

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

Application of)

SOUTHWEST AIRLINES CO.)

Docket DOT-OST-2017-0004)

for renewal of exemption authority pursuant)
to 49 U.S.C. § 40109 (U.S.-Cayman Islands))

**APPLICATION OF SOUTHWEST AIRLINES CO.
FOR RENEWAL OF EXEMPTION AUTHORITY**

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August 10, 2020

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**APPLICATION OF SOUTHWEST AIRLINES CO.
FOR RENEWAL OF EXEMPTION AUTHORITY**

Pursuant to 49 U.S.C. § 40109, Southwest Airlines Co. (Southwest)¹ hereby applies for renewal of exemption authority to engage in scheduled foreign air transportation of persons, property, and mail between a point or points in the United States and a point or points in the Cayman Islands. The Department of Transportation most recently renewed this exemption authority for Southwest by Notice of Action Taken (NOAT) on November 9, 2018 in this Docket. The current exemption is scheduled to expire on November 9, 2020. Renewal of this exemption authority is in the public interest for the same reasons that supported the original issuance of, and renewal of, authority for Southwest to provide service between the United States and the Cayman Islands.

To ensure there is no interruption of scheduled service, Southwest requests that this exemption be promptly renewed for a period of at least two (2) years consistent with the Department's precedent.²

¹ Common names of airlines and airports are used herein.

² To the extent necessary, Southwest relies on the automatic extension provisions of the Administrative Procedure Act, 5 U.S.C. § 558(c), as implemented by 14 C.F.R. Part 377, to continue its operations subject

In support of this application, Southwest states the following:

1. Southwest is a Texas corporation with its principal place of business at 2702 Love Field Drive, Dallas, Texas, 75235.

2. Southwest is a citizen of the United States as defined by Section 40102(a)(15)(C) of Title 49 of the United States Code and Section 204.2(c) of the Department's Economic Regulations. Southwest's president and at least two-thirds of its board of directors and other managing officers are citizens of the United States. Southwest is under the actual control of citizens of the United States and more than 75 percent of its voting interest is owned or controlled by persons that are citizens of the United States.

3. Southwest commenced commercial service in 1971 as an intrastate airline, and has operated as a U.S. certificated air carrier since 1979. Southwest requests that the Department take official notice pursuant to Rule 24 (14 CFR § 302.24) of Southwest's Certificate of Public Convenience and Necessity for Interstate Air Transportation, originally issued by Order 79-6-187, and subsequently amended by Order 81-12-131 (December 22, 1981), Order 86-5-60 (May 15, 1986), Order 98-7-6 (July 8, 1998), and Order 2005-12-4 (December 9, 2005). Southwest has consistently maintained its Certificate in good standing.

4. Southwest remains fit, willing and able to conduct the services described in this Application. Southwest currently holds exemption authority from the Department authorizing service to countries in the Caribbean, including Aruba, the Bahamas,

to its current authority in effect beyond the expiration date, pending DOT action on this application. Southwest's renewal application is timely filed under this part.

Jamaica, and the Dominican Republic,³ Turks and Caicos,⁴ and Mexico.⁵ Pursuant to Rule 24 of the Department's Rules of Practice, Southwest asks the Department to take official notice of all data on file necessary to establish Southwest's fitness.

5. Renewal of the Southwest's exemption authority is in the public interest because it will enable Southwest to continue providing consumers with high-quality, low-cost travel options, and low-fare competition between the United States and the Cayman Islands. Southwest's extensive network and long history of lowering fares, stimulating new traffic, and increasing competition has enabled Southwest to generate significant economic and consumer benefits.⁶ Southwest operates service to Grand Cayman using Stage III Boeing 737-700 aircraft and 737-800 aircraft configured for 143 and 175 seats respectively.

6. Approval of this application will have no impact on Southwest's Civil Reserve Air Fleet (CRAF) commitments and will not result in an increased near-term annual aviation fuel consumption of ten million gallons or more.

7. Southwest's service is fully consistent with the terms of the Air Transport Agreement between the United Kingdom of Great Britain and Northern Ireland and the Government of the United States dated July 23, 1977, as amended (Bermuda II).⁷

³ Docket DOT-OST-2016-0013.

⁴ Docket DOT-OST-2016-0059.

⁵ Docket DOT-OST-2016-0157.

⁶ See, e.g., Public Benefits and Private Success: The Southwest Effect Revisited (August 10, 2017), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3016047.

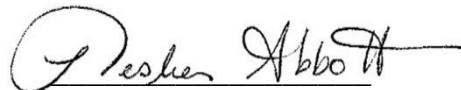
⁷ <https://www.state.gov/e/eb/rls/othr/ata/u/uk/176322.htm>.

8. The environmental impacts of Southwest's proposed services are *de minimis*, and will therefore not lead to a near-term annual increase in aircraft fuel consumption of 10 million gallons or more. Accordingly, grant of this application will not constitute a "major regulatory action" within the meaning of the Energy Policy and Conservation Act of 1975 or Part 313 of the Department's Economic Regulations.

9. Southwest will continue to accept and comply with the terms and conditions that the Department routinely imposes on exemption authority for scheduled foreign air transportation.

WHEREFORE, Southwest respectfully requests that the Department renew the exemption authority requested in this application.

Respectfully submitted,


Leslie C. Abbott

August 10, 2020

CERTIFICATE OF SERVICE

I hereby certify that on August 10, 2020, a copy of the foregoing was served via e-mail on the following persons:

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