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**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

**In the Matter of
1999 U.S.-Argentina Combination Service Case
Docket OST-99-6210-350**

and

**Application of Continental Airlines, Inc.
Docket OST-2001-9853 -10**

Served: July 5, 2001

Notice Requiring Supplementary Information

By Order 2001-1-14, in the captioned proceeding, the Department awarded Delta Air Lines, Inc. and Continental Airlines, Inc. seven weekly frequencies each to operate U.S.-Argentina scheduled combination services. Delta's award was effective for services from Atlanta commencing April 1, 2001, and Continental's award was effective for services from Newark commencing December 1, 2001, the dates on which the frequencies become available under the November 2000 U.S.-Argentina Exchange of Notes. In addition, the order selected Continental, for services from Houston, as the backup to Delta's award and United Air Lines, for services from Los Angeles, as the backup to Continental's award.

On June 6, Continental requested an exemption from the startup provisions of its award in order to delay implementation of its Newark-Buenos Aires service until December 1, 2002. Delta, American, and United filed answers opposing Continental's request. Delta and American have stated that they are prepared to use the frequencies when they become available December 1, and they respectively request that Continental's frequencies be reallocated for services from New York and Dallas/Ft. Worth.¹ United notes that it was selected as the backup for Continental's Newark award and requests that its backup authority be activated. United states that it is "ready, willing, and able to start new daily nonstop service on December 1, 2001, pursuant to the backup authority awarded to it by Order 01-1-14." (United answer at 3). It also notes that its backup authority is for Los Angeles-Buenos

¹ Delta and American also filed applications for the necessary underlying authority for these services. Dockets OST-2001-9984 and 10008, respectively.

Aires service (United answer at 4). It requests, however, that in activating the backup award, the Department afford United the flexibility to use the frequencies for new service at any U.S. gateway consistent with the terms of the U.S.-Argentina aviation agreement, or at the very least, Washington Dulles as an alternative to Los Angeles.

Delta, American, Continental, and Dallas/Ft. Worth all argue that United has changed its proposal and therefore that its backup award is no longer valid. To the extent that the Department determines not to grant Continental's request, they maintain that the applications of Delta, American, and United are mutually exclusive and require comparative consideration in an expedited carrier selection proceeding.

Given various statements by United in its answer and its consolidated reply, the record is unclear whether United would accept and implement on December 1, 2001, its backup award as granted by Order 2001-1-14 for services at Los Angeles. Order 2001-1-14 is unequivocal that the backup authority awarded is for United to serve Los Angeles-Buenos Aires, and the frequencies awarded were specifically awarded for services from Los Angeles. Order 2001-1-14 at 11, ordering paragraph 7.

So that we may determine how to proceed with respect to Continental's request, we require that United clarify the record by answering the following questions regarding its backup authority:

1. Will United accept and implement the backup authority granted to it in Order 2001-1-14 for services in the Los Angeles-Buenos Aires market if its backup authority is activated?
2. If so, will United commence services at Los Angeles under that authority on December 1, 2001, when the frequencies become available for U.S.-Argentina services?
3. Assuming an affirmative answer to question 2, will United be introducing service on December 1, 2001, at a level that makes full use of the seven frequencies allocated to it?

Given the December 1 start-up date and the need for carriers, for planning purposes, to know the resolution of this matter well in advance of that date (a need the commenters have themselves acknowledged), we believe that the public interest calls for our making a decision promptly. Accordingly, we will require that United submit its response to the information requested in this notice no later than one business day from the date of service of the notice. Its response should be filed in the captioned dockets and served on all parties to those dockets by facsimile or by email if acceptable to the parties involved. We will require that any answers to United's response be filed within one business day thereafter and similarly served on all parties by facsimile or email.

We will serve this Notice on all parties to Dockets OST-1999-6210 and OST-2001-9853 by facsimile.

By: _____

PAUL L. GRETCH

Director, Office of International Aviation

(SEAL)

Dated: July 5, 2001

*An electronic version of this notice is available on the World Wide Web at
http://dms.dot.gov/reports/reports_aviation.asp*