

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

-----  
Application of

CONTINENTAL AIR LINES, INC.

for a temporary blanket waiver of dormancy  
conditions  
-----

:  
:  
:  
:  
:  
:  
:  
:  
:

Docket OST-03-

APPLICATION OF  
CONTINENTAL AIRLINES, INC.  
FOR TEMPORARY BLANKET WAIVER

Communications with respect to this document should be sent to:

Rebecca G. Cox  
Vice President, Government Affairs  
CONTINENTAL AIRLINES, INC.  
1350 I Street, N.W.  
Washington, DC 20005-3389

R. Bruce Keiner, Jr.  
CROWELL & MORING LLP  
1001 Pennsylvania Avenue, N.W.  
Washington, DC 20004-2595  
(202) 624-2615

Hershel I. Kamen  
Staff Vice President, International  
and Regulatory Affairs  
CONTINENTAL AIRLINES, INC.  
P.O. Box 4607 – HQSGV  
Houston, TX 77210-4607

Counsel for  
Continental Airlines, Inc.

March 21, 2003

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

-----  
Application of :  
 :  
 :  
 CONTINENTAL AIR LINES, INC. : Docket OST-03-  
 :  
 for a temporary blanket waiver of dormancy :  
 conditions :  
 :  
-----

APPLICATION OF  
CONTINENTAL AIRLINES, INC.  
FOR TEMPORARY BLANKET WAIVER

Continental<sup>1</sup> requests a temporary, blanket waiver of all dormancy conditions applicable to its frequency allocations and other operating authority, including codeshare and overflight authority, through December 31, 2003. Continental urges the Department to grant comparable blanket relief to all air carriers and states as follows in support of its request:

1. As a result of the war in Iraq, air traffic has declined precipitously from levels which were already substantially reduced from previous years, and airlines have been forced to reduce their flight operations substantially to ensure

---

<sup>1</sup> Common names are used for airlines.

their survival.<sup>2</sup> Like other major U.S. network carriers, Continental is reducing its schedule significantly, and it has regrettably furloughed thousands of its employees since September 11, 2001. Moreover, Continental's executive officer group has been reduced by more than 25 percent and Continental expects to reduce its workforce by another 1,200 employees in 2003. Reductions of international passenger traffic have been particularly acute, and Continental and other airlines are being forced to suspend a number of international flights temporarily. Under these circumstances, carriers should be permitted to reduce their schedules based on an evaluation of economic circumstances and traffic conditions on particular routes without jeopardizing their ability to re-institute flights on limited-entry routes for which they have been selected by the Department based on long-term service and market considerations.

2. In the present emergency circumstances, the resources of the carriers and the Department should be focused on preserving the viability of the U.S. carriers and the air transportation networks they provide to passengers and shippers. Granting a temporary, blanket waiver of dormancy requirements would

---

<sup>2</sup> See, e.g., "Companies Curtail Travel on War Fears," Wall Street Journal, March 20, 2003 at A3; "Airlines Cancel Flights as Bombing Begins in Iraq," New York Times (nytimes.com), March 20, 2003; "Airlines Reduce Flight Schedules As Demand Drops," Wall Street Journal, March 21, 2003 at A3; "US Airways Considering Fleet Cut, Wage Deferral Options," Aviation Daily, March 21, 2003 at 2; and "Intl. Bookings Down As Brazil Feels Effects of Iraq Conflict," Aviation Daily, March 21, 2003 at 5.

relieve the airlines of the necessity to prepare and submit individual waiver requests and the Department of the necessity to consider numerous individual waiver requests during this difficult period, freeing airline and government personnel for far more important tasks.<sup>3</sup>

3. The Department found that similar blanket relief to the airlines was “warranted and in the public interest” as a result of the “temporary period of adjustment” after “the events of September 11” so it could “afford the carriers needed flexibility to resume their international services on a phased-in basis, without risk that they will lose their route awards for non-use.” (See Order 2001-11-15 at 3) The airlines have not recovered fully from the aftereffects of the September 11 tragedy and related economic dislocations, two major U.S. network airlines are in bankruptcy, and all of the U.S. network airlines have been experiencing severe losses from their operations. As a result, the airlines must be particularly vigilant about eliminating flights that have temporarily become wholly uneconomic because of reduced demand, and the Department should support that effort.

4. Continental urges the Department to grant relief through December 31, 2003, with the normal 90-day dormancy periods to commence January 1, 2004,

---

<sup>3</sup> The Department should also work with carriers, the State Department and foreign governments to provide relief from slot use-or-lose rules through the end of the winter 2003-2004 season to ensure the ability of carriers to restore important network services when conditions permit.

so airlines can evaluate the global economic and traffic situation in light of further developments related to the Iraq war and plan ahead to re-institute operations at the appropriate time rather than feeling constrained to re-institute flights prematurely during the weak winter traffic season. Should the war end rapidly without significant adverse economic or terrorism consequences, the airlines will remain free to re-institute service promptly. Continental would not object to reasonable advance reporting requirements requiring airlines to notify the Department by November 15, 2003 what dormancies will continue beyond December 31, 2003, or to the temporary award of authority to other airlines during the dormancy period.

For the foregoing reasons, Continental urges the Department to grant it and other carriers a temporary waiver of dormancy conditions on their frequency allocations and operating authority through December 31, 2003, with normal 90-day dormancy conditions to apply after that date.

Respectfully submitted,

CROWELL & MORING LLP



R. Bruce Keiner, Jr.  
[rbkeiner@cromor.com](mailto:rbkeiner@cromor.com)

Counsel for  
Continental Airlines, Inc.

March 21, 2003  
2024353

CERTIFICATE OF SERVICE

I certify that I have this date served the foregoing application on the following persons in accordance with the Department's Rules of Practice:

Vickie I. Hassman  
BAX Global Inc.  
(Air Transport International)  
[vhassman@baxglobal.com](mailto:vhassman@baxglobal.com)

Brian T. Hunt  
General Counsel  
American Trans Air  
[brian.hunt@iflyata.com](mailto:brian.hunt@iflyata.com)

Robert P. Silverberg  
Silverberg, Goldman  
& Bikoff, L.L.P.  
(Midwest Express)  
[rsilverberg@sgbdc.com](mailto:rsilverberg@sgbdc.com)

John L. Richardson  
Crispin & Brenner, P.L.L.C.  
(Amerijet)  
[jrichardson@crispinandbrenner.com](mailto:jrichardson@crispinandbrenner.com)

Edward P. Faberman  
Ungaretti & Harris  
(AirTran Airways)  
[epfaberman@uhl.com](mailto:epfaberman@uhl.com)

Russell E. Pommer  
Associate General Counsel  
and Director, Regulatory Affairs  
Atlas Air, Inc.  
(Polar Air Cargo)  
[rpommer@atlasair.com](mailto:rpommer@atlasair.com)

Marshall S. Sinick  
Squire, Sanders & Dempsey L.L.P.  
(Alaska, Aloha)  
[Msinick@ssd.com](mailto:Msinick@ssd.com)

Robert E. Cohn  
Shaw Pittman  
(Delta)  
[robert\\_cohn@shawpittman.com](mailto:robert_cohn@shawpittman.com)

Joanne W. Young  
Baker & Hostetler, LLP  
(America West)  
[jyoung@bakerlaw.com](mailto:jyoung@bakerlaw.com)

Stephen H. Lachter  
(DHL)  
[lachter@erols.com](mailto:lachter@erols.com)

Carl B. Nelson, Jr.  
Associate General Counsel  
American Airlines, Inc.  
(TWA LLC)  
[carl.nelson@aa.com](mailto:carl.nelson@aa.com)

Thomas V. Lydon  
Director, Government Affairs  
Evergreen International Airlines, Inc.  
[tom.lydon@evergreenaviation.com](mailto:tom.lydon@evergreenaviation.com)

Angeline (Angie) Garbuzinski  
Legal & Regulatory Affairs Department  
Federal Express  
[anbird@fedex.com](mailto:anbird@fedex.com)

Moffett B. Roller  
Roller & Bauer, PLLC  
(Gemini Air Cargo)  
[mroller@rollerbauer.com](mailto:mroller@rollerbauer.com)

Jonathan B. Hill  
Dow, Lohnes & Albertson  
(Hawaiian Airlines)  
[jhill@dlalaw.com](mailto:jhill@dlalaw.com)

Yvette A. Rose  
Myers & Alterman  
1220 Nineteenth Street, N.W.  
Suite 400  
Washington, DC 20036-2438  
(Horizon Air)

Megan Rae Rosia  
Managing Director, Government  
Affairs and Associate General  
Counsel  
Northwest Airlines, Inc.  
[megan.rosia@nwa.com](mailto:megan.rosia@nwa.com)

John R. Nadolny  
Senior Vice President  
Pan American Airways Corp.  
4 Aviation Avenue  
Portsmouth, NH 03801

Thomas A. Gillies  
President  
Southern Air Inc.  
[Tgillies@southernair.com](mailto:Tgillies@southernair.com)

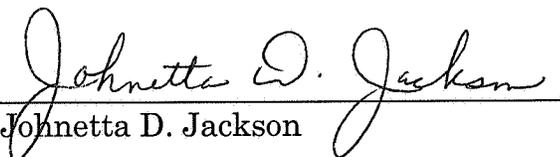
Anita M. Mosner  
Eclat Consulting  
(Spirit Airlines)  
[amosner@eclatconsulting.com](mailto:amosner@eclatconsulting.com)

Jeffrey A. Manley  
Wilmer, Cutler & Pickering  
(United)  
[jmanley@wilmer.com](mailto:jmanley@wilmer.com)

David L. Vaughan  
Kelley Drye & Warren LLP  
(UPS)  
[dvaughan@kelleydrye.com](mailto:dvaughan@kelleydrye.com)

Donald T. Bliss  
O'Melveny & Myers LLP  
(US Airways)  
[dbliss@omm.com](mailto:dbliss@omm.com)

Cindy M. Swinson  
General Counsel  
World Airways, Inc.  
[cswinson@woa.com](mailto:cswinson@woa.com)

  
Johnetta D. Jackson

March 21, 2003