

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

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Joint Application of )  
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**MOBILE AIRPORT AUTHORITY** )  
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                                  **and** ) Docket OST-99-  
**ATLANTIC COAST AIRLINES** )  
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 )  
For an exemption from Subparts K and S )  
of 14 CFR, Part 93 )  
(Mobile-Chicago O'Hare) )  
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**JOINT APPLICATION OF MOBILE AIRPORT AUTHORITY  
AND ATLANTIC COAST AIRLINES**

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Communications with respect to this document should be sent to:

G. Bay Haas  
Executive Director  
**MOBILE AIRPORT AUTHORITY**  
1891 9th Street  
Mobile, AL 36615

Kerry B. Skeen  
President, Chief Executive  
Officer  
**ATLANTIC COAST AIRLINES**  
515A Shaw Road  
Dulles, VA 20166  
(703) 925-6000

Robert P. Silverberg, Esq.  
Bagileo, Silverberg & Goldman  
1101 30th Street, N.W.  
Suite 120  
Washington, D.C. 20007  
(202) 944-3300

Attorneys for  
**ATLANTIC COAST AIRLINES**

Dated: April 22, 1999



This joint application is designed to remedy this problem. Mobile Regional Airport has the infrastructure and ACA has the ability, experience, and aircraft to provide regional jet O'Hare service and the applicants hereby request four O'Hare exemption slots for this purpose. In further support hereof, the applicants state as follows:

1. The Alabama, Mississippi, and Florida Gulf Coast is witnessing significant growth. Of all the communities in the Gulf Coast region, Mobile, which is centrally located between Gulfport/Biloxi to the west and Pensacola to the east, has the largest population and the largest and fastest growing economy. Mobile's market area consists of a population of over 1.4 million people and is growing. The population of the Mobile metropolitan area is 120,000 greater than the next largest Gulf Coast city, Pensacola. Mobile leads the entire state of Alabama in job growth, generating 53,000 more jobs than Huntsville (during the period 1990-1997) which community also has applied for O'Hare exemption slots. In short, Mobile has a rapidly growing economic base sufficient to support nonstop service to Chicago. Indeed, Mobile generated almost 834,000 O&D passengers in 1998.

2. Despite Mobile's economic strength and growth, its air service is dominated by a single carrier -- Delta Airlines. Eighty five percent of Mobile's O&D traffic is captured by Delta, with the majority moving over the Atlanta hub. Continental is a distant second with 9% of the market (flowing traffic over Houston) and

Northwest with 6% (with nonstop service to Memphis). Domination of the Mobile market for air service by a single carrier has limited Mobile's access to the air transport market and produced only very limited competition in the Mobile market for air service. ACA's offer to provide twice daily regional jet service to Chicago's O'Hare Airport is pro-competitive and will open the Mobile market to United's network of domestic and international destinations.

3. ACA is best situated to link Mobile to O'Hare. First, ACA is the code share partner of United Airlines which operates the largest hub complex at O'Hare. United serves 126 domestic and 23 international destinations from O'Hare. Of these, 120 domestic and 17 international are served on a nonstop basis. Of these cities, 42 domestic and 6 international points are not served nonstop over Atlanta so that new online one-stop service opportunities will be created by linking Mobile to O'Hare with nonstop service. Exhibit 2. In addition, five domestic and international points will enjoy a doubling of their connecting opportunities. Exhibit 3.

Not only will ACA service permit Mobile to enjoy more regional jet connecting service to these new nonstop and single plane destinations, Mobile will have the benefit of ACA's experience in linking communities like Mobile to O'Hare. For almost a year, ACA has been building a second base of operations at O'Hare and as of May 17 will be providing O'Hare service to seven small non-hub,

small hub, and medium hub airports<sup>1/</sup> consisting of 38 daily operations. ACA has as much experience as any regional jet operator at O'Hare and more experience than even American Eagle in serving small non-hub and small airports from O'Hare. Exhibit 4. Mobile will greatly benefit from this O'Hare regional jet operating experience.

4. Congressional and DOT policy favors an award of exemption slots with which to serve the Mobile-O'Hare market. It has long been recognized that O'Hare slot controls have precluded carriers from offering service to deserving communities, regardless of demand or the fact that the city pair could be profitably served. The Congress, in observing this situation, directed the Secretary to improve service to non-hub and smaller communities where service improvement can be achieved. Conference Report to the Department, FY 1997 Appropriations Bill, Public Law 104-205, cited in Order 97-1-7. Since this pronouncement, the DOT has enabled ACA and other regional jet operators the ability to serve numerous O'Hare markets which previously lacked any nonstop service or nonstop jet service. See Order 98-4-21 (awarding ACA, American Eagle and Trans States exemption slots to serve 10 small- and medium-sized communities); Order 98-10-28 (transferring exemption slots to ACA to permit it to

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<sup>1/</sup> As of May 17, ACA will offer 19 daily roundtrip regional jet flights between O'Hare and the communities of Charleston, West Virginia, Fargo, North Dakota, Wilkes Barre-Scranton, Pennsylvania, Peoria, Illinois, Springfield-Branson, Tennessee, and Savannah, Georgia-Hilton Head, South Carolina.

serve Fargo and Sioux Falls); Order 99-3-12 (granting the communities of Savannah/Hilton Head and Greenville/Spartanburg six exemption slots).<sup>2/</sup>

This latter Order (99-3-12) suggests that the size of the underserved market is a key decisional factor. Hence, the Department passed on awarding slots to those communities that lacked demonstrable traffic support in favor of awarding exemption slots to Savannah/Hilton Head which was, at the time of the DOT's decision, the largest O'Hare market that lacked nonstop service. Similarly, the O'Hare Greenville/Spartanburg market was the seventh largest O'Hare market without nonstop service.

The Mobile-O'Hare market is similarly large, ranking number two, but, like Savannah/Hilton Head and Greenville/Spartanburg, lacks nonstop service.<sup>3/</sup> Hence, ACA and Mobile are confident that the service can be sustained operationally and financially as demonstrated in Exhibit 5 in which ACA forecasts an annual operating profit of over \$885,000. ACA has profitably served all of its O'Hare markets, some of which are smaller than Mobile, and

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<sup>2/</sup> To the extent the DOT concludes that ACA is not eligible to be awarded an exemption from the High Density Airport Rule, the DOT should award the slots to Mobile which, in turn, will make the slots available to ACA in order to provide the Mobile-O'Hare regional jet service.

<sup>3/</sup> Mobile, considered alone, is the seventh largest O'Hare market which lacks nonstop service -- the same ranking as Greenville/Spartanburg before it was awarded O'Hare exemption slots.

has every confidence that Mobile market can and will prove to be profitable and, therefore, service will be sustainable.

WHEREFORE, for the reasons set forth above, the Mobile Airport Authority and Atlantic Coast Airlines hereby respectfully request the award of four exemption slots in order to provide nonstop regional jet service between Mobile Regional Airport and Chicago's O'Hare International Airport.

Very truly yours,

**MOBILE AIRPORT AUTHORITY**

BAGILEO, SILVERBERG & GOLDMAN  
Attorneys for  
**ATLANTIC COAST AIRLINES**

By: \_\_\_\_\_  
G. Bay Haas  
Executive Director

By: \_\_\_\_\_  
Robert P. Silverberg

Dated: April 22, 1999

CERTIFICATE OF SERVICE

I hereby certify that I have on this 22nd day of April, 1999, served a copy of the foregoing Joint Application of Mobile Airport Authority and Atlantic Coast Airlines, by first class mail, postage prepaid, upon the persons on the attached service list.

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Robert P. Silverberg

**SERVICE LIST**

The Honorable Jeff Sessions  
United States Senate  
495 Russell Senate Office Building  
Washington, D.C. 20510

The Honorable Richard C. Shelby  
United States Senate  
110 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Robert E. Cramer, Jr.  
U.S. House of Representatives  
2350 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Sonny Callahan  
U. S. House of Representatives  
2466 Rayburn House Office Building  
Washington, D.C. 20515

Honorable Don Siegelman  
Governor of Alabama  
State Capitol  
600 Dexter Avenue  
Montgomery, AL 36130

Honorable Loretta Spencer  
Mayor of Huntsville  
P.O. Box 308  
Huntsville, AL 35804

Carl B. Nelson, Esq.  
Associate General Counsel  
American Airlines, Inc.  
Suite 600  
1101 17th Street, N.W.  
Washington, D.C. 20036  
American Airlines/American Eagle

Arthur T. Voss  
Vice President & General Counsel  
Frontier Airlines, Inc.  
12015 East 46th Avenue  
Denver, CO 80239

George U. Carneal, Esq.  
Ronald P. Brower, Esq.  
Hogan & Hartson L.L.P.  
Columbia Square  
555 13th Street, N.W.  
Washington, D.C. 20004-1109  
National Airlines, Inc.

Edward P. Faberman, Esq.  
Ungaretti & Harris  
1747 Pennsylvania Ave., N.W.  
Suite 900  
Washington, D.C. 20006-4604

Hulas Kanodia, Pres. and CEO  
Trans States Airlines d/b/a  
United Express  
9275 Genaire Drive  
St. Louis, MO 63134

Kenneth P. Quinn, Esq.  
Winthrop, Stimson, Putnam  
& Roberts  
Suite 1200  
1133 Connecticut Ave., N.W.  
Washington, D.C. 20036  
City of Chicago

C. Maurice Rawe, Attorney  
City of Sioux City  
P.O. Box 447  
Sioux City, Iowa 51102

G. Bay Hass  
Executive Director  
Mobile Airport Authority  
1891 9th Street  
Mobile, AL 36615

Roger Engstron  
Airport Manager  
Mobile Regional Airport  
8400 Airport Boulevard  
Mobile, AL 36608

Anthony Marino  
Director of Aviation  
Greater Baton Rouge Airport District  
9430 Jackie Cochran Drive  
Suite 212  
Baton Rouge, LA 70807

Richard Tucker  
Executive Director  
Huntsville-Madison County  
Airport Authority  
1000 Glenn Hearn Blvd.  
Huntsville, AL 35824

Jeffrey A. Manley, Esq.  
Kirkland & Ellis  
Suite 1200  
655 15th Street, N.W.  
Washington, D.C. 20005  
United Airlines