

STATEMENT OF JEFFREY N. SHANE
ASSISTANT SECRETARY OF TRANSPORTATION
FOR POLICY AND INTERNATIONAL AFFAIRS
BEFORE THE
AVIATION SUBCOMMITTEE OF THE HOUSE COMMITTEE
ON PUBLIC WORKS AND TRANSPORTATION
CONCERNING COMPUTER RESERVATIONS SYSTEMS
JUNE 18, 1992

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM PLEASED TO HAVE THIS OPPORTUNITY TO APPEAR BEFORE YOU TO COMMENT ON H.R. 5293 AND ITS PROVISIONS FOR REGULATING COMPUTER RESERVATIONS SYSTEMS (CRS'S) AND PROVIDING AIRPORT SLOTS FOR ESSENTIAL AIR SERVICE.

COMPUTER RESERVATIONS SYSTEMS

WE RECOGNIZE THAT CRS'S CAN AFFECT AIRLINE COMPETITION AND THE PUBLIC'S ABILITY TO OBTAIN ACCURATE INFORMATION ON AIRLINE SERVICES. WE HAVE THEREFORE BEEN CONDUCTING A RULEMAKING ON WHETHER OUR EXISTING CRS RULES SHOULD BE MODIFIED. WE APPRECIATE YOUR CONCERNS ABOUT CRS ISSUES, BUT I BELIEVE THAT THE INFORMATION I WILL DISCUSS TODAY WILL ILLUSTRATE WHY THE DEPARTMENT STRONGLY OPPOSES H.R. 5293 AND WHY CRS PROBLEMS SHOULD BE DEALT WITH THROUGH OUR RULEMAKING PROCEDURES, NOT THROUGH LEGISLATION. THE CRS'S ARE, AFTER ALL, EVOLVING VERY QUICKLY, AND ATTEMPTING TO LEGISLATE SOLUTIONS FOR PERCEIVED PROBLEMS WILL PROBABLY BE COUNTERPRODUCTIVE AND RESULT IN A LAW THAT IS LIKELY TO BE OBSOLETE IN VERY SHORT ORDER. WE INTEND TO CONTINUE WORK ON OUR REGULATIONS AS SOON AS THE PRESIDENT'S REGULATORY MORATORIUM HAS ENDED.

AS WE ALL KNOW, AIRLINE COMPUTER RESERVATIONS SYSTEMS (CRS'S) HAVE BECOME INDISPENSABLE TO TRAVEL AGENTS -- THEIR PRINCIPAL MEANS OF OBTAINING INFORMATION ON AIRLINE SCHEDULES, FARES, AND SEAT AVAILABILITY, MAKING BOOKINGS, AND ISSUING TICKETS. IN 1984, THE CIVIL AERONAUTICS BOARD, SUPPORTED BY THE DEPARTMENT OF JUSTICE, FOUND THAT THE AIRLINES OWNING THE SYSTEMS WERE USING THEM TO HANDICAP THEIR AIRLINE RIVALS. THE BOARD BASED THOSE CONCLUSIONS ON ITS OWN STUDY OF THE CRS BUSINESS, CONDUCTED IN CONSULTATION WITH THE DEPARTMENT OF JUSTICE, AND ON THE BOARD'S LENGTHY RULEMAKING PROCEEDINGS. THE BOARD ADOPTED RULES THAT HAVE BEEN IN EFFECT AND ENFORCED BY THE DEPARTMENT OF TRANSPORTATION, WITH ONLY SLIGHT MODIFICATIONS, EVER SINCE. THOSE RULES TACKLED MAJOR CRS ISSUES: BIASED PRIMARY DISPLAYS, DISCRIMINATORY FEES FOR PARTICIPATING AIRLINES, AND CONTRACT TERMS THAT INDEFINITELY KEPT TRAVEL AGENCIES FROM SWITCHING OR ADDING SYSTEMS.

ALTHOUGH THE RULES HAVE LARGELY SUCCEEDED IN DEALING WITH THOSE PROBLEMS, THERE HAVE BEEN CALLS FOR MORE REGULATION. CONTROVERSY HAS PERSISTED OVER PRACTICES THAT WERE DELIBERATELY LEFT UNREGULATED BY THE BOARD. COMPLAINTS HAVE ARISEN OVER THE COMPETITIVE IMPLICATIONS OF OTHER PRACTICES THAT HAVE ARISEN IN RESPONSE TO THE RULES' REQUIREMENTS OR THAT ARE ARGUABLY CURABLE DUE TO NEW TECHNOLOGY.

THE DEPARTMENT HAS STUDIED THE EVOLUTION OF THE CRS INDUSTRY OVER SEVERAL YEARS, PUBLISHING A MAJOR STUDY IN 1988 AND ANOTHER ONE IN 1990. ON MARCH 26, 1991, WE ISSUED A NOTICE OF PROPOSED RULEMAKING THAT PROPOSED A NUMBER OF MODIFICATIONS TO THE CURRENT RULES AND REQUESTED COMMENTS ON SOME OTHER PROPOSALS. THE RULES WERE SCHEDULED TO EXPIRE DECEMBER 31, 1990, BUT HAVE BEEN EXTENDED TO DECEMBER 11, 1992, TO GIVE US MORE TIME TO COMPLETE OUR RULEMAKING.

COMMENTS AND REPLY COMMENTS ON OUR NPRM WERE FILED BY THE JUSTICE DEPARTMENT, 16 STATES AND A TERRITORY, THE EUROPEAN CIVIL AVIATION CONFERENCE, THE CRS VENDORS AND THE CARRIERS CONTROLLING THE CRS'S, SIX OTHER U.S. AIRLINES, 15 FOREIGN AIRLINES AND AIRLINE GROUPS, THE TWO MAJOR TRAVEL AGENCY TRADE ASSOCIATIONS, A NUMBER OF TRAVEL AGENCY AND AGENT PARTIES, AND OTHER PERSONS AND GROUPS. THEIR VIEWS RANGE FROM THE POSITION THAT NO CRS RULES ARE NECESSARY TO THE POSITION THAT STRONGER RULES THAN THOSE PROPOSED BY US ARE NECESSARY. THOSE PARTIES ADVOCATING STRONGER RULES DISAGREE AMONG THEMSELVES ON WHICH RULES SHOULD BE ADOPTED. AS A RESULT, DECIDING EXACTLY WHAT RULES SHOULD BE ADOPTED HAS BEEN A DIFFICULT AND TIME-CONSUMING PROCESS. THE COMPLEXITY AND NUMBER OF THE ISSUES RELEVANT TO THE PROCEEDING IS INDICATED BY THE NPRM'S LENGTH, SINCE IT TOOK UP ALMOST 50 PAGES IN THE FEDERAL REGISTER. THE COMMENTS AND REPLIES FILLED HUNDREDS OF PAGES.

MR. CHAIRMAN, GIVEN THE ON-GOING NATURE OF THE DEPARTMENT'S RULEMAKING, I'M SURE YOU WILL UNDERSTAND THAT I CANNOT COMMENT IN DETAIL ON THE CRS PROVISIONS IN H.R. 5293. HOWEVER, AS I HAVE ALREADY STATED, AS A MATTER OF POLICY THE DEPARTMENT STRONGLY OPPOSES A LEGISLATIVE "SOLUTION" TO CRS REGULATORY ISSUES. THE CRS INDUSTRY CONTINUES TO EVOLVE, BOTH IN TERMS OF TECHNOLOGY AND MARKET STRUCTURE. THE DEVELOPMENT OF "HOSTLESS" SYSTEMS AND THE IMPROVING COMMUNICATIONS LINKS BETWEEN CRS VENDORS AND PARTICIPATING AIRLINES ARE WORKING TO REDUCE ANY UNFAIR COMPETITIVE ADVANTAGES THAT MAY RESULT SOLELY FROM CRS OWNERSHIP. THE CRS INDUSTRY, MOREOVER, IS BECOMING TRULY GLOBAL, AND U.S. VENDORS ARE ENTERING FOREIGN MARKETS, EITHER INDEPENDENTLY OR THROUGH JOINT VENTURES WITH FOREIGN CARRIERS. PREMATURE LEGISLATIVE ACTION TO CORRECT CURRENTLY PERCEIVED PROBLEMS COULD RESULT IN ADDITIONAL COSTS AND REDUCED SERVICE FOR SUBSCRIBERS, PARTICIPATING AIRLINES, AND CRS VENDORS, WITH FEW, IF ANY, OFFSETTING BENEFITS FOR CONSUMERS.

CALLS FOR ADDITIONAL CRS REGULATION HAVE FOCUSED ON FOUR ISSUES: THE LEVEL OF BOOKING FEES PAID BY PARTICIPATING AIRLINES, BIASED DISPLAYS, CONTRACT PROVISIONS THAT KEEP TRAVEL AGENCY SUBSCRIBERS FROM EASILY SWITCHING SYSTEMS, AND THE ADVANTAGES THAT VENDORS ALLEGEDLY HAVE BECAUSE TRAVEL AGENCIES BELIEVE IT IS EASIER AND MORE RELIABLE TO MAKE A BOOKING ON THE HOST AIRLINE.

THE BILL WOULD REQUIRE THAT FEES CHARGED PARTICIPATING AIRLINES MUST BE "FAIR AND REASONABLE." DISPUTES OVER THE REASONABLENESS OF A VENDOR'S FEE WOULD BE SUBMITTED TO AN ARBITRATOR FOR DECISION. THE VENDOR WOULD BE PROHIBITED FOR A PERIOD OF ONE YEAR FROM CHARGING FEES GREATER THAN THOSE FOUND "JUST AND REASONABLE."

THE DEPARTMENT HAS PROPOSED TO MAINTAIN THE BAN AGAINST DISCRIMINATORY BOOKING FEES. IN OUR NPRM, HOWEVER, WE DID NOT CALL FOR ADDITIONAL REGULATION OF BOOKING FEES. WE DID INDICATE THAT WE WERE WILLING TO CONSIDER SUCH A RULE IF IT WERE WORKABLE, WOULD PROVIDE SIGNIFICANT NET BENEFITS TO SOCIETY, AND WOULD RELY ON MARKET FORCES.

QUITE FRANKLY, ARBITRATION IS NOT A WORKABLE SOLUTION TO THE BOOKING FEE PROBLEM. INSTEAD, IT SUFFERS FROM MANY OF THE PROBLEMS OF TRADITIONAL PUBLIC UTILITY REGULATION. MEASURING AND ALLOCATING THE VENDORS' LEGITIMATE COSTS AND DETERMINING A COMPETITIVE RATE OF RETURN ARE DIFFICULT TASKS UNDER THE BEST OF CIRCUMSTANCES, MUCH LESS IN A RISKY AND TECHNOLOGICALLY PROGRESSIVE INDUSTRY. THERE WOULD ALSO BE NO GUARANTEE THAT THE OUTCOMES OF SUCCESSIVE ARBITRATION PROCEEDINGS WOULD BE CONSISTENT OR THAT ARBITRATORS WOULD CONSIDER THE IMPLICATIONS OF THEIR DECISIONS FOR THE CRS INDUSTRY'S LONG TERM COMPETITIVE VIABILITY. IN SHORT, ARBITRATION COULD WEAKEN RATHER THAN IMPROVE COMPETITION IN THE CRS INDUSTRY, AND THE DEPARTMENT STRONGLY OPPOSES THIS PROVISION.

UNDER H.R. 5293 CRS VENDORS WOULD BE PROHIBITED FROM OFFERING INTEGRATED DISPLAYS ORDERED BY CARRIER IDENTITY. IN ADDITION, THE BILL WOULD PROHIBIT A VENDOR FROM INDUCING A SUBSCRIBER TO CREATE A BIASED INTEGRATED DISPLAY. VENDORS WOULD ALSO BE PROHIBITED FROM SUPPLYING INFORMATION TO ANY PERSON INTENDING TO CREATE A BIASED INTEGRATED DISPLAY, EXCEPT UPON THE WRITTEN REQUEST OF THE ULTIMATE CONSUMER.

THE CURRENT RULES PROHIBIT VENDORS FROM ORDERING A PRIMARY DISPLAY BASED ON CARRIER IDENTITY, AND THE VENDORS HAVE VOLUNTARILY AGREED TO FORGO OFFERING BIASED SECONDARY DISPLAYS. WE DO NOT BELIEVE THAT VENDORS SHOULD BE REQUIRED TO "POLICE" HOW TRAVEL AGENCIES USE THEIR CRS INFORMATION TO SERVE THEIR CUSTOMERS.

THE PROPOSED LEGISLATION WOULD RELAX THE CONTRACTUAL RELATIONSHIPS THAT TIE TRAVEL AGENCIES SUBSCRIBING TO A CRS TO THAT SYSTEM. IT WOULD LIMIT THE MAXIMUM TERM OF SUBSCRIPTION CONTRACTS TO THREE YEARS (COMPARED WITH THE CURRENT LIMIT OF FIVE YEARS). EXCLUSIVE CONTRACTS, PARITY AGREEMENTS, MINIMUM-USE REQUIREMENTS, AND AUTOMATIC RENEWAL PROVISIONS WOULD BE PROHIBITED. LIQUIDATED DAMAGES FOR BREACH OF CONTRACT WOULD BE RESTRICTED TO THE ACTUAL COSTS OF REMOVING EQUIPMENT AND RELATED EXPENSES, THEREBY EXCLUDING RECOVERY OF LOST BOOKING FEES.

THE BILL WOULD ALSO GUARANTEE THE RIGHT OF EACH SUBSCRIBER TO CONNECT ITS CRS EQUIPMENT WITH HARDWARE AND SOFTWARE PROVIDED BY

THIRD PARTIES (SUBJECT TO TECHNICAL COMPATIBILITY RESTRICTIONS) AND ASSURE SUBSCRIBERS THE RIGHT TO LINK THEIR CRS TERMINALS WITH OTHER SYSTEMS AND DATABASES.

THE DEPARTMENT ADDRESSED MANY OF THESE CONCERNS IN ITS NPRM BY PROPOSING TO EXTEND THE PRESENT BAN ON EXCLUSIVE CONTRACTS, PROPOSING A MAXIMUM THREE-YEAR TERM FOR SUBSCRIBER AGREEMENTS, PROPOSING TO PROHIBIT MINIMUM USE CLAUSES AND PARITY AGREEMENTS, AND PROPOSING TO PERMIT AGENCIES TO USE THIRD-PARTY HARDWARE AND SOFTWARE AND TO ACCESS DIFFERENT SYSTEMS AND DATABASES FROM THE SAME EQUIPMENT. THE PARTIES' COMMENTS ON THESE PROPOSALS DISAGREE ON WHETHER SUCH RULES ARE DESIRABLE, AND WE ARE EXAMINING THEIR POSITIONS IN THE RULEMAKING PROCESS. WE BELIEVE THAT THESE ISSUES ARE APPROPRIATELY ADDRESSED BY REGULATION, NOT LEGISLATION.

THE BILL WOULD ELIMINATE ALLEGED ARCHITECTURAL BIAS BY REQUIRING THAT AFTER ONE YEAR NO TRANSACTION CAPABILITY WOULD BE OFFERED TO ANY SUBSCRIBER OR PARTICIPANT AIRLINE THAT IS ". . . MORE FUNCTIONAL, TIMELY, COMPLETE, ACCURATE, RELIABLE, SECURE OR EFFICIENT WITH RESPECT TO ONE PARTICIPANT THAN WITH RESPECT TO ANY OTHER PARTICIPANT."

THE CONCEPT OF "EQUAL FUNCTIONALITY" COULD HAVE MERIT AS AN IDEAL, BUT IN PRACTICE ITS PRECISE DEFINITION, TECHNICAL FEASIBILITY, COST, AND POTENTIAL BENEFITS ARE HIGHLY SPECULATIVE AND UNCERTAIN.

WE BELIEVE THAT A RULEMAKING PROCEEDING IN WHICH EVIDENCE CAN BE SUBMITTED AND THESE ISSUES RESOLVED IS A MORE APPROPRIATE VEHICLE THAN LEGISLATION.

FINALLY, THE DEPARTMENT HAD PROPOSED TO PROVIDE AIRLINES AND TRAVEL AGENCIES ADDITIONAL AVENUES FOR OBTAINING RELIEF WHEN PRACTICES OF A VENDOR OR OTHER PERSON APPEAR TO BE INCONSISTENT WITH THE RULES' REQUIREMENTS. THE DEPARTMENT PROPOSED TO REQUIRE RELEVANT PARTS OF THE RULES TO BE INCORPORATED IN THE VENDORS' CONTRACTS WITH TRAVEL AGENCIES AND PARTICIPATING AIRLINES, THEREBY ENABLING A PARTY TO SUCH A CONTRACT TO ENFORCE THOSE PROVISIONS OF THE RULES THROUGH A CONTRACT SUIT. THE DEPARTMENT FURTHER PROPOSED CREATING AN ARBITRATION PROCEDURE FOR RESOLVING ANY COMPLAINT THAT A PERSON WAS VIOLATING THE RULES. ALTHOUGH SOME PARTIES ARGUED THAT THESE PROPOSALS ARE UNREASONABLE AND CONTRARY TO THE DEPARTMENT'S STATUTORY AUTHORITY, MANY PARTIES SUPPORTED THEM.

THE BILL, HOWEVER, WOULD INSTEAD DEAL WITH ENFORCEMENT CONCERNS BY MANDATING AN ENFORCEMENT PROCEDURE SUBJECT TO UNREASONABLY STRICT TIME DEADLINES AND PROCEDURAL REQUIREMENTS. FIRST, SUCH A REQUIREMENT WOULD BE UNREASONABLE, AS IT WOULD FORCE THE DEPARTMENT TO DEVOTE RESOURCES TO CRS ENFORCEMENT COMPLAINTS REGARDLESS OF THEIR IMPORTANCE OR THE PENDENCY OF OTHER MATTERS OF GREATER AND MORE IMMEDIATE PUBLIC IMPORTANCE. THE REQUIREMENT COULD OVERWHELM THE DEPARTMENT'S STAFF, GIVEN THE POSSIBILITY THAT

OTHER REQUIREMENTS IMPOSED BY THE BILL COULD GENERATE SIGNIFICANT NUMBERS OF COMPLAINTS. SECOND, WE ARE CONCERNED THAT THE ENFORCEMENT PROCEDURES OF THE BILL COULD RUN AFOUL OF THE DUE PROCESS CLAUSE OF THE CONSTITUTION IN THEIR TREATMENT OF THE ACCUSED.

DESPITE THE COMPLAINTS ABOUT THE MAJOR VENDORS' CONDUCT, THE AIRLINE INDUSTRY HAS REMAINED VERY COMPETITIVE. THE LEVEL OF COMPETITION HAS NOT DECLINED IN RECENT YEARS, AND AIR FARES REMAIN A BARGAIN. EVEN BEFORE THE FARE WARS THAT BEGAN IN APRIL, INFLATION-ADJUSTED DOMESTIC FARES HAD CONTINUED THEIR LONG-TERM DOWNWARD TREND AND FOR THE YEAR ENDED DECEMBER 31, 1991, WERE AT THEIR LOWEST LEVEL EVER.

THE EVIDENCE SUGGESTS THAT THE "BIG THREE" AIRLINES MAY FIND IT DIFFICULT TO INCREASE THEIR MARKET SHARE IN THE FACE OF PRESSURE BY GROWING, SMALLER AIRLINES, PARTICULARLY LOW-COST AIRLINES. SOUTHWEST AIRLINES IN PARTICULAR HAS EXPANDED RAPIDLY IN RECENT YEARS BY OFFERING THE PUBLIC LOW FARES LARGELY WITH FEW OR NO RESTRICTIONS. AS A RESULT, WE EXPECT THE PUBLIC TO CONTINUE TO RECEIVE GOOD SERVICE AT HIGHLY COMPETITIVE PRICES.

DEVELOPMENTS IN THE CRS BUSINESS ITSELF FURTHER SUGGEST THAT THE VENDORS CANNOT OPERATE THEIR SYSTEMS WITHOUT SOME RESPECT FOR THE WISHES OF OTHER CARRIERS AND TRAVEL AGENCIES. IN PARTICULAR, THE SYSTEMS HAVE CONTINUED TO IMPROVE THEIR FUNCTIONALITY FOR

PARTICIPATING CARRIERS, SO THAT TRAVEL AGENTS CAN NOW OBTAIN INFORMATION AND MAKE BOOKINGS ON CARRIERS OTHER THAN THE HOST ALMOST AS QUICKLY AND RELIABLY AS THEY CAN ON THE HOST CARRIER. THESE IMPROVEMENTS RESULT IN LARGE PART FROM THE CREATION OF "LOOK AND BOOK" DIRECT ACCESS FEATURES, AND THE VENDORS' WILLINGNESS TO INVEST THE LARGE AMOUNTS OF MONEY NECESSARY TO DEVELOP SUCH FEATURES SHOWS THAT MARKET FORCES ARE KEEPING THEM FROM USING THE SYSTEMS STRICTLY AS A MEANS OF INCREASING THEIR OWN BOOKINGS.

THE CRS PRACTICES UNREGULATED BY THE EXISTING RULES HAVE NOT BEEN SHOWN TO BE SO SIGNIFICANT FOR COMPETITION AS TO COMPEL THE ADOPTION OF LEGISLATION. WE MUST REMEMBER THE COMPETITIVE BENEFITS THAT CRS'S PROVIDE FOR BOTH VENDOR AND NON-VENDOR CARRIERS. THEY HAVE MADE THE MARKETING AND BOOKING OF AIRLINE TICKETS MUCH MORE EFFICIENT FOR BOTH CARRIERS AND TRAVEL AGENCIES. CRS'S ALSO ENABLE EACH PARTICIPATING CARRIER TO MAKE FULL INFORMATION ON ITS SERVICES IMMEDIATELY AVAILABLE TO TRAVEL AGENTS WHEN THE CARRIER ENTERS A NEW MARKET OR CITY, AN INFORMATIONAL ADVANTAGE THAT ENABLES CARRIERS TO ENTER NEW MARKETS WITHOUT HAVING TO SPEND AS MUCH ON ADVERTISING OR WAITING FOR TRAVEL AGENTS TO LEARN BY WORD OF MOUTH OF THEIR ENTRY INTO NEW CITIES.

MOREOVER, A MAJOR ANTITRUST SUIT AGAINST THE TWO MAJOR VENDORS, AMERICAN AND UNITED, RESULTED IN DECISIONS BY THE COURTS THAT THE PRACTICES AT ISSUE IN THAT CASE DID NOT VIOLATE THE ANTITRUST LAWS.

ESSENTIAL AIR SERVICE SLOTS

FINALLY, H.R. 5293 WOULD ADD LANGUAGE TO SECTION 419 OF THE FEDERAL AVIATION ACT TO PREVENT THE DEPARTMENT FROM CONSIDERING SLOT AVAILABILITY IN SETTING EAS GUARANTEES. IT WOULD ALSO REQUIRE THE DEPARTMENT TO ENSURE SUFFICIENT SLOTS ARE AVAILABLE TO THE CARRIER PROVIDING, OR SELECTED TO PROVIDE, SUCH SERVICE. THE PROVISION INCORPORATES AN EXCEPTION: SLOTS WOULD NOT HAVE TO BE MADE AVAILABLE AT O'HARE IF THE NUMBER OF AVAILABLE EAS SLOTS IS AT LEAST 132. THIS SECTION WOULD ALSO AMEND CURRENT LAW TO CLARIFY THAT AN AIR CARRIER SUSPENDING SERVICE TO AN EAS COMMUNITY COULD NOT KEEP SLOTS ASSOCIATED WITH THE SERVICE UNLESS THEY WERE BEING USED TO PROVIDE BASIC EAS SERVICE TO ANOTHER COMMUNITY.

SLOTS AT THE NATION'S FOUR SLOT-CONTROLLED AIRPORTS ARE A SCARCE RESOURCE AND SHOULD BE USED IN AN EFFICIENT MANNER TO BENEFIT THE TRAVELLING PUBLIC. WHEN SUFFICIENT ACCESS TO THE NATIONAL AIR TRANSPORTATION SYSTEM CAN BE PROVIDED THROUGH OTHER LARGE HUB AIRPORTS, ALLOCATING ADDITIONAL SLOTS FOR ESSENTIAL AIR SERVICE TO SMALL COMMUNITIES IS NOT A WISE USE OF THESE SCARCE RESOURCES. THE DEPARTMENT IS NOT IN A POSITION TO CREATE NEW TAKEOFF AND LANDING SLOTS. CONSEQUENTLY ANY EXTRA SLOT ACCESS FOR THE SMALL ESSENTIAL AIR SERVICE COMMUNITIES MUST COME AT THE EXPENSE OF OTHER COMMUNITIES. WE FULLY ANTICIPATE THAT THE COMMUNITIES NEGATIVELY AFFECTED WOULD BE OTHER SMALL COMMUNITIES, ALSO SERVED WITH COMMUTER AIRCRAFT, SLIGHTLY LARGER THAN THE ESSENTIAL AIR

SERVICE POINTS. THEREFORE, THIS PROVISION OF THE LAW WOULD MERELY DISADVANTAGE ONE GROUP OF SMALL COMMUNITIES IN FAVOR OF ANOTHER GROUP OF EVEN SMALLER POINTS. HERE AGAIN, WE BELIEVE LEGISLATION IS NOT APPROPRIATE.

MR. CHAIRMAN, THAT CONCLUDES MY PREPARED STATEMENT. I WOULD BE PLEASED TO RESPOND TO ANY QUESTIONS THAT YOU MAY HAVE.