

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

Application of

DELTA AIR LINES, INC.

**for a waiver from the dormancy
condition applicable to its
U.S.-Mexico Exemption Authority.**

Docket OST-97-3289

REPLY OF DELTA AIR LINES, INC.

Communications with respect to this document should be sent to:

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July 1, 1998

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REPLY OF DELTA AIR LINES, INC.

Delta Air Lines, Inc. ("Delta") hereby replies to the Answer of American Airlines, Inc. ("American") submitted on June 24, 1998. American states that the standard U.S.-Mexico dormancy conditions do not apply in the circumstances presented by Delta's exemption request, and American urges that Delta's application be dismissed as moot. Delta's only concern is to preserve its authority to provide code-share services. If the Department agrees with American, then a dormancy waiver is not necessary. If the Department disagrees with American, no one, including American, questions the public interest basis of the requested waiver, and it should be granted expeditiously.

In further support of this reply, Delta states as follows:

1. By Notice Dated June 11, 1998 the Department advised Delta that the Department was proposing to withdraw Delta's unused designation for Los Angeles-La Paz service, thereby releasing the designation for use by Alaska

Airlines, Inc. The Notice stated that the dormancy provision applicable to U.S.-Mexico authority applied to Delta's code-share exemptions. On the basis of the Department's position, Delta felt compelled to file the instant waiver request in order to preserve its authority to implement service this August to a number of code-share points previously authorized by the Department in Order 98-6-2.

2. The Department determined that the public interest required an interim two-week extension of the dormancy period, so that answers and replies could be considered prior to the final disposition of Delta's request. See Notice of Action Taken dated June 18, 1998, Docket OST-97-3289.

3. American asserts that because "Delta is not discontinuing service, nor has it expressed a decision not to inaugurate service" that Condition 7 (relating to dormancy) contained in App. A of Order 88-10-2 does not apply. AA Answer at 2. While Delta is not opposed to American's interpretation, it appears that the Department has taken a different approach.

4. American does not challenge the public interest basis of Delta's request. Indeed, American does not believe that a waiver is necessary at all, and acknowledges that Delta has firm plans to implement its proposed U.S.-Mexico services by August 15, 1998.

5. Since there is no question that it is in the public interest to permit Delta's U.S.-Mexico authority to remain in effect, Delta urges the Department promptly to grant the requested exemption, or, in the alternative, to issue a Notice confirming that the dormancy conditions do not apply.

Respectfully submitted,



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