

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

In the matter of :
 :
U.S. -COLOMBIA COMBINATION : Docket OST-00-7655
SERVICE PROCEEDING :
 :

Applications of :
 :
CONTINENTAL AIRLINES, INC. : Docket OST-00-7186
DELTA AIR LINES, INC. : Docket OST-00-7104
 :
for allocation of U.S.-Colombia frequencies :
 :

Application of :
 :
DELTA AIR LINES, INC. : Docket OST-97-3218
 :
Under 49 U.S.C. §41102 for a certificate of :
Public convenience and necessity :
(Atlanta-Bogota) :
 :

REPLY OF
CONTINENTAL AIRLINES, INC.
AND MOTION FOR LEAVE TO FILE

Communications with respect to this document should be sent to:

Rebecca G. Cox
Vice President, Government Affairs
CONTINENTAL AIRLINES, INC.
1350 I Street, N.W.
Washington, DC 20005

Hershel I. Kamen
Staff Vice President, International
& Regulatory Affairs
CONTINENTAL AIRLINES, INC.
P.O. Box 4607 - HQSGV
Houston, TX 77210-4607

R. Bruce Keiner, Jr.
Thomas Newton Bolling
CROWELL & MORING LLP
1001 Pennsylvania Avenue, N.W.
Washington, DC 20004-2595
(202) 624-2500

Counsel for
Continental Airlines, Inc.

August 9, 2000

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

In the matter of :
 :
U.S.-COLOMBIA COMBINATION : Docket OST-00-7655
SERVICE PROCEEDING :
 :

Applications of :
 :
CONTINENTAL AIRLINES, INC. : Docket OST-00-7186
DELTA AIR LINES, INC. : Docket OST-00-7104
 :
for allocation of U.S.-Colombia frequencies :
 :

Application of :
 :
DELTA AIR LINES, INC. : Docket OST-97-3218
 :
Under 49 U.S.C. §41102 for a certificate of :
Public convenience and necessity :
(Atlanta-Bogota) :
 :

REPLY OF
CONTINENTAL AIRLINES, INC.
AND MOTION FOR LEAVE TO FILE

Since Delta's¹ answer to the Continental and Houston objections in this proceeding injects further factual errors into the record for this proceeding, Continental is constrained to reply to Delta's objection to set the record straight.

Continental moves for leave to file this reply and states as follows:

¹ Common names are used for airlines.

1. Delta claims that the number of flights already offering U.S.-Bogota service is not a “material fact” (Delta Answer at 1), describes as a “minor technical error” the “under-counting of Continental’s frequencies” (Delta Answer at 4), misstates Continental’s service record in South America (Delta Answer at 3), ignores the Department’s under-counting of total U.S.-Bogota carriers, frequencies and gateways raised in Continental’s objections and says erroneously that Continental offers “double daily frequencies at each of its Newark and Houston hubs.” (Delta Answer at 5). As Continental’s objections pointed out, the show-cause order understated total U.S.-Bogota frequencies by 17 weekly flights, understated the number of U.S.-flag Bogota gateways by a third and did not even consider all of the foreign-flag Bogota gateways. Delta now compounds the factual errors by claiming Continental “failed to operate” Houston-Sao Paulo, Newark-Santiago and Newark-Rio de Janeiro nonstop services, when in fact Continental operates Houston-Sao Paulo nonstop service four days per week and Newark-Rio de Janeiro nonstop service seven days per week and operated Newark-Santiago nonstop service for years. Continental holds authority only for a single daily nonstop New York (Newark)-Bogota flight and a single daily Houston-Bogota flight, so Continental does not, and cannot, operate double-daily service at either New York (Newark) or Houston.

2. If the Department takes this opportunity to consider fully the correct facts regarding Colombia service, it will recognize that adding a seventh U.S.-Bogota carrier is far less important than adding a second U.S.-Cali carrier. Delta

ignores the fact that U.S.-Cali service is not only a U.S.-flag monopoly for American, it is a total monopoly. Although Delta quotes the Department's conclusion, neither the Department nor Delta has explained why eliminating a monopoly is less important than adding a seventh carrier between the U.S. and Bogota. Only an opportunity to submit exhibits and briefs can allow the Department to answer the questions raised. Delta says Continental "seeks to obfuscate the enormous market structure and service improvements" Delta claims will result from its proposed service, but Delta itself "obfuscates" by failing to recognize that seven airlines already offer U.S.-Bogota service while only one airline provides U.S.-Cali service. Adding the Atlanta gateway to New York (Newark and JFK), Houston, Miami and Los Angeles gateways is not an "enormous service improvement," as CO is prepared to demonstrate in further proceedings. Indeed, it is ironic that the Department is rushing to expedite this proceeding while the 1999 U.S.-Brazil Combination Service Proceeding has been on the Department's docket since September 1999, languishing over 100 days since Continental submitted a motion asking for immediate allocation of a single frequency.

3. Continental urges the Department to grant its motion for leave to file this reply so Delta's factual errors can be corrected. No party will be prejudiced by acceptance of this reply, which is essential to the Department's consideration of the issues raised.

For the foregoing reasons, Continental urges the Department to institute further proceedings to consider the award of Colombia authority and to award Continental seven weekly frequencies for Houston-Cali service.

Respectfully submitted,

CROWELL & MORING LLP

/s/ R. Bruce Keiner, Jr.

R. Bruce Keiner, Jr.
rbkeiner@cromor.com

/s/ Thomas Newton Bolling

Thomas Newton Bolling
tbolling@cromor.com

Counsel for
Continental Airlines, Inc.

August 9, 2000

CERTIFICATE OF SERVICE

I certify that I have this date served the foregoing document on all parties served with the Department's Order 2000-7-19 in accordance with the Department's Rules of Practice.

/s/ Thomas Newton Bolling

Thomas Newton Bolling

August 9, 2000

SERVICE LIST

His Excellency Luis Alberto Moreno
Ambassador of the Republic of Colombia
Embassy of the Republic of Colombia
2118 Leroy Place, N.W.
Washington, DC 20008

Rebecca L. Taylor
Leftwich & Douglas, P.L.L.C.
1401 New York Ave., N.W.
Washington, DC 20005-3922

Richard M. Vacar, Director
Hoyt L. Brown, Deputy Director
Department of Aviation
City of Houston
16930 John F. Kennedy Blvd.
Houston, TX 77032

Air Carrier Branch AFS-220
Federal Aviation Administration
800 Independence Avenue, S.W.
Washington, DC 20591

Allan A. Mendelsohn
Deputy Assistant Secretary
of Transportation Affairs
Department of State
2201 C Street, N.W.
Room 5830
Washington, DC 20520

Robert E. Cohn
Shaw Pittman
2300 N Street, N.W.
5th Floor
Washington, DC 20037

Nathaniel P. Breed, Jr.
Shaw Pittman
2300 N Street, N.W.
5th Floor
Washington, DC 20037