



CITY OF DALLAS

June 3, 2009

Mr. Rodney Clark, Program Manager
U.S. Department of Transportation
Airport Division
FAA Southwest Region
2601 Meacham Blvd
Ft. Worth, Texas 76137

Subject: DAL Competition Plan Update

Dear Mr. Clark:

In accordance with the requirements of Program Guidance Letter 04-8, please find enclosed the original and a copy of our Competition Plan Update for Dallas Love Field. This update is required because the airline leases have been restated and amended in accordance with the Five Party Agreement to Repeal the Wright Amendment.

As we discussed, the update is addressed to Mr. Benito DeLeon, Director, Office of Airport Planning and Programming. However, I am sending it through you along with your copy.

I believe you will find this update to be complete. However, if there are any questions or additional information is needed, please let me know. As always, thank you for your continued support of our programs at Love Field.

Sincerely,

Daniel T. Weber, A.A.E.
Director of Aviation



CITY OF DALLAS

June 3, 2009

Mr. Benito DeLeon
Director, Office of Airport Planning and Programming
Federal Aviation Administration
800 Independence Ave. SW
Suite 620
Washington, DC 20591

RE: Competition Plan Update for Dallas Love Field

Dear Mr. DeLeon:

This letter is being sent to satisfy the requirement of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR-21"), as interpreted by Federal Aviation Administration ("FAA") Program Guidance Letter ("PGL") 04-8, that the City of Dallas update its Competition Plan for Dallas Love Field (the "Airport").

The City submitted its second update for the Airport on February 28, 2005. The FAA accepted the update on April 22, 2005. Under the terms of PGL 04-8, this competition plan update ("Update") is required because the Airport has negotiated an Amended and Restated Terminal Lease Agreement ("Restated Lease"). As specified in PGL 04-8, this Update addresses provisions in the Restated Lease relating to airport access and includes as an Enclosure a copy of the latest draft of the Restated Lease. The Restated Lease is tied to other changes in the legal and operational framework governing airline activity at the Airport. Therefore, this update also includes as background information a discussion of those changes and a discussion of other issues specified in PGL 04-8 for discussion in competition plan updates.

BACKGROUND – FIVE-PARTY AGREEMENT AND WRIGHT AMENDMENT REFORM ACT OF 2006

Since 1979, interstate air service at Love Field has been restricted by Federal legislation known as the Wright Amendment. As originally enacted in 1979, the Wright Amendment limited non-stop flights in mainline aircraft to other points in Texas and the four states contiguous to Texas – Louisiana, Oklahoma, Arkansas and New Mexico (the Love Field Service Area). Through ticketing and marketing and sale of transportation between Love Field and states outside the Love Field Service Area were prohibited. Operation of aircraft from Love Field to communities outside the Love Field Service Area was also prohibited. (Charter flights and flights on "commuter aircraft" with 56 seats or

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less were excluded from these restrictions.) Since 1979, Congress has added Alabama, Kansas, Mississippi and Missouri to the Love Field Service area, and it clarified the meaning of "commuter aircraft." The other restrictions have been unchanged, but in 1985, the Department of Transportation issued an order interpreting the restrictions on through ticketing and sale of transportation outside the Love Field Service Area. The Department of Transportation determined that a carrier could not offer for sale, advertise or promote service between Love Field and a point outside the Love Field Service Area. However, if a customer asked to purchase transportation between Love Field and such a point, the carrier could accommodate that request by selling two separate tickets – one for service between Love Field and a point within the Love Field Service area and one for service between that point and the point outside the Love Field Service area.

In response to calls for further liberalization or elimination of flight restrictions at Love Field, the Cities of Dallas and Fort Worth, the DFW International Airport Board, American Airlines and Southwest Airlines entered into an agreement (the "Five Party Agreement"), on July 11, 2006, to govern future operations and development at Love Field. This Five Party Agreement was in turn incorporated into the Wright Amendment Reform Act of 2006, Public Law 109-352 (October 13, 2006) ("Reform Act"). Under the terms of the Five Party Agreement and the Reform Act, restrictions on nonstop operations of domestic flights will be repealed eight years after enactment. Carriers were permitted to commence through service and ticketing between Love Field and points outside the Love Field Service area (when offered through a point within the Love Field Service area) immediately. For example, Southwest can now offer through service and ticketing between Wayne County Detroit Metropolitan Airport and Love Field via St. Louis. Non-stop flights between Love Field and foreign points were prohibited.

The Five Party Agreement and Reform Act limit Love Field to 20 passenger gates and require Dallas to reduce the number of gates to that level "as soon as practicable." To accomplish this mandate Dallas must acquire and demolish a 6-gate terminal facility known as the "Lemmon Avenue Facility" formerly used by Legend Airlines and reduce the number of gates at the main terminal to 20. The main terminal will be redeveloped into a new facility with 20 gates.

The Five Party Agreement also specifies the allocation of gates and certain lease terms. 16 gates are to be allocated to Southwest Airlines; two gates are to be allocated to American Airlines; and two gates are to be allocated to Continental Airlines. The Five Party agreement requires the gates to be leased on a preferential-use, not exclusive-use, basis under then-existing lease terms. Specifically it provides:

To the extent a new entrant carrier seeks to enter Dallas Love Field, the City of Dallas will seek voluntary accommodation from its existing carriers to accommodate the new entrant service. If the existing carriers are not able or are not willing to accommodate the new entrant service, then the City of Dallas agrees to require the sharing of preferential lease gates, pursuant to Dallas's existing lease agreements. To the extent that any existing airline leases at Dallas Love Field revert to Dallas, these gates shall be converted to common use status during the existing term of the lease.

The Reform Act in turn provides that:¹

[The] city of Dallas, pursuant to its authority to operate and regulate the airport as granted under chapter 22 of the Texas Transportation Code and this Act, shall determine the allocation of leased gates and manage Love Field in accordance with contractual rights and obligations existing as of the effective date of this Act for certificated air carriers providing scheduled passenger service at Love Field on July 11, 2006. To accommodate new entrant air carriers, the city of Dallas shall honor the scarce resource provision of the existing Love Field leases.

The Wright Amendment Reform Act also addresses under the heading of “Enforcement,” the impact of the Five Party agreement and Wright Amendment Reform Act on Love Field’s continued eligibility for AIP and PFC funding. The Reform Act specifies:²

(1) IN GENERAL – Notwithstanding any other provision of law, the Secretary of Transportation and the Administrator of the Federal Aviation Administration may not make findings or determinations, issue orders or rules, withhold airport improvement grants or approvals thereof, deny passenger facility charge applications, or take any other actions, either self-initiated or on behalf of third parties—

(A) that are inconsistent with the contract dated July 11, 2006, entered into by the city of Dallas, the city of Fort Worth, the DFW International Airport Board, and others regarding the resolution of the Wright Amendment issues, unless actions by the parties to the contract are not reasonably necessary to implement such contract; or

(B) that challenge the legality of any provision of such contract.

Many of the specific items discussed in this Competition Plan update implement or result from the Five Party Amendment (referenced in the Reform Act as “the contract dated Jul 11, 2006 * *”) and the Reform Act. For example, the Reform Act and Five Party Agreement require Dallas to lease gates in the redeveloped terminal on a preferential-use basis relying on the forced accommodation provisions in the existing Terminal Lease Agreement. Only gates reverting to the airport can be assigned on a common-use basis.

¹ Pub. L. 109-352, section 5(a)

² Pub. L. 109-352, section 5(d)(1)

COMPETITION PLAN UPDATE

1. Availability of Gates

As noted in our last update, the City remains committed to accommodating new entrants. The City maintains the web-site links for information on gate availability and for access to the competition plans and updates specified in our last update. In addition, the Restated Lease (Section 4.06 F) requires the Airlines to provide the City with a monthly report tracking the Airline's gate assignment and gate usage data. We will keep track of accommodation requests as the LFMP and relaxation of the Wright Amendment flight restrictions are implemented, and utilize these reports as a basis for enforcing the lease accommodation procedures.

a. Air Service

Air service is currently provided by Southwest Airlines with 121 daily departures serving 16 non-stop markets. American operates seven departures to Chicago O'Hare Airport (with "commuter aircraft" as defined in the Wright Amendment). Continental Express operates nine daily departures to George W. Bush Houston Intercontinental Airport ("Houston Intercontinental"). When the airport submitted its last update, service was being provided only by Southwest and Continental Express, with the former serving 17 markets and the latter operating nine flights per day to Houston Intercontinental. Table 1 below shows annual calendar year passenger enplanements from 2005 through 2007, based on the Airport's monthly traffic reports.

Table 1

	Calendar Year Enplanements			% Change
	Jan - Sep	Oct-Dec	CY Total	
2008	3,073,043	913,831	3,986,874	0.15%
2007	2,985,642	995,225	3,980,867	15.75%
2006	2,514,165	924,885	3,439,050	16.61%
2005	2,219,057	730,209	2,949,266	

Two changes to the current service pattern will be instituted shortly. First, American has announced that it will suspend service at Love Field effective June 11 until completion of the terminal redevelopment. Second, Delta Airlines has announced the start of non-stop flights between Love Field and its Memphis hub. Delta Connection carrier Pinnacle Airlines will operate three round-trip flights daily using commuter aircraft as defined in the Wright Amendment. The Memphis service will start July 6.

b. Process for Accommodating New or Expanded Service

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There has been no change since the last update in 2005. Since that update, one operator, Small Community Airlines approached the City about serving Love Field. Currently, this firm does not hold a FAA operating certificate. At the time the firm first approached the City, one of the Love Field carriers offered to accommodate the proposed flights on its gates at reasonable rates. The City remains in communication with the firm, and we are committed to accommodating its flights once it obtains the necessary Federal authority to operate as an air carrier.

Under the terms of the Five Party Agreement and Reform Act, capacity will be limited to 20 gates. Moreover, the City is obligated to reduce the number of gates at Love Field to 20 "as soon as practicable." Therefore although there are unused gates at the airport today, the City does not contemplate using them to accommodate new service. Rather, the City intends to demolish the surplus gates, beginning later this year with the planned demolition of the North Concourse. In the future, the City intends to accommodate requests for access by applying the gate sharing provisions contained in the current lease—provisions which have been incorporated in Section 4.06.F of the new Restated Lease. Those provisions are set forth in Appendix 1, following this letter. As provided in the Five Party Agreement and Restated Lease, however, if the City recaptures any of the 20 leased gates, we will make them available on a common-use basis.

Consistent with this approach, the City anticipates accommodating the Delta service commencing this summer through facilities currently used by American. As current facilities are demolished during the terminal redevelopment, the City will relocate both Continental and Delta to temporary facilities. Once the terminal redevelopment is completed, the City will accommodate Delta based on the gate sharing provisions of the preferential use lease.

c. Number of Gates at the Airport

Currently a total of 32 gates are capable of being used for air carrier operations – 26 in the main terminal and six in the Lemmon Avenue Facility. Of these, 15 are leased to Southwest, two are leased to Continental Airlines and three are leased to American. All are leased with preferential-use provisions that are unchanged since the last update. However, under the terms of the Restated Lease and the Five Party Agreement, the City does not consider the remaining vacant gates to be available for use. Rather we are relying on the gate sharing provisions applicable to leased gates. The City plans to begin demolition of unused gates at the Airport during 2009 and complete the demolition needed to limit Love Field to 20 gates by September 30, 2010. The City has acquired the leasehold for the Lemmon Avenue Facility and will begin demolition work on that facility as soon as all necessary permits are issued.

d. Number of Common-Use Gates

There are currently no active common-use gates at the airport. As noted in our last update, when Continental's lease came up for renewal, we determined that conversion to common-use gates would lead to reduced revenue because fees would be collected on a per turn basis. Therefore we extended the preferential-use lease. The 12 inactive gates are scheduled to be demolished by

2010, as required by the Five Party Agreement and Reform Act. Therefore, City does not consider them to be available as common-use gates.

As noted above, under the terms of the Five Party agreement, the 20 gates that will be part of the terminal redevelopment project are to be leased on the basis of the preferential-use lease terms in effect when that agreement was executed. That agreement permits conversion to common-use only if a gate reverts to the City. The Reform Act in turn enshrined these lease terms into law.

e. Gate Utilization

Table 2 below shows FY 2008 average daily gate-use for the airport and for each carrier serving the airport.

Table 2
Average Daily Gate Use
Dallas Love Field
Fiscal Year 2008

	Annual Flights	Average Daily Flights	Gates Leased	Average Daily Gate Use
American Eagle	4,276	11.7	3	3.9
Continental Airlines	4,085	11.2	2	5.6
Southwest Airlines	45,796	125.5	15	8.4
Total	54,157	148.4	20	7.4

f. Gate Recapture

The City has not recaptured any gates since the last update. We do not contemplate recapturing any gates immediately following completion of the 20 gate terminal redevelopment project.

g. Gate Allocation or Assignments

The Restated Lease (Section 4.06.D.1) provides for the allocation of gates on a preferential use basis, through September 30, 2010, as follows:

- Southwest – 15 gates
- American – 3 gates

- Continental – 2 gate

Effective on October 1, 2010, the allocation will be as follows:

- Southwest – 16 gates
- American – 2 gates
- Continental – 2 gates

h. RON Position Assignments and Allocations

Under the prior lease, RON positions associated with terminal gates were considered part of the leasehold for the gate. Under the Restated Lease (Section 4.06.B), upon completion of the LFMP, carriers will be assigned RON positions on a preferential use basis in proportion to their allocation of gates, with two RON positions retained by the City for accommodation of charters and non-signatory carriers. RON positions shall remain under the control of the City, and carriers shall not have any leasehold rights in the RON positions. This change in policy gives the City control of the RON positions to address emergencies and unscheduled operations.

2. Leasing and Subleasing Arrangements

a. Copies of Lease and Use Agreements

The City and air carriers have completed negotiation of the Restated Lease. The City anticipates execution of the final version of the lease by the carriers in due course. A copy of the final version of the lease is enclosed as Appendix 2.

b.1 Description of Any Changes in Contractual Arrangements, Such as Disposition of Individual Leases

As a result of the Five Party Agreement, Southwest's lease-holdings will be reduced to 16 gates, and American's will be reduced to two gates. In addition, the methodology for calculating fees and rental charges has been modified. Under the current lease, terminal rents were negotiated and landing fees were established by ordinance. Under the Restated Lease, terminal rents and landing fees will each be determined on a cost center residual methodology.

b.2 Policies and Procedures for Monitoring Sublease Fees and Arrangements

There have been no changes in the City's policies or procedures relating to subleases. The City's current policy of limiting carriers to a 15 percent administrative fee is still in force. Because of the provisions in the Five Party Agreement and Reform Act limiting the City's ability to modify lease terms, we were unable to explicitly incorporate this policy into the Restated Lease. Rather, the Restated Lease (Section 4.06.F.1) specifies that carriers are limited to charging a reasonable allowance for administration, as set forth below

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The Signatory Airline may assess the Requesting Airline reasonable fees and charges under an appropriate contract for services rendered to, or subleased facilities shared with, Requesting Airline and which will be based on the Signatory Airline's direct and indirect costs plus a reasonable allowance for administration.

The quoted language appears in the current lease agreement.

b.3 Availability of Third Party Ground Handling Service Providers

There has been no change since the last update.

3. Patterns of Air Service

See response 1.a above

4. Gate Assignment Policies

The Five Party Agreement, incorporated into law by the Reform Act, directs the assignment of gates on a preferential use basis to Southwest, American and Continental Airlines. The Five Party Agreement further specifies that the scarce resource provisions of the existing lease would govern accommodation of new entrants after reduction of Love Field gates to 20. In accordance with the provisions of the Five Party Agreement and section 5.a of the Reform Act, the Restated Lease incorporates the scarce resource and gate sharing provisions of the current lease.

5. Gate Use Requirements

The Five Party Agreement assigns all 20 gates to existing Love Field carriers. Therefore, the Restated Lease does not specifically address how a new entrant carrier can obtain signatory status. However, the Restated Lease is intended to enable a carrier that succeeds in obtaining space at a gate through sublease or forced accommodation to lease other space needed to provide air services, e.g. ticket counters, and to obligate itself to the Restated Lease, thereby gaining signatory status.

6. Financial Constraints

There have been no changes in financial constraints affecting the airport since the submission of our last update.

7. Airport Controls Over Airside and Groundside Capacity

The Five Party Agreement and Reform Act effectively preclude the City from expanding the airport beyond 20 gates and airfield infrastructure to support those gates. The Five Party Agreement was executed by the City as a condition for the repeal of the domestic flight

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restrictions contained in the Wright Amendment. The repeal of these restrictions will enhance competition in the Dallas-Fort Worth Metroplex by permitting through service and non-stop service between Love Field and all points in the United States. The provisions of the Five Party Agreement were effectively incorporated into law by the Reform Act.

The Restated Lease describes in Section 7.03, the manner in which future capital improvements will be undertaken. This section contains a Majority-in Interest (MII) clause which requires the disapproval of projects which impact airline-supported cost centers. Disapproval of a project defers the project for one year, after which, the City can resubmit the project for MII consideration. If not disapproved, the City may proceed with the project. If a project is disapproved, the City has the options of amending the scope of the project and resubmitting for airline consideration, or proceed with the project without including the cost in the airline rate base, or finally, not proceeding with the project.

Section 7.03.F of the Restated Lease exempts certain types of projects from the MII, even if they impact airline-supported cost centers. Exempted projects include those required for reasons of safety, security, normal maintenance and repair, federal mandate, or if such capital projects are prudent and necessary to accommodate another air carrier at the airport; provided that: (1) such facilities are reasonably similar to those being used by the Signatory Airlines in quality of construction, (2) the air carrier for which such facilities are being constructed has executed an agreement similar to the Restated Lease, and (3) said air carrier pays for all the costs associated with the construction of such facilities outside of the rate methodology in the Restated Lease.

8. Airport Intentions to Build or Acquire Common-Use Gates

The Five Party Agreement limits Love Field to 20 gates and specifies the allocation of all gates to named carriers on a preferential-use basis. Therefore, the City has no intention to build or acquire common-use gates unless a gate leased under the terms of the Five Party Agreement reverts to the City. If a gate should revert to the City, we will administer it as a common-use gate, as provided in the Five Party Agreement.

Please do not hesitate to contact me if you have any questions about this update.

Sincerely,



Daniel T. Weber, A.A.E.

Director of Aviation

Enclosure

Appendix 1

Accommodation Provisions Restated Lease of Terminal Building Premises Dallas Love Field

F. Accommodation of Requesting Airlines. Airline and City agree that although most of the airline areas in the Terminal Building are or will be leased to Signatory Airlines for their exclusive or preferential use, and Terminal Building facilities at the Airport may become a scarce resource if a new entrant airline (“Requesting Airline”) requests to provide service at the Airport. In such circumstances, Airline agrees to accommodate such Requesting Airline at its Leased Premises at such times that will not unduly interfere with its operating schedule and upon such reasonable terms as may be agreed upon between Airline and the Requesting Airlines, taking into consideration all the circumstances of such an accommodation agreement. In order to facilitate City’s role in the accommodation procedure outlined in 1-4 below, Airline shall provide City with a monthly report tracking Airline’s Gate assignment and Gate usage data. To insure compliance with this obligation and to provide open access and uniform treatment for all airline tenants, the following procedure is established:

1. All requests for airline accommodation in the terminal facilities will be received by the DOA.

2. In the event the Requesting Airline has demonstrated to the DOA that it has contacted all airlines and has exhausted all reasonable efforts to secure accommodations, the Director will notify all Signatory Airlines in writing that if Requesting Airline is not accommodated within thirty (30) days from the receipt of notice, the Director will select one of the Signatory Airlines to comply with the request for accommodation in a non-discriminatory manner.

3. At the end of said thirty (30) day period, if the Requesting Airline has not been accommodated, the Director may select a Signatory Airline to accommodate the Requesting Airline and, in that event, will send written notice to that Signatory Airline to accommodate Requesting Airline within thirty (30) days from the receipt of said notice. The Director will include in such notice the reason or reasons why the particular Signatory Airline was selected. The selected Signatory Airline will have ten (10) days after receipt of said notice to comment on or dispute such selection.

4. Unless the Director rescinds such selection within said thirty (30) day period, the Signatory Airline will accommodate the Requesting Airline by sharing a portion of its Leased Premises (ticket counter positions, baggage make-up area, holdroom, aircraft parking position, passenger loading bridge and other appurtenant equipment reasonably necessary for the effective use of such space),

subject to the following conditions:

a. In case of a conflict between schedules of the Signatory Airline and the Requesting Airline, the Signatory Airline will have priority in use of its personnel and its Leased Premises,

b. If requested to accommodate another carrier pursuant to this paragraph, the Signatory Airline will use its good faith efforts to effect such accommodation in a reasonable and equitable manner.

c. The Signatory Airline may assess the Requesting Airline reasonable fees and charges under an appropriate contract for services rendered to, or subleased facilities shared with, Requesting Airline and which will be based on the Signatory Airline's direct and indirect costs plus a reasonable allowance for administration. Further, the Signatory Airline may require such Requesting Airline to enter into an agreement with the Signatory Airline to provide adequate insurance and to indemnify the Signatory Airline from liability in the use of the premises. In the event of a dispute regarding these reasonable fees and charges or any other matter regarding this scarce resource provision, including but not limited to, Section 4.06.F.4.a above, and upon the Director's receipt of written notice of such dispute(s), the Director will review available information regarding the dispute(s) and, in good faith and in a non-discriminatory manner render a decision regarding the acceptable fees and charges, or any other matter regarding this scarce resource provision, including but not limited to, Section 4.06.F.4.a above, which will be binding on the Signatory Airline and the Requesting Airline.



U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Planning
and Programming

800 Independence Ave., SW.
Washington, DC 20591

OCT 15 2009

Mr. Daniel T. Weber
City of Dallas Aviation Department
8008 Cedar Springs Road
LB-16, Love Field Terminal Building
Dallas, TX 75235

Dear Mr. Weber:

Thank you for submitting the City of Dallas' 2009 Competition Plan update for Dallas Love Field International Airport (DAL). The Federal Aviation Administration has reviewed your Plan update occasioned by your Restated and Amended Terminal Lease Agreement, which is in accordance with your Five Party Agreement to Repeal the Wright Amendment. We have determined that your Plan update is in accordance with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR 21), Pub. L. 106 181, April 5, 2000, codified as Title 49 United States Code (U.S.C.) sections 40117(k) and 47106(f).

The city of Dallas' FY 2009 Competition Plan update indicates the airport has implemented the following additional competitive policies and practices as a result of the Restated and Amended Terminal Lease Agreement:

- Requiring airlines to provide the city with a monthly report tracking the airline's gate assignment and gate usage data;
- Limiting sublease rates to the signatory carrier's costs plus a reasonable allowance for administration (Section 4.06.F.1);
- Specifying that a carrier which obtains space at a gate (through sublease or forced accommodation) may gain signatory status (Section 4.06.F.1);
- Exempting certain types of projects from the Majority-in-Interest (MII) clause, including those required for safety, security, normal maintenance and repair, federal mandate, or if such projects are prudent and necessary to accommodate a new signatory carrier. In addition, the new project is constructed with similar quality to the facilities used by existing signatory carriers and that the new carrier would pay for such costs outside the Restated Lease rate methodology; and
- Agreeing to administer any existing gates that revert to the city as common-use (as provided in the Five Party Agreement).

The Competition Plan update also indicates the city intends to implement the following competitive policies and practices, upon completion of the Love Field Modernization Plan:

- Assigning RON positions on a preferential use basis in proportion to the carriers' gate allocations, with the city retaining two RON positions to accommodate charter and non-signatory carriers.

We are enclosing with this letter a chart, prepared in September 2006, highlighting actions taken by airports covered by the Competition Plan requirement to reduce barriers to entry and enhance competitive access. In addition, we have distributed this product at several airport conferences in order to demonstrate the tools airport managers are using to comply with the statutory elements of the Competition Plan requirement, the competitive benefits that may be achieved through implementation of these tools, and other ancillary advantages that may be derived from these tools. This chart may be of interest to you as you fully implement DAL's Competition Plan. We take this opportunity to point out to you airports that have adopted or are adopting such competitive practices as:

- developing formal dispute resolution procedures (sec. II);
- arranging procedures to provide for uniform notification of availability of gates or gate-sharing (sec. IV); and
- removing majority-in-interest clauses or modifying them to exempt capital projects necessary for competition from MII vote (sec. VII).

We suggest that you implement the forced accommodation clause in a manner not to unduly delay access by a Requesting Airline, in particular to give due regard to circumstances that may impede a Requesting Airline from carrying out the required showing that it has "exhausted all reasonable efforts to secure accommodation."

We are aware that the Five Party Agreement with the cities of Dallas and Fort Worth, Dallas Fort Worth International Airport Board, American Airlines, and Southwest Airlines will result in further liberalization or elimination of flight restrictions at DAL. In addition, we are also aware that the Five Party Agreement and Reform Act limits DAL to 20 passenger gates and requires the City to reduce the number of gates to that level "as soon as practicable". Further, we understand that the 6 gate "Lemmon Avenue Facility" (formerly used by Legend Airlines) will be demolished because of this requirement.

FAA Program Guidance Letter (PGL) 04-08 streamlined the Competition Plan process by eliminating the need for a written Competition Plan update from a covered airport whose original Competition Plan and two Plan updates have been approved by the FAA, unless certain special conditions arise. PGL 04-08 identified the following two special conditions that would require the filing of a Competition Plan update.

- An airport files a competitive access report as required by Section 424 of Vision 100, codified as 49 U.S.C. 47107 (s) stating it had denied access to an air carrier for gates or facilities within the last six months. Section 424 requires any medium hub or large airport that has denied a carrier's request or requests for access to file a report with the FAA describing the carrier's requests, providing an explanation as to why the requests could not be accommodated, and providing a time frame within which, if any, the airport will be able to accommodate the requests.

- An airport executed a new lease and use agreement, or significantly amended a lease and use agreement, including an amendment due to use of PFC financing for gates.

Please note that the city has filed, and the FAA has reviewed, an initial Competition Plan and three Plan updates for DAL. A further written Competition Plan update would be required upon the occurrence of one of the two special conditions noted above.

As you may know, the Secretary is required by section 40117(k) to review implementation of Competition Plans from time to time to verify each covered airport implements its Plan successfully. In connection with our review, we may determine that site visits to, or teleconferences with, one or more locations would be useful. We will notify you should we decide to visit DAL in connection with its Competition Plan.

If you have any questions regarding this letter or the FAA's review of your Plan, please contact Mr. Joe Hebert, Manager, Financial Analysis and Passenger Facility Charge Branch, at (202) 267-8375.

Sincerely,



Benito De Leon
Director, Office of Airport Planning
and Programming

Enclosure

AIRPORT COMPETITION PLANS

Highlights of Reported Actions to Reduce Barriers to Entry and Enhance Competitive Access

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September 2006

I. AVAILABILITY OF GATES AND RELATED FACILITIES

Major Elements of Competition Plan

- Number of gates available at the airport by lease arrangement.
- Samples of gate use monitoring charts.
- Description of the process for accommodating new service and for service by a new entrant.
- Description of any instances in which the PFC competitive assurance #7 operated to convert previously exclusive-use gates to preferential-use gates or has it caused such gates to become available to others.
- Policy regarding "recapturing" gates that are not being fully used.
- Resolution of any access complaints during the 12 months preceding the filing.
- Use/lose or use/share policies for gates and other facilities.
- Plans to make gates and related facilities available to new entrants or to air carriers that want to expand service at the airport.
- Availability of an airport competitive access liaison for requesting carriers, including new entrants.
- The resolution of any complaints of denial of reasonable access by a new entrant or an air carrier seeking to expand service in the 12 months preceding the filing of the plan.

Significant Airport Responses

- Asserting control over underutilized gates.
- Designating Competition Access committees.
- Adopting more entry-friendly leasing terms.
- Removing specific access protections for signatory carriers.
- Providing new entrants with informational packages regarding airport access.
- Monitoring gate use.
- Streamlining forced accommodation process.

Highlights of Recent Actions Reported by Individual Airports:

Albuquerque	Designated the Aviation Department Director as the point of contact to work cooperatively on behalf of a new entrant.
Anchorage	Converted from exclusive to preferential leases upon expiration of exclusive leases; created Competitive Access Team; uses web site to publish gate utilization information. Opened a new concourse and added nine new domestic gates. Developed a new tenant carrier handbook for carriers and third party vendors. Created a competitive access team to ensure all carriers have competitive access to the Airport.
Atlanta	Provides revised and updated handbook with airport information to requesting carriers and invoked recapture authority to convert a leased gate to common-use and assured that the signatory carriers' first right of refusal would not apply at this gate.
BWI	Developed Airline Accommodations Committee consisting of air service development, operations, planning and commercial management offices; executed short-term (5 year, one month) lease agreement to replace long-term lease; requires minimum usage on preferential leases.
Burbank	Designates official as new entrant liaison and provides guidance package.
Chicago Midway	Developed gate access and assignment procedures for MDW International, City Controlled Domestic Gates and North Loop Triangle Pad, and distributes gate access and assignment information for the international gates to potential new entrants; opened 5 city-controlled RON positions.
Cincinnati	Using Competition Plan Coordinator to develop procedures and time lines to respond in a timely manner to requests for accommodation, negotiated conversion of exclusively leased gates to common and preferentially leased gates.

Cleveland	Competition Task Force established to ensure implementation of competition plan and pursue expansion and growth options; will develop new entrant handbook; assigns Administrative Officer to each airline to monitor sublease activity, assess operational needs to ensure efficiency of use and gathers quarterly gate use information.
Dallas Ft. Worth	Introduced Gate/Lease Plan establishing formal priorities for assignment of preferential-use /common-use gates, and protocols to assist airline gate relocations and accommodation of new entrants and growth of incumbents; introduced recapture rights in new preferential-use leases and acquired control of several additional gates. Designated an airport staff liaison for competitive access and posted the DAL Master Plan and Competition Plan on the Airport's web site.
Dallas Love	Designated an airport staff liaison for competitive access and posted the Airport Master Plan on the Airport's web site.
Detroit	Adopted a policy to override strict "exhaustion of efforts" clause in its lease provision by assisting a requesting carrier to ease any burden and reduce unnecessary delays associated with acquiring gates and related facilities when the airport is unable to provide those facilities. Committed to facilitate access upon request by a new entrant carrier or signatory seeking to expand while reducing any unnecessary delays associated with acquiring the use of gates and related facilities when the airport is unable to provide the facilities designated 10 gates as swing gates used preferential leases for relocating an incumbent.
Houston Hobby/Inter-continental	Renegotiated long-term, exclusive-use leases to shorter term, preferential, minimum-use leases (at some terminals) with commitment on part of airport to facilitate inter-carrier accommodations upon request of interested airline; developed Welcome Letter package to include gate usage information and a general Dispute Resolution Policy Statement, as well as other pertinent information.
Las Vegas	Designated the aviation business manager and air services marketing manager as competitive access liaisons, maintaining 23 common-use gates to accommodate new entrants, accommodated access requests of several new entrant and expanding carriers.
Manchester	Executed a new 5 year master use and lease agreement, authorized the airport director to assist a requesting carrier in obtaining accommodations, has no clause in new lease permitting "competitive relationships" to be considered in requiring a tenant airline to share space with another airline and permits the aviation director to reallocate the gate and apron areas of the least productive signatory airlines.
Milwaukee	Removed potential obstacle for accommodation that enabled a signatory carrier to refuse to accommodate a "direct competitor."
Minneapolis	Undertook Competitive Marketing initiatives with low-fare carriers and created short-term gates with preferences for new entrant carriers; created new entrant package with plans to publish information package on web site.
Nashville	Streamlining exhaustion of efforts requirement by using web site to encourage new entrants to contact airport directly, assists carrier with voluntary accommodation and negotiations, under a timeline; intends to recapture vacant leased gates upon request of another carrier.

Newark	Initiated review of Master Airline leases, identified provisions enabling airport to regain more control over the use of gates; moved to recapture gates or to force accommodation on gates, based on utilization study; streamlined forced accommodation clause by removing an exhaustion of efforts; appointed New Entry Manager and developed New Entrant Airline Rights package informs airline station managers of need for timely response to accommodation requests.
Oakland	Installing common use ticketing equipment at ticket counters and gates so that all airlines operating there will use identical gate check-in and gate CUTE equipment, thereby providing maximum flexibility in assigning gates, even on a per flight basis, thereby increasing the opportunities for competition; provides Airline Entry Package and airport facilitates negotiations between requesting carriers and incumbents. Implemented policy for universal notification of gate availability.
Philadelphia	Utilized preferential-use gates to accommodate the expansion of incumbent carriers and the entry of domestic carriers; facilitated relocation of some incumbent carriers.
Phoenix Sky Harbor	Developed New Entrant Airline Information packet; initiated an "interest list" for incumbent and new entrant airlines; constructed two additional gates, and implemented the development of a new concourse to provide an additional nine gates.
Pittsburgh	Continuing to provide an airline information packet to incumbent and prospective air carriers.
Providence	Facilitates gate sharing requests and will not enforce lease clause requiring requesting airline to contact all signatories.
Reno	Established multi-faceted marketing and community outreach program to attract new airlines.
Sacramento	Continuing Airline Liaison office and informs airline tenants of terminal development plans (2004)
Sacramento	Formalizing gate availability information by preparing an Airline Information Package containing information on available gates, terms of access, and procedures for securing facilities for new service, to be made available on the airport's web page and upon request; Continuing Airline Liaison office and informs airline tenants of terminal development plans.
Salt Lake City	Start Up Package provided to requesting carriers includes a gate utilization report summary, a statement about the airport's dispute resolution practices, as well as other necessary information about operating at the airport.
San Antonio	Established three common-use city-operated gates in Terminal 2 and one in Terminal 1, available to all airlines on first-come, first-serve basis. Terminals 1 and 2 have vacant ticket counter, office, operations office and baggage make-up space readily available for lease; negotiated expiring lease to provide for preferential-use; Aviation Department assists requesting airlines in gaining access.
San Francisco	Invoked forced accommodation clause to ensure that temporary gate needs of new entrant airlines were met, continuing Airline Liaison Office and initiated promotional marketing incentives.

San Jose	Established a Tenant Liaison Committee to respond to requests for access within a reasonable time, gather appropriate information, meet with relevant airport personnel, provide gate utilization information to requesting airline, and act as an intermediary between prospective airline and incumbent airline to expedite accommodation; assigned Property Management personnel as first point of contact.
San Juan	Developing policy on gate use and monitoring requirements to be applied to all gates, drafting sublease guidelines and requirements, developing complaints and disputes resolution policy and developing a master lease incorporating the referenced policies and procedures.
St. Louis	Establishing an average gate utilization requirement, retaining a number of City controlled gates for use by itinerant airlines, regional and charter airlines, undertaking to accommodate requesting airlines in an airlines preferential use gates if similar space cannot be found elsewhere and designating all gates in the West Terminal and East Terminal as preferential use space and retaining the right to consolidate, force relinquishment of, and/or relocate airline leased space, both preferential and exclusive use space.
Washington Dulles	Accommodated new entrants by providing controlled-gate permits and gate sharing and by leasing ticket counter positions; accommodated expansion of incumbent airlines through reallocation of ticket counter positions.

II. ARRANGE FOR LEASING AND SUBLEASING

Major Elements of Competition Plan

- Whether a subleasing or handling arrangement with incumbent carrier is necessary.
- How the airports assists requesting airlines to obtain a sublease or handling arrangement.
- Airport oversight policies for sublease fees.
- Process by which availability of facilities for sublease or sharing is communicated to other interested carrier.
- Airport policies regarding sublease fees.
- How complaints by sub-tenants about excessive sublease fees are resolved.
- How independent contractors who want to provide such service as ground handling are accommodated.
- Formal dispute resolution procedure.

Significant Airport Responses

- Beginning to develop dispute resolution process.
- Asserting more control and oversight over sublease fees, terms, and conditions.
- Imposing sublease caps on administrative fees.
- Reviewing and/or pre-approving subleases.
- Notifying carriers of gates available for subleases.

Highlights of Recent Actions Reported by Individual Airports:

Albuquerque	Preferential leases containing "use or lose" provisions and right of the City to reassign a signatory not meeting the minimum use requirement of four daily flights to a City assigned gate, common-use leases assigned on a per use basis, and developed a formal dispute arbitration procedure to resolve disputes when informal means are not successful.
Anchorage	Requires airport approval and caps administrative fees; adopting dispute resolution procedures.
Atlanta	Adopting dispute resolution procedures; monitored, verified and reviewed sub lease fees to ensure that they do not exceed costs.
Austin	Requires airport approval and caps administrative overhead fees.
BWI	Executed a new, short term (five year, one month) Basic Use and Lease Agreement (BULA) on June 1, 2003; establishing a procedure to accommodate a requesting airlines at preferentially leases facilities, on a timely basis and under a protocol fair to the signatory carriers; and requiring each signatory airline to develop a universal notification procedure to advise MAA and other airlines when its preferential-use boarding facilities are available for sublease procedure; caps fees and requires airport approval.
Charlotte	Airport approval for subleasing of gate.
Chicago Midway	Defined that the Gate Planning and Review Committee (GPRC) handles disputes related to access at international and City controlled gates. Gate committee is developing dispute resolution procedures for use on domestic gates.
Chicago O'Hare	Adopting dispute resolution procedures.
Cleveland	Pre-approves subleases, caps fees; common-use gate protocol manages gate occupancy times and fines user for failure to comply; adopting dispute resolution procedures.

Dallas Love Field	Adopted a policy to cap sublease administrative fees.
Dallas-Fort Worth	Established formal dispute resolution procedures; developed formal guidelines for approving airline subleases and capping administrative charges; and reviewed all airline subleases under exclusive-use leases; redeveloping policies and procedures regarding terminal and subleasing/ground-handling agreements to enhance and expand flexibility and control of airline gates and related facilities.
Denver	Adopting dispute resolution procedures.
Detroit	Caps sublease fees for forced accommodation arrangements; requires airport approval for subleases with new entrants; gate utilization policy assures that subtenant will not be disadvantaged by a schedule change of the tenant. Review sublease fees used in McNamara Terminal; may modify or incorporate "use or lose" provisions in preferential leases; will provide preferential-use lease agreements upon carriers' relocation to North Terminal; coordinating a new Airport Use and Lease Agreement with the airlines that will be affected by the move.
Houston Hobby/Intercontinental	Formalized the dispute resolution process; adopted non-preferential gate use charges.
Kahului	Requires pre-approval of a sublease and discourages excessive sublease rents; developing formal dispute resolution process.
Las Vegas	Limiting fees paid by carriers assigned to a preferential use gate to standard airport fee rates, using short-term (five year) preferential use and lease agreements, including a formal dispute resolution process in the scheduled airline operating agreement for air carriers displaced when the airport exerts its right to reassign leased premises.
Manchester	Developed a dispute resolution procedure with a mechanism for timely resolution of complaints, does not lease gates on an exclusive basis and limits sublease fees to 115 percent of the tenant airlines costs for the facilities.
Memphis	Adopting dispute resolution procedures.
Minneapolis	Negotiated lease-sharing requirements by dominant carrier on certain gates; is considering development of dispute resolution system.
Newark	Developing more formalized procedures for hearing complaints in addition to considering complaints at station manager or airlines affairs meetings; accommodated expansion of smaller incumbents through overseeing sublease arrangements.
Oakland	Requires airport manager's pre-approval for sublease or assignment; restricts amount of assigned space that may be assigned or sublet to another airline; caps fees.
Ontario	Is developing a Gate Use Committee to resolve disputes, set timeline for appeals
Palm Beach	Pre-approval required for subleases; airport has authority to recapture subleased facilities when they represent over 50 percent of the tenant's leasehold; caps administrative fees; developed dispute resolution policy with timelines, new service incentive participation agreement that grants landing fee credits for a one year promotional period, more proactive procedures for handling requests for gate sharing and subleasing.
Philadelphia	Developed a formal fee and use dispute resolution policy.

Phoenix Sky harbor	Started a comprehensive review of shared-use agreements, fees, and the actual effect of the bundling of ground handling services and developed a "Facility Sharing Agreement" for shared-use gates that also capped fees for shared-use gates.
Pittsburgh	Ensuring full utilization of surplus gates by prohibiting exclusive-use leases and requiring minimum usage of preferentially leased gates; converted exclusively leased, long-term gates to month to month lease; regained control of ticket counter positions; is considering adopting procedures for dispute resolution, gate requests, and guidance on sublease fees.
Providence	Developing formal dispute resolution process and developing policy for universal sublease.
Reno	Adopting dispute resolution procedures.
Sacramento	Developing formal dispute resolution process.
San Antonio	Executed a new Airport Use and Lease agreement allowing the right to require the sharing of preferential-use leased space, as may be required; removal of the exclusive-use provisions for gates and hold rooms under the former lease agreement. Assigns gates and facilities using several options for use and lease arrangements such as: handling agreement with a signatory airline; sublease with a signatory airline; month-to-month or shorter-term agreement for non-signatory airline; signatory with the city. Reduces the Joint Use Premises charge to encourage use of SAT facilities for small, non-signatory airlines; and required prior written consent by the Aviation Director for all subleasing arrangements. Designated Aviation Director to resolve disputes.
Saint Louis	Airport consent required for subleases; ground-handling fees are subject to airport oversight; preferential-use sublease terms and fees subject to airport oversight; adopted a 5 year use and lease agreement; requiring pre-approval of all sub lease agreements to ensure charges are reasonable; providing flexibility for charter airlines, new entrants and regional airlines by offering month to month Airline Operating Agreements; and providing meaningful consultation and coordination of airport's rents, fees, and charges with participating airlines.
San Jose	Developed an Airline Access Complaint form and established procedures for resolving complaints within a reasonable time. Also oversees sublease fees per revised lease and applies, as a matter of policy, sublease fee caps on subleases executed under older master lease.
San Francisco	Adopting dispute resolution procedures.
Washington Dulles	Commissioned a planning study to collect airline schedule data and to develop and confirm Gant charts of the hourly use of all preferential leased and permit controlled gates at IAD as of August 2003 to provide insights into the gate use patterns and activity levels of airlines that lease gates at the airport; and utilize its right of approval or disapproval of a sublease to assure that tenant airlines accommodate requesting carriers. Requires prior approval of subleases and handling agreements; caps sublease fees.

III. PATTERNS OF AIR SERVICE

Major Elements of Competition Plan

- Markets serviced.
- Small communities served.
- Markets served by low-fare carrier.
- New markets added or dropped in past year

Significant Airport Responses

- Using market analysis to add competitive services.
- Using marketing tools to attract low-fare services.

Highlights of Recent Actions Reported by Individual Airports:

Albuquerque	Instituted New Entrant Promotional Program as an incentive to promote competition.
BWI	Establishing an equalized rates and charges methodology to create a level playing field in which airlines can compete better for facilities and air services opportunities at BWI, and updating airline rates and charges to provide adequate cost recovery to the Maryland Aviation Administration (MAA); Exempting any promotional fee waiver agreement offered on a non-discriminatory basis from the "Most Favored nations" clause by the MAA pursuant to the Department's revenue use policy; provided marketing support for operations to unserved international markets by new entrant and established carriers through the Cooperative Marketing Initiative; and accommodated a new entrant public charter carrier, and accommodated expanded service by incumbent carriers.
Charlotte	Performed a Competitive Air Service Assessment indicating possibilities for adding low fare carrier service on certain routes; implemented marketing plan to attract additional service; accommodated service by new entrant carriers.
Cincinnati	Accommodated service by five new entrant carriers. Negotiated the conversion of 11 exclusive-use gates to 2 common-use gates and 9 preferential-use gates.
Dallas-Fort Worth	Air service development efforts resulted in the addition of new entrant airlines and new service from incumbent carriers.
Detroit	Accommodated a new entrant; reallocated gate assignments to accommodate the growth of smaller carriers; provided for expanded service by incumbent airlines.
Manchester	Allows a new entrant or existing airline to use vacant gate space on a per turn basis.
Newark	Accommodated service by new entrant carriers.
Oakland	Accommodated new entrants.
Palm Beach	Eliminated surcharge on use of common-use gates for a seasonal or temporary basis; is conducting an "air service enhancement campaign" to increase the air service opportunities available at its airport and to enhance the revenue-generating opportunities for airlines.
Pittsburgh	Provides Airline Information Package; adopted Air Service Marketing Incentive Program to encourage new and competitive air service for existing and new carriers; accommodated incumbent service expansion and service by new entrants through the Incentive Program.

Reno	New Airline Incentive Policy implemented; Business Development and Property Administration Division coordinates the accommodation of services and facilities for new entrants, including assisting in negotiations with incumbent signatory airlines and participation in incentive programs.
San Antonio	Established an aggressive air service marketing and development program, along with an incentive program for new routes to attract airline expansion at SAT and increase the number of destinations served from SAT.
Washington Dulles	Accommodated new entrant carrier, by arranging for a controlled-gate permit (carrier, however, returned its operations to DCA).

IV. GATE ASSIGNMENT POLICY	
Major Elements of Competition Plan	<ul style="list-style-type: none"> • Method of informing carriers of gate assignment policy. • Methods for announcing to carriers when gates become available. • Policies on assigning RON positions.
Significant Airport Responses	<ul style="list-style-type: none"> • Adopting gate assignment protocols with consideration for new entrants. • Changing signatory policies to lessen burdens on new entrants. • Notifying all carriers of gate availability.
Highlights of Recent Actions Reported by Individual Airports:	
Albuquerque	Use of competitive and efficient arrangements to assign gates.
Anchorage	Posts gate utilization information and availability on web site; is required to post public notice prior to leasing space.
Atlanta	Will add link to web site for tenant information; will post information on underused gates after gate use surveys.
BWI	Will revise policy to offer signatory status to any airline willing and qualified to assume substantially similar obligations as those required of a signatory carrier when, due to the physical space limitations at the airport, that airline is otherwise precluded from leasing a full complement of space. Also, will post gate/hold room availability information on its web page and will advertise announcements of gates. Retaining the right to assign an airline to use another airline's preferential-use boarding facilities when not scheduled for use and if other convenient common-use facilities are not available; requiring each signatory airline when its preferential-use boarding facilities are available for sublease to establish a fair and transparent bidding or negotiating sublease procedure; and developed a reservations protocol for Common-Use Boarding Facilities, after consulting with and receiving comments from signatory and non-signatory airlines.
Charlotte	Non-signatory/new entrant landing fee is the same as a signatory landing fee.
Chicago O'Hare	Notified all carriers by facsimile of availability of common-use gate; developed rules and regulations regarding the operation of domestic common-use gates and gate access and assignment procedures for common-use gates.
Cincinnati	Adopted policies and procedures for issuing common-use permits.
Cleveland	Accommodated new entrant; is adopting procedure for universal notification of sublease availability.

Dallas-Fort Worth	Improving the process by which monthly gate activity information is disseminated to all airlines serving or intending to serve the Airport. Accommodated relocation of incumbent carriers, expansion of incumbent carriers, and service by new entrants. Implementing the direct distribution of Monthly Gate Activity Reports to all interested airlines to facilitate Airport decisions on relocation of airlines to maximize capacity and to accommodate new or expanding airlines.
Dallas Love	Introduced a notification system advising all air carriers of gate availability.
Houston Inter-continental	Reassigned underused leased space to an incumbent air carrier for its expansion.
Las Vegas	Maintaining inventory of RON positions and the use of a RON assignment policy related to gate positions, designated the airside operations staff to monitor RON utilization, accommodating access requests of several new entrant and expanding carriers and maintaining a roster of approved ground handling contractors available for use by new entrant carriers.
Manchester	Monitors RON parking positions and keeps at least one position open for a requesting carrier, developed guidelines for subleases and ground handling providing for review and consent of documentation by the Aviation Department and formalized a gate monitoring program.
Miami	Prohibits carriers from controlling gate assignments and from transferring or assigning ticket counter positions; requires sharing of contiguous and under-utilized ticket counters.
Nashville	Will post information on gate availability on its web site.
Newark	Notified interested subtenant carriers of potential gate availability during Master Lease Utilization review process; adopted common use procedures (for use to resolve competing interests in a gate) with a priority to new entrants offering competitive services.
Oakland	Provides written notification to airlines as gates become available and includes estimate date of availability; requesting airlines must provide current and planned schedule information.
Philadelphia	Intends to assign new gates on basis of accommodating competitive airline service, considering, among other factors, whether airline is a "low fare" airline, nonstop markets, size of aircraft, frequency of operations, etc.
Pittsburgh	For PFC-financed gates, airport will give priority to new, competitive airline service; signatory fee status not dependent on minimum leasehold.
Phoenix	Provides gate use and schedule information to prospective entrant carriers; provides New Entrant Information package, containing gate utilization information, to prospective entrant to enable it to make informed decision on which incumbent air carriers to contact for shared gate agreements.
San Antonio	Under the new Airport Use and Lease Agreement has the right to reassign airline space from one carrier to another carrier as a measure of obtaining optimum balance in the overall utilization of available terminal/apron facilities.
Sacramento	Replaced County ordinance gate assignment process with a lease agreement providing for short-term, preferential-use leases subject to airport reassignment; is developing Airline Information Package to be provided on airport's web page.

Saint Louis	Signatory status is available to subtenants; gate assignment procedures will be published on web site; simultaneously advises all carriers of gate availability; will use its web site to publish relevant information for serving airport; is developing and placing timelines for access; City agent is contact point for City gates as well as facilitating sublease accommodation.
Washington Dulles	Assessing the benefit of using the web-based gate monitoring software for periodic gate reallocation analyses and to determine availability of gates for accommodation purposes. Accommodated service by seven new carriers.

V. GATE USE REQUIREMENT

Major Elements of Competition Plan	<ul style="list-style-type: none"> • Gate use monitoring policy. • RON monitoring policy. • Requirement for signatory status. • Minimum requirements for a lease. • Accommodation priorities. • Common-use gate usage policies. • Methods for calculating rental rates for common-use gates.
Significant Airport Responses	<ul style="list-style-type: none"> • Developing per-gate use monitoring policies. • Making gate usage information available. • Adopting similar minimum utilization requirements for incumbent and new entrant carriers.
Highlights of Recent Actions Reported by Individual Airports:	
Albuquerque	Monitored gates through the use of scheduled operations for assigned gate usage and actual operations for all unassigned gates and accommodated an incumbent (Frontier Airlines) as a signatory airline at one preferential-use gate.
Anchorage	Uses its newly installed Multi-User Flight Information Display System (MUFIDS) to identify space to fill specific requests as they arise and to determine which gate are subject to recapture; information is made available upon request and on web site; RON positions are monitored through ground handler.
Atlanta	Implemented FIDS system.
BWI	Requiring a signatory carrier to meet at least an average of five jet aircraft daily departures (counting as 50 percent of departures of jet aircraft with less than 100 seats) and requiring monthly Activity Reports. Reclaiming an underused preferential-use boarding facility (including hold rooms co-located gates and boarding devices) if the airlines does not produce a plan to meet the minimum use within 90 days; accommodating a carrier whose preferential-use boarding facility was reclaimed; and assigning reclaimed facilities on either a common-use basis or pursuant to a preferential-use lease to a carrier that meets the minimum-use requirements; and installed CUTE at common-use facilities and gates in the International Concourse.
Charlotte	Monitors gate utilization.
Chicago Midway	Established the Gate Planning and Review Committee (GPRC), which is responsible for monitoring the administration of international and domestic gate procedures, implemented a pilot system to monitor gates, and monitors gate utilization of carriers with preferential gates.

Chicago Midway	Monitors gates on a per-gate basis to track airline compliance with preferential lease utilization requirements, implement shared-use provisions, develop gate use procedures, and analyze construction phasing, and develop utilization criteria. Also used to schedule airport services such as parking, custodial services, concessions and security. Established the Gate Planning and Review Committee (GPRC), which is responsible for monitoring the administration of international and domestic gate procedures, implemented a pilot system to monitor gates, and monitors gate utilization of carriers with preferential gates.
Chicago O'Hare	Implemented a pilot system to monitor the actual utilization of gates.
Dallas-Fort Worth	Instituted formal Gate Monitoring and Reporting Procedures, under auspices of a Gate Monitoring Task Force, in support of PFC competitive access assurance, using FIDS-produced monthly gate activity reports and flight activity reports, for summary daily gate utilization activity by gate and terminal. Introducing new software into FIDS-based gate monitoring system to integrate current gate utilization data sources with FAA direct-feed data source (VOLPE) to provide real-time gate use information and facilitate monitoring/identification of major schedule gaps in gate activity.
Denver	Will negotiate a narrower "preferential" gate availability window with its hubbing carrier and will review the use/lose provisions to ensure they are pro-competitive; drafted 5 Year Strategic Business Plan.
Detroit	Formulated a policy for (1) a gate allocation package that will chart scheduled daily and weekly departures per carrier and (2) an on-going gate monitoring program to determine whether minimum utilization is met.
William P. Hobby/ George Bush Inter-Continental	Prepares gate monitoring and gate flow planning reports to determine gate availability and to facilitate gate allocations.
Las Vegas	Use of common use terminal equipment and common use self service kiosks throughout the airport and establishing and maintaining an extensive gate monitoring program to assess gate usage fees and ensure maximum gate utilization.
Miami	Has an active gate-monitoring program to control gate assignments on a daily basis.
Minneapolis	Generates bimonthly gate plot based on scheduled gate usage, modified to reflect actual usage.
Newark	Prepared Aircraft Gate and Ticket Counter Utilization Study, to ensure efficiency of use and facilitate the accommodation of requesting carriers, directed airlines to report gate usage on a monthly basis to airport.
Oakland	Monitors gate usage and analyzes and maps flight schedules on a weekly basis to determine availability of space and minimum gate usage, for purposes of determining whether to exercise the 30 day revocation process for a preferential-use gate permit; Implementing CUTE system at gates; monitors RON assignments and use.

Palm Beach	Monitors common-use gate utilization and uses airline provided monthly reports and airport daily monitoring to oversee preferential-use gate usage to determine whether a reallocation of gates should be undertaken to better balance user needs with terminal capacity, and for marketing purposes, that is, identifying high demand or unserved demand markets. Conducted a comprehensive assessment of gate utilization.
Philadelphia	Installed a FIDS system in Terminal A and intends to implement FIDS on an airport-wide basis; monitored use on exclusively leased gates, for compliance with PFC Assurance No. 7 and incorporated use or share provision in PFC-financed preferentially leased gates; incorporated use or lose provisions in other preferential-use agreements; intends to incorporate use or lose provisions in future preferential leases.
Pittsburgh	Uses new software to monitor gate usage on all gates and to identify opportunities to accommodate new entrants and maximize facility utilization.
Phoenix	Performs periodic studies of flight schedules to monitor gate utilization; will use the studies to communicate gate availability to prospective entrant carriers and will incorporate it in new entrant airline packet; will also use studies to better manage and adjust operating schedules for terminal food beverage and retail concessions; will perform formal gate utilization analysis for each carrier when vacancy rates subside; completed a formal gate utilization analysis that will be updated every other year.
Providence	Monitors gate use relying on airline schedule information; uses this information to assist a new entrant in identifying a potential signatory carrier to accommodate it.
San Antonio	Considering implementing a formal gate-monitoring program should the number of unassigned gates fall below 15 percent of the total City-operated common-use and vacant gates and assigns all RON position on a first-come first-serve basis.
Sacramento	Monitoring gate use.
Saint Louis	Adopted a new 5 year use and lease agreement which designates all gates in the West and East Terminal as preferential use and establishes an average gate utilization requirement (by the airline and/or its affiliate or partner airlines) during a six month period, on a use or lose basis.
Washington Dulles	Tested a web-based software system (at Reagan Washington National Airport that correlates MUFID gate assignment data with real time aircraft positioning, with a follow-on assessment of data applicable to gate reallocation analyses, to determine the Authority's ability to accurately assess current and historical air carrier gate usage. Monitor the use of airport facilities using published airline schedules, information from airline station managers, and from observations by airport management to effectuate the contractually required reallocation every three years (completed during the fall of 2002) or to respond to a requesting airline's request for accommodation between the 3-year reallocation opportunities.

VI. FINANCIAL CONSTRAINTS

- Major Elements of Competition Plan**
- Major source of revenue for terminal projects.
 - Use of PFCs for gates and related terminals.
 - Availability of discretionary income for capital improvement projects.

- Significant Airport Responses**
- Using discretionary income for gate projects.

Highlights of Recent Actions Reported by Individual Airports:

Albuquerque	Capped the administrative fee charged by signatory carriers at 15 percent.
Anchorage	New Airline Operating Agreement permits airport to rate-base capital projects required to accommodate a new entrant or expanding airline, under certain conditions.
Chicago O'Hare	Purchased exclusive-use gate with discretionary funds and converted it to common use.
Las Vegas	Using PFC revenue for terminal expansion projects and maintaining a capital improvement account which may be used at the City's discretion for airport capital improvement projects.
Newark	Intends to apply for PFCs to use for planning terminal expansion.
Philadelphia	Utilized PFC financing to add domestic and international gates.
San Antonio	Included a provision in the Airport Use and Lease Agreement that limits the weighted majority of airlines to a 180-day deferral of capital construction projects that they do not agree with.
San Francisco	Differential terminal fees based on services or competitive rates.
Washington Dulles	Added 26 regional jet gates in 2004 to support near-term demand, using PFC bonds as well as other means of financing.

VII. AIRPORT CONTROLS OVER AIRSIDE AND GROUNDSIDE CAPACITY

- Major Elements of Competition Plan**
- Majority-in-interest (MII) clauses covering projects.
 - Projects delayed because MII clauses revoked.
 - Plans to modify existing MII agreements.

- Significant Airport Responses**
- Exempting capital projects necessary for competition from MII votes.

Highlights of Recent Actions Reported by Individual Airports:

Chicago Midway	Opened five RON positions.
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Dallas-Fort Worth	MII approval was obtained for partial funding of multiple airline construction and relocation-related costs to accommodate growth and expansion of incumbent airlines; and the MII-approved Airport Capital Development Program committed approximately \$2.6 billion for various airfield projects, terminals, and related support infrastructure, including Automated People Mover, roadway and parking infrastructure.
Minneapolis	Established airfield capital project contingency account, for future use, that is exempt from MII control.
Nashville	May consider as not enforceable, an MII vote against a development project for the purposes of excluding competition, when the development project is necessary for the airport to meet its obligation to provide access on reasonable terms as required by the AIP assurances.
Oakland	Ron monitoring and assignment.
Pittsburgh	Plans to fund new gate monitoring software with PFCs; utilized PFCs to construct common-use baggage claim check facilities to provide for multi-carrier use.
Providence	Interprets MII clause that excludes from MII concurrence projects to comply with Federal requirements as permitting airport to construct terminal facilities to enhance competition without MII approval.
St. Louis	Requiring pre-approval of the 5 year Capital Improvement Program and mitigating the short-term financial impact of the runway to a participating airline that maintains and over time increases its STL activity level.

VIII. AIRPORT INTENTIONS TO BUILD OR ACQUIRE GATES TO BE USED AS COMMON FACILITIES

- Major Elements of Competition Plan**
- Common-use gates available.
 - Common-use gates scheduled to be built.
 - International gates available for domestic use.
 - Fee differences between international gate use for domestic service and domestic gates.
 - Carrier reliance on common-use gates.

- Significant Airport Responses**
- Utilizing discretionary income to acquire common-use gates.
 - Adopting common-use gate fees comparable to fees charged for leaseholds.

Highlights of Recent Actions Reported by Individual Airports:

Anchorage	Converted from exclusive to short-term preferential (subject to recapture) and common-use gates. Converted three gates to common use.
Atlanta	Recaptured a temporary exclusive-use gate for preferential use, and converted one underused preferential-use gate to a common-use gate; required more productive use of common-use facilities by use of maximum turnaround times.
BWI	Converted 13 gates to domestic common-use; procured gate management software, which will be used in the first phase, to manage common-use gates and the Remain Overnight parking positions on the cargo ramps; in the second phase, MAA will consider expanding its use to all gate at BWI. Evaluate potential benefit of installing CUTE on the domestic common-use gates to determine whether this could increase usage of existing gates and thereby increase overall terminal capacity; and evaluate proposals for a new multi-user flight information and baggage information display system.
Charlotte	Increased number of common-use gates from 18 to 39.
Chicago O'Hare	Converted exclusive-use gate to common use.
Cleveland	Adopted protocol for common-use gate with priorities given for (a) use by existing carrier that does not lease a gate, (b) a new entrant, and (c) an carrier seeking to expand; would apply this protocol, as needed to exclusive-use gates. Three gates converted to common use; common use gate legislation passed by City; gate program management contract developed; protocol adopted.
Dallas-Fort Worth	Acquired control of several additional gates, one of which was converted from exclusive-use to common-use controlled by the Airport. Implementing plans for Airport control, scheduling and operation of six wide-body, international-service capable, common-use gates and related facilities in Terminal D.
Detroit	Recaptured eight gates for new or expanded service due to carriers' relocations. Is constructing additional gates.
Houston Hobby/Inter-continental	Use CUTE system at all ticket counters; IAH has constructed common-use and preferential-use gates; HOU has common-use gates and is developing a standard fee for any common gate use to charge separately for gate use, ticket counter, and common facility use to eliminate confusion in combined "per turn" rates.
Minneapolis	Converted several gates to common-use; developed entry-friendly common-use gate protocol.

Nashville	Has several common-use gates available for requesting carriers; airport will negotiate vacant gate recapture, upon request.
Newark	Accommodated new entrant on common-use gate. Intends to convert an underutilized exclusively leased gate to common-use.
Oakland	Plans to construct common-use gates.
Palm Beach	Recaptured one leased gate and converted to common use.
Philadelphia	Plans to construct preferential or common-use gates.
Phoenix Sky Harbor	Conversion of one gate in Terminal 3 to common use.
Pittsburgh	Constructed with PFC funds new common-use baggage claim check facilities. Intends to renegotiate MII clause at the earliest opportunity.
Providence	Recaptured one gate.
San Antonio	Completed installation of a MUFIDS equipment that will assist the City's gate monitor program; plan to construct a new seven gate Concourse B scheduled for completion by 2007 and plan to construct Concourse C an eight gate, expandable up to 11 gates, projected for completion in 2009.
San Francisco	Recaptured 9 previously exclusive-use gates for common or preferential-gates.
San Jose	Developing a common-use philosophy for the design of new and renovated passenger terminal facilities, including the use of plasma signs, generically sized gates to facilitate sharing, an integrated data system similar to CUTE II, which will be installed at ticket counters and gate podiums, and a shared baggage screening system. Recaptured a preferential-use gate and changed it to common use; new international arrival facility with 3 common-use gates and a new AIP project to build a new terminal with common-use facilities to begin the second half of 2004.
Washington Dulles	Develop a fourth runway and new air traffic control tower to assist the airport in managing the forecasted future gate development.

IX. AIRFARE LEVELS AS COMPARED TO OTHER LARGE AIRPORTS

Major Elements of Competition Plan	<ul style="list-style-type: none">• Carrier local passenger, average fare, market share and average passenger trip-length data.• Data above compared to other airports.
Significant Airport Responses	<ul style="list-style-type: none">• Using fare data to illustrate competitive strength.• Using market share data to attract new service.
Highlights of Recent Actions Reported by Individual Airports:	
Chicago O'Hare	Using fare data, actively tracks O'Hare's competitive position relative to other markets.
Palm Beach	Using market share data to highlight market opportunities for new and incumbent carriers.