



National Air Carrier Association
1735 North Lynn Street, Suite 105
Arlington, VA 22209
T: +1.703.358.8060

April 1, 2020

The Honorable Joel Szabat
Assistant Secretary of Aviation and International Affairs
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington D.C. 20590

Re: Docket DOT-OST-2020-0037 – OBJECTION TO SHOW CAUSE ORDER

Dear Assistant Secretary Szabat:

The National Air Carrier Association (NACA) respectfully objects to the Order to Show Cause issued by the U.S. Department of Transportation (DOT) on March 31, 2020 regarding the continuation of certain service obligations for air carriers receiving financial assistance under the programs set forth in Sections 4005 and 4114(b) of the Coronavirus Aid, Recovery, and Economic Security Act (the CARES Act). NACA represents seventeen Part 121 air carriers, including all of the nation's ultra low-cost carriers (ULCCs), Allegiant Air, Frontier Airlines, Spirit Airlines, and Sun Country Airlines.¹

NACA objects to the proposed methodology for establishing baseline levels of air service to be maintained by carriers, in that it unjustly discriminates against, and penalizes, air carriers that provide seasonal air services. NACA proposes a more equitable approach to ensure fairness and equity to all air carriers.

Sections 4005 and 4114(b) of the Act state that the continuation of service obligation pertains to any point served by carriers before March 1, 2020. By not taking into account the seasonality of air service provided by a large number of air carriers, including ULCCs, the obligation effectively would require carriers to maintain a schedule developed for the peak winter travel season into the spring travel season and beyond. As a result, a significant number of carriers would be placed at a competitive disadvantage vis-à-vis U.S. legacy air carriers. As an example, ULCC operations are highly seasonal, with day-of-week specific service patterns and utilization that follow the distinct customer demand profiles of leisure travelers, in contrast with the highly predictable schedules of business travelers (see attached charts).

¹ NACA members include: Air Transport International, Amerijet, Allegiant Air, Atlas Air, Everts Air Cargo, Frontier Airlines, Kalitta Air, Lynden Air Cargo, Miami Air International, Northern Air Cargo, Omni Air International, Spirit Airlines, Sun Country Airlines, Swift Air, USA Jet Airlines, Western Global Airlines, and World Atlantic Airlines.



April 1, 2020
Page 2 of 4

To help ensure that the continuation of service obligation does not adversely impact this important segment of the industry, we respectfully request that DOT modify the Show Cause Order to require scheduled passenger air carriers to submit proposed schedules for April 2020 and May 2020 within ten days of receiving financial assistance under the CARES Act. Upon receipt of these schedules, DOT may require scheduled passenger air carriers to serve underserved cities based on prior year service, adjusted for holiday and other seasonal demand profiles, as may be demonstrated by a carrier, unless a carrier can demonstrate to DOT that such service is no longer reasonable or practicable, in accordance with the discretionary authority provided in Sections 4005 and 4114(b) of the CARES Act.

Alternatively, we respectfully request that DOT should provide an exemption to any scheduled passenger air carrier from serving a market that it did not serve during the prior year (adjusted for holiday and other seasonal demand profiles) on a seasonal or day-of-week basis. Moreover, we request that a scheduled passenger carrier should not be required to provide more than 3x weekly service, unless the carrier had served the market at least 25x weekly in the prior year.

We believe our proposed changes to the Show Cause Order would more adequately and fairly reflect the seasonality and cyclical nature of all scheduled passenger air service. Our proposed approach offers an equitable solution to ensure that ULCCs and other passenger air carriers who provide significant levels of seasonal air service are not unjustly penalized for providing these services.

Thank you for your consideration.

Very Respectfully,

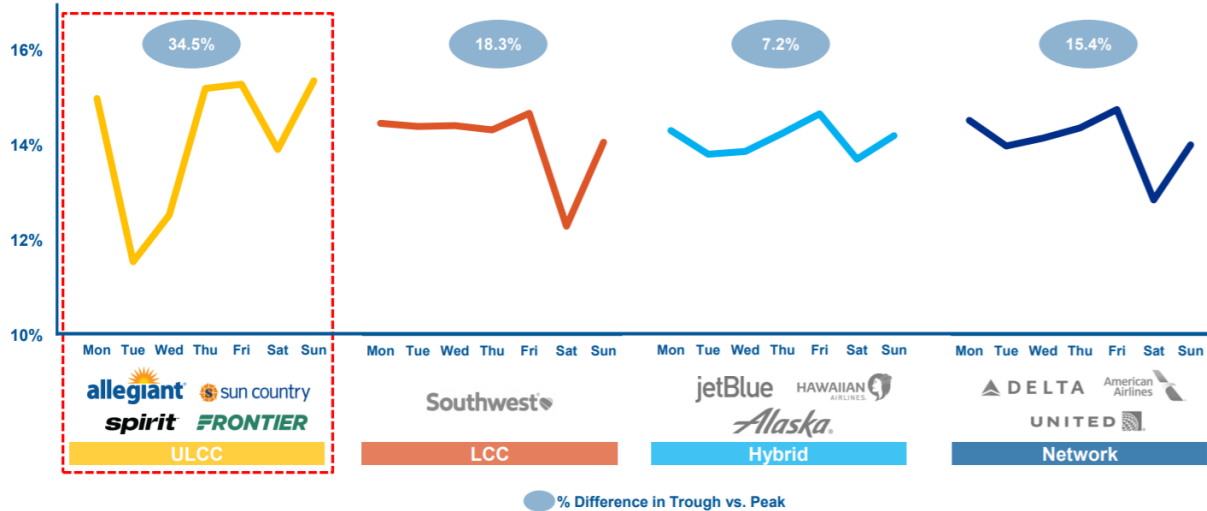
A blue ink signature of George Novak, written in a cursive style.

George Novak
President & CEO
National Air Carrier Association

cc: U.S. scheduled passenger carrier service list

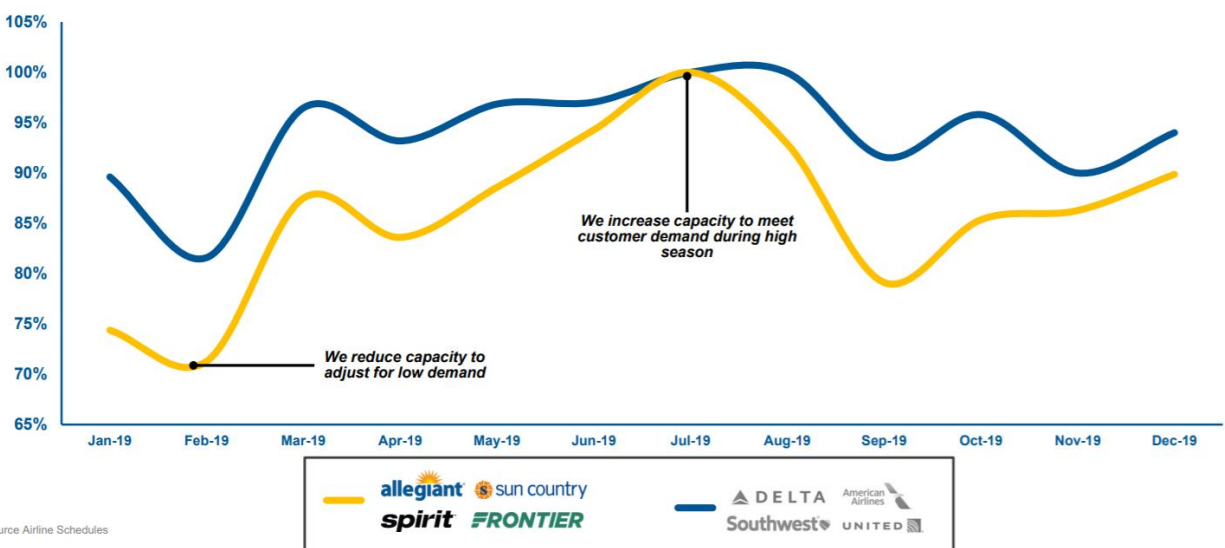
Attachments

% of Seats Flown Each Day of the Week¹ February 2020 TTM



Source: Airline Schedules

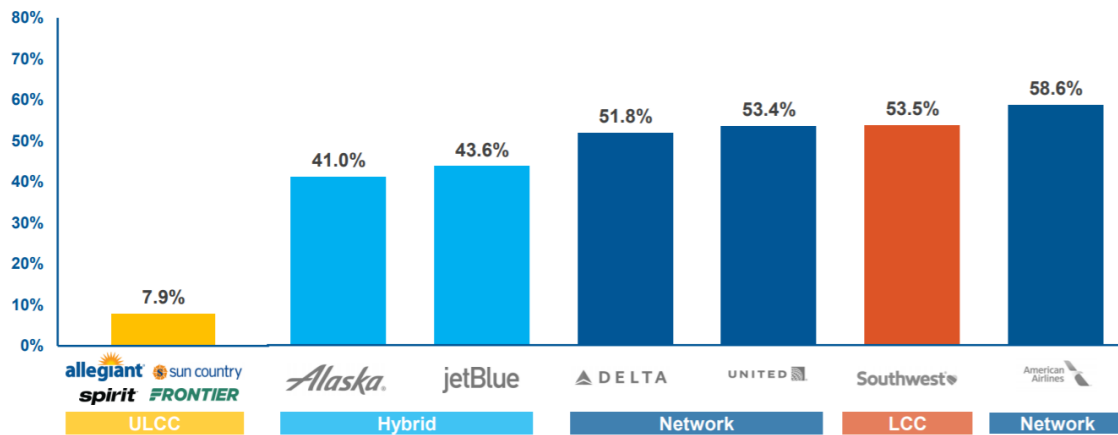
Departures as % of Peak 2019



Source: Airline Schedules

% of Year-Round Daily Markets

2019



Source Airline Schedules