

UNGARETTI
& HARRIS

CHICAGO

3500 Three First National Plaza
Chicago, Illinois 60602.4283
Telephone: 312.977.4400
Fax: 312.977.4405

✓

WASHINGTON

1500 K Street, N.W., Suite 250
Washington, D.C. 20005.1714
Telephone: 202.639.7501
Fax: 202.639.7505

SPRINGFIELD

400 E. Jefferson Street, Suite 1200
Springfield, Illinois 62701
Telephone: 217.544.7000
Fax: 217.544.7950

December 23, 2002

U.S. Department of Transportation
Docket Office

RE: Application of AirTran Airways, Inc.
For an exemption pursuant to 49 U.S.C. s 41718(b)
Fort Lauderdale, Palm Beach and Fort Meyers –
Ronald Reagan Washington National Airport

Please replace the December 20th filing in this docket with the attached document. Part of the service list attached to the December 20th filing was inadvertently omitted and some of the dates contained therein were incorrect.

Thank you for your assistance.

Sincerely,

Edward P. Faberman
Counsel for AirTran Airways

referred to the benefits of low fare competition as “enormous” and cited as example AirTran’s entry in the Atlanta-Buffalo market as well as its impact on pricing in Greensboro. Various studies have placed the consumer benefit of the competition AirTran brings in Atlanta at more than \$700 million per year. The most notable airport that has not benefited from the low fare competition provided by AirTran’s service in Atlanta is Ronald Reagan Washington National.

These benefits were again highlighted in the DOT’s Domestic Airlines Fares report issued this past August which included a special feature on AirTran’s impact on business travel.

Airline Barriers to Entry Remain a Serious Threat to Competition

While each of these groups heralds the impact of low cost carriers, they also uniformly warn of the barriers to entry resulting from slot controls and the inability to gain access at high density airports – particularly New York LaGuardia and Ronald Reagan Washington National Airport.

The GAO, and others, has repeatedly reported that airline barriers to entry, both in terms of slots and gate availability at congested airports, are limiting competition and resulting in higher average fares. This is more evident at Washington National than any other airport. Despite the efforts of the DOT to distribute slots and enhance competition, slot consolidation among major carriers continues to be a threat to competition. At LaGuardia, low-fare new entrant carriers hold less than 6% of slots. Few low cost carriers have slots at Washington National. Marketing alliances between the major carriers further compounds the slot consolidation problem. United and US Airways were the most recent carriers to announce a

code-share alliance that combines frequent traveler awards programs, these two carriers account for nearly 50% of all slots at Washington National Airport¹. In fact, if the proposed codeshare between Delta, Continental and Northwest Airlines is approved, 75% of the peak time slots at DCA would be controlled by these two alliances.

Lack of Competition at Washington National Results in Significantly Higher Fares for Business and Government Travel

As a result, fares are significantly higher from National Airport than from Dulles. Based on DOT statistics for second quarter 2002, the average fare to Washington's top business destinations from National was \$149 versus \$107 at Dulles, a premium of nearly 40%.

While traffic has been growing in most markets across the country, passenger traffic at Ronald Reagan Washington National has shrunk by more than 6% on 2% fewer operations for 12 months ended January 2000.² This trend continues with the routine replacement of mainline jet service with smaller regional jet capacity covering operating jet slots. In January 2001 96% of peak time jet slots (defined as between the hour of 0700 and 2159) were operated by mainline aircraft. In January 2003, despite an overall 4% increase in peak time DCA slots due to the Air21 initiative, mainline operation of DCA peak time jet slots is below 64%. This is clearly the result of no real competition in the market.

This differential is equally apparent in the Government contract fares; for example the contract fare from Dulles to Atlanta – where the AirTran presence influences the market pricing

¹ Slots as of August 12, 1999, per FAA Slot Management System

² January 2000 Air Traffic Statistics, Metropolitan Washington Airport Authority

– is \$110, from National the fare is \$290 each way, 164% more. Approval of this application would clearly provide substantial public benefit.

Higher Fares are the Natural Result of

Consolidation of Slots at Ronald Reagan Washington National Airport

Even with the Air21 allocation,, the large carriers and their partners control 94% of all domestic jet slots at high-density airports and virtually all commuter slots at these critical airports. Of the 583 peak time jet slots at Ronald Reagan Washington National Airport, approximately 546 are controlled by one of the three major carriers/alliances. This consolidation has a severe impact on competition and naturally forces prices higher than at markets with no barriers to entry and real competition.

Air 21 Clearly Intends to Create Meaningful and Sustainable Competition

AirTran applauds Congress for the attention it has given to airline competition issues. It is clear without their vigilance and the DOT's attention the gains that new entrant carriers have made, and the consumer benefits resulting from those gains, would not have been possible. The Aviation Investment and Reform Act³ continues to move in the right direction to promote the benefits of competition. Loosening of slot restrictions will provide low cost, new entrant carriers the opportunity to compete in a number of markets. It is clear the intent of the law is to improve services at smaller airports and create meaningful competition at Reagan Washington National.

The benefit of low fare service and competition is best accomplished through granting this application.

³ "Air 21"; Wendell H. Ford Aviation Investment and Reform Act for the 21st Century.

Schedule Outline

AirTran’s proposed schedule, as outlined on Exhibit 1, would offer twice daily non-stop service to Fort Lauderdale as well as once daily service to either West Palm Beach or Ft. Myers, Florida.

Exhibit 1

<u>From</u>	<u>To</u>	<u>Depart</u>	<u>Arrive</u>
DCA	FLL	1035	1308
DCA	FLL	1900	2130
FLL	DCA	0730	0955
FLL	DCA	1230	1459
DCA	RSW or PBI	1540	1800
RSW or PBI	DCA	1605	1819

AirTran’s Newest Aircraft, the Boeing 717, would**Limit the Environmental Impact on the Nearby Community**

In addition to the demonstrated benefits of low-fare service AirTran provides to the communities we serve, AirTran is the launch customer for the new Boeing 717. This aircraft features increased passenger comforts including 100% recycled cabin air. More importantly to the local community, it is among the most environmentally sound aircraft flying today with 24% better fuel economy and the lowest all around noise level of any airplane in service today, including regional jets and Airbus. This is especially important for the communities surrounding

Washington National – with 117 seats per aircraft, more passengers can benefit from lower fares with less noise impact than with comparable service by Regional Jets or Airbus A320's.

Approval of AirTran Airways Application is in the Public Interest

The Department of Transportation wisely approved applications by new entrant carriers, AirTran included, at New York's LaGuardia and John F. Kennedy airports which have resulted in the type of competition that most benefits the traveling public – the introduction of real low fare service. These approvals are clearly consistent with the intentions of the Airline Deregulation Act which seeks “to foster and promote competition, and specifically to promote key public interest factors, including unreasonable industry concentration, excessive market domination and monopoly power.” The most notable remaining enclave of industry concentration and market domination continues to be Ronald Reagan Washington National Airport. AirTran is one of the fastest growing, most successful new entrant carriers in the industry with a demonstrated ability to provide reliable, low fare, quality service. The addition of Reagan National service to the AirTran network will have a profound impact on consumers.

AirTran qualifies for slots as a new entrant carrier that has never held slots at Ronald Reagan Washington National airport. AirTran has a demonstrated record of offering low fare competition that is clearly in the public interest and consistent with the Departments charter to promote competition. Therefore, AirTran respectfully requests the approval of this application and is prepared to initiate service at Ronald Reagan Washington National Airport as soon as practical following approval.

Respectfully submitted,

AirTran Airways, Inc.

By: Kevin, P. Healy
Vice President Planning

Dated: December 20, 2002

Certification

Pursuant to 18 U.S.C & 1001, I Kevin P. Healy, Vice President, AirTran Airways Inc., in my individual capacity and as authorized representative of the pleader, hereby certify the following information concerning AirTran Airways application for slot exemptions at Reagan Washington National Airport (DCA):

1. AirTran Airways meets the statutory criteria as a new entrant / limited incumbent air carrier because it holds less than twenty slots at LGA. AirTran Airways currently has no service at DCA.
2. AirTran Airways requests six slot exemptions at LGA so that it may initiate service to Fort Lauderdale (FLL), Palm Beach (PBI) and Fort Meyers (RSW).
3. AirTran Airways will still qualify as a “new entrant” at DCA after these exemptions are granted, as AirTran Airways will hold only six slots.
4. AirTran Airways intends to operate its proposed DCA services using only Stage three compliant 717-200.

Pursuant to 18 U.S.C. section 1001, I Kevin P. Healy, in my individual capacity and as the authorized representative of AirTran Airways, have not in any manner knowingly and willfully falsified, concealed, or failed to disclose any material fact or made any false, fictitious, or fraudulent statement or knowingly used any documents which contain such statements in connection with the preparation, filing or prosecution of the attached Application of AirTran Airways Inc. filed on December 20, 2002. I understand that an individual who is found to have

violated the provisions of 18 U.S.C. section 1001 shall be fined or imprisoned not more than five years or both.

Kevin P. Healy,
Vice President,
AirTran Airways Inc.

Dated: December 20, 2002

Certification of Service

I hereby certify on this 20th day of December 2002, I served a copy of the foregoing Certification of AirTran Airways, Inc. by postage-paid first-class mail to each of the individuals named on the attached service list.

John P. Kirby

Governor Jeb Bush
The Capitol
Tallahassee, FL 32399-0001

Senator Bob Graham
524 Hart Senate Office Building
Washington, D.C. 20510

Senator Bill Nelson
524 Hart Senate Office Building
Washington, DC 20510

Mayor Anthony A Williams
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Mayor Joel T. Daves
200 2nd Street
West Palm Beach, Florida 33401

Mayor Jim Humphrey
The City of Fort Myers
P.O. Drawer 2217
Fort Myers, FL 33902

Mayor Jim Naugle
City of Fort Lauderdale
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

Edward S. Faggen
General Counsel, MWAA
1 Aviation Circle
Washington, DC 20001-6000

Bruce V. Pelly
Director, Department of Airports
PBIA Building 846
846 Palm Beach International Airport
West Palm Beach, FL 33406-1470

Robert M. Ball
Executive Director
Lee County Port Authority
Southwest Florida International Airport
16000 Chamberlin Parkway, Suite 8671
Fort Myers, FL 33913

Bill Sherry
Director of Aviation
Broward County Aviation Department
320 Terminal Drive
Fort Lauderdale, FL 33315

Robert E. Cohn
Shaw, Pittman, Potts & Trowbridge
2300 N Street, N.W.
Washington, D.C. 20036
(Counsel for Delta Airlines)

Jeffery A. Manley
Bruce Rabinovitz
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037
(Counsel for United Airlines)

Carl B. Nelson
Associate General Counsel
American Airlines, Inc.
1101-17th Street, N.W.
Washington, D.C. 20036
(Counsel for American Airlines)

Robert P. Silverberg, Esq.
Silverberg, Goldman & Bikoff, L.L.P.
1101 – 30th Street, N.W.
Suite 120 Washington, D.C. 20007
(Counsel for Midwest Express Airlines, Inc.)

Marshall S. Sinick
Spuire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 20040
(Counsel for American Trans Air)

Joanne W. Young
David M. Kirstein
Baker & Hostetler, L.L.P.
Washington Square, Suite 1100
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036
(Counsel for America West Airlines)

Frank J. Cotter
Assistant General Counsel
US Airways
2345 Crystal Drive
Arlington, VA 22227

Megan Rae Rosia
Associate General Counsel
Northwest Airlines, Inc.
901 15th Street, N.W.
Suite 310
Washington, D.C. 20005

Arthur T. Voss
General Counsel
Frontier Airlines
12015 East 46th Avenue
Denver, CO 80239

Mark S. Kahan
Vice Chairman and Chief Operating Officer
Spirit Airlines, Inc.
2800 Executive Way
Miramar, FL 32025

Gordon M. Bethune
Chairman & CEO
Continental Airlines, Inc.
P.O. Box 4607
Houston, TX 77210

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of Application of AirTran Airways for an Exemption, by e-mail or mail on December 23, 2002 to each of the persons listed below.

Sonia S. Pak

SERVICE LIST

Honorable Mark R. Warner
Governor
Commonwealth of Virginia
State Capitol, 3rd Floor
Richmond, VA 23219

R. Bruce Keiner
Crowell & Moring
1001 Pennsylvania Avenue, NW
Suite 1100
Washington, DC 20004
rbkeiner@crowell.com

Joel Stephen Burton
O'Melveny & Myers
555 Thirteenth Street, NW
Washington, DC 20004-1109
Jburton@omm.com

Atlantic Southeast Airlines, Inc.
Suite 800
100Hartsfield Center Parkway
Atlanta, GA 30354

Stephen H. Lachter
Lachter & Clements
1150 Connecticut Avenue, NW
Suite 900
Washington, DC 20036
lachter@starpower.com

Christopher Brown
Airport Manager
Ronald Reagan Washington National
Airport
Washington, DC 20001

Lorelei Peter
Office of the Chief Counsel
Federal Aviation Administration
800 Independence Avenue, SW
Washington, DC 20591
Lorelei.peter@faa.gov

James A Wilding
President & CEO
Metropolitan Washington Airports
Authority
One Aviation Circle, Suite 300
Washington, DC 20001

Commissioner Ellen O'Donnell
Chicago Midway Airport
5700 South Cicero
Chicago, IL 60638

Commissioner Thomas Walker
Chicago Aviation Department
Chicago O'Hare International Airport
P.O. Box 66142
Chicago, IL 60666

Jonathan B. Hill
Dow, Lohnes & Albertson
1200 New Hampshire Avenue, NW
Suite 800
Washington, DC 20036
jhill@dlalaw.com

Air Midwest, Inc.
D/b/a US Air Express
Box 7724, Mid-Continental Airport
Wichita, KS 67277