

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

Application of )  
)

ALITALIA-LINEE AEREE ITALIANE-S.p.A. )

Docket OST-99- 5427

for an exemption from Subparts K )  
and S of Part 93 of Title 14, Code of )  
Federal Regulations, pursuant to )  
49 U.S.C. § 41714(b)(1) )  
)

**APPLICATION OF  
ALITALIA-LINEE AEREE ITALIANE-S.p.A.  
FOR AN EXEMPTION**

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NOTICE: Any person may support or oppose this application by filing an answer and serving a copy of the answer on the persons listed above and the persons listed on the certificate of service attached to this application. Answers are due on or before April 8, 1999; however, all persons on the service list will be polled for their positions as soon as possible.

Dated: March 24, 1999

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

<b>Application of</b>	)	
<b>ALITALIA-LINEE AEREE ITALIANE-S.p.A.</b>	)	<b>Docket OST-99-</b>
<b>for an exemption from Subparts K and S of Part 93 of Title 14, Code of Federal Regulations, pursuant to 49 U.S.C. § 41714(b)(1)</b>	)	

**APPLICATION OF  
ALITALIA-LINEE AEREE ITALIANE-S.p.A.  
FOR AN EXEMPTION**

Pursuant to 49 U.S.C. section 41714(b)(1), Alitalia-Linee Aeree Italiane-S.p.A. ("Alitalia") hereby requests an exemption from Subparts K and S of 14 C.F.R. Part 93 to enable Alitalia to operate five weekly nonstop roundtrip combination service flights between Chicago O'Hare International Airport and Rome Fiumicino Airport, for the period June 1, 1999 through October 31, 1999 (i.e., the end of the 1999 summer season).

In support of this application, Alitalia states as follows:

1. Alitalia proposes to operate five weekly nonstop roundtrip combination service flights between Chicago O'Hare International Airport and Rome Fiumicino Airport using Stage 3-compliant Boeing 767 aircraft, effective June 1, 1999, according to the following schedule:

<u>Days of Week</u>	<u>Flight #</u>	<u>Schedule</u>
3,4,5,6,7	AZ638	FCO 1325 ORD 1650
	AZ639	ORD 1855 FCO 1110 <sup>1</sup>

If the proposed schedule cannot be accommodated, Alitalia respectfully requests an allocation of slots as close to the above arrival and departure times as possible.

2. Chicago-Rome has been an established market for Alitalia for many years. As the Department is aware, Alitalia was forced to discontinue its Chicago-Rome service late last year due to restrictions on its aircraft fleet arising from conditions imposed by the European Commission as part of the Commission's approval of Alitalia's financial restructuring plan. Those restrictions forced Alitalia reluctantly to switch aircraft to the Chicago-Milan route as part of a process of consolidating its operations at its new hub at Milan's Malpensa Airport. Thus, Alitalia's historic slots at Chicago O'Hare, previously allocated for Chicago-Rome service, have been allocated to the Chicago-Milan route. Now, however, Alitalia has aircraft available that will enable Alitalia to recommence its Chicago-Rome service – which Alitalia is anxious to do at the earliest possible opportunity.

3. Alitalia, of course, would have preferred to maintain its Chicago-Rome service without interruption, and to continue to participate in the FAA's regular slot allocation process in conjunction with that service. Unfortunately, for the reasons stated above, that was not possible. Nonetheless, Alitalia contacted the FAA as soon as it was in a position to resume Chicago-Rome service. The FAA, however, has informed Alitalia that it is unable to grant Alitalia's request for slots for the 1999 summer season. Therefore, Alitalia is obliged to seek slots at Chicago O'Hare

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<sup>1</sup> All times are local. Alitalia proposes to operate the above schedule commencing June 1, 1999 through October 31, 1999.

by means of an exemption from the Department in order to reinstitute its Chicago-Rome service from June 1, 1999 through October 31, 1999. Thereafter, Alitalia will seek to obtain necessary slots through the FAA's regular slot allocation process.

4. The Secretary of Transportation is authorized to grant exemptions from the slot restrictions contained in the Part 93 High Density Rule for foreign air transportation when such an exemption would be "in the public interest." 49 U.S.C. § 41714(b)(1). Grant of this exemption application clearly would meet that public interest standard, for the following reasons:

- a. Alitalia's proposal to restore nonstop Chicago-Rome service will generate unique economic and competitive benefits while offering the superior convenience of nonstop service to passengers and shippers.

Since Alitalia suspended its service late last year, there has been no nonstop service available on the Chicago-Rome route.<sup>2</sup> Clearly this constitutes a major, highly unsatisfactory deficiency in U.S.-Italy air transport services which Alitalia is anxious to remedy. Alitalia's proposed resumption of Chicago-Rome service would restore to passengers and shippers the unique convenience of nonstop service during the busy summer season, and beyond. In addition, approval of Alitalia's application would generate significant economic benefits both for the City of Chicago and surrounding area, as well as for Italy, while also increasing competition in the broader U.S.-Italy market.

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<sup>2</sup> American submitted a Chicago-Rome service proposal in the Department's recent 1999 U.S.-Italy Combination Service Case, but the Department provisionally has selected Delta for Atlanta-Rome service. Order 99-2-7, February 23, 1999 (Docket OST-98-4854).

b. Bilateral considerations strongly support approval of Alitalia's application.

Grant of Alitalia's exemption application is fully consistent with the objectives of the new U.S.-Italy "open skies" bilateral agreement, which was initialed last November. Approval of this application would reflect the spirit of the new agreement, as well as the aspirations expressed by Secretary Slater when he announced the new agreement: "We look forward to strengthening U.S.-Italy aviation ties and to the benefits that such links bring to our economic relationship."<sup>3</sup>

5. The Department has seen fit to grant a series of slot exemptions to foreign air carriers for the 1999 summer season. See Order 99-3-16, March 19, 1999 (LOT); Order 99-3-15, March 19, 1999 (Singapore Airlines); Order 99-2-22, February 22, 1999 (SAS; Lufthansa); Order 99-2-23, February 22, 1999 (Air France); Order 99-2-24, February 22, 1999 (Mexicana; Iberia); Order 99-2-25, February 22, 1999 (Japan Airlines; All Nippon Airways). Indeed, while several foreign carrier applications for slot exemptions remain pending, the Department has not yet denied any such application for the 1999 summer season.

6. Alitalia is fit, willing and able to perform this service. Alitalia holds a foreign air carrier permit, issued by Order 71-4-1, to conduct foreign air transportation of persons, property and mail between Italy and specified U.S. cities, including Chicago, which is a permissible Alitalia gateway from both Rome and Milan. In addition, Alitalia holds various exemption authorities to provide services to and from the United States. As the Department already is aware, the Italian government has authorized Alitalia to operate Chicago-Rome service.


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<sup>3</sup> "Transportation Secretary Slater Announces U.S.-Italy Open Skies Agreement," DOT Press Release, November 12, 1998.

WHEREFORE, Alitalia respectfully requests that the Department grant it an exemption from Subparts K and S of 14 C.F.R. Part 93 to the extent necessary to enable Alitalia to resume nonstop roundtrip combination service between Chicago O'Hare International Airport and Rome Fiumicino Airport. Alitalia also respectfully requests that the Department act expeditiously on this application in light of Alitalia's plans to commence the service on June 1, 1999.

Respectfully submitted,

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