



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
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Applications of

AMERICAN AIRLINES, INC.

DELTA AIR LINES, INC.

HAWAIIAN AIRLINES, INC.

in the matter of 2010 U.S.-Haneda Combination
Services Allocation Proceeding

Docket DOT-OST-2010-0018

ORDER TO SHOW CAUSE

SUMMARY

By this Order, the Department tentatively determines that Delta Air Lines, Inc. (Delta) should retain the U.S.-Haneda slot pair currently allocated to it for daily scheduled combination services between Seattle, Washington, and Tokyo's Haneda Airport, subject to certain strengthened conditions and protective measures designed to ensure that Delta maintains a year-round daily service in the market. The Department also tentatively selects American Airlines, Inc. (American) for backup authority for its proposed Los Angeles-Haneda services should Delta not meet the additional conditions and requirements tentatively attached to this slot pair authority.

BACKGROUND

Under the Memorandum of Understanding between the United States and Japan signed on October 25, 2010, four daily slot pairs are available to carriers from each country to provide scheduled combination services between the United States and Tokyo's Haneda Airport.¹ As a result of three prior proceedings, by Orders 2010-7-2, 2013-2-4, and 2014-4-6, the Department has now allocated the four slot pairs as follows: 1) one slot pair to Hawaiian Airlines, Inc. (Hawaiian) for Honolulu-Haneda service; 2) two slot pairs to Delta, one for Los Angeles-Haneda

¹ The scheduled operations are subject to the following conditions: 1) U.S. operations at Haneda are permitted between 2200 and 0700 hours local time; 2) departures from Haneda to a point in the 48 contiguous U.S. states are not permitted prior to midnight; and 3) extra sections are not permitted.

and one for Seattle-Haneda services; and 3) one slot pair to United Airlines, Inc. (United) for San Francisco-Haneda service.²

On October 2, 2014, American filed a motion stating that Delta published schedules showing that Delta would be operating Seattle-Haneda nonstop service for approximately only one week every 90 days during the then-current Winter season. American asserted that this reduction was just enough to prevent the slot pair from automatically reverting to the Department based on the dormancy condition imposed by the Department on the slot pair.³ Based upon those circumstances, American requested (1) that the Department withdraw Delta's daily U.S.-Haneda slot pair that was awarded for Seattle-Haneda services; and (2) reallocate that slot pair to American for Los Angeles-Haneda services.

On October 9, 2014, Hawaiian filed a motion to reopen Order 2013-2-4, and an answer to the motion and application of American. Hawaiian specifically requested that the Department (1) reopen the case in which Delta was awarded Seattle-Haneda authority and modify the dormancy condition to require meaningful year-round service; (2) grant American's motion to withdraw the Seattle-Haneda slot pair from Delta; and (3) institute a new proceeding to develop a factual record before reallocating the slot pair.

By Order 2014-12-9, the Department instituted this proceeding to determine the disposition of the Seattle-Haneda slot pair currently allocated to Delta. In light of Delta's extensive Winter season Seattle-Haneda service cutbacks, the submissions of American and Hawaiian, and the responses thereto, the Department found that the public interest required a fresh examination of whether the best use of the Seattle-Haneda opportunity is to allow Delta to retain the slot pair for Seattle-Haneda service, or whether the public interest would be better served by reallocating the slot pair for service from another U.S. city by another U.S. carrier or by Delta.

The Order set forth a procedural schedule and evidentiary requirements for the establishment of a record for the Department to make a decision in this case. Pursuant to the procedural schedule, Applications/Supplements/Amendments were due January 5, 2015; Answers were due January 12, 2015; and Replies were due January 20, 2015.⁴

A petition for reconsideration submitted by Delta on December 22, 2014, was considered and denied by Order 2015-1-14, issued January 15, 2015.

² Following a carrier route selection proceeding, the Department initially allocated the four U.S.-Haneda slot pairs as follows: Delta at Detroit, Delta at Los Angeles, Hawaiian at Honolulu, and American at New York (JFK). *See* Order 2010-7-2. In 2012, Delta applied to relocate its Detroit-Haneda service to the Seattle-Haneda market. Following a second carrier selection proceeding, in which competing proposals were submitted by American, Hawaiian, and United, the Department awarded Delta authority to provide service between Seattle and Haneda. *See* Order 2013-2-4. Subsequently, in 2013, American ended its New York-Haneda service, and returned the slot pair to the Department for reallocation. Following a carrier selection proceeding involving United and Hawaiian, the Department selected United for Haneda service from San Francisco. *See* Order 2014-4-6.

³ The allocation of the U.S.-Haneda slot pair to Delta is subject to the Department's standard condition pertaining to dormancy, whereby the slot pair will be deemed dormant and will revert automatically to the Department if it is not used for a period of 90 days. *See* Order 2013-2-4, at 5.

⁴ The procedural schedule set forth in Order 2014-12-9 also established due dates for petitions for reconsideration and answers to petitions.

SUMMARY OF SUBMISSIONS

American, Delta, and Hawaiian filed to secure or retain the slot pair under consideration.⁵ Delta seeks to retain its Seattle-Haneda authority and states that it plans to resume daily service on March 29, 2015. American proposes daily service from Los Angeles, California, and Hawaiian proposes daily service from Kona, Hawaii. The applicant proposals are briefly summarized in the table below.

Applicant	Proposed Routing	Aircraft Type	Capacity
American	Los Angeles, California-Haneda	B777	247 Seats – 16 First; 37 Business; 194 Economy
Delta	Seattle, Washington-Haneda	B767	210 Seats – 35 Business Elite; 32 Economy Comfort; 143 Economy
Hawaiian	Kona, Hawaii-Haneda	A330	294 Seats – 18 Business; 276 Economy

Answers and replies were filed by American, Delta, and Hawaiian. In addition, Los Angeles World Airports (LAWA) filed supplemental comments in support of American’s proposal; the Port of Seattle filed an answer in support of Delta’s proposal; and the Delta Master Executive Council of the Air Line Pilots Association, International (Delta MEC) filed an answer and a reply in support of Delta’s proposal.

POSITION OF THE PARTIES

American asserts that its proposal would best serve the public interest by providing year-round daily service in the largest U.S.-Tokyo market. American states that its proposal would improve competition and end “Delta’s significant and appalling underuse of a valuable slot pair for Seattle-Haneda.”⁶ American states that its proposed aircraft, with 247 seats, would be the largest aircraft used for Los Angeles-Haneda service, would be larger than the B767 aircraft that Delta uses for Seattle-Haneda service, and would provide nearly three times more cargo capacity than Delta provides in the Seattle-Haneda market. American also asserts that it would provide convenient connections in both directions to 25 markets at Los Angeles in the Summer season and 32 markets in the Winter season. American states that adding service at Haneda is critical to American’s international strategy and asserts that it would begin its proposed service within 60 days of a final order in this proceeding, compared to the 90-day startup period normally required by the Department.⁷

American further asserts that Delta’s current use of the slot pair does not maximize public benefits. American notes that in the first U.S.-Haneda Combination Services Proceeding, in 2010, Delta proposed B747 aircraft and daily service in the Detroit-Haneda market. American points out that Delta actually used far smaller aircraft with multiple interruptions in daily service.

⁵ Delta maintains its position that it is operating Seattle-Haneda service in full compliance with the terms and conditions specified in Order 2013-2-4, including the dormancy condition. Delta therefore styled its January 5, 2015 submission as a Response to the Evidence Request, and specifically stated that it does not concede the lawfulness of the Department’s decision to reexamine the allocation of the Seattle-Haneda authority or of any final decision to reallocate the authority to another carrier.

⁶ American Application, at 5.

⁷ American Application, at 3.

American also argues that Delta has failed to deliver the daily B767-300ER service it proposed in the Seattle-Haneda market by using a smaller aircraft and eliminating service this Winter season.⁸ American further argues that Delta's retention of the slot pair thwarts the public interest by keeping it from being put to a higher and better use, and by inhibiting an increase in competition.⁹

In response to American, Delta argues that Seattle would maintain a unique Haneda gateway, rather than duplicate existing Haneda services at Los Angeles. Delta also contends that American makes no commitment to maintain its Los Angeles-Narita service despite assertions on the record that American would replace its Los Angeles-Narita service with Los Angeles-Haneda service. Delta contends that it would be unfair for Los Angeles to enjoy three Haneda slot pairs while Seattle would be relegated to none.¹⁰ Delta also argues that American has Haneda access through its code-share arrangement with Japan Airlines (JAL).

Hawaiian argues that adding American's Haneda service to the well-served Los Angeles-Tokyo market will lead to cutbacks in other Los Angeles-Tokyo services, and that adding a third carrier to Los Angeles-Haneda will result in failure of that service.¹¹ Hawaiian further argues that American's claims regarding connections at Los Angeles are exaggerated and unrealistic, and that American is only proposing connections to three round-trip markets that do not already have Haneda connections. Hawaiian also asserts that American's previous New York (JFK)-Haneda service performed poorly and that the comparative Haneda service record strongly favors an award to Hawaiian.

Delta asserts that the public interest would be best served by allowing Delta to maintain its Seattle-Haneda service. Delta contends that the Department made a number of important public interest findings confirming the benefits of Seattle-Haneda service and, given that Delta has committed to a full pattern of daily service beginning at the end of March, there is no justifiable basis for removing the slot pair from Seattle. In this regard, Delta states that it "will resume daily Seattle-Haneda operations effective March 29, 2015, and will from that time operate daily year-round Seattle-Haneda service, including Winter 2015-2016."¹² Delta claims that increased Delta-operated connecting service into Seattle is supporting Delta's international operations and will enhance the success of the Seattle-Haneda flight. Delta asserts that absent its Seattle-Haneda service, Seattle would be the largest and most important market on the West Coast without nonstop Haneda service.

Delta argues that the benefits of Seattle-Haneda service are superior to the American and Hawaiian proposals. Delta asserts that retaining Seattle service will maintain an important and unique mainland gateway, and preserve intergateway competition with San Francisco and Los Angeles which both have two existing Haneda flights.

⁸ American Application, at 6-9.

⁹ American Application, at 10-11.

¹⁰ Delta Answer, at 2.

¹¹ Hawaiian Answer, at 44-47.

¹² Delta Response to Evidence Request, at 2.

American asserts that Delta's statements in this proceeding are the same statements it previously made in seeking a Haneda allocation for Detroit and again when Delta asked to move the Detroit service to Seattle. American argues that Delta's proposed solution of adding Delta "own-metal" connections at Seattle, instead of relying primarily on Alaska-operated connecting feed, will not improve the Seattle-Haneda service. In this regard, American notes that Delta's other Seattle-Asia services have performed well, without a buildup of own-metal connecting feed at Seattle.¹³ American further argues that even without the Haneda nonstop service, Seattle will continue to enjoy twice daily nonstop service to Tokyo's Narita Airport.

Hawaiian also asserts that the evidence submitted in the prior Haneda proceedings, and in this proceeding, demonstrates that the Seattle market is not large enough to support the Haneda service, as evidenced by Delta's proposing to offer the least capacity in this proceeding.¹⁴ Hawaiian argues that Delta's service record with this slot pair demonstrates that the authority should be withdrawn from Delta and reallocated.

Hawaiian asserts that its Kona-Haneda proposal will generate the most public benefits, and that the Department can rely on Hawaiian to utilize fully this valuable air service right. Hawaiian contends that its Honolulu-Haneda service has been the most, if not the only, successful route of the four U.S.-carrier Haneda services.¹⁵ Hawaiian states that it was the first recipient of Haneda authority to initiate service, and has flown the route continuously since its launch. Hawaiian further notes that it has carried more passengers between the United States and Haneda than any other U.S. carrier, including Delta with its two awarded routes.¹⁶ Hawaiian argues that Hawaii is the strongest market for Haneda service, and that Kona is the second largest Origin & Destination (O&D) market between the United States and Tokyo without nonstop service.

Hawaiian argues that an award of Kona-Haneda authority would promote an independent competitive alternative to the global airline alliances that dominate the U.S.-Japan market. Hawaiian also asserts that its proposed service would provide the most economic benefit because its proposal focuses on bringing in visitors and spending to Hawaii and the United States, which is a key policy priority of the U.S. Government.¹⁷

American notes the success of Hawaiian's Honolulu-Haneda service, but asserts that the Kona-Haneda market is unproven and too small to warrant an allocation of this Haneda slot pair. American argues the Kona-Haneda service would benefit the State of Hawaii, but would offer almost no benefits to the other 49 States. American also points out that the Kona-Tokyo market was previously served by the Japanese carrier, JAL, but that low load factors prompted termination of that service in 2010. American questions whether Hawaiian could now succeed on the route by using a larger aircraft than JAL and offering twice the number of flights that were offered by JAL.¹⁸

¹³ American Answer, at 3-5.

¹⁴ Hawaiian Answer, at 35-38.

¹⁵ Hawaiian Application, at 5.

¹⁶ Hawaiian Application, at 5.

¹⁷ Hawaiian Answer, at 29-33.

¹⁸ American Reply, at 28-29.

Delta argues that it will use the limited Haneda opportunity to serve U.S. citizens and businesses, rather than transport Japanese tourists in the well-served Haneda-Hawaii marketplace. Delta asserts that Hawaii already has three nonstop Haneda flights and an award to Hawaiian would deprive the Pacific Northwest of its only nonstop flight.¹⁹ Delta also argues that Hawaiian ignores the open entry opportunities available to Kona from Tokyo Narita, instead of operating from the constrained Haneda airport.

TENTATIVE DECISION

The Department has tentatively decided to continue allocation of this slot pair to Delta for daily scheduled combination services between Seattle and Tokyo's Haneda Airport, subject to the strengthened conditions and protective measures described below which are designed to ensure that Delta maintains a year-round daily service in the market. The Department also has tentatively decided that the public interest warrants the selection of a backup carrier, and tentatively selects American as the backup carrier for its proposed Los Angeles-Haneda service should Delta not meet the additional conditions and requirements tentatively attached to this slot pair authority.

When the Department permitted Delta to introduce Seattle-Haneda service, it did so because it found that Delta's proposed service would address a variety of public interest goals and would best maximize public benefits.²⁰ The Department specifically noted that the Seattle-Haneda service would establish a new gateway to Haneda by providing the first nonstop Haneda service on a significant mainland U.S.-Tokyo route that then lacked any such service. The Department also found that Delta's proposed service would further serve the public interest by providing a number of western cities with their first one-stop connecting opportunity to Haneda, and that other cities would gain the option of service over a less circuitous northwest gateway.

Beyond that, the Department determined that an outcome that would bring first-time Haneda service and first U.S.-flag Haneda service to the sixth-largest O&D market, while also promoting the geographic diversity of the U.S.-Haneda gateways, would be consistent with its established approach for the award of limited Haneda slot opportunities and would best serve the public interest.

No party to this proceeding has persuasively demonstrated that the above-listed Seattle-related attributes and public benefits that were central to the Department's previous selection of a carrier to provide Seattle-Haneda service were unsupported on the record. On the contrary, the Department tentatively believes each public interest element cited in justification of its previous decision to favor a Seattle-Haneda selection was valid then, and is still valid on the current record.²¹ Furthermore, the Los Angeles and Kona gateways that are before the Department now

¹⁹ Delta Answer, at 3.

²⁰ *See Orders* 2013-2-4 and 2012-11-12.

²¹ The competing parties in both the present and previous proceedings questioned whether the Seattle-Haneda market was too small to justify selection. However, in the previous case the Department acknowledged the assertions about the comparatively small size of the Seattle-Tokyo market, and found that the benefits of a Pacific Northwest gateway to Haneda outweighed those of the other proposals. The Department tentatively reaches the same conclusion here. The Department also has noted the assertions regarding the size and capacity of Delta's proposed aircraft. Delta's aircraft size and proposed capacity were not key elements in the Department's decision in

were also before the Department in the previous proceeding, and with the same respective carriers. In reviewing the current record and considering the competing proposals of American and Hawaiian to provide replacement U.S.-Haneda service, the Department tentatively does not find that the relative attributes of those competing gateway/carrier proposals are sufficiently compelling to now outweigh the public benefits of daily Seattle-Haneda service.

This is not to say that American's Los Angeles-Haneda proposal is without its positive attributes. American's proposal would provide important competitive benefits by introducing a fourth U.S.-flag competitor to the U.S.-Haneda market and by offering competition to the Los Angeles-Haneda services currently provided by Delta and All Nippon Airways (ANA). The Department also recognizes that American would offer substantial connecting opportunities while serving the large local Los Angeles-Tokyo traffic base. The Department tentatively finds, however, that the public interest would be better served by maintaining the only Seattle-Haneda nonstop service, and the only Pacific Northwest gateway, rather than to relocate the service to a city that currently has two daily Haneda flights.

The Department also recognizes that Hawaiian's Kona proposal presents certain positive attributes. Kona currently lacks any nonstop Tokyo service, and selection of Kona would establish a new U.S. gateway to Haneda. Furthermore, Hawaiian, as a non-alliance member and one that has fully delivered on its Honolulu-Haneda service promises, could enhance competition in the U.S.-Japan market. On the other hand, the State of Hawaii now enjoys three of the eight total U.S.-Haneda route-opportunities available to U.S. and Japanese carriers. Consistent with the Department's ongoing goal of using the limited Haneda rights to address a variety of public interest objectives, including the objective of geographically diverse gateways, the Department tentatively finds that maintaining the Seattle gateway to Haneda would make a better use of the limited Haneda opportunity and better maximize the public benefits, than would allocating a fourth Haneda route to Hawaii.

Nevertheless, the Department recognizes that the positive attributes of Seattle-Haneda service remain meaningful only if Seattle-Haneda service is actually being provided. On too many days this past Winter season, Delta provided no Seattle-Haneda service whatsoever.²² Delta's virtual abandonment of the route, even if only for a traffic season, severely undercut the public interest basis for the Department's 2013 decision and led the Department to institute this proceeding.

The principal question before the Department therefore is whether, despite Delta's past conduct, we can now rely on Delta to deliver the public interest benefits for the Seattle-Haneda route that were central to the Department's previous decision and remain just as critical to the present tentative decision. The Department would not tentatively be selecting Delta here if the Department did not have a justifiable basis to believe that Delta could be relied upon to provide the service it now promises.

the 2012/2013 proceeding and the Department tentatively is not persuaded to follow a different approach here. If Delta has determined that a smaller aircraft is better suited to the market, and thus is more likely to ensure a viable operation, the Department is not inclined to interfere with its decision.

²² American Application, at Exhibit AA-311.

The Department has tentatively decided that, based on Delta's statements and the evidence submitted in this proceeding, combined with other protective measures the Department is adopting and will discuss below, the Department has a sufficient basis to permit Delta to retain the Seattle-Haneda route.

Importantly, Delta has expressly committed to resume a full pattern of daily service beginning on March 29, 2015, and to continue that daily service not only through the Summer season but also through the following Winter season.²³ Furthermore, Delta has stated on the record that it has firm plans, allocated aircraft, published schedules, and is actively selling and will operate a full pattern of daily Seattle-Haneda service at the start of the IATA Summer season, effective March 29, 2015, and beyond.²⁴ In addition, the record shows that Delta has taken steps to strengthen its commitment to Seattle by growing its Seattle hub. For example, the record shows that Delta has been and is continuing to add more connecting flights operated by Delta and Delta Connection partners – from fewer than 30 daily flights in 2013 to an expected 85 daily flights in 2015.²⁵ Delta asserted that this growth in Delta flights will provide the feed needed to make the Seattle-Haneda service a success.

TERMS, CONDITIONS, AND LIMITATIONS

While the above factors are helpful in providing a basis for confidence that Delta will perform as promised, the Department tentatively finds that further protective measures are needed to ensure that the public benefits that are central to the Department's tentative decision are forthcoming, and to promote maximum use of the limited Haneda rights. The Department therefore tentatively proposes to attach certain additional conditions and requirements on Delta's Seattle-Haneda slot pair allocation. The Department also tentatively proposes to award backup authority to ensure that a carrier is ready to step into the market, should Delta again fail to follow through on its Seattle-Haneda commitments.

As noted above, Delta has committed to year-round daily service in the Seattle-Haneda market.²⁶ In this regard, if the Department's tentative decision is made final, the Department proposes to attach the following additional condition on the slot pair allocation:

Any failure, without a Department-granted waiver, to perform a Seattle-Haneda flight, and any failure, without a Department-granted waiver, to perform a Haneda-Seattle flight, on each and every day of every week (7 days a week, 365 days a year), will constitute a violation of Delta's Seattle-Haneda authority subject to enforcement. Any failure, without a Department-granted waiver, to perform Seattle-Haneda flights, and any failure, without a Department-granted waiver, to perform Haneda-Seattle flights, on two days of any seven-day period (365 days a year) will constitute a default of Delta's Seattle-Haneda authority and that authority will automatically expire.²⁷

²³ Delta Response to Evidence Request, at 2; and Delta Answer, at 10.

²⁴ Delta Response to Evidence Request, at 1; and Delta Answer, at 3.

²⁵ Delta Response to Evidence Request, at 2.

²⁶ Delta Response to Evidence Request, at 2.

²⁷ To the extent necessary, the Department tentatively delegates to the Director, Office of International Aviation, the power to grant or deny any requests for waivers from this condition.

An expiration of Delta's authority will automatically activate the backup award if it is still in effect. If the backup carrier fails to inaugurate service, or its authority has lapsed, the slot pair will automatically revert to the Department for reallocation.

Responsibility for seeking a timely waiver from the proposed condition above will rest with Delta. This means that, except when emergency circumstances outside of Delta's control make it impossible, Delta must seek a waiver with sufficient lead time to allow for service of the request on interested parties, an opportunity for interested parties to respond, and an opportunity for a reasoned decision on the part of the Department. Furthermore, in the event of any repeated pattern of non-performance, or of waiver requests seeking to justify non-performance, the Department expressly reserves the right, on its own initiative and without hearing, to activate the backup award, or, in the event that the backup carrier fails to inaugurate service, or its authority has lapsed, to reallocate the slot opportunity.

The Department has also tentatively decided to impose a reporting requirement on Delta's allocation of the Seattle-Haneda slot pair. Specifically, if the Department's decision is made final, the Department will require that Delta file quarterly reports regarding Delta's utilization of the limited Haneda slot pair in the Seattle-Haneda market.

These reports would be addressed to the Director, Office of International Aviation, filed in Docket DOT-OST-2010-0018 and served on the parties to the docket no later than the 15th day of each fourth month (*i.e.*, January 15, April 15, July 15, and October 15). The Department proposes that such reports should contain the number of failures to perform daily Seattle-Haneda service over the past quarter, the date on which each such failure occurred, an explanation as to each such failure, any planned failures to provide daily Seattle-Haneda service for the current or upcoming quarter, and the reasons for such a planned failure. Delta should also identify any other issues that might affect the sustainability of its Seattle-Haneda service. These reports, along with any potential responsive materials, will provide a basis for the Department to make timely determinations as to whether maintaining the allocation with Delta for Seattle-Haneda service remains in the public interest.

BACKUP AUTHORITY

The Department tentatively finds that selection of a backup carrier will ensure that maximum public benefits are achieved with this limited Haneda opportunity. The Department has tentatively decided to select American at Los Angeles as a backup to Delta's primary award. American's Los Angeles-Haneda proposal offers a number of benefits that warrant its tentative selection over Hawaiian's Kona-Haneda proposal. American proposes to provide service in the largest U.S.-Tokyo O&D market in this proceeding, and would enhance competition in the Los Angeles-Haneda market. American has also demonstrated that it could be in a position to start service promptly, a factor that takes on additional weight in the context of tentatively awarding backup authority.

The benefits of Hawaiian's Kona proposal, on the other hand, would not overcome the benefits of American's proposed Los Angeles service. Kona-Haneda service would largely benefit Japanese-originating leisure traffic, which, while important for promoting increased international

tourism and economic activity in Hawaii, minimizes Haneda's advantages to U.S. travelers in general, and U.S. business travelers in particular.

Therefore, the Department tentatively finds that selection of American as a backup will ensure that, should Delta not meet the terms of its Seattle-Haneda authority as revised in this proceeding, a carrier will already be authorized to enter the market quickly without the need for further regulatory proceedings.

The Department has tentatively decided to impose a startup condition on the backup award. If the Department's tentative decision is made final, the Department will require American to institute its proposed service within 60 days of the activation of its backup award, which is consistent with American's startup commitment on the record of this proceeding.²⁸ Should the backup award be activated, the Department proposes that the allocation of the slot pair to American would remain in effect indefinitely, subject to the Department's standard 90-day dormancy condition.

The Department also tentatively finds that the backup award in this case should be for two years (meaning that if the backup award is not activated in two years it lapses). American's Los Angeles-Haneda service proposal in this case is fully consistent with the Los Angeles-Haneda proposal it submitted in 2012. The Department tentatively finds that this demonstrated consistency over several years provides a reasonable basis for anticipating that the current record will retain its validity for longer than the one-year term which is the customary duration of the standard backup award. Given this background the Department tentatively concludes that American's backup award should have a term of two years. If American's Los Angeles-Haneda backup award is not activated within two years of a final order in this proceeding, the backup authority would lapse, and a Delta default and expiration of its authority would result in the reversion of the slot pair to the Department for reallocation.

ACCORDINGLY,

1. The Department tentatively allocates to Delta Air Lines, Inc. one slot pair for its proposed Seattle-Haneda service, subject to the express conditions as described in the text of this order;
2. The Department tentatively selects American Airlines, Inc. as a backup to Delta's primary award and provisionally allocates it one slot pair for its proposed Los Angeles-Haneda services on a backup basis, subject to the conditions described in the text of this order;
3. The Department tentatively requires Delta Air Lines, Inc. to file quarterly written reports addressed to the Director, Office of International Aviation, as described in the text of this order, regarding Delta's performance of daily Seattle-Haneda service;
4. The Department tentatively denies the remaining applications in this proceeding;

²⁸ American Application, at 3. The Department would welcome an even earlier startup if possible, such as an attempt by American to launch its proposed service within 30 days.

5. The Department directs any interested parties having objections to its tentative findings and conclusions set forth in this order and in ordering paragraphs 1 through 4 above, to file their objections, in the above-captioned docket, with the Department's Docket Section, U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue, S.E., Washington, D.C., 20590, no later than ten (10) calendar days from the date of service of this order; answers thereto shall be filed no later than seven (7) calendar days thereafter;²⁹

6. If timely and properly supported objections are filed, the Department will afford full consideration to the matters or issues raised by the objections before it takes further action;³⁰ if no objections are filed, the Department will deem all further procedural steps to be waived and will proceed to enter a final order awarding the authority proposed in this order; and

7. The Department will serve this order on the parties to the captioned docket of the order, the Japanese Ambassador to the United States in Washington, DC, the Federal Aviation Administration, and the U.S. Department of State (Office of Aviation Negotiations).

By:

Brandon M. Belford
Deputy Assistant Secretary for
Aviation and International Affairs

(SEAL)

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<http://www.regulations.gov>

²⁹ The original filing should be on 8½" x 11" white paper using dark ink and be unbound without tabs, which will expedite use of the Department's docket imaging system. In the alternative, filers are encouraged to use the electronic filing submission capability available through the Dockets/FDMS Internet site (<http://www.regulations.gov>) by following the instructions at the web site.

³⁰ As the Department is providing for the filing of objections to this tentative decision, the Department will not entertain petitions for reconsideration of this order.