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# CITY OF SAN ANTONIO

February 9, 2007

DEPARTMENT OF AVIATION  
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OST-2005-23307-12610

The Honorable Mary Peters  
Secretary  
U.S. Department of Transportation  
400 7<sup>th</sup> Street, SW  
Suite 10200  
Washington, DC 20590

Dear Secretary Peters:

I am writing to express San Antonio International Airport's strong support for the Department's timely and favorable review of the revised application of Virgin America to become a certificated domestic air carrier (**Docket OST-2005-23307**). We understand that Virgin America has made substantial changes to its ownership, funding, and corporate governance agreements to address the Department's concerns and to demonstrate its continuing commitment to fully satisfy each of the issues identified in the Department's Tentative Decision. San Antonio International Airport commends Virgin America for ensuring that it addresses both the spirit and "totality of circumstances" that the Department requires to establish clear U.S. citizen ownership and control.

San Antonio International Airport fully supports healthy competition, as it ultimately benefits the traveling public. Similarly, the Department's longstanding policy of supporting competitive new entry in the domestic airline industry continues to produce tremendous gains for consumers. As you know, despite increasing demand and higher load factors, domestic capacity continues to shrink as major airlines place more aircraft into international service, outsource their flying to smaller regional jets, and downsize their fleets as they merge or cut costs in bankruptcy. As a result, the American consumer is paying a high price. In 2006 alone, national airline fares rose nine percent and represented the largest increase in prices in 25 years. We believe the Department should be encouraging, not discouraging, more competition in the domestic airline industry—particularly when that new competition is in the form of Virgin America, a well-financed, new domestic airline that intends to offer nationwide a low-cost, high-quality product with premium service. Virgin America will enhance the economic competitiveness, create direct economic benefits, and enhance the quality of life of many Americans.

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Congress has mandated that the Department promote competition and encourage the entry of new carriers, like Virgin America, into the domestic airline market. The Department's Congestion Initiative has a stated goal to "increase investment in transportation assets where demand exceeds supply (i.e. where unmet needs are the greatest)." For those reasons and others noted above, San Antonio International Airport urges the Department to take the following actions:

- Take a very serious—and fresh—look at Virgin America's recent clarifying information, dramatic changes to its corporate and governance structure, and detailed responses that it has provided the Department;
- Recognize that Virgin America represents a historic opportunity to inject innovative service and competition at a time when both service and competition are lacking in the domestic airline industry, while fully complying with existing U.S. ownership requirements; and
- Ensure the Department acts in a timely manner in issuing Virgin America's Final Order approving its application for a certificate of public convenience and necessity.

Madam Secretary, we hope that you and the Department will approve Virgin America's application and provide the flying public with this exciting new choice. On behalf of San Antonio International Airport, thank you for your consideration.

Sincerely,



Mark H. Webb  
Aviation Director

CC: Fred Reid, CEO Virgin America  
Senator Kay Bailey Hutchison  
Senator John Cornyn  
Representative Ciro D. Rodriguez  
Representative Charles A. Gonzalez  
Representative Lamar Smith  
Representative Henry Cuellar  
Andrew Smith, Director of Intergovernmental Affairs