

REGIONAL AIRLINE ASSOCIATION LaGuardia Airport

General

- The Regional Airline Association (RAA) represents regional/commuter airlines operating in North America. RAA member airlines transported 97 percent of the 151 million passengers carried by regional airlines in 2005.
- Regional airlines carry one out of every five passenger flying in the United States. In 2005, U.S. regional airlines provided safe, efficient air transportation to 664 airports in the United States; serving 98.5 percent of all airports with commercial airline service.
- As traffic grows, service with 50 seat regional jets is being replaced by service with larger aircraft in accordance with market demand. Airlines are phasing in 70-90 seat aircraft where traffic justifies them. (Delta Air Lines and Northwest Airlines have reduced their RJ fleets by 45 airplanes. The liquidation of Independence Air removed approximately 40 RJ aircraft from the market. Continental Airlines plans to reduce their 50-seat RJ flying by 22 aircraft in January 2007. Further, Embraer and Bombardier have stopped production of 50 seat regional jets.
- Many regional airlines are limited in the size, number or type of aircraft they can operate because of “scope clause” agreements in the pilot contracts of their major airline partners. Scope continues to deprive communities of competitive alternatives and increased nonstop service. In a deregulated environment, limitations on air service should not be acceptable to Congress or federal policymakers.

Service at LaGuardia

- In January 2006, regional airline operations constituted 48.3 percent of daily operations at LaGuardia Airport. The most recent schedule data available to RAA¹ indicate that share will slightly increase to 49.5 percent of departures for August 1 – 7, 2006 (36.1 percent are regional jet operations; 13.4 percent are turboprop operations).
- 37 – 50 seat regional jet aircraft, seating approximately one quarter to one third the number of passengers as the smallest mainline aircraft, have allowed competing major carriers, through the operations of their code-sharing affiliates, to enter markets historically dominated by a single airline – monopoly markets -- with substantially less risk. This has led to increased service and price competition at LaGuardia Airport.
- Turbo-prop aircraft provide important service to small cities that require access to New York.

¹ “Airport Departures and Seats by Aircraft Type, Top 1- 50 Airports, August 1 – 7, 2006” prepared by Eclat Consulting, published in *Aviation Daily* on July 25.

- 40 of the 81 airports served at LGA receive service only on regional aircraft, and service at those airports would be jeopardized if penalties are imposed on regional operations at LaGuardia. The cities at risk include Columbus, OH; Richmond, VA; Philadelphia, PA; Buffalo, NY; Portland, ME; Baltimore/Washington, MD; Syracuse, NY; Greensboro/High Point, NC; Norfolk, VA; Rochester, NY; Burlington, VT; Nantucket, MA; Martha's Vineyard, MA; Manchester, NH; Charleston, SC; Ithaca, NY; Greenville/Spartanburg, SC; Providence, RI; Jacksonville, FL; Dayton, OH; Lebanon, NH; Albany, NY; Wilmington, NC; Savannah/Hilton Head, GA/SC; Charlottesville, VA; Ottawa, Canada; Roanoke, VA; Louisville, KY; Bangor, ME; Grand Rapids, MI; Hyannis, MA; Birmingham, AL; Columbia, SC; Fayetteville, AR; Lewisburg, PA; Des Moines, IA; Madison, WI; Knoxville, TN; Lexington, KY; and Traverse City, MI. Other cities that receive both regional jet and large aircraft competitive service would end up with monopoly service if regional operations are penalized.
- Population densities in the Northeast/mid-Atlantic regions, the number of important cities within two hours flying time of LaGuardia, and the demand for competitive, high frequency, point-to-point nonstop service in these markets creates a high demand for regional aircraft operations.
- LaGuardia Airport also has one of the country's highest shares of local passengers and thus requires an entirely different type of airline service than hubs generally do. History has shown that success at LaGuardia requires nonstop service to many markets, with flight schedules which are both well-timed and frequent in number, as well as smaller average aircraft capacities geared primarily to local traffic rather than larger average aircraft capacities geared to the combination of local and connecting traffic at hub airports
- Service to any one (preferably two or more) of the three large New York area airports is considered important for an airline hub to be viable. While each hub sustains a unique catchment area – the pool of passengers it individually can draw from – passenger traffic levels to and from the New York metropolitan area generally rank among the largest O&D markets for many hubs. The economics of regional jet service allow hub airports to support many flight frequencies and competitive service to New York City.
- The major airlines, which have the ability to operate large aircraft using their slots, have chosen to deploy regional aircraft to match supply with the demand, for frequent service to small and mid-sized cities as well as other carriers' hubs and larger cities located nearby.
- The ability to travel frequently, nonstop, and in relative comfort represent a few of the hallmarks associated with regional jet schedules. Communities with nonstop service to LaGuardia Airport report substantial benefits cited by local business travelers, including improved productivity, increased flexibility of travel options, the ability to conduct same-day trips, the time and cost savings associated with eliminating

overnight accommodations, as well as elimination of the uncertainties inherent to having to make flight connections in both directions.

- Congress recognized the benefit of new price and service competition, especially for small- and medium-size communities, when it enacted The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), which allowed additional flights at LaGuardia using aircraft with 70 or fewer seats.

LaGuardia proposal

- RAA believes that congestion pricing and an auction process are flawed, will not effectively address congestion and will interfere with the marketplace for air transportation services, particularly at smaller cities. Further, imposing a size limitation (70 seats) is unfair to those regional airlines that operate 50 seat regional jets, those carriers that have invested in facilities at LaGuardia Airport and air carriers that are limited in the size, number or type of aircraft, due to scope clause restrictions and to communities that have insufficient traffic to support larger aircraft but need LaGuardia service.
- FAA should use its administrative procedures to extend the current LGA slot regulations for at least one year to fully explore the potential ramifications of any system that does not recognize the investment airlines have made in aircraft or facilities and that may impose a competitive disadvantage on some airlines. Delaying implementation of an alternative process would also allow regional airlines to revise their business plans and, if possible, order larger aircraft. Additionally, major airlines could or engage in negotiations with their pilots to revise scope clauses allowing their regional partners to operate larger airplanes.
- Before any limitations on passenger service and price competition are imposed, FAA should work with the airlines to consider airport and air traffic management capacity-enhancements.
- Any solution should maintain LGA open to public use on fair and reasonable terms, without unjust discrimination based on aircraft type. Further, FAA should not impose measures that reduce airline yields or impose further costs on the airline industry that is only now beginning to financially recover.
- The most effective mechanism to address congestion is the transactional marketplace. Airlines should be free to operate aircraft of whatever size and frequency to meet public demand for maximum service and price competition. While there will likely be a period where delays will increase, ultimately an acceptable level of price, service and delay will be reached.

Debby McElroy, President, Regional Airline Association
202-367-1170 mcelroy@raa.org

Bruce Keiner, RAA General Counsel, Crowell & Moring
202-624-2615 rkbeiner@crowell.com