

BEFORE THE  
FEDERAL AVIATION ADMINISTRATION  
WASHINGTON, D.C.

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Application of )  
 )  
 AMERICAN AIRLINES, INC. ) Docket FAA-2012-0089  
 )  
 for an exemption )  
 pursuant to 14 C.F.R. Part 11.15 )  
 (Lansing, Michigan – Washington, D.C.) )  
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**APPLICATION OF AMERICAN AIRLINES, INC.  
FOR AN EXEMPTION  
(Lansing, Michigan – Washington, D.C.)**

Communications with respect to this document should be addressed to:

Howard Kass  
Vice President – Regulatory Affairs

Abigail Donovan  
Director, Congressional and Federal Affairs

American Airlines, Inc.  
1101 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20036  
(202) 326-5153  
*howard.kass@aa.com*  
*abigail.donovan@aa.com*

August 11, 2015

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**APPLICATION OF AMERICAN AIRLINES, INC.  
FOR AN EXEMPTION  
(Lansing, Michigan – Washington, D.C.)**

Pursuant to 14 C.F.R. Part 11.15, American Airlines, Inc. (“American”) hereby petitions the Federal Aviation Administration (“FAA”) for an exemption<sup>1</sup> from 14 C.F.R. 93.123, and from any other relevant regulation, to permit American/American Eagle to maintain nonstop service between Ronald Reagan Washington National Airport (“DCA”) and Lansing, Michigan’s Capital Region International Airport (“LAN”).<sup>2</sup>

American intends to commence LAN-DCA service on November 5, 2015.<sup>3</sup> If time does not permit the FAA to grant American a permanent exemption by September 10, 2015, American requests that FAA grant *pendente lite* authority enabling American to begin service as soon as

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<sup>1</sup> While this request is styled as a new exemption, American requests, in the alternative, that the FAA amend the existing Sun Country exemption and replace Sun Country with American or American Eagle. *See* Exemption Number 10466, March 2, 2012, Regulatory Docket No. FAA-2012-0089.

<sup>2</sup> As required by 14 C.F.R. 11.81(f), a summary for publication in the Federal Register is attached.

<sup>3</sup> American would prefer to avoid any service interruption; however, American has frozen its schedule because of the mid-October reservation system migration with US Airways.

possible after Sun Country Airlines' ("Sun Country") final LAN-DCA operation, so as to minimize the inconvenience to passengers caused by a LAN-DCA service interruption.<sup>4</sup>

## **EXECUTIVE SUMMARY**

American's service proposal is a "win-win-win" and a big boost to much needed Mid-Michigan air service. With an exemption grant, American will inaugurate LAN service with four daily flights to two destinations – Washington, D.C. and Chicago, Illinois. LAN's flight to DCA, an American hub, will offer connections to 33 destinations throughout the Eastern United States. Three additional daily American flights will also connect LAN with American's Chicago O'Hare ("ORD") hub, allowing Mid-Michigan air travelers connections to 115 destinations. Thus, Mid-Michigan travelers will have a new choice in air travel with a new carrier, new network, new hubs and new global alliance access via **oneworld**.<sup>5</sup>

Congress, FAA, and DOT have all recognized the public interest benefits of connecting smaller communities with the Nation's Capital. Congressional action on slot exemptions at DCA almost exclusively expands small community access to DCA, or, at the very least, ensures no small community is harmed.<sup>6</sup> Grants of slot exemptions by FAA and DOT follow a similar pattern, with a strong focus on maintaining small community service at DCA.<sup>7</sup> FAA and DOT

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<sup>4</sup> Such requests for a *pendente lite* exemption have been previously authorized by the Department of Transportation ("DOT" or "Department"). See, e.g., DOT Order 2014-1-16, January 27, 2014 (Kansas City, Missouri), and DOT Order 2012-1-19, January 25, 2012 (Jackson, Mississippi).

<sup>5</sup> American's introduction of any service to LAN is contingent on receiving an exemption. American needs to offer LAN passengers competitive options via its East and West connecting hubs.

<sup>6</sup> See the Wendell H. Ford Aviation Investment and Reform Act for the 21<sup>st</sup> Century ("AIR 21"), the Vision 100-Century of Aviation Reauthorization Act of 2003 ("Vision 100"), and the FAA Modernization and Reform Act of 2012.

<sup>7</sup> The ultimate recognition of the importance DOT places on small community DCA air service is the agreement between DOT and American prior to its merger with US Airways, which requires American to operate most of its regional slots for service to medium and small communities. American's effort to obtain this exemption is not foreclosed by the terms of its November 2013 settlement agreement with the Department of Justice.

have also found it to be in the public interest to protect communities at risk of losing air service on other restricted routes.<sup>8</sup>

It would be unfair and greatly injurious to its economy if Mid-Michigan were to lose a service first awarded to LAN and Sun Country by the Department over four years ago. When a legal challenge of the original award required DOT to withdraw the slots, Mid-Michigan political, business and civic leaders worked with FAA and DOT to obtain the current exemption. Mid-Michigan is committed to LAN-DCA service not just politically, but because Mid-Michigan travelers need and support the service. DCA is LAN's second largest destination, and the current service represents the only nonstop flight to any of the three Washington D.C. airports. No community has had to fight as hard as Lansing for DCA service (three times in five years). In a situation like this, retiring the exemption is certainly not in the public interest, when American is fit, willing and able to successfully operate the DCA service and add service to ORD.

#### **I. American Will Ensure Mid-Michigan Remains Connected to the Nation's Capital**

After more than four years of service, Sun Country notified FAA that it was ceasing its nonstop LAN-DCA service and returning the slot exemption to the FAA effective October 1, 2015 in order to "...reallocate our aircraft capacity..."<sup>9</sup> American proposes to maintain the LAN-DCA service and add additional LAN-ORD service.

American Airlines' service proposal provides:

- **Year-round daily service** between LAN and DCA,<sup>10</sup> commencing on November 5, 2015;

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<sup>8</sup> See Section V herein.

<sup>9</sup> See Letter from John S. Fredericksen, Regulatory Docket 2012-0089, May 1, 2015.

<sup>10</sup> Sun Country only operated LAN-DCA service 6 days a week. See <https://book.suncountry.com/SCA/checkin/flightSchedule.jsf>

- Two-class American Eagle Bombardier CRJ-700 equipment with **67 seats**: 9 First Class and 58 Economy;<sup>11</sup>
- Schedule: 0710 – 0855 Eastbound to DCA  
1730 – 1920 Westbound to LAN<sup>12</sup>
- Convenient **connections to 33 destinations** at DCA, one of American’s East Coast hubs;
- **Three new daily American Eagle flights** to ORD, American’s gateway to **25** international destinations and **90** domestic destinations;<sup>13</sup>
- **A new competitor and alliance** in LAN, and a new competitor on the LAN-ORD route.

American’s service proposal – which enhances service at LAN – is a better alternative than retiring the exemption and ending a community’s nonstop access not only to DCA, but to the entire Washington, D.C. Metropolitan area.

## **II. Granting American’s Exemption Request is in the Public Interest**

FAA and DOT have repeatedly determined that protecting small community air service is in the public interest when a community faces a service disruption.<sup>14</sup> That is precisely the situation in LAN. American’s service proposal generates tremendous benefits that are in the public interest, including: maintaining the only service Mid-Michigan has to the three airports in the Washington, D.C. region; promoting business and tourism ties to Mid-Michigan; and, allowing the Mid-Michigan region to continue to rely upon service it has supported for the past four years.

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<sup>11</sup> Service will be operated by American or one of its regional carriers operating under the American Eagle brand.

<sup>12</sup> American recognizes that only the 1000 and 1100 slots are available. American will work with the FAA to facilitate necessary trades with other American operations to accommodate the LAN-DCA flight schedule.

<sup>13</sup> American’s ORD service will begin in early 2016.

<sup>14</sup> The granting of a new exemption under 14 C.F.R. Part 11.15 requires FAA to make 1) a public interest finding; and, 2) determine the exemption will have no adverse impact on safety.

A. American Will Keep Mid-Michigan Connected to the Washington, D.C. Region

Three carriers currently offer service at LAN – Delta Air Lines provides service to Minneapolis, Minnesota (“MSP”), and Detroit, Michigan (“DTW”); United Airlines provides service to ORD; and, Sun Country provides service to MSP and DCA until October 1, 2015. Sun Country plans to not only return its DCA slot exemption, but also to cease all operations at LAN; thereby, reducing consumer choice and competition.

What is at stake here is a community’s *only* nonstop connection to not only DCA, but the entire Washington, D.C. region. There are no alternative carriers and no alternative nonstop flights connecting LAN to Washington, D.C. In fact, if LAN loses its nonstop link to DCA, there will be no nonstop service between *any* airport in Michigan and DCA, except for those services offered at Detroit serving Southeast Michigan.

B. Mid-Michigan Depends on Nonstop Air Service to Washington, D.C. to Promote both Business and Tourism

LAN is located in the City of Lansing – the state capital of Michigan, and the heart of the Mid-Michigan region. The Lansing Metropolitan Statistical Area (“MSA”) includes the counties of Clinton, Eaton, and Ingham, and has a population of over 460,000 people.<sup>15</sup>

However, LAN’s catchment area is much broader than its MSA, making it a critical asset to the Mid-Michigan region. Indeed, the Department recognized LAN’s regional impact when it originally granted the slot exemptions for LAN-DCA service, stating that LAN is “...within a 90-minute drive of an overwhelming majority of the State’s entire population and is an important economic center within the DCA perimeter.”<sup>16</sup> The catchment area described by the Department

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<sup>15</sup> U.S. Census, 2013

<sup>16</sup> Order 2010-12-16, December 10, 2010, p. 11.

includes several universities, such as Michigan State University and Central Michigan University; Fortune 500 companies such as Auto-Owners Insurance, CMS Energy, Con-way, Dow Chemical, General Motors, Kellogg, and Stryker;<sup>17</sup> and other large businesses, such as Cooper-Standard Holdings, Steelcase, SpartanNash, and Universal Forest Products.<sup>18</sup>

American's flight schedule will enhance convenience for Mid-Michigan travelers by not requiring an overnight stay in Washington, D.C. American's schedule makes it possible for Mid-Michigan business travelers to commute to DCA in the morning, conduct a full day of business, and return to LAN that evening. By contrast, Sun Country's less convenient flight schedule arrived into DCA after business hours, and departed in the morning.<sup>19</sup> Thus, any business trip to Washington, D.C. required at least a two-night stay.

C. The Mid-Michigan Region Supports Its Nonstop DCA Air Service and Does Not Deserve to Lose It

The Mid-Michigan region has supported its nonstop DCA service since Sun Country commenced its flights on April 1, 2011. Indeed, four years later, DCA is LAN's second largest O & D.<sup>20</sup>

Unfortunately for the residents of the Mid-Michigan region, Sun Country made the decision to leave LAN, cutting off government agencies, universities, and businesses in the

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<sup>17</sup> Sources: [http://www.mlive.com/lansing-news/index.ssf/2014/06/fortune\\_500\\_gm\\_ford\\_dow\\_among.html](http://www.mlive.com/lansing-news/index.ssf/2014/06/fortune_500_gm_ford_dow_among.html) and Lansing Capital Region International Airport, "Economic Impact and LAN-DCA Service Potential", July 2015, p. 2.

<sup>18</sup> Source: List of Fortune 1000 Companies *available at* <http://www.geolounge.com/fortune-1000-companies-2014-list/>.

<sup>19</sup> Sun Country's LAN-DCA flight arrives at 9 pm, and its DCA-LAN flight departs at 11:10 am. Source: [www.suncountry.com](http://www.suncountry.com).

<sup>20</sup> Source: USDOT DB1B YE 4Q14.

region from Washington, D.C. It is not the fault of Mid-Michigan travelers that Sun Country elected to discontinue its MSP-LAN-DCA service in favor of nonstop MSP-DCA service.<sup>21</sup>

### **III. American's Service Proposal Will Expand the Competitive Benefits for Lansing and Avoid Economic Harm**

Both the FAA and the Department have granted within-perimeter DCA slot exemptions. While they rely on different authority to grant exemptions, both apply a public interest test to determine whether an exemption is warranted.

The Department has granted the majority of DCA within-perimeter exemptions. In doing so, the Department relies on 49 U.S.C. § 41718(b)(1)-(5), outlined in Appendix A, and prior precedent. Both require DOT to balance different criteria and in cases where a community may lose service, DOT reviews the economic harm that may result from a community's loss of DCA service. American's service proposal far exceeds what is required and prevents the economic harm associated with the loss of air service.

#### **A. Mid-Michigan Travelers Will Benefit from Maintaining DCA Service that Will Improve Travel Options**

DCA is one of only four points that receive nonstop service from LAN. American would preserve nonstop LAN-DCA service for the Mid-Michigan region by providing two-class service, on a Bombardier CRJ-700 aircraft, while providing additional public interest benefits to Mid-Michigan travelers that Sun Country does not provide.

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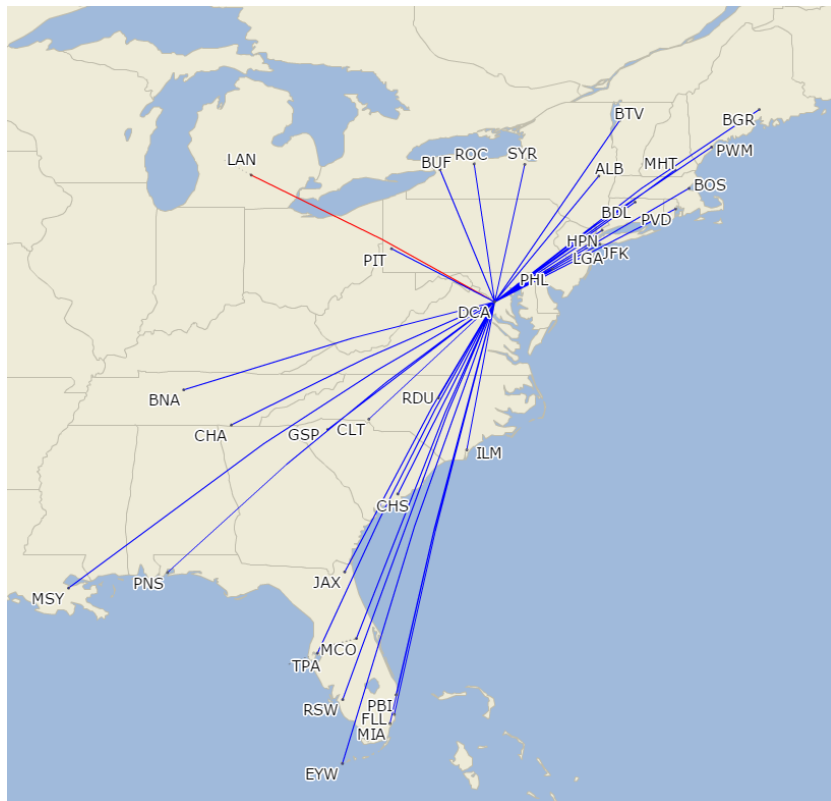
<sup>21</sup> While Sun Country ably served LAN-DCA, the service's priority was linking DCA with Sun Country's primary airport - MSP. Lansing service offered Sun Country the opportunity to introduce same-plane MSP-DCA service via LAN and compete with incumbent carriers operating MSP-DCA nonstop.



1. *Mid-Michigan Travelers Will Receive Enhanced Connectivity to the Eastern U.S.*

In addition to serving LAN-DCA nonstop, Mid-Michigan travelers will be able to access many of the nearly 235 daily flights offered by American at DCA. While American's LAN-DCA service will compete strongly for Mid-Michigan region travelers to Washington D.C., it will also be LAN's only daily service to an East Coast hub airport. This will enable LAN travelers to connect to 33 U.S. destinations in the Eastern United States, including Boston, Charlotte, Miami, New York, Orlando, and Philadelphia, as shown in Figure 1.<sup>22</sup>

**FIGURE 1:  
With Lansing's Only Daily Service to an East Coast Hub, American Will Offer Convenient Connecting Service to 33 Additional Destinations in the Eastern United States**



Actual connecting markets in both directions based on November 5, 2014, schedules of American, using four-hour maximum connect time. Travel between these points and LAN have adjusted circuitry less than 135 percent.

<sup>22</sup> American also serves Nassau, Bahamas, and Bermuda from DCA.

American’s DCA hub enables it to compete strongly with both Delta and United for passengers traveling throughout the Eastern United States.

2. *American Will Enable LAN to Recapture Passengers Currently Flying From Other Airports*

Mid-Michigan supported Sun Country’s service despite continually changing schedule times, a single daily flight, no same-day roundtrip schedule, and no ability to connect travelers over a second hub. While Sun Country’s nonstop service kept Mid-Michigan’s DCA travelers at their home-town airport, American’s service proposal will help LAN recapture even more Mid-Michigan travelers. Demand for Mid-Michigan travel to points in the Eastern United States is significantly higher than what is reported for LAN. This demand is hidden, as this traffic is forced to use airports other than LAN, as shown in Figure 2.

**FIGURE 2:  
A High Percentage of Mid-Michigan Passengers Utilize Airports Other than LAN for Travel to Selected Large Eastern Cities.**

| <u>Eastern U.S.<br/>Destination</u> | <u>Percentage of Passengers Using<br/>Airports other than LAN</u> | <u>Served by American<br/>Non-Stop at DCA</u> |
|-------------------------------------|---|---|
| Boston, MA (BOS)                    | 80 %  | ✓   |
| Ft. Myers, FL (RSW)                 | 77 %  | ✓   |
| Nashville, TN (BNA)                 | 79 %  | ✓   |
| New York, NY (LGA)                  | 89 %  | ✓   |
| Orlando, FL (MCO)                   | 78 %  | ✓   |
| Philadelphia, PA (PHL)              | 85 %  | ✓   |
| Tampa, FL (TPA)                     | 75 %  | ✓   |

Source: ARC & US DOT Report DB1A (via Diiio)

Not only does American serve all seven destinations shown above nonstop from DCA, but it also has the fleet flexibility to add larger aircraft into the market as American recaptures LAN traffic using other airports. Additionally, with the three daily flights to ORD, Mid-Michigan air

travelers can utilize both DCA and ORD to reach many of these destinations, including Boston, New York, Orlando, and Philadelphia.

B. American Will Enhance Competition at LAN

American's service proposal not only maintains the existing DCA service, but it enhances competition. American will add four daily flights to two hubs, adding 217 daily seats into LAN. This enhanced service will be immediately competitive with the existing service offerings of Delta and United.<sup>23</sup>

As an anchor member of the **oneworld** alliance, American will introduce a third global alliance option and offer Mid-Michigan travelers a new alternative for both domestic and international travel. **Oneworld** will give Mid-Michigan travelers access to 15 different global carriers, serving over 900 destinations in 150 countries.<sup>24</sup>

C. Competitive Service to Chicago O'Hare Will Offer LAN Travelers Connections to Points Across the United States and Around the World

American's service proposal also introduces three daily flights to its hub at ORD, which will provide LAN travelers with convenient connections to 90 points across the country, and a second option to connect to cities in the Eastern United States. Similarly, LAN travelers will be able to connect to 25 destinations around the world, including Beijing, Hong Kong, London, Madrid, Mexico City, Paris, Rome, Shanghai, and Tokyo. These new travel opportunities are shown in Figure 3(a) and Figure 3(b).

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<sup>23</sup> This includes head-to-head competition with United for service to ORD.

<sup>24</sup> Source: <http://www.oneworld.com>



D. The Department Considers the Economic Harm that Results from a State Capital Losing DCA Service When Reviewing an Exemption

In 2012, after Delta announced that it was ceasing service to Mississippi's state capital, Jackson, and returning the slot exemption to the Department, the Department protected Jackson's only nonstop air service to DCA by awarding US Airways the route. Although US Airways was not a new entrant, the Department correctly emphasized the economic harm that would result by a small community's loss of DCA service by noting:

Jackson is a small community that significantly benefitted from nonstop service to DCA for seven years. Jackson would face significant adverse economic consequences if the service that formerly existed to JAN were not restored....<sup>25</sup>

The economic harm was so great because of the numerous Federal, State, and local government agencies, as well as major corporate employers, traveling between the capitals that relied on nonstop service to DCA that would be "adversely impacted if that nonstop service to DCA were lost."<sup>26</sup>

The similarities between LAN and the Jackson case are apparent – the same economic harm will be inflicted on a small community (and state capital) if it loses its DCA service. American's proposal avoids economic harm to Mid-Michigan and promotes economic growth and competition.

**IV. The FAA and the Department Have Both Deemed the LAN-DCA Connection Vital to Mid-Michigan and In the Public Interest**

The herculean work of Mid-Michigan leaders to acquire and retain LAN-DCA service is well-known to the FAA and DOT. Over the competing applications of four other carriers, on

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<sup>25</sup> Order 2012-7-26, July 24, 2012, p. 19. *See also id.*, p. 17.

<sup>26</sup> *Id.*

December 10, 2010, the Department allocated two within-perimeter slot exemptions at DCA to Sun Country for daily, nonstop round-trip LAN service, noting that the grant would enable the only direct service between DCA and LAN, a small community.<sup>27</sup> Pursuant to the Order, Sun Country started LAN-DCA service on April 1, 2011.

However, on January 6, 2012, the U.S. Court of Appeals for the District of Columbia Circuit in *Republic Airlines, Inc. v. United States Department of Transportation; No. 11-1018*, vacated DOT Order 2010-12-16 for failure to comply with the Administrative Procedure Act and ordered the DOT to return the slot exemptions that Sun Country was utilizing to Republic.

Sun Country petitioned the FAA for an exemption from 14 C.F.R. 93.123(a) to permit it to continue serving LAN-DCA without interrupting its service. The economic benefits of maintaining the link between Lansing and the Nation's Capital were so great that, on March 2, 2012, the FAA found that "...a grant of exemption to MN Airline, LLC d/b/a Sun Country Airlines is in the public interest and would not adversely affect safety."<sup>28</sup>

In this case, the public interest test is amply satisfied.<sup>29</sup> Further, the number of operations at DCA remains unchanged, so there is no adverse impact on safety.<sup>30</sup> American is simply seeking to sustain LAN-DCA service that has been operated for the past four years.

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<sup>27</sup> See DOT Order 2010-12-16, December 10, 2010. In this Order, DOT reallocated a pair of AIR 21 slot exemptions previously held by Republic Airlines, Inc. ("Republic") for service between DCA and Kansas City, Missouri ("MCI"), because it objected to Republic's use of the slot exemptions pursuant to 49 U.S.C. § 41714(j) following Republic's acquisition of Midwest Airlines. See Appendix A for further discussion.

<sup>28</sup> See Regulatory Docket No. FAA-2012-0089, March 2, 2012, p. 4.

<sup>29</sup> See discussion in Section 2.

<sup>30</sup> See 14 C.F.R. Part 11.15.

**V. The FAA and the Department Prioritize Critical Community Air Service**

A. Maintaining Air Service at DCA Remains a Top Priority for FAA and DOT

Today, Lansing finds itself in the same place it was on January 26, 2012 – it faces a future with no nonstop Washington, D.C. air service. Fortunately, the FAA and DOT have acted to sustain vital air service for communities connected to DCA, as shown in Figure 4.

**FIGURE 4:  
FAA and DOT Have Acted to Maintain Nonstop Air Service to the Nation’s Capital When  
a Community is at Risk of Losing the Vital Service**

| <u>Agency</u> | <u>Carrier:<br/>Community</u>   | <u>Date</u>   | <u>Comments</u>  |
|---------------|---|---------------|--|
| DOT           | Southwest:<br>Kansas City,<br>MO  | December 2014 | DOT awarded slot exemptions to Southwest to preserve DCA-MCI service that Republic was ending. (Order 2014-12-10)  |
| DOT           | US Airways:<br>Jackson, MS  | July 2012     | DOT preserved the DCA-JAN service that Delta was ending. DOT cited the significant benefits Jackson had received from nonstop DCA air service, and the adverse economic consequences that would come from losing the service. (Order 2012-7-26)  |
| FAA           | Sun Country:<br>Lansing, MI   | January 2012  | See discussion above. FAA preserved DCA-LAN service when Sun Country would have lost its DOT exemption because the service was in the public interest. (Exemption No. 10466)   |
| FAA           | Air Canada:<br>various<br>Canadian Points                               | May 2010      | Air Canada petitioned FAA for an exemption to avoid ceasing service to points in Canada. FAA granted the exemption because it deemed Air Canada’s continued service at DCA without interruption in the public interest. (Exemption No. 10063)  |
| DOT           | AirTran:<br>Ft. Lauderdale,<br>West Palm<br>Beach, and<br>Ft. Myers, FL | January 2003  | DOT awarded four slot exemptions to AirTran for routes previously served by Spirit to maintain service. (Order 2003-1-16)  |
| FAA           | America West:<br>Wichita, KS and<br>Omaha, NE                           | January 1990  | FAA granted an exemption to America West to operate four slots, previously operated by Braniff Airlines under an FAA exemption, when Braniff ceased operations at DCA. FAA later extended this exemption on the basis that America West offered the only service between DCA and Wichita and Omaha. (Exemption No. 5133) |

Once Sun Country ends service, LAN will no longer have nonstop DCA service, and will have just two air carriers providing service. An exemption award to American ensures that Mid-



Michigan continues to receive the public interest benefits associated with nonstop DCA air service and enhanced competition with the existing carriers at LAN.

B. DCA Air Service Is Not the Only Air Service the Department Has Deemed Critical to Maintain

DCA is not the only airport where the Department has prioritized continuity of service.

The Department has preserved service to important airports that were at risk of losing service, as shown in Figure 5.

**FIGURE 5:  
Recently DOT Has Acted to Maintain Air Service When a City  
Is At Risk of Losing Vital Service**

| <u>Carrier -<br/>Community</u> | <u>Date</u> | <u>Comments</u>   |
|--------------------------------|-------------|---|
| Delta:<br>Seattle, WA          | March 2015  | DOT (re)awarded a pair of slots to Delta to maintain service between Seattle and Tokyo-Haneda. DOT cited numerous public interest and economic benefits of maintaining service. (Order 2015-3-17)   |
| Southwest:<br>Houston, TX      | March 2015  | Rather than remove service by one of the carriers already designated to operate between Houston and Mexico City and San Jose del Cabo, Mexico, the Department obtained extra-bilateral authority for Southwest to begin service, thereby preserving all travel options for consumers. (Notice of Action Taken, March 10, 2015, DOT-OST-2014-0222) |
| US Airways:<br>Charlotte, NC   | June 2013   | DOT awarded seven frequencies to US Airways to preserve daily service between Charlotte and Sao Paulo, Brazil. The Department determined that it was in the public interest to prevent the disruption of service to communities that already benefited from nonstop Sao Paulo service. (Order 2013-6-16)  |
| Delta:<br>Detroit, MI          | June 2013   | DOT awarded seven frequencies to Delta to maintain daily service between Detroit and Sao Paulo, Brazil. The Department determined that it was in the public interest to prevent the disruption of service to communities that already benefited from nonstop Sao Paulo service. (Order 2013-6-16)   |

LAN is similarly situated to many of the communities described in Figures 4 and 5 – it benefits from having service, and would face adverse economic consequences if the service were removed.

## **VI. Conclusion**

It is well within the public interest (either under FAA or DOT precedent) to preserve the only nonstop connection LAN enjoys to the Washington, D.C. region. American will inject a new competitor and alliance to the Mid-Michigan service; recapture Mid-Michigan travelers with convenient LAN-DCA travel times; and enhance connectivity for LAN to the world via new service to two American hubs. Of equal importance, American's service proposal will also preserve Mid-Michigan's access to DCA. Accordingly, American Airlines respectfully requests that the FAA grant its petition for an exemption to operate two within-perimeter slot exemptions to maintain service between LAN and DCA.

Respectfully submitted,



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Howard Kass  
Vice President – Regulatory Affairs

Abigail Donovan  
Director, Congressional and Federal Affairs

American Airlines, Inc.  
1101 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20036  
(202) 326-5153  
[howard.kass@aa.com](mailto:howard.kass@aa.com)  
[abigail.donovan@aa.com](mailto:abigail.donovan@aa.com)

## Appendix A

The Department previously recognized Lansing as a small community meriting preference under the AIR 21 and Vision 100 legislation.<sup>31</sup> In Order 2010-12-16, the Department determined that Lansing deserved an award of two slot exemptions as it met four of the five possible statutory criteria<sup>32</sup> DOT considers when allocating within-perimeter DCA slot exemptions:<sup>33</sup>

- *Communities Without Existing Nonstop DCA Service:* At the time of its award, Lansing did not have nonstop DCA air service.
- *Small Communities:* The Department deemed Lansing a small community, with a population of approximately 450,000 people.
- *Maximum Competitive Benefits:* The Department explicitly recognized that Lansing was “the seat of Michigan’s state government with Michigan State University close-by” and that Lansing was “within a 90-minute drive of an overwhelming majority of the State’s entire population and is an important economic center within the DCA perimeter”.
- *New Entrant/Limited Incumbent:* Sun Country was a new entrant to DCA.

Except for new carrier entry, LAN still meets all of the same selection criteria it did at the time it was initially awarded service.

Without an award of an exemption to American, LAN will have no nonstop air transportation to Washington, D.C., after Sun Country ceases service on October 1, 2015. American’s service proposal avoids this result.

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<sup>31</sup> A complete discussion of history behind this legislation, and Congress’s intent prioritize slot exemptions for small communities, such as Lansing, to DCA is found in the Application of US Airways, Inc. for an Exemption (DCA-JAN), March 5, 2012, Docket DOT-OST-2000-7182, p. 4-11. Notably, Lansing is a direct beneficiary of the Vision 100 legislation, having received one of the four new pairs of slot exemptions that the legislation created.

<sup>32</sup> See 49 U.S.C. § 41718(b)(1)-(5).

<sup>33</sup> See Order 2010-12-16, December 10, 2010, p. 10-11.

With a population of approximately 460,000 people,<sup>34</sup> Lansing's population is almost unchanged from 2010. As such, Lansing remains a small community.

American Airlines' service proposal maximizes consumer benefits by preserving a nonstop connection to Washington, D.C., for Michigan's state capital and an "overwhelming majority" of Michigan's population, and providing new benefits that LAN travelers did not previously have. American will inject competition into the Mid-Michigan region by introducing a strong third competitor at LAN, introducing the **oneworld** alliance to LAN travelers; and enhancing connectivity for LAN passengers via its robust hubs in DCA and ORD.

Lansing and the Mid-Michigan region deserve these benefits.

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<sup>34</sup> Source: U.S. Census, 2013.

## **SUMMARY FOR FEDERAL REGISTER**

**PETITIONER:** American Airlines, Inc.

**RULES FROM WHICH RELIEF IS SOUGHT:** 14 CFR 93.123(a)

**DESCRIPTION OF RELIEF SOUGHT:**

American Airlines, Inc. (“American”) requests an exemption from 14 CFR 93.123 to permit the FAA to create slots during certain limited hours for American’s use. The slots would replace those slots currently held by MN Airlines, LLC dba Sun Country Airlines (“Sun Country”) so that American can maintain nonstop service between Ronald Reagan Washington National Airport and Lansing, Michigan’s Capital Region International Airport. If time does not permit the FAA to fully evaluate American’s request before Sun Country ceases operations between the two airports, American also requests that the FAA grant American a short-term exemption to allow it to begin service as soon as possible while awaiting a final decision by the FAA.