

# ORIGINAL

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D. C.

DEPT. OF TRANSPORTATION  
SECRET

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Application of :  
:  
GREATER BATON ROUGE :  
AIRPORT DISTRICT :  
:  
for exemption from 14 CFR Part 93, :  
Subparts K and S, under 49 USC :  
41714 to allow nonstop service to :  
Chicago O'Hare International Airport :  
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OST-99-5532-9

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Application of :  
:  
HUNTSVILLE-MADISON COUNTY :  
AIRPORT AUTHORITY :  
:  
for exemption from 14 CFR Part 93, :  
Subparts K and S, under 49 U.S.C. 41714 :  
for nonstop service to Chicago O'Hare :  
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OST-99-5533-6

## REPLY OF AMERICAN EAGLE AIRLINES, INC. AND MOTION FOR LEAVE TO FILE

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May 6, 1999

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DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D. C.

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

American Eagle Airlines, Inc. hereby moves for leave to file the following reply to the answers submitted on April 27, 1999 by United Air Lines, Inc. and Atlantic Coast Airlines d/b/a United Express. Under 14 CFR 302.407, replies may be made by applicants (in this case, the two communities). However, because United and its affiliate United Express have made a number of assertions about American Eagle in their respective answers, the Department should also permit American Eagle an opportunity to reply in the interest of a complete and accurate record.

I. UNITED

United continues to assert that, as a matter of "policy," the Department should not award Chicago O'Hare exemption slots to communities. United made such arguments earlier this year in opposition to the applications of the communities of Greenville/Spartanburg (OST-99-5530) and Savannah/Hilton Head (OST-98-3603), but the Department decided to grant those applications by Order 99-3-12, March 16, 1999. Accordingly, United is merely continuing to repeat arguments that the Department has already explicitly rejected. There is no policy basis -- and United has suggested none -- for the Department to award slots to communities such as Greenville/Spartanburg and Savannah/Hilton Head, but to refuse to make similar awards to communities such as Huntsville and Baton Rouge.

In addition, United presents convoluted procedural arguments that totally mischaracterize the Huntsville and Baton Rouge applications as improper attempts to "transfer" exemption slots from Montgomery and Shreveport, where American Eagle is terminating nonstop service to O'Hare as of June 1, 1999. As American Eagle informed the Department by letter to Acting Assistant Secretary A. Bradley Mims on April 12, 1999, we are relinquishing the eight exemption slots presently used for Montgomery and Shreveport service, and recognize that they will

be reallocated by the Department. American Eagle has made known that it would provide nonstop regional jet service to Huntsville and Baton Rouge if slots were made available, either to the communities or directly to American Eagle, which submitted its own application on April 27, 1999 (OST-99-5587).<sup>1</sup>

We are not sure why United also chose to revisit the Department's procedural mechanism in Order 98-4-21, April 24, 1998, for awarding exemption slots to American Eagle to serve Duluth, Fayetteville, Montgomery, and Shreveport by linking such an award to American Eagle's EAS slots at Bloomington, Champaign, and La Crosse. If the Department chooses to grant slots to the communities of Huntsville and Baton Rouge, there is no reason for the Department to link them to EAS slots. And if the Department makes an award directly to American Eagle, it can again use the procedural device employed in Order 98-4-21, if such action is deemed necessary. There is of course no reason why such a device is proper for slot awards to Montgomery and Shreveport, but would not be for awards to Huntsville and Baton Rouge.

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<sup>1</sup>American Eagle submitted its own application for slots in response to the joint applications by Mobile and United Express (OST-99-5581) and by Charleston and United Express (OST-99-5583) filed on April 22, 1999.

United's opposition to additional American Eagle services at O'Hare is clearly interposed not as a matter of policy or principle, but simply as an attempt by United to maintain its dominant position in O'Hare slots. As we pointed out in our application submitted on April 27, 1999 in OST-99-5587, American's network at Chicago (American Airlines and American Eagle) is at a significant slot disadvantage compared to United's network at Chicago (United Air Lines and its United Express affiliates, including Air Wisconsin, Great Lakes Airlines, Atlantic Coast, and Trans States Airlines). United's network has access to a total of 1,052 O'Hare slots, while American's network has access to 916, resulting in a United network advantage of 136 daily slots, or 68 daily roundtrip services.<sup>2</sup> In the interest of fostering two-carrier hub competition at O'Hare, the Department should not grant any additional exemption slots to use by United-affiliated carriers at O'Hare until American and American Eagle have achieved slot parity.

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<sup>2</sup>These figures include Reno Air's five exemption slots (see Order 99-2-26, February 23, 1999) and the six community exemption slots awarded by Order 99-3-21, and exclude the eight exemption slots presently used by American Eagle for service to Montgomery and Shreveport that will revert to the Department for reallocation as of June 1, 1999.

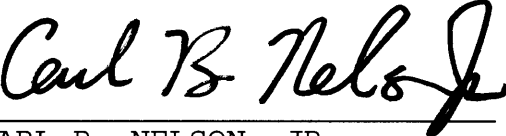
## II. UNITED EXPRESS

Atlantic Coast Airlines d/b/a United Express is interested in additional O'Hare exemption slots to serve Mobile (OST-99-5581), Charleston (OST-99-5583), and Savannah/ Hilton Head (OST-98-3603). Its opposition to Huntsville and Baton Rouge is motivated by its own agenda to add O'Hare service from other communities.

While United Express takes American Eagle to task for terminating service at Montgomery and Shreveport, it is noteworthy that United Express did not file applications to serve those communities itself in response to American Eagle's suspension. Regrettably, there was insufficient demand by either community to support nonstop O'Hare operations, and American Eagle reluctantly decided to end its service.

We fully expect demand to be far stronger at Baton Rouge and Huntsville, as detailed in the two communities' pleadings in OST-99-5532 and OST-99-5533. The Department should promptly grant the Baton Rouge and Huntsville applications for O'Hare exemption slots, which would be used by American Eagle to operate nonstop regional jet service to Chicago, for the substantial benefit of passengers and shippers requiring service in the two local markets, as well as in markets throughout the United States and the world that are conveniently served via American's O'Hare hub.

Respectfully submitted,

A handwritten signature in black ink that reads "Carl B. Nelson, Jr." The signature is written in a cursive style with a large, prominent "C" and "N".

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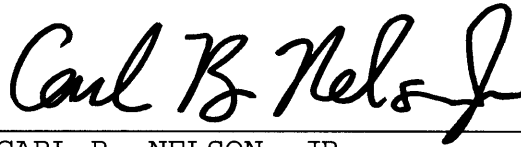
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Associate General Counsel  
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On behalf of American Eagle  
Airlines, Inc.

May 6, 1999

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document by first-class mail on all persons named on the attached service list.

A handwritten signature in black ink that reads "Carl B. Nelson, Jr." The signature is written in a cursive style with a large, prominent "C" and "N".

---

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