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DEPARTMENT OF TRANSPORTATION
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DOCKET SECTION

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

Application of :
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AirTran Airways, Inc. :
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For an exemption from Subparts K :
and S of 14 CFR Part 93 (Slot Restrictions at New :
York LaGuardia Airport) as to provide nonstop :
service between: :
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Bloomington/Normal, IL / Moline-Quad Cities, IL :
& New York LaGuardia (combination service); :
 :
 :
et al. :
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Docket: OST-97-2557 - 7

**Filing In Support of AirTran Request For Exemption To Obtain Slots At New
York/LaGuardia Airport**

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**Filing In Support of AirTran Request For Exemption To Obtain Slots At New
York/LaGuardia Airport**

Aviation Systems Research Corporation (ASRC) respectfully urges the Department of Transportation to quickly grant an exemption for slots at LaGuardia Airport, as requested by AirTran Airways. Without question, the AirTran proposal makes the most judicious and beneficial use of scarce LaGuardia slots. Instead of just benefiting one community, the AirTran proposal is unique in that it provides four entire *regions*, comprising at least twenty important mid-size cities, with cost-effective access to New York, benefiting millions of consumers.¹ While it is accurate to note that cities

¹ The proposal entails access to the following cities, among others, within an approximate hour drive of the airports noted by AirTran:

Moline/Quad Cities - In addition to the Quad Cities, the proposal results in LGA access for: Cedar Rapids, Clinton, Galesburg, Sterling, and Rock Falls. Note that the latter three cities have lost, or will shortly lose, all scheduled air service at their local airports.

Bloomington/Normal: The AirTran service will benefit Peoria, Springfield, Decatur, Champaign, and Urbana.

Toledo: Service will benefit Ann Arbor, southern suburbs of Detroit, Monroe, MI, plus Bowling Green, Findlay, and Lima, OH.

such as Atlanta and Denver could benefit from more low-cost LaGuardia access, the fact is that these cities today have such access. The AirTran proposal is superior to other new entrants' requests for LaGuardia slots because it provides low-fare LaGuardia service to *more* consumers and *more* communities who need such service, yet today have none at all.

Standing

Aviation Systems Research Corporation has been, and continues to be, actively involved in air service issues pertinent to this docket. The firm has accomplished a number of in-depth studies on behalf of the Illinois Public Airports Association regarding the future air service needs of the State of Illinois as a whole, and has studied these issues on behalf of both Moline/Quad Cities and Central Illinois Regional Airport at Bloomington/Normal. ASRC has reviewed air service needs in Eastern Tennessee on behalf of the Knoxville Metropolitan Airport Authority. In addition, ASRC independently analyses the air service needs and trends at over 125 US airports on an on-going basis, and publishes its findings in *Airports:USA*, the only enplanement and trend forecast compendium published annually in the private sector.

The president of ASRC, Michael Boyd, has been requested to provide testimony to Congress on a number of occasions regarding air service issues, and most recently participated in hearings held by the Presidential Emergency Board formed by President Clinton to avert a pilot strike at American Airlines. Testimony and input by Mr. Boyd at these Emergency Board hearings focused upon the impact of regional jets on the airline industry and upon emerging air service trends at small and mid-size communities.

This experience with the cities involved in the AirTran filing, and the experience of studying the future needs of regional air service, provides a depth of knowledge that may assist the Department in its analysis of this filing by AirTran.

Akron/Canton: Service will benefit southern suburbs of Cleveland, plus Youngstown, Wooster, Massillon, and Alliance.

Knoxville: Service will benefit: Bristol, Johnson City, Kingsport, Chattanooga, Oak Ridge TN, and Asheville, NC.

Conformance To Demographic And Economic Trends

The airports chosen for LaGuardia service by AirTran represent not just cities, but four entire commercial *regions* that are typical of the new global economy of the 21st century. No longer are such regions secondary in terms of industrial importance to the nation, but are instead representative of the changes in the economic structure of the United States. The AirTran proposal for nonstop flights to New York, which is the nation's largest metropolitan area and the nation's financial center, recognizes a very real air service gap that must be filled to meet the needs of the growing economies of Moline/Quad Cities, Bloomington/Normal, Knoxville/Eastern Tennessee, Toledo/Northwest Ohio, and Akron/Canton.

- Moline/Quad Cities International Airport serves a bi-state region that is home to large industrial and technological firms such as John Deere who do business globally, and for whom improved access to New York is important. The AirTran proposal will benefit not only the immediate Quad Cities communities, but also satisfy the need for economical air transportation to New York for other cities as well, including Cedar Rapids IA, Clinton IA, and Sterling/Rock Falls IL. All of these cities are within reasonable driving distance of Moline/Quad Cities International Airport.
- Bloomington/Normal represents a near-textbook case study in the emerging trends of the 21st century. First, its business base is diverse, and is comprised of industries that represent the importance of transportation to the new economy of the 21st century. It has large concentrations in the service industries, such as insurance, but its business base also represents trans-global technology industries as well. Typical of the interdependence of these regions with the global economy are Mitsubishi of Japan, and Eureka, which is headquartered in Bloomington/Normal. Mitsubishi Motors of Japan manufactures automobiles with components from around the world at its Normal, IL factory. It produces cars not only for itself, but also for Chrysler, Dodge, and Plymouth. Eureka is another example of the global inter-dependence of central Illinois, manufacturing vacuum cleaners and appliances

in both Bloomington as well as in factories overseas. This global-based interdependence is one where expansion depends heavily on expanding air transportation access, and the AirTran proposal for New York service is an important step in this direction. On the air service front, Bloomington/Normal also represents an emerging air service trend of which the Department should be aware: the intra-regional airport. Because of its location, Central Illinois Regional Airport at Bloomington/Normal is within a 60-minute drive of approximately 800,000 people, including all or substantial portions of the populations Peoria, Champaign, Urbana, Springfield, and Decatur. This has been a major factor in the recruitment of two new jet carriers to the market, Frontier and AirTran. The AirTran proposal will give all these cities cost-effective air access to the important financial and commercial centers located in the New York area. Therefore, ASRC suggests that AirTran service from Bloomington/Normal to LaGuardia provides maximum benefit to the widest population base, and this certainly is consistent with the goals of the Department in allowing new entrant access to slot-controlled airports.

- While the AirTran proposal requests slots for service to Knoxville, the reality is that such a request is essentially for service to Eastern Tennessee, which represents an enormous area that today has no nonstop access to New York². Knoxville Metropolitan Airport serves a region that is an emerging major player in the global economy, with strong focus on global technology. The AirTran proposal for Knoxville is in effect one that opens all of Eastern Tennessee to cost-effective access to New York. Because of its location, AirTran service will benefit consumers and businesses in a corridor from southern Virginia to northern Georgia, as well as parts of North Carolina.
- Toledo and Akron/Canton also represent regions whose economies are now vibrant and which are no longer in any way representative of a region that was once called “the rustbelt.” ASRC would suggest that approval of the AirTran proposal

² In the early 1990s, Delta offered a single daily nonstop from Knoxville to New York/LaGuardia. However, the single flight was ill-timed, and fare levels were exorbitant. The AirTran proposal represents two frequencies at much lower fares. It also should be noted also that since the time of the Delta service, there has been significant economic growth in the Eastern Tennessee region.

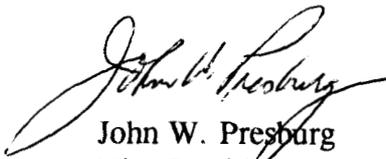
will not only meet a need for these immediate cities, but will also benefit many consumers in the service areas of Detroit and Cleveland. The low fares offered by AirTran will provide some discipline and competition for New York service now offered by the hubbing carriers, Northwest at Detroit and Continental at Cleveland. Analyses published by ASRC indicate that Toledo is already the beneficiary of "reverse leakage" from Detroit. Although flight levels at Toledo are lower than at Detroit (which is dominated by Northwest) higher competition between airlines at Toledo has resulted in consumers driving south from the Detroit area to take advantage of fares that are often lower. ASRC analyses indicate that the AirTran proposal will benefit consumers in the I-75/US-23 corridor within about an hour's drive from Toledo Express Airport. This encompasses a very large and very populous region roughly bounded by Ann Arbor and Detroit in the north, to Lima, Ohio to the south.

Conclusion

Certainly, access to LaGuardia would be beneficial to almost any airport in the nation. However, the resources represented by this important New York airport are limited. Therefore, it is suggested that the priorities of the Department of Transportation should be to first open up such access to communities that today do not have any service to LaGuardia. The AirTran proposal is unique in that it does this for at least twenty such communities, giving new access to millions of consumers to the most convenient airport serving New York and Long Island.

ASRC would respectfully urge the Department of Transportation to look favorably upon the AirTran request for exemption for slots at LaGuardia.

Respectfully Submitted



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June 3, 1997

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