

December 16, 2005

Mr. Norman Mineta
Secretary of Transportation
Department of Transportation
[400 Seventh Street SW.](#)
[Nassif Building, Room PL-401](#)
Washington, DC [20590-0001](#)

Dear Secretary Mineta,

Virgin America has submitted its application, as you know, (docket number OST-2005-23307) for a Certificate of Public Convenience and Necessity. They have requested authorization from the Department of Transportation to engage in scheduled interstate air transportation. The purpose of this correspondence is to request that Virgin America be granted this certificate using simplified procedures so that it may commence service as early as possible in 2006.

As you can see from its application, Virgin America's presence will have significant impact in the San Francisco Bay Area, including increased competition, economic growth and the creation of new American jobs.

As stated in Virgin America's application, currently The San Francisco International Airport (SFO) has too little low-cost carrier (LCC) service. SFO's lack of LCC service has led it to suffer a dramatic loss of traffic in recent years as local passengers drive to Oakland ("OAK") or San Jose rather than pay the higher prices at SFO. Indeed, annual passenger statistics show that SFO O&D passengers dropped by seven million, or 30%, from the year ending in the fourth quarter of 2000 to the year ending in the second quarter of 2005. The number of domestic departures from SFO in the third quarter of this year was 22% below the same period in 2000. LCCs comprised just 8% of the daily departures out of SFO in December 2005. At the same time, OAK has seen 28% traffic growth, driven by LCC carriers who have increased departures at OAK by 35% since 2000. Consumers have benefited, as fares from OAK are currently 38% below the average domestic fare paid at SFO. I believe that that by bringing quality, value-oriented service to SFO – the type that Virgin America is proposing – San Francisco area consumers will benefit significantly.

Furthermore, just last year, the Bay Area Economic Forum recognized the desirability of expanding domestic service at SFO, particularly by low-cost carriers:

Additional carriers and routes serving SFO can be expected to generate concrete economic benefits for San Francisco and the Bay Area, as measured by jobs, personal income, business revenues and taxes. Additional routes and carriers will also expand options and stimulate competition in the local air service market, meeting key objectives of important segments of the region's travel community. The introduction of new service by low-fare competitors in particular can be expected to reduce air travel costs. By increasing San Francisco and the Bay Area's national connectivity for both business and leisure travel, new service by

domestic carriers will have a positive impact on the Bay Area's quality of life and its economic competitiveness.^{1/}

And, finally, we're pleased to see that the company has recognized and begun to tap into the wealth of aviation talent in the San Francisco area, and it has already hired several local airline professionals. Moving forward, the Air Transport Association of America and The AFL CIO Transportation Trades Department respectively estimate that each new U.S. airline job supports 15 to 18 additional new U.S. jobs in the general economy. Using this estimate, Virgin America could create up to 50,000 new U.S. jobs economy-wide. That's excellent news for San Francisco and the United States as a whole.

The benefits of starting Virgin America's domestic airline service are compelling for the markets it plans to serve. We sincerely hope that you consider the opportunities for increased competition, consumer-friendly fares, economic growth and job creation when reviewing Virgin America's application.

Sincerest regards,

Thomas Hart
Executive Vice President
Shorenstein Realty Services, L.P.

^{1/} Bay Area Economic Forum, Economic Impacts of New Domestic Air Service at San Francisco International Airport (Sep. 2004).