

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

2007/2008 U.S.-COLOMBIA COMBINATION : DOT-OST-2007-0006
FREQUENCY ALLOCATION PROCEEDING :

REPLY OF AMERICAN AIRLINES, INC.

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DEPARTMENT OF TRANSPORTATION
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2007/2008 U.S.-COLOMBIA COMBINATION : DOT-OST-2007-0006
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REPLY OF AMERICAN AIRLINES, INC.

American Airlines, Inc. hereby replies to the answers submitted in this docket on December 13, 2007 by Continental Airlines, Inc., Delta Air Lines, Inc., JetBlue Airways, Inc., Spirit Airlines, Inc., and US Airways, Inc. As we show below, none of the other applicants has made a persuasive case to justify the confiscation and re-allocation of seven of American's weekly Colombia frequencies.

The Department should reconsider Order 2007-11-23, November 28, 2007, which unfairly placed our frequencies in issue, by removing them from the scope of this case. Alternatively, the Department should re-award these frequencies to American, as their present use in the Miami-Bogota and Miami-Medellin markets best serves the public interest.

I. CONTINENTAL

Continental's answer consists chiefly of repetitious claims of an imbalance in U.S. gateways to Colombia between the east and the west, and that Continental's proposal to add a second Houston-Bogota flight should therefore be selected. However, Continental ignores the fact that there is far greater demand for service to Colombia at Miami than at Houston. Continental also ignores the fact that it currently holds seven Colombia frequencies it is using only on a seasonal basis in the Houston-Cali market. If there were such a pressing need for additional service to Bogota from a gateway "west of Atlanta" (p. 2), Continental would already be providing it by reassigning these seven underutilized frequencies from Houston-Cali to Houston-Bogota.

Continental continues to characterize its proposal, with midnight departures and dawn arrivals in both directions, as an "important overnight Houston-Bogota service to benefit passengers" traveling between the two cities (p. 12). But few if any customers would want to make a day trip from Houston to Bogota, or from Bogota to Houston, a city-pair with nearly the same stage length (about 2,250 miles each way) as Washington, D.C. to Los Angeles. American's use of its Colombia frequencies at the Miami hub offers much stronger public benefits than Continental's "day trip" proposal for Houston.

II. DELTA

In the very first line of its answer, Delta claims that it has "frequently and consistently expressed its long-standing desire to expand service" to Colombia (p. 1). Yet Delta fails to explain why it sat out two chances to seek additional Colombia frequencies, once in 2001 (OST-2001-8910, awarding 14 frequencies (seven each) to Continental and American), and again in 2005 (OST-2005-20150, awarding seven frequencies to Continental to operate seasonal Houston-Cali service). Delta has no basis to complain about a lack of opportunity to expand service to Colombia.

Delta states that an award to American would be a "public interest travesty" (p. 20). To the contrary, American's retention of the seven frequencies the Department has wrongfully placed in issue would best serve the public interest by matching the gateway having by far the greatest demand - Miami - with American's comprehensive pattern of service to Bogota and Medellin. As Delta itself demonstrates (Exhibit DL-209), for the year ended March 31, 2007, the Miami-Colombia O&D market totaled more than 190,000 passengers, twice the number for New York (90,280) and five times the number for Atlanta (34,730).

Delta barely acknowledges that New York already has nonstop service to Bogota operated by Continental (via Newark), nor does Delta address the fact that almost all of its connections via JFK would be on Delta Connection to medium and small cities with limited demand to Colombia.

Moreover, given the uncertainty regarding future service levels at JFK in light of the FAA's pending schedule reduction order (FAA-2007-29320), there is no assurance that Delta would be able to add flights from JFK to Bogota at the times proposed, or that the Delta Connection service claimed in Exhibits DL-223 and DL-224 will continue to be operated at the currently scheduled arrival and departure times.

As for its Atlanta-Medellin (four days a week) and Atlanta-Cali (three days a week) proposals, Delta has failed to demonstrate that less-than-daily service from Atlanta to each of the two Colombian cities would provide significant public benefits. There are no South America destinations on Delta's route map with service limited to three or four flights a week for the reason that such operations are seldom feasible. Most passengers desire to travel on specific days of the week, and would not be attracted to the bare bones Medellin and Cali schedules proposed by Delta.

III. JETBLUE

JetBlue mustered the resources to submit a 28-page answer accompanied by 16 pages of exhibits, yet failed in material respects to comply with the evidence request in its minimal and incomplete application on December 6. JetBlue should be dismissed from the case in light of its disregard of Order 2007-11-23 and the Department's warning that "we expect full compliance" or the applicant "will be subject to elimination from consideration" (p. 6).

If the Department nonetheless considers JetBlue's Orlando-Bogota and Ft. Lauderdale-Bogota proposals on the merits, neither should have priority over American's keeping the seven frequencies we currently use in the Miami-Bogota and Miami-Medellin markets.

Orlando accounts for less than 13% of Miami's O&D passengers to Bogota (Exhibit DL-208), and a fraction of the connecting opportunities that the Miami hub offers for behind cities. While JetBlue's answer takes credit for on-line service to 18 connecting cities for its two proposed routes, MCO-BOG and FLL-BOG, its initial exhibits (1 and 2) identify only six cities for each route as having single-connection service in both directions.

But since JetBlue did not submit connecting schedules on the due date - evidence necessary to determine ground times at its proposed MCO and FLL gateways - the Department should not give credit to any of the connections that JetBlue claims. See 2005 Los Angeles-Mexico City Combination Service Proceeding, Order 2005-5-1, May 4, 2005, p. 9 n. 27.

After business hours on Friday, December 14 - more than a week late - we received by email from JetBlue a motion for leave to file additional evidence, including schedule details for behind cities connecting at MCO and FLL. The Department should strike JetBlue's late filing, just as it struck Alaska's late filing in similar circumstances in the Los Angeles-Mexico City case. See Order 2005-5-1, p. 9 n. 27).

While JetBlue's motion asserts that its connecting schedules are being submitted only out of "an abundance of caution" should "American's" interpretation of the evidence request prove correct, in fact all of the applicants, except JetBlue, provided connecting schedules when responses to the Department's order were due on December 6 (although, as we show below, Spirit's connecting information improperly omitted all arrival and departure times at FLL for behind cities).

In any event, JetBlue's motion establishes that in the Orlando-Bogota market, it would offer only three connections within four hours in either direction; in the Ft. Lauderdale-Bogota market, JetBlue would provide only five connections within four hours southbound and just two northbound (Motion, pp. 5-6). Such a meager array of on-line service for behind cities stands in sharp contrast to American's extensive connecting schedules at the Miami hub, as summarized in Exhibits AA-117 (40 behind cities for Bogota) and AA-118 (34 for Medellin).

IV. SPIRIT

Spirit is seeking all of the 28 frequencies at issue, proposing twice daily service from Ft. Lauderdale to both Bogota and Medellin. Spirit's application, like JetBlue's, should be dismissed for material omissions in responding to the Department's order, as we detailed in our answer (pp. 12-13).

If the Department does not summarily eliminate Spirit from consideration, its frequency request should not be granted at American's expense. American should keep its ability to operate a comprehensive pattern of service to Bogota and Medellin from Miami, South Florida's largest hub and the Nation's largest gateway to South America.

Much of Spirit's pleading is not an answer to the other applicants, but instead a re-hash of what Spirit argued in its initial application about its own proposal. One of those arguments is that Spirit would provide connecting service at FLL to "14 cities," including Boston (p. 17). However, Spirit does not operate nonstop service between FLL and BOS, providing only one-stop service via Myrtle Beach.

Spirit's application neglected to submit arrival and departure times at FLL for connections to and from behind cities, as we showed in our answer. Because of that omission, the Department should not credit Spirit with any on-line service opportunities. See Los Angeles-Mexico City case, Order 2005-5-1, p. 9 n. 27.

In any event, based on its published schedules for April 1, 2008, Spirit would offer only a handful of nonstop-to-nonstop connections for behind cities with reasonable ground times in FLL (Exhibit AA-R-1), in contrast to the large number of on-line connections to Colombia that American provides via the Miami hub (Exhibits AA-117 and AA-118).

For these reasons, Spirit should not receive a Colombia frequency award at Ft. Lauderdale that would require American to reduce its schedules between Miami and Bogota and between Miami and Medellin.

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V. US AIRWAYS

Not once in its 25-page answer does US Airways refer to the size of the Charlotte-Bogota O&D market. That is hardly surprising, since there is almost no local demand for travel between the two cities. MIDT data reflects annual passenger bookings of less than three passengers a day in each direction between Charlotte and Bogota (American answer, pp. 18-19), a far cry from the strong customer demand at Miami.

In selecting Chicago over Atlanta as a new China gateway for 2006, the Department stated that "the Atlanta-China O&D market is very small.... By contrast, Chicago is a major source of local traffic to China; the Chicago-Shanghai market alone was four times the size of the entire Atlanta-China market. [This] is a relevant public interest consideration because it indicates that American could provide more passengers with nonstop service than Delta in the forecast year" (2007 U.S.-China Combination and All-Cargo Frequency Allocation Proceeding, show-cause Order 2005-2-14, February 10, 2005, pp. 24-25). That analysis applies with greater force here inasmuch as Charlotte's O&D traffic to Bogota is less than 4% of Miami's.


Charlotte does not appear among the top 15 O&D markets to Bogota, whereas Miami (American's gateway choice) ranks first, New York (Delta's first choice) ranks second, Houston (Continental's choice) ranks fourth, Atlanta (Delta's second choice) ranks fifth, and Orlando (JetBlue's first choice) ranks seventh (Exhibit DL-208). US Airways' proposal to devote seven frequencies to CLT-BOG, which accounts for an insignificant number of local passengers, should be ranked last in this case.

CONCLUSION

None of the proposals by other applicants should have priority over retention by American of our seven weekly U.S.-Colombia frequencies that were improperly placed in issue by the instituting order.

American's full pattern of nonstop service between Miami and Bogota (three trips a day) and between Miami and Medellin (twice a day) should be preserved by a favorable decision on our petition for reconsideration of Order 2007-11-23. Alternatively, the Department should re-award to American the seven frequencies we already hold and are currently operating in the Miami-Bogota and Miami-Medellin markets.

Respectfully submitted,

Handwritten signature of Carl B. Nelson, Jr. in black ink.

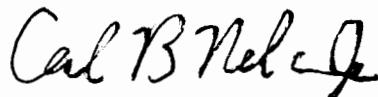
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December 18, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document by email on the following persons:

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