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DEPT. OF TRANSPORTATION  
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**LARRY BERG**  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

April 2, 2008

Docket Operations  
U.S. Department of Transportation  
West Building, Ground Floor Room W12-140  
Routing Symbol M-30  
1200 New Jersey Ave SE  
Washington, DC  
20590 United States of America

**Fax: 202-493-2251**

Dear Sirs:

**Re: Docket: FAA-2008-0036 – Threat to Transborder Regional Service**

We are writing in support of Air Canada Jazz's request to have the proposed congestion rate and policy at U.S. airports withdrawn. If this proposal is approved it could be seriously detrimental to the carrier's transborder operations at YVR and at other Canadian airports. In particular this could jeopardize the viability of regional services connecting smaller markets.

It is our understanding that the proposed amendments, if ratified, would prove especially harmful to operators of regional sized aircraft. In this regard, we sincerely urge a reconsideration as regional aircraft has been an increasing proportion of our transborder operations and an impetus for growth over recent years. Thus any policy change that proves to be detrimental to this segment of aircraft could seriously curtail our overall growth in the transborder sector.

In support of our comments, we highlight some salient facts in regards to transborder regional operations at our airport:

- Capacity by regional jets and turboprops in the transborder sector at YVR has increased by 44% between 2004 and 2008 while overall capacity in the sector has been flat.
- There are now 5 carriers operating to 10 destinations using regional-sized aircraft in 2008, this is up from 6 destinations in 2004.
- Passenger traffic on our major regional transborder operators were up 24% in 2007 versus 2006; this is compared to only a 2.5% overall increase for all operators in the sector.
- Regional aircraft will make up 28% of transborder capacity at YVR in 2008; this is up from 19% in 2004.

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As can be seen, regional-sized aircraft have clearly been a key driver of growth in this sector over recent years and we anticipate this to be the case in the foreseeable future especially in light of the restructuring of the North American airline industry and the rapid escalation in fuel costs over the last 12 months.

It is important that we emphasize that regional-sized aircraft are vital to grow the transborder market at this airport especially for the established services to new markets. One of the advantages to the regional-sized aircraft is that they can mitigate some of the risk to a carrier entering a new market which it would otherwise incur using a larger and more costlier one to operate mainline aircraft.

In 2005, we saw the start of regional jet service by Air Canada Jazz to San Diego and subsequently in 2007 the carrier started new service to Sacramento. The market demand and dynamics for these 2 city pairs may not have been able to support a mainline aircraft initially but the use of regional aircraft were able to establish viable nonstop services from YVR to these points as it will for other new markets in the future.

From an economic impact standpoint we estimate the loss of the 11 daily Air Canada Jazz transborder frequencies in 2007 to be in excess of US\$50 million to the Vancouver community alone. This does not even take into account the detrimental impact to communities in the U.S. as well as the loss of trade and leisure travel linkages.

To summarize, we sincerely urge the U.S. Department of Transportation to reconsider the new congestion rate and policy change proposal. We deem that the amendments will be especially detrimental to regional-sized aircraft, which have been a key driver to our transborder passenger growth in recent years. If the growth of regional-sized aircraft to U.S. airports is constrained this will ultimately inhibit cross border travel, trade linkages, and prove detrimental to the economic fortunes of both U.S. and Canadian communities.

Yours truly,



cc: *Joseph D. Randell, President & CEO, Air Canada Jazz*