

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPT. OF TRANSPORTATION
Dockets

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In the matter of)
)
) **U.S.-Colombia Combination**) **Docket OST-2000-7655**
) **Service Proceeding (2000)**)

Applications of)
)
) **Continental Airlines, Inc.**) **Docket OST-2000-7186**
) **Delta Air Lines, Inc.**) **Docket OST-2000-7104**
)
) for allocation of U.S.-Colombia frequencies)

Application of)
)
) **Delta Air Lines, Inc.**) **Docket OST-2000-3218**
)
) Under 49 U.S.C. § 41102 for a certificate of public)
) convenience and necessity (Atlanta-Bogota))

**OBJECTIONS OF THE CITY OF HOUSTON
AND THE GREATER HOUSTON PARTNERSHIP**

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Dated: July 24, 2000

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**OBJECTIONS OF THE CITY OF HOUSTON
AND THE GREATER HOUSTON PARTNERSHIP**

Dated: July 24, 2000

The City of Houston and the Greater Houston Partnership (collectively, the "Houston Parties") hereby respectfully submit the following objections to Order 2000-7-19, in which the Department tentatively awarded the seven available U.S.-Colombia frequencies to Delta Air Lines ("Delta") for its proposed service between Atlanta and Bogota, Colombia without benefit of an evidentiary proceeding.

In the limited opportunity that it was given, Continental made a persuasive case for using the seven available frequencies between Houston and Cali, Colombia. By awarding these frequencies to Continental, the Department would ensure that the central and western regions of the United States will have the benefit of adequate service to Colombia. Continental operates a single daily flight to Bogota from Houston, the only Colombia gateway west of the Mississippi.

Meanwhile, U.S. and foreign-flag carriers operate 74 flights per week to Colombia from the southeastern region of the United States, including 39 to Bogota.¹ Although Delta would be a new entrant in the U.S.-Colombia market, there is no proven need for Atlanta-Bogota service, especially given the wealth of Bogota services at American Airlines' Miami mega-hub.

By contrast, the benefits to the U.S. public of the new international service opportunities to Colombia could be maximized by allocating them to the chronically underserved western and central regions of the United States. Indeed, in the 1992 U.S.-Colombia Combination Service Case, the Department recognized that only Continental had "respond[ed] to the clear need to enhance service from the central and western regions of the United States." Order 93-7-36, at 10. In this case, in which Continental would offer significant new connecting services through Houston, the Department again has "an important opportunity to offer Colombia service to a greater segment of the public." Id. See also 1999 U.S.-Italy Combination Service Case, Order 99-2-27, at 4 (prioritizing award of new U.S.-Italy frequencies to the region with the least service to Italy). Continental would introduce the first nonstop service from the historically underserved central and western regions of the U.S. to Cali, which also would be only their second service to Colombia.² Continental and Houston have a proven track record in, and commitment to, Latin America, and if given the opportunity, would maximize the public benefits of an award of these frequencies.

Because the award of these frequencies is being considered without an evidentiary proceeding, Continental and Houston have not had an opportunity to present a complete case setting forth the many benefits of service between Houston and Cali. For example, there has

¹ See Official Airline Guide, August 2000.

² Moreover, Continental's flights would be only the second nonstop service to Cali from the United States. In the 1999 United States-France Combination Services Proceeding, the DOT held that the public "would benefit from the convenience and efficiency of having direct access to [regional] destinations in France" more than from additional service to Paris, the country's capital. See Order 99-8-24, at 4.f

been no consideration of critical issues such as whether the differences in the size of the aircraft Delta and Continental proposed to operate would be offset by the load factors that they reasonably can expect to achieve from their respective catchment areas. Indeed, there has been very little consideration of any of the evidence normally considered in competitive route proceedings.

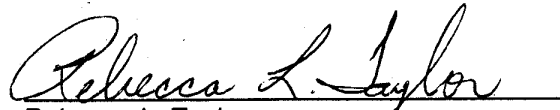
Awarding limited frequencies in this fashion disadvantages carriers, cities, and the traveling public, and is in conflict with Department precedent. Thus in the 1999 U.S.-Italy Combination Service Case, the Department denied Delta's request for an immediate order authorizing Delta's proposed Atlanta-Rome service, explaining that:

[A] total of only seven weekly frequencies are available for allocation. Four carriers, including one not now offering scheduled service in the Italy market, have sought award of these frequencies, and the applications involve service from different U.S. cities and different Italian destinations. In these circumstances, we are not persuaded by Delta's arguments that the record is adequate now to proceed to a tentative decision in this case.

Order 98-12-3, at 4. Likewise, in this case only seven frequencies are available, and Delta and Continental each propose to serve different destinations in the United States and Colombia. A full evidentiary proceeding would have allowed Continental to show why service between Houston and Cali – gateways to underserved regions of both countries – would generate the greatest benefits for passengers and shippers in the United States. See also Order 2000-2-12, at 6 (denying Delta's claim in the 1999 U.S.-Brazil Combination Service Case that an evidentiary proceeding was unnecessary because Delta's proposed Atlanta-Rio de Janeiro service was "so overwhelmingly superior" to Continental's proposed Houston-Lima-Sao Paulo service). Houston urges the use of full evidentiary proceedings in similar cases in the future so that both carriers and cities have the opportunity to present a complete case.

WHEREFORE, the Houston Parties respectfully ask the Department to re-evaluate its decision to award the seven available U.S.-Colombia frequencies to Delta and to award the frequencies to Continental instead.

Respectfully submitted,



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