OVERFLIGHTS

A. Delta requests fourteen weekly overflight frequencies, which Delta proposes to use immediately upon the issuance of authority.

B. Delta currently operates fourteen weekly flights between Frankfurt and Mumbai (seven in each direction). Delta has determined that it could operate to Mumbai over a more advantageous routing via Russia airspace, without overflying Afghanistan, and desires to do so immediately.

C. Delta submits that there are at least nineteen weekly overflights that should be subject to allocation in this proceeding, not five as suggested by the Department's Notice. United terminated all direct services to India and is not using any of its fourteen weekly frequencies. United's only service to India involves a codeshare operation in conjunction with flights operated by Lufthansa.

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<sup>2</sup> To the extent necessary, Delta hereby submits the 30-day notice of its intent to provide codeshare service to Russia on Air France's Paris-Moscow/St. Petersburg flights.

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Although United has a dormancy waiver, United's frequencies are dormant for commercial reasons, not due to the Afghanistan overflight restrictions, as evidenced by Northwest's current and Delta's planned use of Russia overflights. The Department's longstanding policy is to maximize use of valuable bilateral rights, and reallocate dormant authority to carriers that are ready, willing and able to use it. In fact, the Notice proposes to reallocate several of Delta's dormant combination frequencies. The Department should apply its policy consistently and reallocate United's dormant overflight frequencies to Delta.

D. In light of Delta's immediate need and requirement, the Department should allocate Delta fourteen weekly Russia overflight frequencies.

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WHEREFORE, Delta Air Lines, Inc. respectfully urges the Department to grant this application and to grant such other and further relief as the Department deems to be in the public interest.

Respectfully submitted,

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March 29, 1999

## **CERTIFICATE OF SERVICE**

I hereby certify that I have caused a copy of the foregoing Application of Delta Air Lines, Inc. to be served this 29<sup>th</sup> day of March, 1999, by facsimile or first class mail, upon each of the following persons:

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