



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

Issued by the Department of Transportation  
on the 7<sup>th</sup> day of July, 2016

**Served: July 7, 2016**

***2016 U.S.-CUBA FREQUENCY ALLOCATION PROCEEDING***

**DOCKET DOT-OST-2016-0021**

**ORDER TO SHOW CAUSE**

**Summary**

By this order the Department tentatively allocates 20 daily frequencies to U.S. air carriers to provide scheduled passenger services between the United States and Havana, Cuba.

**Background**

On February 16, 2016, the United States and Cuba signed a Memorandum of Understanding (MOU) that allows for the resumption of scheduled air services between the United States and Cuba. For scheduled combination or all-cargo services to and from Havana, under the terms of the MOU, U.S. carriers may operate up to twenty (20) daily round-trip frequencies. For scheduled combination or all-cargo services to and from each of the other nine (9) international airports in Cuba, U.S. carriers may operate up to ten (10) daily round-trip frequencies, for a total of ninety (90) daily non-Havana U.S.-Cuba round-trip frequencies.<sup>1</sup>

Also on February 16, 2016, by Order 2016-2-12, the Department instituted the *2016 U.S.-Cuba Frequency Allocation Proceeding* to allocate the 20 daily round-trip frequencies that may be used for scheduled combination or all-cargo services between the United States and Havana, Cuba to the carrier or carriers selected, and to allocate the 10 daily round-trip frequencies that are available for scheduled combination or all-cargo service at each other point in Cuba to the carrier or carriers selected. The order set forth evidentiary requirements for applicant carriers, directed

---

<sup>1</sup> The nine airports, other than Havana's José Martí International Airport (HAV), that are authorized for international services are: the Ignacio Agramonte International Airport in Camagüey (CMW); the Jardines del Rey Airport in Cayo Coco (CCC); the Vilo Acuña Airport in Cayo Largo (CYO); the Jaime González Airport in Cienfuegos (CFG); the Frank País Airport in Holguín (HOG); the Sierra Maestra Airport in Manzanillo (MZO); the Juan Gualberto Gómez Airport in Matanzas (VRA); the Abel Santamaría Airport in Santa Clara (SNU); and the Antonio Maceo Airport in Santiago de Cuba (SCU). The MOU does not place limits on the number of carriers that may provide U.S.-Cuba services.

applicants to indicate their order of preference for selection among multiple city-pair proposals, and established a procedural schedule for the proceeding. The Department stated that it intends to award carriers that receive allocations underlying exemption authority to support their services. The Department also stated that it recognizes the eagerness of U.S. carriers to take advantage of these new Cuba opportunities and the benefits to the traveling and shipping public of enabling them to do so, and that it intends to reach a final decision in this matter as promptly as possible.

By Order 2016-6-5, the Department addressed the requests of U.S. carriers to serve cities in Cuba other than Havana. This order addresses the Havana requests.

### **Applications**

Twelve U.S. carriers propose scheduled passenger services to Havana.<sup>2</sup> Each carrier requested an allocation of frequencies and underlying exemption authority to support their proposed services.<sup>3</sup> The U.S.-Havana proposals are summarized below, and in chart form in Appendices A and B. The Department summarizes all the pleadings in Appendix C.

**Alaska Airlines, Inc. (Alaska)** proposes to begin twice-daily nonstop roundtrip service between Los Angeles and Havana using 181-seat B737-900ER aircraft, beginning no later than 90 days following receipt of all required government approvals. Alaska proposes once-daily service between its Seattle hub and Havana via Los Angeles, and once-daily service between Portland and Havana via Los Angeles.<sup>4</sup>

**American Airlines, Inc. (American)** proposes 12 daily flights to Havana and two once-weekly flights to Havana, beginning within 90 days of a final order.<sup>5</sup> Specifically, American proposes (1) ten year-round daily flights between Miami and Havana, using 160-seat B737-800 aircraft; (2) one year-round daily flight between Charlotte and Havana, using 144-seat A319 aircraft; (3) one year-round daily flight between Dallas/Fort Worth and Havana, using 144-seat A319 aircraft; (4) one year-round weekly flight on Sundays between Los Angeles and Havana, using

---

<sup>2</sup> Federal Express Corporation (FedEx) had proposed to operate five-days-per-week all-cargo service using B757-200SF over a Miami-Havana-Merida, Mexico-Miami routing, beginning September 1, 2016. By motion filed June 16, 2016, FedEx requested to amend its application to replace its Havana frequency and exemption requests with requests for allocation of frequencies and exemption authority to provide all-cargo Miami-Matanzas service. The Department will address FedEx's revised request separately.

<sup>3</sup> The applicants have requested exemption authority of varying duration and scope. In the circumstances presented, in the interest of administrative efficiency, and consistent with the Department's usual policy, the Department will tentatively grant the carriers two-year exemption authority for the specific U.S.-Cuba city pairs for which the applicants propose service and for which the Department is tentatively awarding frequencies here.

<sup>4</sup> Alaska states that its Portland-Los Angeles-Havana service will operate using a single plane and single flight number in each direction. Alaska's Seattle-Los Angeles-Havana service will operate using a single plane and single flight number on the outbound direction, but on the return trip, Seattle-bound passengers will connect in Los Angeles. Application of Alaska, at 1.

<sup>5</sup> American states that it would begin its once weekly Chicago-Havana service within 90 days of a final order, or the first Saturday thereafter, and its once weekly Los Angeles-Havana service within 90 days of a final order, or the first Sunday thereafter.

160-seat B737-800 aircraft; and (5) one year-round weekly flight on Saturdays between Chicago and Havana, using 160-seat B737-800 aircraft.

**Delta Air Lines, Inc. (Delta)** proposes five daily flights to Havana, beginning within 90 days of a final order. Specifically, Delta proposes to operate (1) one daily flight between New York (JFK) and Havana, using 199-seat B757-200 aircraft; (2) one daily flight between Atlanta and Havana, using 199-seat B757-200 aircraft; (3) two daily flights between Miami and Havana, using 160-seat B737-800 aircraft; and (4) one daily flight between Orlando and Havana, using 160-seat B737-800 aircraft.

**Dynamic International Airways, LLC (Dynamic)** proposes three less-than-daily services to Havana, beginning November 2016, using 280-seat B767-300 aircraft. Specifically, Dynamic proposes to operate (1) three times weekly service (Sundays, Tuesdays, and Thursdays) between New York (JFK) and Havana; (2) four times weekly service (Mondays, Wednesdays, Thursdays, and Saturdays) between Chicago and Havana; and (3) four times weekly service (Sundays, Tuesdays, Thursdays, and Fridays) between Los Angeles and Havana.<sup>6</sup>

**Eastern Air Lines Group, Inc. (Eastern)** proposes to operate one daily Miami-Havana flight, using 147-seat B737-800 aircraft, beginning on or before July 1, 2016.

**Frontier Airlines, Inc. (Frontier)** proposes to operate four daily flights to Havana, using 180-186-seat A320 and A320neo aircraft, commencing on October 6, 2016, over the following routings: (1) one daily Denver-Miami-Havana flight; (2) one daily San Francisco-Denver-Havana flight; (3) one daily Atlanta-Miami-Havana flight; and (4) one daily Miami-Havana flight.

**JetBlue Airways Corporation (JetBlue)** proposes to operate 12 daily frequencies to Havana beginning September 8, 2016, using 200-seat A321 aircraft and 162-seat A320 aircraft. Specifically, JetBlue proposes to operate (1) four daily Fort Lauderdale-Havana flights using a mix of A321 and A320 aircraft; (2) two daily New York (JFK)-Havana flights using A-321 aircraft; (3) two daily Orlando-Havana flights, one using A321 aircraft and the other using A320 aircraft; (4) two daily Tampa-Havana flights using A320 aircraft; (5) one daily Newark-Havana flight using A320 aircraft; and (6) one daily Boston-Havana flight using A320 aircraft.

**Silver Airways Corp. (Silver Airways)** proposes to operate five daily flights to Havana beginning on August 18, 2016, using 34-seat Saab 340B Plus turboprop aircraft. Silver specifically proposes to operate (1) four-times weekly service (Tuesdays, Wednesdays, Fridays, and Sundays) over a Tampa-Palm Beach-Havana routing; (2) three-times weekly service (Mondays, Thursdays, and Saturdays) over an Orlando-Fort Myers-Havana routing; (3) five-times weekly service (Mondays, Tuesdays, Thursdays, Fridays, and Sundays) over a Fort Lauderdale-Key West-Havana routing; (4) two-times weekly service (Wednesdays and Saturdays) over a Tampa-Jacksonville-Havana routing; (5) four-times weekly service (Tuesdays, Wednesdays, Fridays, and Sundays) over an Orlando-Fort Myers-Havana routing; (6) three-times weekly service (Mondays, Thursdays, and Saturdays) over a Tampa-Palm Beach-Havana

---

<sup>6</sup> Dynamic states that it would accept allocation of scheduled frequencies to Matanzas should it not be awarded scheduled frequencies to Havana.

routing; (7) daily non-stop service between Fort Lauderdale and Havana; and (8) daily non-stop service between Palm Beach and Havana.

**Southwest Airlines Co. (Southwest)** proposes to operate nine daily flights to Havana using 175-seat B737-800 aircraft, beginning within 90 days of the issuance of a final order. Southwest specifically proposes to operate (1) six daily frequencies for Fort Lauderdale-Havana service, (2) two daily frequencies for Tampa-Havana service, and (3) one daily frequency for Orlando-Havana service.

**Spirit Airlines, Inc. (Spirit)** proposes to operate two daily flights between Fort Lauderdale and Havana, using 145-seat A319 aircraft, beginning December 1, 2016.

**MN Airlines, LLC d/b/a Sun Country Airlines (Sun Country)** proposes to operate four weekly flights to Havana, using 126-seat B737-700 aircraft and 162-seat B737-800 aircraft. Sun Country specifically proposes (1) twice-a-week, Friday and Monday, combination service from Minneapolis/St. Paul with one stop in Fort Myers to Havana, beginning November 11, 2016; and (2) twice-a-week, Saturday and Sunday, combination service from Minneapolis/St. Paul nonstop to Havana, commencing December 17, 2016.

**United Airlines, Inc. (United)** proposes to operate 11 weekly flights to Havana, using 154-seat B737-800 aircraft, beginning 90 days from the Department's final order in this proceeding. United specifically proposes (1) daily service between Newark/New York City and Havana with one additional Saturday-only flight; (2) Saturday-only service between Houston and Havana; (3) Saturday-only service between Washington, DC, and Havana; and (4) Saturday-only service between Chicago and Havana.

### **Reopening the U.S.-Cuba Scheduled Market – Overview**

In December 2014, the Obama Administration announced its intention to re-establish diplomatic relations and embark on a process of normalization with Cuba. In an important step in the normalization process, the governments of the United States and Cuba undertook months of negotiations to reach an arrangement and re-establish scheduled air services between the two countries.

The U.S.-Cuba market has been without scheduled air services for more than 50 years. Prior to the new U.S.-Cuba arrangement, air services between the two countries have been limited to charter flights.<sup>7</sup>

The new arrangement represents a significant expansion in the opportunities available to U.S. air carriers, U.S. travelers and shippers. Opening the market to scheduled services will provide

---

<sup>7</sup> A number of applicants referred to their own charter experience in supporting their proposals. The Department considered that factor, but tentatively did not view it as dispositive for qualifying or disqualifying an applicant for scheduled authority. Each applicant in the case has, at some time, faced the prospect of inaugurating service in a new and perhaps unfamiliar market, and the Department tentatively has no persuasive reason to conclude that any applicant it might select would be unable to launch its Cuba services.

opportunities for reliable daily access to Cuba, and a greater variety of choice for consumers across the United States. At the same time, significant limitations and requirements remain in place concerning the types of travel that are authorized to Cuba. This new arrangement will greatly facilitate visits for travelers that fall under one of the 12 categories authorized by the U.S. Department of the Treasury's Office of Foreign Assets Control.<sup>8</sup> It is important to note, however, that the statutory ban on travel to Cuba for tourist activities remains in place.<sup>9</sup>

In that regard, the Department tentatively concludes that the record of this proceeding strongly suggests that, with the existing restrictions in place, Cuban Americans travelling to visit relatives will generate the majority of U.S.-Cuba travel demand. That is not to say that the applicants overlook other authorized categories of passengers likely to take advantage of the new service offerings, but the record reflects an unmistakable sense on the part of most applicants that those most likely to take advantage of these new services will be Cuban Americans visiting family/relatives. In this regard, there is extensive discussion on the record, and a broad consensus among the applicants, as to where the major Cuban-American populations reside in the United States. The applicants have shown that Florida, and particularly South Florida, holds the largest population of Cuban Americans. Indeed, 9 of the 12 combination carrier applicants to this proceeding proposed Havana service from Florida, adding up to more than 70% of the weekly passenger flights proposed to Havana. The record clearly demonstrates that carriers see a need for Cuba service from that important region.

In addition to Florida, the New York City/Newark, New Jersey and Los Angeles, California regions boast significant Cuban-American populations, and a number of applicant carriers have proposed services from these gateways, demonstrating a corresponding expectation that those cities would support nonstop scheduled Havana service.

Several applicants emphasized the importance of authorizing service from certain established hub cities so that passengers originating outside the principal Cuban-American population zones could nevertheless find convenient travel options to Cuba, and the benefits of intergateway competition could be obtained. Furthermore, these applicants argued that the permissible categories for Cuba travel could evolve, broadening the potential traffic pool for Cuba service, and that carriers serving Cuba from such hub cities would be well positioned to adapt to any such changes.

Finally, the applicants responded affirmatively to the Department's request that they rank the various elements of their proposals. The record thus reflects their judgement and expertise as to the markets and services that they see as most in need of service and most likely to generate viable operations.

---

<sup>8</sup> The existing authorized travel categories include: (1) family visits; (2) official business of the U.S. government, foreign governments, and certain intergovernmental organizations; (3) journalistic activity; (4) professional research and professional meetings; (5) educational activities; (6) religious activities; (7) public performances, clinics, workshops, athletic and other competitions, and exhibitions; (8) support for the Cuban people; (9) humanitarian projects; (10) activities of private foundations or research or educational institutes; (11) exportation, importation, or transmission of information or information materials; and (12) certain export transactions. *See* 31 CFR § 515.560.

<sup>9</sup> 22 U.S.C. § 7209.

It is against that background that the Department has considered the applications for U.S.-Havana scheduled service frequencies and reached its tentative selections.

**Tentative Decision**

The Department has tentatively decided to allocate the 20 available U.S.-Cuba daily frequencies as shown in the chart below:

<b>Carrier</b>	<b>Proposed Routing</b>	<b>Frequency / Carrier Priority Ranking</b>
Alaska Airlines	Los Angeles-Havana	Once daily (#1)
American Airlines	Miami-Havana	4 times daily (#1, 2, 3, & 4)
	Charlotte-Havana	Once daily (#8) <sup>10</sup>
Delta Air Lines	New York (JFK)-Havana	Once daily (#1)
	Atlanta-Havana	Once daily (#2)
	Miami-Havana	Once daily (#3)
Frontier Airlines	Miami-Havana	Once daily (#1)
JetBlue Airways	Fort Lauderdale-Havana	Twice daily (except once on Saturdays) (#1 & 2)
	New York (JFK)-Havana	Once daily (#3)
	Orlando-Havana	Once daily (#5)
Southwest Airlines	Fort Lauderdale-Havana	Twice daily (#1 & 2)
	Tampa-Havana	Once daily (#7) <sup>11</sup>
Spirit Airlines	Fort Lauderdale-Havana	Twice daily (#1 & 2)
United Airlines	Newark-Havana	Once daily (#1)
	Houston-Havana	Once weekly (Saturdays) (#2)

This proceeding gives the Department the opportunity to introduce scheduled service to Havana after more than fifty years of U.S.-Cuba services being either absent altogether or limited only to charters. In previous cases where the Department has been presented with an opportunity to introduce U.S. carrier service to a market that has long been unavailable or significantly restricted, the Department has typically attempted, where possible, to address a variety of public interest needs in selecting carrier proposals for the award of the available rights.<sup>12</sup> The Department has tentatively decided to follow that approach here, finding that it best meets the Department’s stated goal of maximizing public benefits.

In practical terms, this means addressing service needs while also creating a framework for a competitive market structure. It also means presenting the public with a wide array of travel

<sup>10</sup> American submitted 14 route proposals for Havana, and 10 of those 14 proposals were for Miami-Havana service. Charlotte was American’s first-ranked non-Miami proposal.

<sup>11</sup> Southwest ranked Fort Lauderdale-Havana service as its top 6 requests.

<sup>12</sup> *2010 U.S.-Haneda Combination Services Allocation Proceeding*, Order 2010-7-2, issued July 6, 2010; and *2007/2008 U.S.-Colombia Combination Frequency Allocation Proceeding*, Order 2008-5-27, issued May 21, 2008.

choices: choices in terms of type of carrier, specifically, network, low-cost, ultra-low-cost; choices of airport; choices of nonstop or connecting service. In short, recognizing that this opening of the U.S.-Havana scheduled service market is still at a developmental stage, the Department has tentatively decided, to the extent possible and within the constraints presented, to give a range of U.S. carriers the chance to develop the market consistent with the public interest.<sup>13</sup>

Based on the Department's analysis of the record, the Department has tentatively concluded that its top priority in addressing service needs in the U.S.-Havana market should be to allocate frequencies in a manner that will maximize opportunities for the substantial communities that are most likely to benefit. The record in this proceeding amply supports the tentative finding that the Cuban-American population centers in the United States are the areas in most need of scheduled service to Havana. The majority of the applicants have concentrated their proposals for Havana service on airports in proximity to major Cuban-American communities in Florida, the New York City/Newark, New Jersey metropolitan area, and the Los Angeles, California metropolitan area. Thus the Department has tentatively concluded that the major Cuban-American communities throughout the United States warrant allocations that respond to the service needs of those communities.

In that regard, the Department tentatively believes that Florida markets, particularly South Florida markets, deserve a substantial allocation of Havana frequencies to address the service needs of the large local traffic base. At Miami, the Department has tentatively decided to allocate frequencies to American, Delta, and Frontier. At Fort Lauderdale, the Department tentatively allocates frequencies to JetBlue, Southwest, and Spirit. The Department tentatively finds that this diverse allocation would best address the service needs of South Florida, while also providing a variety of options for travelers in terms of product choice, airport choice, and carrier choice.

The Department carefully reviewed the extensive debate in the record as to whether Miami or Fort Lauderdale was the better airport choice for the region's considerable Cuban-American population. The Department has tentatively decided that, in a situation like this, with a market that has been totally devoid of scheduled service and thus with no historical scheduled traffic data, the appropriate course is for the Department to authorize a variety of services at each airport and let the traveling public and the marketplace decide.

The Department also tentatively finds that a modest allocation for Central Florida would be consistent with its goal of addressing service and competition needs in the U.S.-Havana market. Here, the Department tentatively allocates one daily frequency each to JetBlue at Orlando and Southwest at Tampa. In each case, the carriers would provide nonstop Havana service for the large local traffic bases, while also offering competitive alternatives for travelers to Havana

---

<sup>13</sup> As reflected in the above chart of the Department's proposed allocations, and as discussed below, the Department has been sensitive to the applicants' own sense of how best to develop the market. Accordingly, although the Department is not tentatively selecting every applicant in this proceeding, as to those applicants the Department is tentatively selecting, the Department's tentative allocation includes each carrier's first ranked choice. In a number of instances additional preferences are also tentatively accommodated.

originating at other U.S. points. JetBlue and Southwest propose to offer connections for a number of points behind their respective gateways, many of which overlap with the connecting services from other tentatively-selected eastern gateways, thereby affording U.S. consumers with competitive travel choices and the benefits of intergateway competition.

The Department tentatively finds that a similar approach is warranted for the New York City/Newark, New Jersey metropolitan area. The Department has tentatively decided to allocate one daily frequency each to Delta and JetBlue at New York (JFK), and to United at Newark. Each carrier would provide competitive options for the large local traffic base, as well as significant connecting opportunities from their respective hub operations. Moreover, as was the case with Miami and Fort Lauderdale, diversifying the allocation among a variety of carriers and airports serving the region would also be consistent with the Department's goal of promoting a competitive market structure and letting the public make its own choices in the marketplace.

While the majority of applications for scheduled Havana service involve proposed services from eastern gateways, the Department tentatively agrees with Alaska that U.S. travelers from the western United States should not be denied a nonstop travel option to Havana.<sup>14</sup> California has the second-largest Cuban-American population among states (after Florida), and Los Angeles is the country's fourth largest metropolitan area in terms of Cuban Americans. The Department therefore tentatively finds that the substantial local traffic base in Los Angeles merits the selection of Alaska to provide one daily flight. Furthermore, in addition to serving the needs of the local market, Alaska's west coast route network offers a number of connections to western cities, thereby providing travelers with a west coast travel option for Havana service and creating intergateway competition possibilities with gateways further east.

As was said at the outset, given the nature of the U.S.-Cuba market at this time, a major focus of the proceeding would need to be on addressing the service needs of the most important segments of that market. But it was also important to insure services at hub cities that, while perhaps not major Cuban-American population centers, could nevertheless expand the reach of catchment areas to sweep in many areas of potential interest in Havana scheduled travel and to thereby create significant service and competitive benefits. In short, in addition to providing the Department with an opportunity to address the need for service, this proceeding also provides the Department with an opportunity to establish a framework for promoting competition in the overall U.S.-Havana market. It is with this in mind that the Department tentatively allocates one frequency to American for daily service from its Charlotte hub, and one frequency to Delta for daily service from its Atlanta hub. Daily service from these strong hubs will provide substantial competitive travel options for consumers in broad catchment areas. The Department thus tentatively finds that selection of these two hubs would be consistent with the Department's objective of maximizing public benefits.

In that same connection, the Department tentatively finds that an allocation to United for its Saturday-only Houston-Havana flight would be consistent with the Department's stated goals and the public interest. Houston is a major United hub with connections to cities across the

---

<sup>14</sup> Consolidated Reply of Alaska, at 12-13.

central and western United States. It also has significant local traffic potential with a metropolitan area that United asserts ranks eighth nationally in Cuban-American population.<sup>15</sup>

Given the limitations on scheduled Havana service and the number of requests received, the Department could not select every applicant or every city. The Department tentatively believes that the carriers and cities tentatively selected here represent, on balance, the best approach to achieve maximum public benefits. In this regard, the Department did not tentatively select Silver Airways. The Department recognizes that Silver Airways would directly serve a number of important cities in Florida with large Cuban-American populations. However, Silver Airways' proposal to serve Havana utilizes only small commuter-type aircraft. In this limited frequency market, and with anticipated significant demand to be met, the Department tentatively believes that an allocation to Silver Airways would not be an efficient use of these limited rights.

The Department also did not tentatively select Sun Country. Sun Country, which filed no pleadings subsequent to its application, failed to provide a persuasive basis on the record for demonstrating why its less-than-daily service proposals at Fort Myers and Minneapolis/St. Paul should prevail over the proposals of other carriers that were more fully developed throughout the record. In the circumstances presented, the Department tentatively finds that other proposals would make better use of these Havana opportunities than would an allocation for the services proposed by Sun Country.

Lastly, the Department did not tentatively select Eastern or Dynamic for any authority in this proceeding. Neither Eastern nor Dynamic have completed the necessary licensing steps to conduct scheduled air transportation. Eastern's certificates limit it to providing charter flights only.<sup>16</sup> Dynamic holds certificate authority from the Department for scheduled interstate and foreign air transportation,<sup>17</sup> but as Dynamic notes in its application, the Department has not yet made those scheduled certificates effective.<sup>18</sup> The Department, therefore, has tentatively decided not to award any U.S.-Cuba scheduled authority to these carriers at this time.

### **Terms, Conditions, and Limitations**

The Department has tentatively decided to impose a startup condition for each award of U.S.-Havana frequencies. In this regard, if the Department's tentative decision is made final, it will require the carriers to institute their proposed U.S.-Havana services within 90 days of the issue date of a final order in this proceeding.

In addition, consistent with the Department's standard practice, the frequencies tentatively allocated here will be subject to the Department's standard 90-day dormancy condition, wherein any frequency not utilized for a period of 90 days (once inaugurated) would be deemed dormant

---

<sup>15</sup> To accommodate the once-weekly Houston frequency the Department proposes one less Saturday frequency to JetBlue at Fort Lauderdale. The Department notes that the Fort Lauderdale-Havana market would still benefit from five nonstop Havana flights on Saturdays, including one by JetBlue.

<sup>16</sup> See Orders 2015-4-22 and 2015-5-11. See also Order 2015-4-16.

<sup>17</sup> See Order 2016-2-6.

<sup>18</sup> Application of Dynamic, at 3.

and the allocation with respect to each such frequency would expire automatically and the frequency would revert to the Department for reallocation.

Finally, the frequency allocations and exemption authority tentatively granted here will also be subject to the standard condition that the Department may amend, modify or revoke the authority at any time and without hearing, at our discretion.<sup>19</sup>

**ACCORDINGLY,**

1. The Department tentatively allocates to Alaska Airlines, Inc. one daily frequency for its proposed Los Angeles-Havana service;
2. The Department tentatively allocates to American Airlines, Inc. (1) one daily frequency for its proposed Charlotte-Havana service; and (2) four daily frequencies for its proposed Miami-Havana service;
3. The Department tentatively allocates to Delta Air Lines, Inc. (1) one daily frequency for its proposed Atlanta-Havana service; (2) one daily frequency for its proposed Miami-Havana service; and (3) one daily frequency for its proposed service New York (JFK)-Havana service;
4. The Department tentatively allocates to Frontier Airlines, Inc. one daily frequency for its proposed Miami-Havana service;
5. The Department tentatively allocates to JetBlue Airways Corporation (1) one daily frequency for its proposed Fort Lauderdale-Havana service, and six weekly frequencies for Fort Lauderdale-Havana service on Sundays through Fridays;<sup>20</sup> (2) one daily frequency for its proposed New York (JFK)-Havana service; and (4) one daily frequency for its proposed Orlando-Havana service;
6. The Department tentatively allocates to Southwest Airlines Co. (1) two daily frequencies for its proposed Fort Lauderdale-Havana service; and (2) one daily frequency for its proposed Tampa-Havana service;
7. The Department tentatively allocates to Spirit Airlines, Inc. two daily frequencies for its proposed Fort Lauderdale-Havana service;

---

<sup>19</sup> Carriers are reminded that a number of significant limitations and requirements remain in place concerning air transportation between Cuba and the United States. Nothing in the Department's award of authority in this proceeding relieves parties from complying with all applicable regulations and requirements of other U.S. agencies and with all applicable laws of the United States.

<sup>20</sup> The Department directs JetBlue to specifically acknowledge on the record not later than 15 calendar days from the date of service of this order its willingness to accept the six-weekly, *i.e.*, Sunday through Friday, Fort Lauderdale-Havana frequency allocation in the event that the Department's tentative allocation of that award is made final.

8. The Department tentatively allocates to United Airlines, Inc. (1) one daily frequency for its proposed Newark-Havana service; and (2) one weekly frequency for its proposed Houston-Havana service on Saturdays;
9. The frequencies tentatively allocated by ordering paragraphs 1 through 8 above would be effective immediately and would not expire, *provided that* the holder continues to hold the necessary underlying authority to serve the markets authorized; that the holder begins service with the allocated frequencies within 90 days of the issuance of a final order in this proceeding; and also *provided further* that any frequency will become dormant and will revert automatically to the Department if not used for a period of 90 days (once inaugurated);
10. The frequencies tentatively allocated by ordering paragraphs 1 through 8 above would be subject to the Department's standard condition that the Department may amend, modify or revoke the allocation at any time and without hearing, at its discretion;
11. The Department tentatively grants exemption authority under 49 U.S.C. § 40109 to support the tentative frequency awards described in ordering paragraphs 1 through 8, above;<sup>21</sup>
12. The exemption authority tentatively granted by ordering paragraph 11 above would be effective immediately upon issuance of a final order and would remain in effect for two years, subject to the Department's standard exemption conditions, and subject also to the standard condition that the Department may amend, modify or revoke the authority at any time and without hearing, at its discretion;<sup>22</sup>
13. To the extent not granted, the Department tentatively denies the remaining applications in this proceeding;
14. The Department directs any interested parties having objections to the tentative findings and conclusions set forth in this order and in ordering paragraphs 1 through 13 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 15 calendar days from the date of service of this order; answers thereto shall be filed no later than seven (7) calendar days thereafter;<sup>23</sup>

---

<sup>21</sup> See note 3, *supra*. The Department notes that Delta accompanied its request for exemption authority with a motion for leave to file. The Department grants the motion.

<sup>22</sup> The Department tentatively finds that its action would not constitute a "major regulatory action" under the Energy Policy and Conservation Act of 1975, as defined by section 313.4(a)(1) of the Department's regulations.

<sup>23</sup> 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.

15. 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; <sup>24</sup> 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

16. The Department will serve this order on the parties to the proceeding; the U.S. Department of State (Office of Aviation Negotiations); the Federal Aviation Administration; and the Ambassador of Cuba in Washington, D.C.

By:

**JENNY T. ROSENBERG**  
Acting Assistant Secretary for  
Aviation and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at  
<http://www.regulations.gov>

---

<sup>24</sup> As the Department is providing for the filing of objections to this tentative decision, it will not entertain petitions for reconsideration of this order.

**U.S.-Havana City-Pair Markets Proposed<sup>1</sup>****Alaska**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Los Angeles-Havana	2 times daily	B737-900ER / 181 Seats

**American**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Charlotte-Havana	1 time daily	A319 / 144 Seats
Chicago-Havana	1 time weekly	B737-800 / 160 Seats
Dallas/Ft. Worth-Havana	1 time daily	A319 / 144 Seats
Los Angeles-Havana	1 time weekly	B737-800 / 160 Seats
Miami-Havana	10 times daily	B737-800 / 160 Seats

**Delta**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Atlanta-Havana	1 time daily	B757-200 / 199 Seats
Miami-Havana	2 times daily	B737-800 / 160 Seats
New York (JFK)-Havana	1 time daily	B757-200 / 199 Seats
Orlando-Havana	1 time daily	B737-800 / 160 Seats

**Dynamic**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Chicago-Havana	4 times weekly	B767-300 / 280 Seats
Los Angeles-Havana	4 times weekly	B767-300 / 280 Seats
New York (JFK)-Havana	3 times weekly	B767-300 / 280 Seats

**Eastern**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Miami-Havana	1 time daily	B737-800 / 147 Seats

**Frontier**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Denver-Havana	1 time daily	A320 / 180 – 186 Seats
Miami-Havana	3 times daily	A320 / 180 – 186 Seats

<sup>1</sup> Several applicants have proposed routings involving one-stop service over various U.S. gateways. This list includes only the nonstop U.S.-Havana city pairs proposed, listed in alphabetical order.

**JetBlue**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Boston-Havana	1 time daily	A320 / 162 Seats
Fort Lauderdale-Havana	4 times daily	A320 / 162 Seats & A321 / 200 Seats
Newark-Havana	1 time daily	A320 / 162 Seats
New York (JFK)-Havana	2 times daily	A321 / 200 Seats
Orlando-Havana	2 times daily	A320 / 162 Seats & A321 / 200 Seats
Tampa-Havana	2 times daily	A320 / 162 Seats

**Silver Airways**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Fort Lauderdale-Havana	1 time daily	Saab 340B Plus / 34 Seats
Fort Myers-Havana	1 time daily	Saab 340B Plus / 34 Seats
Jacksonville-Havana	2 times weekly	Saab 340B Plus / 34 Seats
Key West-Havana	5 times weekly	Saab 340B Plus / 34 Seats
Palm Beach-Havana	2 times daily	Saab 340B Plus / 34 Seats

**Southwest**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Fort Lauderdale-Havana	6 times daily	B737-800 / 175 Seats
Orlando-Havana	1 time daily	B737-800 / 175 Seats
Tampa-Havana	2 times daily	B737-800 / 175 Seats

**Spirit**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Fort Lauderdale-Havana	2 times daily	A319 / 145 Seats

**Sun Country**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Fort Myers-Havana	2 times weekly	B737 / 126-162 Seats
Minneapolis-Havana	2 times weekly	B737 / 126-162 Seats

**United**

<b>Routing</b>	<b>Frequency</b>	<b>Aircraft &amp; Capacity</b>
Chicago-Havana	1 time weekly	B737-800 / 154 Seats
Houston-Havana	1 time weekly	B737-800 / 154 Seats
Newark-Havana	1 time daily and 1 additional flight on Saturdays	B737-800 / 154 Seats
Washington, DC-Havana	1 time weekly	B737-800 / 154 Seats

Havana Route Proposals  
Including Carriers' Priority

Carrier	Carrier's Rank of Priority	Days of the Week	U.S. Gateway Point	Cuban Point
Alaska	1	Sun-Sat	Los Angeles (LAX)	Havana (HAV)
Alaska	2	Sun-Sat	Los Angeles (LAX)	Havana (HAV)
American	1	Sun-Sat	Miami (MIA)	Havana (HAV)
American	2	Sun-Sat	Miami (MIA)	Havana (HAV)
American	3	Sun-Sat	Miami (MIA)	Havana (HAV)
American	4	Sun-Sat	Miami (MIA)	Havana (HAV)
American	5	Sun-Sat	Miami (MIA)	Havana (HAV)
American	6	Sun-Sat	Miami (MIA)	Havana (HAV)
American	7	Sun-Sat	Miami (MIA)	Havana (HAV)
American	8	Sun-Sat	Charlotte (CLT)	Havana (HAV)
American	9	Sun-Sat	Miami (MIA)	Havana (HAV)
American	10	Sun-Sat	Dallas/Ft. Worth (DFW)	Havana (HAV)
American	11	Sat	Chicago (ORD)	Havana (HAV)
American	12	Sun	Los Angeles (LAX)	Havana (HAV)
American	13	Sun-Sat	Miami (MIA)	Havana (HAV)
American	14	Sun-Sat	Miami (MIA)	Havana (HAV)
Delta	1	Sun-Sat	New York (JFK)	Havana (HAV)
Delta	2	Sun-Sat	Atlanta (ATL)	Havana (HAV)
Delta	3	Sun-Sat	Miami (MIA)	Havana (HAV)
Delta	3	Sun-Sat	Miami (MIA)	Havana (HAV)
Delta	4	Sun-Sat	Orlando (MCO)	Havana (HAV)
Dynamic	1	Tues, Thurs, Sun	New York (JFK)	Havana (HAV)
Dynamic	2	Mon, Wed, Thurs, Sat	Chicago (ORD)	Havana (HAV)
Dynamic	3	Tues, Thurs, Fri, Sun	Los Angeles (LAX)	Havana (HAV)
Eastern	1	Sun-Sat	Miami (MIA)	Havana (HAV)
Frontier	1	Sun-Sat	Miami (MIA)	Havana (HAV)
Frontier	2	Sun-Sat	Denver (DEN)	Havana (HAV)
Frontier	3	Sun-Sat	Miami (MIA)	Havana (HAV)
Frontier	4	Sun-Sat	Miami (MIA)	Havana (HAV)

Havana Route Proposals  
Including Carriers' Priority

Carrier	Carrier's Rank of Priority	Days of the Week	U.S. Gateway Point	Cuban Point
JetBlue	1	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
JetBlue	2	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
JetBlue	3	Sun-Sat	New York (JFK)	Havana (HAV)
JetBlue	4	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
JetBlue	5	Sun-Sat	Orlando (MCO)	Havana (HAV)
JetBlue	6	Sun-Sat	Tampa (TPA)	Havana (HAV)
JetBlue	7	Sun-Sat	New York (JFK)	Havana (HAV)
JetBlue	8	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
JetBlue	9	Sun-Sat	Newark (EWR)	Havana (HAV)
JetBlue	10	Sun-Sat	Boston (BOS)	Havana (HAV)
JetBlue	11	Sun-Sat	Orlando (MCO)	Havana (HAV)
JetBlue	12	Sun-Sat	Tampa (TPA)	Havana (HAV)
Silver	1	Mon, Thurs, Sat	Ft. Myers (RSW)	Havana (HAV)
Silver	1	Tues, Wed, Fri, Sun	Palm Beach (PBI)	Havana (HAV)
Silver	2	Wed, Sat	Jacksonville (JAX)	Havana (HAV)
Silver	2	Mon, Tues, Thurs, Fri, Sun	Key West (EYW)	Havana (HAV)
Silver	3	Tues, Wed, Fri, Sun	Ft. Myers (RSW)	Havana (HAV)
Silver	3	Mon, Thurs, Sat	Palm Beach (PBI)	Havana (HAV)
Silver	4	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
Silver	5	Sun-Sat	Palm Beach (PBI)	Havana (HAV)
Southwest	1	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
Southwest	2	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
Southwest	3	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
Southwest	4	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
Southwest	5	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
Southwest	6	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
Southwest	7	Sun-Sat	Tampa (TPA)	Havana (HAV)
Southwest	8	Sun-Sat	Tampa (TPA)	Havana (HAV)
Southwest	9	Sun-Sat	Orlando (MCO)	Havana (HAV)
Spirit	1	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
Spirit	2	Sun-Sat	Fort Lauderdale (FLL)	Havana (HAV)
Sun Country	1	Mon, Fri	Ft. Myers (RSW)	Havana (HAV)
Sun Country	2	Sat, Sun	Minneapolis (MSP)	Havana (HAV)
United	1	Sun-Sat	Newark (EWR)	Havana (HAV)
United	2	Sat	Houston (IAH)	Havana (HAV)
United	3	Sat	Washington DC (IAD)	Havana (HAV)
United	4	Sat	Chicago (ORD)	Havana (HAV)
United	5	Sat	Newark (EWR)	Havana (HAV)

## POSITION OF THE PARTIES<sup>1</sup>

**Alaska** proposes to operate twice-daily nonstop roundtrip service between Los Angeles and Havana using 181-seat B737-900ER aircraft, beginning no later than 90 days following receipt of all required government approvals. Alaska specifically proposes once daily service between its Seattle hub and Havana via Los Angeles and once-daily service between Portland and Havana via Los Angeles.<sup>2</sup> Alaska states that it will also provide convenient one-stop connecting service between Anchorage and Salt Lake City, on the one hand, and Havana, on the other hand, via Los Angeles.

Alaska asserts that its proposal would maximize public benefits by broadening the array of U.S. carriers offering scheduled U.S.-Cuba service and by expanding the geographical range of U.S. gateways to Cuba.<sup>3</sup> Alaska states that Los Angeles is home to the fourth largest Cuban-American population of any city in the U.S., and asserts that it is important that Los Angeles and the West Coast be selected for scheduled service to Havana.

Alaska states that it is the ideal carrier to provide West Coast service to Havana because its West Coast route network is anchored by its hub at Seattle and substantial focus-city presence at Portland and Los Angeles, and that it will offer low fares to stimulate traffic between Los Angeles and Havana and between Seattle/Portland and Havana.<sup>4</sup> Alaska states that it has a strong track record of developing service at Los Angeles, noting that since 2010, Alaska has increased its Los Angeles capacity by 14% and that Alaska serves 47 cities beyond Los Angeles on a nonstop basis.<sup>5</sup> Alaska also asserts that its north-south West Coast route system is “unmatched” and extends to Canada, Mexico and Central America, encompasses 57 cities in California, Oregon, Washington, Idaho, Utah, Montana, and the State of Alaska.<sup>6</sup>

In its responsive pleadings, Alaska acknowledges that Florida accounts for a large percentage of Cuban Americans, but Alaska contends that there is no justification to allocate essentially all of the available Havana frequencies for service from points in Florida. Alaska asserts that among the carriers that have proposed service outside the eastern United States, Alaska’s double-daily Los Angeles-Havana proposal is the strongest.<sup>7</sup> Alaska argues that selection of its proposal would foster intergateway competition and intercarrier competition.<sup>8</sup> Alaska also argues that selection of Los Angeles would maximize the number and geographical range of U.S. gateways,

---

<sup>1</sup> Some of the parties have submitted various supplemental materials for the record beyond those filed with their applications, answers and replies. The Department has not summarized these materials in the appendix but, in the interest of a full record, the Department has accepted them into the record notwithstanding whether they were accompanied by an appropriate motion for leave to file.

<sup>2</sup> Alaska states that its Portland-Los Angeles-Havana service will operate using a single plane and single flight number in each direction. Alaska’s Seattle-Los Angeles-Havana service will operate using a single plane and single flight number on the outbound direction, but on the return trip, Seattle-bound passengers will connect in Los Angeles. Application of Alaska, at 1.

<sup>3</sup> Application of Alaska, at 6-7.

<sup>4</sup> *Id.*, at 3 and 11.

<sup>5</sup> *Id.*, at 9.

<sup>6</sup> *Id.*

<sup>7</sup> Consolidated Answer of Alaska, at 6.

<sup>8</sup> *Id.*, at 23-25.

and that Alaska would provide new entrant benefits and competition against the incumbent charter carriers.<sup>9</sup>

With regard to American's once-weekly Los Angeles-Havana proposal, Alaska argues that American does not prioritize serving the route, but rather the "red-eye" proposal appears to be little more than an effort to bolster its Miami-Havana proposal. Alaska states, by contrast, that it has prioritized and is committed to serving the Los Angeles-Havana route to maximize public and consumer benefits.<sup>10</sup>

The other applicant for nonstop Los Angeles-Havana service is Dynamic, a carrier that Alaska argues has no experience operating scheduled service. Alaska asserts that Dynamic has prioritized Los Angeles as its third and final choice in the proceeding.<sup>11</sup>

Alaska also asserts that Delta's Los Angeles-Orlando-Havana flight, with long layovers in Orlando, offers negligible benefits.<sup>12</sup> Alaska argues that Silver, Eastern, Dynamic, and Sun Country have not put forward credible proposals and they do not merit serious consideration for an allocation of scarce and valuable Havana frequencies.<sup>13</sup>

In responding to competing carriers' objections that Los Angeles has a smaller Cuban-American population, Alaska argues that its service will stimulate demand and attract new passengers who have never previously travelled to Cuba and have no ethnic ties to Cuba.<sup>14</sup> Alaska further asserts that demand will only increase with the Obama Administration's easing of Cuba travel restrictions. Alaska also argues that historical experience in the U.S.-Cuba charter market is not a reliable predictor of success, as the old charter market and new scheduled market are fundamentally different in light of the fewer restrictions on U.S. travelers' ability to travel to Cuba.<sup>15</sup>

Alaska asserts that it has the financial strength necessary to build a successful Havana service at Los Angeles, and that its low cost structure will enable it to provide low fares to customers. Alaska states that it has provided specific data showing that its fares are lower than competitors.<sup>16</sup>

Alaska also states that it generally agrees with certain applicants' suggested equitable allocation approaches, to the extent that those proposed allocations would maximize intercarrier and intergateway competition.<sup>17</sup> Alaska cites, for example, United's proposed allocation methodologies, asserting that United offers a well-reasoned proposal to allocate each carrier's top two service priorities. Alaska states that any such approach would include an allocation to

---

<sup>9</sup> *Id.*, at 19-20 and 24-25.

<sup>10</sup> *Id.*, at 10-11.

<sup>11</sup> *Id.*, at 11.

<sup>12</sup> *Id.*, at 12.

<sup>13</sup> *Id.*, at 15-16.

<sup>14</sup> Consolidated Reply of Alaska, at 5-7.

<sup>15</sup> *Id.*, at 8.

<sup>16</sup> *Id.*, at 17.

<sup>17</sup> *Id.*, at 19.

Alaska of two (or at least one) daily frequencies.<sup>18</sup> Alaska notes that it has received strong support from state and local government officials, labor unions, and other stakeholders for its Seattle/Portland-Los Angeles-Havana service proposal.<sup>19</sup>

**American** proposes 12 daily flights to Havana and two once-weekly flights to Havana, beginning within 90 days of a final order. Specifically, American proposes to operate (1) ten year-round daily flights between Miami and Havana, using 160-seat B737-800 aircraft; (2) one year-round daily flight between Charlotte and Havana, using 144-seat A319 aircraft; (3) one year-round daily flight between Dallas/Fort Worth and Havana, using 144-seat A319 aircraft; (4) one year-round weekly flight on Sundays between Los Angeles and Havana, using 160-seat B737-800 aircraft; and (5) one year-round weekly flight on Saturdays between Chicago and Havana, using 160-seat B737-800 aircraft.

American asserts that no other carrier has undertaken more efforts to strengthen ties and promote air service between the United States and Cuba than American. American notes that in the last 25 years, it has flown more charter flights than any other carrier and that in 2015, it flew five times more charter flights to Cuba than the next largest competitor.<sup>20</sup>

American asserts that the Department should use this initial allocation proceeding to establish a strong foundation for future growth of cultural and economic ties with Cuba. American notes that travel to Cuba for leisure or tourism remains prohibited by U.S. sanctions, and American asserts that scheduled passenger traffic will originate primarily from the cities with large Cuban-American populations and will be less dispersed throughout the United States than in a typical route case. In this regard, American states that Miami-Dade County is home to 47.9% of the Cuban-American population,<sup>21</sup> and is a gateway to Cuba for most U.S. businesses with commercial connections in Cuba. American asserts that travel by Miami-Dade residents of Cuban descent visiting relatives, and travel by Miami-Dade businesses for commercial purposes generate most of the U.S.-Cuba traffic today and will continue for the foreseeable future while the current sanctions and prohibition on tourism travel remain in place.

American asserts that its proposal to operate ten Miami-Havana flights matches current charter demand and anticipates the near-term growth in demand that will follow from the historic resumption of scheduled flights. American asserts that it is the leading airline at Miami, where it offers unmatched global connectivity, which enables American to support numerous daily Miami-Havana flights. American also states that its commitment to Miami is reflected in American's \$3 billion investment to refresh its fleet, its airports, and its lounges, and that passengers using Miami International Airport will be large beneficiaries of that investment.<sup>22</sup>

American asserts that, in addition to meeting the demand of the Miami Cuban-American community, its proposal would comprehensively link the rest of the United States with Cuba via single-plane or one-stop service through Miami and/or other American hubs. American states its

---

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*, at 21-24.

<sup>20</sup> Application of American, at 5 and Exhibit AA-703.

<sup>21</sup> *Id.*, at 16.

<sup>22</sup> *Id.*, at 5.

proposed schedule from Miami will connect 58 airports with Havana in both directions. American states that its proposed daily Havana service from Charlotte will connect with 68 cities, including 34 not connected through Miami. American states that its proposed daily Havana service from Dallas/Fort Worth will connect with 52 cities, including 39 not connected through Miami and will make Dallas/Fort Worth the primary gateway to Cuba for most of the western United States.<sup>23</sup> American states that its weekly Havana service from Los Angeles will connect with 9 cities; and its Havana service from Chicago will connect with 32 cities, each including additional cities not connected through Miami.<sup>24</sup>

In its responsive pleadings, American asserts that the applications filed by other carriers generally agree that Cuban Americans will account for the surest demand for U.S.-Cuba scheduled services, and that the applications confirm that the demand will be strongest at Miami-Dade County where nearly half the Cuban-American population resides.<sup>25</sup> American argues that its proposed frequencies are proportional to (a) the distribution of the Cuban-American population of the United States, and (b) U.S.-Cuba charter traffic in 2015, which American asserts are the two best indicators of near-term U.S.-Cuba demand; and that its proposal leaves ample room for frequencies to satisfy the Department's remaining objectives in this proceeding.<sup>26</sup>

American argues that its Miami-Havana proposal maximizes public benefits, and is superior to the Miami-Havana proposals of Delta, Eastern, and Frontier. American argues that Delta and Frontier have little to no presence at Miami, and that Eastern lacks the necessary authority and the ability to sell tickets over the internet.<sup>27</sup>

American also opposes the applications of JetBlue, Silver, Southwest, and Spirit proposing Havana service from Fort Lauderdale, claiming that Miami and Fort Lauderdale are not fungible for U.S.-Cuba flights. American argues that Miami has long been the preferred airport for U.S.-Cuba service, citing 2015 charter data showing that Miami supported 42 times more Havana bound flights than Fort Lauderdale, with 2,918 flights originating from Miami and 69 flights originating from Fort Lauderdale.<sup>28</sup> American also argues that Miami International Airport is far more convenient for most South Florida Cuban Americans than the Fort Lauderdale-Hollywood International Airport, since roughly ten times as many Cuban Americans reside in Miami-Dade County as reside in Broward County.<sup>29</sup>

With respect to the other proposed cities in Florida, American asserts that Tampa deserves only one daily frequency at most, but that there is no basis to award Havana frequencies to Orlando, Fort Myers, West Palm Beach, Key West, and Jacksonville, because the Cuban-American

---

<sup>23</sup> *Id.*, at 18-19.

<sup>24</sup> *Id.*, at 19.

<sup>25</sup> Consolidated Answer of American, at 4.

<sup>26</sup> Consolidated Answer of American, at 6-9; and Reply of American, at 4-6.

<sup>27</sup> Consolidated Answer of American, at 9-10.

<sup>28</sup> *Id.*, at 13; and Exhibit AA-R-407.

<sup>29</sup> Consolidated Answer of American, at 15-16; and Reply of American, at 13-17.

population in those regions is small and few charter flights to Cuba have originated from those airports.<sup>30</sup>

American specifically responded to each of the other applicants' proposals, arguing that they largely do not match demand data and rely on untested and unreliable speculation about future traffic. American argues that JetBlue's, Frontier's, and Sun Country's proposed gateways include cities with little demand and connectivity. American argues that Southwest's gateways are divorced from demographic and charter traffic reality, and that Southwest's minimal international operations from Florida and lack of experience at Cuba make it particularly unsuited for Havana frequencies.<sup>31</sup>

American asserts that Delta's proposed Atlanta-Havana service creates comparable connectivity to American's proposed Charlotte-Havana and Dallas/Fort Worth-Havana services, but that Delta has almost no experience operating flights to Cuba, while American has 25 years of experience.<sup>32</sup>

American argues that United's proposed once-weekly Havana service from Washington DC, Houston, and Chicago, would require travelers to endure substantially longer connecting flights through Newark on the other six days of the week, and are inferior to the every-day-of-the-week one-stop flights between those cities and Cuba through American's Miami hub.<sup>33</sup>

American argues that the Los Angeles-Havana market is best served with American's proposed weekly scheduled service, not the daily service proposed by Alaska. American argues that Dynamic does not hold effective Department authority for scheduled services, has no experience operating to Cuba, and that Dynamic's proposed 280-seat aircraft would not be able to sustain its proposed service.<sup>34</sup> American asserts that Silver's proposed 34-seat turboprop aircraft would underutilize the available U.S.-Cuba frequencies.<sup>35</sup>

In response to contentions of other applicants that charter service can meet the needs of the Miami-Dade community, American argues that the Department should allocate the frequencies where demand for U.S.-Cuba travel is proven, rather than in markets with little demand. American argues that scheduled service should be allocated, first and foremost, to eliminate the challenges of charter service for the Miami-Dade community.<sup>36</sup>

**Delta** proposes five daily flights to Havana, beginning within 90 days of a final order. Specifically, Delta proposes to operate (1) one daily flight between New York (JFK) and Havana, using 199-seat B757-200 aircraft; (2) one daily flight between Atlanta and Havana, using 199-seat B757-200 aircraft; (3) two daily flights between Miami and Havana, using 160-

---

<sup>30</sup> Consolidated Answer of American, at 17-20.

<sup>31</sup> *Id.*, at 23.

<sup>32</sup> *Id.*, at 24.

<sup>33</sup> *Id.*, at 25-26.

<sup>34</sup> *Id.*, at 27-28.

<sup>35</sup> *Id.*, at 29.

<sup>36</sup> Reply of American, at 10-12.

seat B737-800 aircraft; and (4) one daily flight between Orlando and Havana, using 160-seat B737-800 aircraft.

Delta states that its proposal would offer competitive, direct flights from Havana to the two largest sources of expected traffic, Miami and New York; convenient one-stop travel options via Atlanta to all other clusters of the Cuban-American population, as well as any other travelers going to Cuba; and service to Orlando, a potentially overlooked market with strong local and connecting demand.

Delta asserts that with its preeminent facilities in New York (JFK) and Atlanta, it is uniquely situated to serve both the major center of Origin and Destination (O&D) business traffic and aggregate other sources of traffic throughout the United States via its major Southeastern hub. In addition, Delta hopes to offer network carrier competition to the Cuban-American communities in South Florida. Delta also claims to be the smallest U.S. network carrier to Latin America and to have fewer destinations to the Caribbean than JetBlue.<sup>37</sup>

With respect to its New York-Havana proposal, Delta states that it has established itself as the regional leader in New York, and will provide service to the second largest cluster of Cuban Americans in the United States.<sup>38</sup> Delta also asserts that the passengers' experience will be enhanced by the carrier's new Terminal 4 facility at JFK airport.

With respect to its Atlanta-Havana proposal, Delta asserts that Atlanta's catchment area makes the airport an ideal interior gateway to Cuba, allowing one-stop Havana service to virtually every cluster of Cuban Americans as well as the best connectivity for U.S. travelers outside the Cuban-American populations in Florida and New York.<sup>39</sup> Delta states that Atlanta is the world's largest airline hub and is well situated to provide broad network coverage of the entire country.<sup>40</sup>

Regarding its Miami-Havana proposal, Delta points out that the Miami area has the highest concentration of Cuban Americans in the United States, with over 50% of the population.<sup>41</sup> Delta states that it is the second largest carrier at Miami International Airport (MIA), and is in the unique position to offer meaningful competition to American Airlines, which would otherwise dominate the Havana Origin and Destination (O&D) traffic at the airport.<sup>42</sup> Delta claims that intra-gateway competition at Miami will be critical to reaching the full potential of the new aviation regime with Cuba because, although in geographic proximity, Fort Lauderdale and Miami are not perfect substitutes.

With respect to its Orlando-Havana proposal, Delta states that the Orlando-Kissimmee-Sanford Metropolitan Area's community of 37,000 Cuban Americans is the fifth largest in the country and should be considered for direct flights to Havana.<sup>43</sup> Delta further points out that Orlando is

---

<sup>37</sup> Application of Delta, at 2.

<sup>38</sup> *Id.*

<sup>39</sup> Consolidated Reply of Delta, at 8.

<sup>40</sup> Application of Delta, at 4.

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*, at 4-5.

<sup>43</sup> *Id.*, at 6

ideally located in central Florida, allowing passengers from both coasts convenient access and direct flights to Havana, with only a two hour drive to Orlando airport, including over 100,000 additional Cuban Americans.<sup>44</sup>

In its responsive pleadings, Delta stresses that mainline flights should be preferred as they offer more seats to customers, and will best ensure vigorous carrier competition.<sup>45</sup> Delta also maintains that given the unique challenges that the first scheduled flights to Cuba will entail, the Department should favor applications of experienced scheduled service providers over those airlines that have only provided charter flights to the public.<sup>46</sup> Delta also asserts that the Department should give priority to daily service applications, and give priority to carriers with a proven track record of non-leisure Caribbean travel.<sup>47</sup>

Regarding American Airlines' application, Delta argues that if American's application were granted in its entirety, American would control over 60% of the flights to Cuba's capital and economic center, Havana, and that the result would be an unprecedented concentration of newly opened market frequencies in the hands of a single carrier.<sup>48</sup> Delta also contends that granting American's application for 10 daily Miami-Havana flights would convert existing charter service to scheduled service with no regard for the Department's goal of improving service offerings in the U.S. market.<sup>49</sup> Delta also points out that contrary to its own proposal, American neglects to offer any proposal to directly serve the second largest population of Cuban Americans in the country, New York City, as well as the substantial population of Cuban Americans living in Central Florida.<sup>50</sup>

As for JetBlue's application, Delta claims that JetBlue submitted an outsized frequency request and that granting it more Havana frequencies than Delta would exacerbate an existing imbalance since JetBlue is almost twice the size of Delta in the U.S.-Caribbean market.<sup>51</sup> Delta states that JetBlue incorrectly asserts that network carriers will only apply for frequencies to serve their hubs, to the detriment of local Origin and Destination (O&D) passengers. Delta also contends that customers would likely prefer Delta's facilities, service, and operational performance versus JetBlue.<sup>52</sup>

Delta argues that, notwithstanding JetBlue's assertions, Delta is the regional leader in New York, offering more flights, seats, and domestic and international destinations than any other carrier, including JetBlue. Delta asserts that it would offer first class, economy comfort, and economy services to Havana from New York (JFK), while JetBlue would only offer all-economy configured aircraft.<sup>53</sup>

---

<sup>44</sup> *Id.*

<sup>45</sup> Consolidated Answer of Delta, at 2

<sup>46</sup> *Id.*, at 3.

<sup>47</sup> Consolidated Reply of Delta, at 2-3.

<sup>48</sup> Consolidated Answer of Delta, at 5.

<sup>49</sup> Consolidated Reply of Delta, at 3.

<sup>50</sup> Consolidated Answer of Delta, at 6.

<sup>51</sup> *Id.*, at 7-8.

<sup>52</sup> *Id.*, at 8.

<sup>53</sup> Consolidated Reply of Delta, at 7.

Delta argues that JetBlue's Tampa proposal essentially duplicates its own proposed service at Orlando, as the Cuban-American population in the catchment areas of those cities overlap almost completely.<sup>54</sup> Delta also questions Boston as a gateway for Havana, asserting that it has relatively few Cuban Americans and only 3 non-circuitous connecting points offered by JetBlue.<sup>55</sup>

Delta asserts that Southwest's application, requesting 63 weekly frequencies, would allow one carrier to dominate the U.S.-Havana marketplace, would stifle competition and prevent the travelling public from enjoying the full benefits of the U.S.-Cuba arrangement. Delta claims that Southwest's request for six daily frequencies from Fort Lauderdale, in terms of frequency and capacity allocations, is inconsistent with its service to other Caribbean destinations from the same airport, where only San Juan receives more than one daily service to Fort Lauderdale on Southwest.<sup>56</sup>

Delta asserts that Frontier's on-time record in 2015 was 73% and that Frontier is not a reliable partner to airports and the traveling public, having abandoned more than 35 different airports and ceased service on over 100 routes in the past 4 years alone.<sup>57</sup>

Regarding Spirit's application, Delta argues that Spirit's service aimed at visiting relatives would not guarantee the families savings because the Cuba-bound passengers, especially those taking considerable checked luggage to the island, may find it hard to enjoy these claimed savings. Delta claims that Spirit's additional fees are notorious among the traveling public, with 45% of their revenue coming from sources other than the seat purchase, making Spirit's low fare reputation illusory.<sup>58</sup>

Delta also critiques Alaska's application by asserting that Alaska would only offer four connecting points from Los Angeles, with only two of those points unique to Alaska's proposal.<sup>59</sup> Delta also questions Los Angeles as a gateway to Cuba, noting that Los Angeles has only one scheduled flight to the Caribbean with American's Los Angeles-Montego Bay flight which operates on a once weekly basis.<sup>60</sup>

Regarding United's application, Delta suggests that by proposing only Saturday flights from Houston, Chicago, and Washington, DC, United would likely prevent other carriers that wish to offer daily service to Havana from doing so.<sup>61</sup> Delta asserts that customers value daily service due to the flexibility and travel options it creates, and that the Department should select daily services before selecting any less-than-daily proposals.

---

<sup>54</sup> Consolidated Answer of Delta, at 9.

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*, at 10.

<sup>57</sup> *Id.*, at 10.

<sup>58</sup> *Id.*, at 11.

<sup>59</sup> *Id.*, at 12.

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*, at 13.

Delta asserts that Sun Country's application does little to benefit the traveling public compared to Delta's proposal, as Minneapolis and Fort Myers are home to few Cuban Americans and have very limited connecting options on Sun Country.<sup>62</sup> With respect to Silver, Delta argues that it cannot be in the public's interest to allocate any scarce Havana frequencies to a small-gauge operation using 34-seat aircraft.<sup>63</sup>

Delta argues that Dynamic would offer limited connections, along with less-than-daily service which is suboptimal for travelers and the Department's policy for maximizing service options. Delta also argues that Dynamic and Eastern do not hold scheduled authority from the Department, and that this would not be the appropriate setting for new speculative carriers.<sup>64</sup>

**Dynamic** requests less than daily scheduled frequency allocations to provide scheduled service between three U.S. points and Havana, beginning November 2016, using 280-seat B767-300 aircraft. Specifically, Dynamic proposes three weekly flights for New York (JFK)-Havana service, four weekly flights for Chicago-Havana service, and four weekly flights for Los Angeles-Havana service.<sup>65</sup> Dynamic recognizes that the Department has not yet made its scheduled certificates effective, but Dynamic states that it anticipates receiving effective scheduled authority well in advance of its proposed start date for service to Cuba.<sup>66</sup>

Dynamic asserts that U.S.-Cuba scheduled service is well within its established capabilities.<sup>67</sup> Dynamic also argues that it has extensive experience successfully serving the types of markets proposed to be served with the requested scheduled frequency allocations and that it is well positioned to tap into this limited market sector.<sup>68</sup>

Dynamic contends that its proposed service is in the public interest because its scheduled service between the U.S. and Cuba will implement rights for which the United States negotiated and will provide passengers and shippers the benefits of new competition and additional service options at a time when traffic is likely to increase.<sup>69</sup>

In its consolidated reply, Dynamic addresses the other applicants' concerns with its current lack of effective scheduled authority by asserting that it is well on its way to receiving scheduled operations specifications from the FAA.<sup>70</sup>

Dynamic also refutes the other applicants' concerns with its proposed start date by contending that its November start date will allow it to take the time necessary to develop sustainable service by not only marketing to the Cuban-American community but also reaching out to the greater

---

<sup>62</sup> *Id.*, at 14.

<sup>63</sup> *Id.*, at 14-15.

<sup>64</sup> *Id.*, at 15-16.

<sup>65</sup> Dynamic states that it would accept allocation of scheduled frequencies to Matanzas should it not be awarded scheduled frequencies to Havana. Application of Dynamic, at 4.

<sup>66</sup> Application of Dynamic, at 3.

<sup>67</sup> *Id.*, at 4.

<sup>68</sup> *Id.*, at 5.

<sup>69</sup> *Id.*

<sup>70</sup> Reply of Dynamic, at 3.

New York, Chicago, and Los Angeles communities.<sup>71</sup> Dynamic argues that the November start date will also allow it to leverage its existing relationships with travel agents and tour operators to tap into their own extensive networks, which will only add to the viability of the proposed routes.<sup>72</sup>

Dynamic replies to one carrier faulting it for not proposing daily service and claims that the markets cannot accommodate daily service, especially with the size aircraft Dynamic proposes to use.<sup>73</sup> Other applicants questioned Dynamic's ability to fill 280-seat B767-300 aircraft, to which Dynamic replies that its less-than-daily service and extensive experience marketing to both ethnic and broader communities will fill its planes.<sup>74</sup>

Dynamic addresses other carriers' concerns that it has no experience operating to Cuba by claiming that if Cuba experience were the sole criteria, most of the other applicants would be excluded automatically, as well.<sup>75</sup>

Dynamic also answers an issue raised by other applicants regarding its lack of connectivity at its U.S. gateways. Dynamic concedes that it does not have an extensive scheduled network like certain other applicants, but it does not see this as detracting from its service proposal given the U.S. points involved. Dynamic asserts that, thanks to technology, passengers may even benefit more by using their own connecting itineraries that include Dynamic's service because their efforts will not be restricted to any one carrier's limited set of destinations and limited number of codeshare and interline partners.<sup>76</sup>

**Eastern** requests an allocation of frequencies to permit it to operate one daily flight between Miami and Havana, using 147-seat B737-800 aircraft. Eastern states that it would provide year-round service and would expect to make the limited hold space available after baggage is loaded for courier, small package, and mail traffic. Eastern states that it is working toward obtaining the necessary flag operations specifications from the Federal Aviation Administration, and its goal is to be able to commence scheduled U.S.-Cuba service on or before July 1, 2016.<sup>77</sup>

In its answer, Eastern notes that the diversity of applicants provides the Department a unique opportunity to showcase and highlight, for the Cuban government and its people, the advantages of letting market forces and entrepreneurial spirit and endeavor freely develop a market. Eastern asserts that distributing these frequencies as widely as possible would preview for Cuba the Open Skies environment to which the U.S.-Cuba market ultimately should transition.<sup>78</sup> In that regard, Eastern proposes two key allocation principals: (1) Havana awards should be focused on South

---

<sup>71</sup> *Id.*, at 4.

<sup>72</sup> *Id.*, at 4.

<sup>73</sup> *Id.*, at 4.

<sup>74</sup> *Id.*, at 5.

<sup>75</sup> *Id.*, at 5.

<sup>76</sup> *Id.*, at 6.

<sup>77</sup> Application of Eastern, at 4-5.

<sup>78</sup> *Id.*, at 1-2.

Florida, where there is proven demand; and (2) the Department must promote inter-carrier competition.<sup>79</sup>

Eastern argues that at least half of the Havana frequencies should be allocated to carriers proposing jet service to and from South Florida, which Eastern says includes MIA and FLL airports.<sup>80</sup> Eastern suggests that, rather than grant American's ten requested frequencies, the six requested by JetBlue, or the six requested by Southwest, the Department should evenly divide an allocation among carriers with only one or two frequencies each.

Eastern suggests that the Department allocate the remaining frequencies among eight carriers seeking Havana frequencies and that an innovative solution would be to allocate frequencies while letting carriers choose from their applications the non-South Florida points they wish to serve.<sup>81</sup>

In its reply, Eastern asserts its belief that the Department should take every opportunity to promote inter-carrier competition from specific U.S. points or regions. Eastern takes issue with American's large Miami-Havana frequency request, arguing that American's proposal is antithetical to American values of open competition and market forces.<sup>82</sup>

Eastern argues that it has a successful record of Cuba charters, and that it now operates more than 90 charters each month.<sup>83</sup> Contrary to the assertions of American and Delta, Eastern argues that its excellent operational record demonstrates its ability to execute well-founded business plans.

Eastern disagrees with competitors' claims, and particularly JetBlue's claims, that awarding Eastern scheduled foreign exemption authority would be procedurally improper. Eastern asserts that JetBlue's first foreign authority was granted by exemption, quoting the Department in saying that JetBlue's foreign air transportation services were "not markedly different in terms of aircraft size or stage length from the carrier's current scheduled interstate operations under its existing certificate authority."<sup>84</sup> Eastern argues that the Department can and should consider its U.S.-Cuba scheduled service proposal now, asserting that the key factor is the similarity of the proposed operation to Eastern's frequent Miami-Havana charters it operates now.<sup>85</sup>

**Frontier** proposes to operate four daily flights to Havana, using 180-186 seat A320 and A320neo aircraft, commencing on October 6, 2016, over the following routings: (1) one daily Denver-Miami-Havana flight; (2) one daily San Francisco-Denver-Havana flight; (3) one daily Atlanta-Miami-Havana flight; and (4) one daily Miami-Havana flight.

---

<sup>79</sup> *Id.*, at 2.

<sup>80</sup> *Id.*, at 3.

<sup>81</sup> *Id.*, at 4-5.

<sup>82</sup> Reply of Eastern, at 2.

<sup>83</sup> *Id.*

<sup>84</sup> Reply of Eastern, at 4-5, citing the Department's March 18, 2004 Notice of Action Taken in Docket DOT-OST-2004-17265.

<sup>85</sup> Reply of Eastern, at 5-6.

Frontier states that markets benefit from having various modes of airline service at different price points and it highlights the attributes of its business model as compared to most of its competitors. It calls attention to its 99.5% reliability rate, which it contends is in line with its high cost competitors and significantly better than its ultra-low cost carrier (ULCC) peers.<sup>86</sup> Frontier asserts that bringing its ultra-low cost model to the U.S.-Cuba market will allow many potential customers who might desire to travel to and from Cuba to easily to afford to do so, thereby maximizing public benefits and stimulating traffic in the U.S.-Cuba market. In support of its claim, Frontier provides examples of market stimulation it claims resulted from its low fare entrance into a number of domestic U.S. markets, and it states that it would bring these same quality services to Cuba.

With respect to its Miami-Havana proposal, Frontier states that, according to the 2010 U.S. Census, 67% of individuals who self-identified as being of Cuban descent resided in Florida. It further states that 55% of that total number live in Miami-Dade County, where Miami International Airport is located.<sup>87</sup> Frontier contends that offering service where the population that is most likely to desire it lives will ensure the most successful operation and best use of the limited frequencies authorized in the MOU, in particular to Havana. Frontier asserts that it is the only domestic ULCC operating at Miami and as such, is ideally suited to be awarded frequencies in this proceeding. Frontier contends that because the dominant carrier in Miami is a legacy airline, often having fares substantially higher than Frontier's, Frontier's participation in this market will provide service options and much needed competition for travelers between Miami and Cuba. It also states that its Miami-Havana service would allow direct, one-stop and connecting travel at Frontier's ultra-low cost fares from numerous other cities, including New York, Chicago, Atlanta and Philadelphia.

As far as its Denver-Havana proposal, Frontier asserts that it must be appreciated that there are many other passengers across the country that will desire to travel to Cuba in addition to those from Miami. It further asserts that service from Denver would provide carriage at ultra-low fares to Havana from fourteen (14) cities across the central and western United States, including same plane one-stop service to San Francisco.<sup>88</sup> Frontier contends that its strong western low fare brand would truly open Cuba to the western United States.

In its answer, Frontier suggests that the Department judge the Havana applications on criteria that promote equitable distribution, include low-fare competition, favor larger aircraft, and favor daily service. Frontier also submits that at least half of the frequencies should be allocated for services at Miami International Airport.<sup>89</sup> Frontier further states that Havana frequencies should be allocated exclusively to passenger or combination operations.<sup>90</sup>

Frontier asserts that Dynamic is not authorized to operate scheduled airline services, has no connectivity for its proposed flights, and would operate an irregular service pattern instead of

---

<sup>86</sup> Application of Frontier, at 2.

<sup>87</sup> *Id.*, at 6.

<sup>88</sup> *Id.*, at 7.

<sup>89</sup> Answer of Frontier, at 4.

<sup>90</sup> *Id.*, at 7.

regular daily service.<sup>91</sup> Frontier argues that Sun Country requests non-daily frequencies and that Fort Myers and Minneapolis do not have any significant merit for Havana service.<sup>92</sup> Frontier further argues that United's request for six Havana frequencies on Saturdays is not in the best interest of the market in the face of other applicants prepared to offer daily service.<sup>93</sup>

In response to the proposals of JetBlue, Southwest, and Spirit for Havana service from Fort Lauderdale, Frontier argues that Miami is a more favorable airport serving the largest Cuban-American population. Frontier also argues that JetBlue's request for 12 of the 20 available Havana frequencies and Southwest's request for 9 are not reasonable.<sup>94</sup>

Frontier asserts that Alaska would not have sufficient demand for its proposed twice-daily Los Angeles-Havana flight, given that existing Los Angeles-Havana charter service only operates once per week. With respect to Silver's application, Frontier argues that it would be wrong to use any of the Havana frequencies for service with Silver's proposed small 34-seat Saab aircraft.<sup>95</sup>

With regard to Delta's application, Frontier asserts that awarding 5 frequencies to one carrier is not reasonable. Beyond that, Frontier argues that Delta's network at Miami does not provide any destinations not served by American, and there is little sense in allocating frequencies to two different legacy carriers in this critical market.<sup>96</sup>

Frontier asserts that American seeks 70% of the Havana frequencies, and argues that there is no plausible justification to grant American the number it desires. Frontier further argues that the connectivity at American's Miami hub provides effectively just as much access to the Cuban-American population outside Miami, as would its non-Miami proposals, and those services would deliver very little benefit in the Cuba-U.S. market.<sup>97</sup>

In replying to criticisms of other applicants, Frontier argues that its operational performance is among the best in the industry, and that it would provide low-fare discipline in the marketplace.<sup>98</sup> Frontier notes that it has restructured since mid-2014 and, while there was a decline in operational performance, it has dramatically improved its performance and is in the top tier of U.S. carriers.<sup>99</sup> Frontier argues that the Cuban-American population deserves a market in which Frontier's ultra-low fares and excellent services are able to compete vigorously.<sup>100</sup>

---

<sup>91</sup> *Id.*, at 9.

<sup>92</sup> *Id.*, at 10.

<sup>93</sup> *Id.*

<sup>94</sup> *Id.*, at 12-13.

<sup>95</sup> *Id.*, at 11.

<sup>96</sup> *Id.*, at 12.

<sup>97</sup> *Id.*, at 13-14.

<sup>98</sup> Reply of Frontier, at 2-6

<sup>99</sup> *Id.*, at 10-11.

<sup>100</sup> *Id.*, at 14-15.

**JetBlue** requests 12 daily frequencies for Havana service beginning September 8, 2016, using 200-seat A321 aircraft and 162-seat A320 aircraft. Specifically, JetBlue proposes to operate (1) four daily Fort Lauderdale-Havana flights using a mix of A321 and A320 aircraft; (2) two daily New York (JFK)-Havana flights using A-321 aircraft; (3) two daily Orlando-Havana flights, one using A321 aircraft and the other using A320 aircraft; (4) two daily Tampa-Havana flights using A320 aircraft; (5) one daily Newark-Havana flight using A320 aircraft; and (6) one daily Boston-Havana flight using A320 aircraft.

JetBlue asserts that this proceeding presents an opportunity for the Department to reward and encourage innovative airlines with pro-consumer and pro-competitive operations, rather than rewarding legacy carriers and increasing their market share. JetBlue states that it has grown to be the leading airline in the Caribbean, particularly from New York City and Fort Lauderdale, and that its pricing model is responsible for significantly reducing fares and stimulating demand upon entry into a new market.<sup>101</sup> JetBlue asserts that it has the network, online connections, and code-share and interline arrangements necessary to serve Cuba on a long-term basis, offering convenient connections to 55 destinations beyond its U.S. gateways.<sup>102</sup>

JetBlue states Fort Lauderdale is one of the most important cities in its network, where it currently operates 96 flights per day. JetBlue states that its Fort Lauderdale-Havana flight will carry mostly local Origin and Destination (O&D) traffic, but also connecting traffic from 15 additional cities served by JetBlue and 11 cities served by JetBlue's code-share partner Silver Airways.<sup>103</sup> JetBlue states that the Fort Lauderdale region has a Cuban-American population of approximately one million people, and that the largest concentration of U.S.-Cuba charter flights takes place from South Florida. JetBlue claims that South Florida locals prefer flying from Fort Lauderdale/Hollywood International Airport over Miami International Airport, because Fort Lauderdale has quicker access, more efficient customs, fewer delays, and more customer-friendly terminal facilities.<sup>104</sup>

JetBlue states that if Fort Lauderdale/South Florida is the most important market for service to Havana, then New York is a strong second with more than 135,000 Cuban Americans living in the New York metropolitan area, including northern New Jersey.<sup>105</sup> JetBlue states that New York is the epicenter of important industries and important cultural centers, and boasts a large student population, all supporting its proposals from New York (JFK) and Newark. JetBlue states that it is the largest domestic airline at John F. Kennedy International Airport (JFK) and that JetBlue is the only airline currently operating non-stop charter service between JFK and Havana.<sup>106</sup>

JetBlue states that Orlando is an important focus city with major tourist attractions, which are important sites for international visitors. JetBlue states that Orlando is also home to approximately 43,000 Cuban Americans, with 80,000 Cuban Americans estimated within a 90

---

<sup>101</sup> Application of JetBlue, at 3-4.

<sup>102</sup> *Id.*, at 3.

<sup>103</sup> *Id.*, at 8.

<sup>104</sup> *Id.*, at 21.

<sup>105</sup> *Id.*, at 22.

<sup>106</sup> *Id.*, at 8 and 23.

minute drive from the airport.<sup>107</sup> JetBlue states that Tampa has a Cuban-American community numbering approximately 169,000, and most of them live within a 120-minute drive of Tampa International Airport.<sup>108</sup>

JetBlue states that it is the largest airline at Boston's Logan International Airport with up to 140 large jet departures per day. JetBlue states that Boston has a robust local economy anchored by healthcare, biotechnology, and educational institutions, along with nearly 15,000 Cuban Americans living in the catchment area of Logan.<sup>109</sup> JetBlue also claims that Boston is uniquely qualified to fit within several of the twelve categories of permitted travel such as educational activities, professional research and meetings, humanitarian projects, activities of private foundations or research for educational institutes, and more.<sup>110</sup>

In response to American, JetBlue argues that the Fort Lauderdale/Hollywood International Airport is preferred over Miami International Airport by millions of travelers each year, and serves as a competitive restraint against American's fortress hub in Miami, which JetBlue calls "chaotic."<sup>111</sup> JetBlue asserts that many South Florida locals recognize the benefits of Fort Lauderdale, as indicated by JetBlue's success in Caribbean and Latin American markets from Fort Lauderdale.<sup>112</sup> JetBlue states that the drive time between Miami and Fort Lauderdale is not that different from those between New York's LaGuardia and JFK airports, and that for travelers who live closer to Miami International Airport, a cheaper flight, with easier parking, more manageable terminals, and better Customs and Border Protection facilities at Fort Lauderdale will make up for the time savings that might have been saved in driving to Miami International Airport.<sup>113</sup>

JetBlue disagrees with American's assertions that prior charter service accurately gauges the success of future scheduled service. JetBlue asserts that until 2011, U.S. airlines could only operate charter flights from JFK, LAX, and MIA airports which, JetBlue claims, improperly biases American's data.<sup>114</sup> JetBlue states that while it does not oppose a grant of a modest number of Miami-Havana frequencies, JetBlue argues that there is no possible justification for one legacy carrier to have 50% of the available frequencies for use on one route.<sup>115</sup> JetBlue asserts that in markets where American controls a predominant market share, average fares are consistently higher than in markets with a healthy competitive mix of other airlines providing service, and that JetBlue's Fort Lauderdale service has proved to act as a restraint on American's pricing power out of Miami.<sup>116</sup>

---

<sup>107</sup> *Id.*, at 25.

<sup>108</sup> *Id.*, at 26.

<sup>109</sup> *Id.*, at 28.

<sup>110</sup> Consolidated Reply of JetBlue, at 13.

<sup>111</sup> *Id.*, at 3.

<sup>112</sup> *Id.*, at 4.

<sup>113</sup> *Id.*, at 5.

<sup>114</sup> *Id.*, at 5.

<sup>115</sup> Consolidated Answer of JetBlue, at 24-25.

<sup>116</sup> Consolidated Answer of JetBlue, at 25; and Consolidated Reply of JetBlue, at 6-7.

In response to Delta's application, JetBlue contends that Delta is not the regional leader in New York, arguing that Delta's proposed international connections in New York provide zero benefit for the U.S. traveling public, and that JetBlue would provide superior domestic connections to Delta.<sup>117</sup> JetBlue asserts that Delta's Atlanta-Havana proposal is likely to fail, since Atlanta has a small Cuban-American population and there is no Origin and Destination (O&D) market to support the service.<sup>118</sup> With respect to Delta's Miami and Orlando proposals, JetBlue contends that Delta is not a significant player in the South Florida market, and that Delta has not served any Caribbean destinations from Orlando since 2009.<sup>119</sup>

In response to Southwest's proposals, JetBlue notes that Southwest proposes to operate 175-seat aircraft, with 25 fewer seats than some of JetBlue's proposed Fort Lauderdale-Havana and Orlando-Havana flights.<sup>120</sup> JetBlue also asserts that Southwest has been less than successful in transitioning from a domestic airline into an international airline, and that the Department should not reward an airline that is not equipped to handle these flights.<sup>121</sup> JetBlue also contends that it offers a superior "high-frills" product to Southwest's with advanced assigned seating, the most legroom in coach, unlimited snacks, personal seat-back live television, streaming music and free high-speed Wi-Fi.<sup>122</sup>

JetBlue argues that its New York (JFK)-Havana proposal is superior to United's Newark-Havana proposal and will offer 46 more seats each way on a daily basis. JetBlue also argues that United is a small operator in the Caribbean, has steadily reduced domestic and international service at Houston and Washington-Dulles, and that United's proposed Saturday-only Washington-Havana service is unlikely to cater to the official government business market that United declares it will.<sup>123</sup> JetBlue states that it is the best choice to maximize consumer benefits on the New York-Havana route.

With respect to Spirit, JetBlue argues that it provides a substantially better product and better customer service. JetBlue asserts that Spirit would provide little competitive benefit and that Spirit's so-called ultra-low-fare service is rife with fees and unconventional charges. JetBlue argues that Cuba would likely reject Spirit's ancillary fees, and that an allocation to Spirit would almost certainly result in substantial reputational risks for the United States.<sup>124</sup>

JetBlue argues that while Los Angeles has a large Cuban-American population, that large population has not generated significant demand for the Los Angeles-Havana charter service that American currently operates, and that Alaska's traffic forecast of 190,000 passengers per year is wildly optimistic.<sup>125</sup>

---

<sup>117</sup> Consolidated Answer of JetBlue, at 4-5.

<sup>118</sup> *Id.*, at 9-10.

<sup>119</sup> *Id.*, at 12-13.

<sup>120</sup> *Id.*, at 16.

<sup>121</sup> *Id.*, at 17-18.

<sup>122</sup> Consolidated Reply of JetBlue, at 8-9.

<sup>123</sup> Consolidated Answer of JetBlue, at 21-23.

<sup>124</sup> *Id.*, at 34-36.

<sup>125</sup> *Id.*, at 37.

JetBlue says Eastern's application is premature, because Eastern does not have scheduled authority from the Department and would provide limited public benefits.<sup>126</sup> JetBlue also asserts that Dynamic does not hold Department authority to engage in scheduled air transportation, and the Dynamic has a nefarious record outside the United States.<sup>127</sup>

JetBlue states that Frontier's proposal would not maximize public benefits, that Frontier has been steadily shrinking its Denver hub, and that Frontier makes unacceptable linkage demands for its Denver and Miami service proposals.<sup>128</sup>

JetBlue states that none of Sun Country's proposed services would be offered on a daily basis and thus would provide hardly any benefit to the travelling public. JetBlue asserts that Silver's proposed services involve aircraft that lack sufficient capacity to make maximum use of the valuable Havana route rights.<sup>129</sup>

**Silver Airways** requests frequencies to support five year-round daily flights to Havana beginning on August 18, 2016. Silver specifically proposes to operate (1) year-round four-times weekly service (Tuesdays, Wednesdays, Fridays, and Sundays) over a Tampa-Palm Beach-Havana routing; (2) year-round three-times weekly service (Mondays, Thursdays, and Saturdays) over an Orlando-Fort Myers-Havana routing; (3) year-round five-times weekly service (Mondays, Tuesdays, Thursdays, Fridays, and Sundays) over a Fort Lauderdale-Key West-Havana routing; (4) year-round two-times weekly service (Wednesdays and Saturdays) over a Tampa-Jacksonville-Havana routing; (5) year-round four-times weekly service (Tuesdays, Wednesdays, Fridays, and Sundays) over an Orlando-Fort Myers-Havana routing; (6) year-round three-times weekly service (Mondays, Thursdays, and Saturdays) over a Tampa-Palm Beach-Havana routing; (7) year-round daily non-stop service between Fort Lauderdale and Havana; and (8) year-round daily non-stop service between Palm Beach and Havana.<sup>130</sup>

Silver Airways states that it serves as Florida's "home state" regional airline, and that its fleet of Saab 340B Plus turboprop aircraft are "right-sized" for the routes it operates. Silver Airways further states that it has extensive experience providing international air service to island communities in the Bahamas and the Caribbean, and that it currently operates more routes to and from the Bahamas than any other U.S. airline.<sup>131</sup>

Silver Airways states that it is essential that the allocation of frequencies spur competitive growth and, in the process, increase consumer choice and access to high-quality, low-fare service options in the marketplace. Silver Airways asserts that in allocating U.S.-Cuba opportunities, the needs of the Cuban-American population, which is overwhelmingly concentrated in Florida, and the needs of local Florida communities, should be the most relevant factors in the Department's assessment of carrier proposals. Citing current law and regulation, and Florida's proximity to

---

<sup>126</sup> *Id.*, at 38-41.

<sup>127</sup> *Id.*, at 41.

<sup>128</sup> *Id.*, at 43-44.

<sup>129</sup> *Id.*, at 44-45. JetBlue states that it fully supports Silver's proposals for non-Havana frequencies.

<sup>130</sup> Silver Airways proposes to operate certain flights in the northbound direction (*i.e.*, Cuba-U.S.) on alternate days of the week.

<sup>131</sup> Application of Silver Airways, at 4.

Cuba, Silver Airways asserts that the vast majority of travelers to Cuba will come from Florida. Silver Airways notes that Florida is 90 miles from Cuba and is home to nearly 1.2 million Cuban Americans, or nearly 70% of the nation's Cuban-American population.<sup>132</sup>

Silver Airways asserts that its proposal will maximize air service opportunities for several U.S. communities that otherwise would not receive convenient non-stop or one-stop scheduled air service to Cuba. Silver Airways further asserts that its proposal is bolstered by its code-share arrangements with United and JetBlue, and by interline arrangements with multiple airlines. Silver Airways also states that its proposal will most importantly provide effective competition to a number of the largest airlines participating in the proceeding, with its proven track record of delivering low fares and stimulating traffic.<sup>133</sup>

In its Answer, Silver Airways asserts that it would put the available frequencies to their best use and its proposal is superior to competing proposals. Silver Airways states that it is the only carrier proposing to serve all 10 international Cuban airports. Silver Airways also states that its service pattern would ensure that frequencies are operated every day and would provide scheduled direct air services to communities that would otherwise not benefit from such service. In this regard, Silver Airways notes that it is the only carrier in this proceeding proposing service to Havana from Palm Beach International Airport, Jacksonville International Airport, and Key West International Airport.<sup>134</sup> Silver Airways also asserts that it has arrangements in place with commercial partners that enhance the demand for its proposed Cuba scheduled services.

Silver Airways asserts that its aircraft are "right sized" for the city-pairs it proposes, and cautions that the large jet aircraft proposed by other applicants in the proceeding are out-of-step with the likely size of the U.S.-Cuba scheduled air services market. Silver Airways states that OFAC travel restrictions and local infrastructure challenges will limit the rate at which the air services market can grow.<sup>135</sup>

In response to competing applications, Silver Airways asserts that Alaska's proposal is not supported by reasonably expected demand as the size of the Cuban-American population in Los Angeles is quite small compared to the proposed gateways in Florida.<sup>136</sup> Silver Airways also asserts that daily service between Los Angeles and the Caribbean in general has been difficult for carriers to sustain.

Silver Airways asserts that American has requested more than 60% of the available Havana frequencies, and even granting one third of that request would be inconsistent with the public interest. Silver Airways states that granting American's request would allow American to effectively dominate the market for years to come, undermining competition, low fares and non-stop service choices for other Florida communities. Silver Airways argues that American's

---

<sup>132</sup> *Id.*, at 5.

<sup>133</sup> *Id.*, at 14.

<sup>134</sup> Consolidated Answer of Silver Airways, at 8-10.

<sup>135</sup> *Id.*, at 13-15.

<sup>136</sup> *Id.*, at 17.

proposed service pattern has little relevance to demand in a market where significant travel restrictions remain in place.<sup>137</sup>

Silver Airways states that it takes no position on the merits of Delta's New York (JFK) and Atlanta-Havana proposals, but that Delta should not be awarded its Miami-Havana frequencies if the Atlanta-Havana proposal is granted. Silver Airways argues that Delta's Atlanta hub can easily connect Cuba-bound traffic thereby diminishing the public benefits of Delta's proposed Miami-Havana service.<sup>138</sup>

Silver Airways argues that Dynamic and Eastern both lack authority from the Department to conduct scheduled operations, and that neither carrier can offer any connecting service to support their proposals.<sup>139</sup>

Silver Airways argues that Frontier's Denver proposal involves sub-optimal red-eye service from one of the smallest Cuban-American populations proposed in this proceeding. As to Frontier's Miami proposal, Silver Airways argues that Frontier is not in a position to provide the level of competition necessary, given Frontier's limited pattern of service at Miami.<sup>140</sup>

Silver Airways notes that JetBlue and Southwest request large portfolios of Fort Lauderdale-Havana frequencies, but Silver Airways asserts that the Department must resist calls to concentrate Havana frequencies with a small handful of applicants. Silver Airways welcomes non-stop competition at Fort Lauderdale, but argues that such competition must not entail a large allocation to support any single carrier's proposed high frequency level of service.

Silver Airways argues that Southwest's proposed capacity for Fort Lauderdale exceeds any reasonable forecast of likely demand, and that Southwest's forecasts are vastly overstated and lack credibility.<sup>141</sup>

Silver Airways asserts that Spirit's proposed Fort Lauderdale-Havana service exceeds the likely demand for the market. Silver asserts that Spirit also lacks interline and code-share relationships, thereby cutting off large sections of the country that otherwise would benefit from connecting itineraries.<sup>142</sup>

Silver Airways argues that Sun Country's proposed service would not maximize public benefits, noting that Minneapolis has the smallest Cuban-American population of any of the gateways proposed in this proceeding.

In its reply, Silver Airways asserts that the other carriers' proposals, when considered in the aggregate, would provide exponentially more seats than demand could ever support.<sup>143</sup> Silver

---

<sup>137</sup> *Id.*, at 19-20.

<sup>138</sup> *Id.*, at 23-24.

<sup>139</sup> *Id.*, at 26-28.

<sup>140</sup> *Id.*, at 29-30.

<sup>141</sup> *Id.*, at 33-34.

<sup>142</sup> *Id.*, at 36-37.

<sup>143</sup> Consolidated Reply of Silver Airways, at 5.

asserts that competing carriers wrongly fixate on the size of Silver Airways' aircraft. Silver Airways argues that this wrongly assumes that the only way to maximize public benefits is through large aircraft proposals.<sup>144</sup>

Silver Airways urges the Department to carefully consider United's proposed Alternative B, under which the Department would allocate each applicant in the proceeding two of their requested Havana frequencies. Silver Airways submits that under that proposed allocation, the Department should exclude carriers that lack effective scheduled authority, carriers that propose cargo-only service, or carriers that failed to file an answer in the proceeding.<sup>145</sup>

Silver Airways argues that accommodating a wide variety of carrier proposals will best maximize the public benefits of scheduled air services in the U.S.-Cuba market. Silver Airways states that it is in agreement with United, Frontier, and Eastern, in their assertions that a wide distribution of Havana frequencies to a large number of carriers, rather than concentrating the majority of Havana frequencies in the hands of three carriers, will best serve the public interest by promoting healthy competition.<sup>146</sup>

**Southwest** requests (1) six daily frequencies for Fort Lauderdale-Havana service, (2) two daily frequencies for Tampa-Havana service, and (3) one daily frequency for Orlando-Havana service, all using 175-seat B737-800 aircraft, beginning within 90 days of the issuance of a final order. Southwest asserts that its traffic analysis and conservative forecast methodology show that it will achieve load factors averaging at least 85% in each of the markets proposed.

Southwest states that Florida is home to 68% of all Cuban-American residents in the United States, and the high concentration in South Florida justifies a majority of frequency allocations in that area.<sup>147</sup> Southwest states that it operates 63 departures to 27 nonstop U.S. cities, and that all 27 of those cities will connect with Southwest's proposed Fort Lauderdale-Havana flight.<sup>148</sup> Southwest asserts that Tampa is forecast to be the third largest U.S.-Havana market with 114,467 annual one-way passengers, and that Southwest's proposed two daily flights will connect with service to 34 U.S. cities. Southwest also asserts that Orlando is forecast to be the fifth largest U.S.-Havana market, and that Southwest's proposed Orlando-Havana flight will connect to 33 U.S. cities.

Southwest states that it has been providing low fare air service for 45 years, and today carries more U.S. domestic passengers than any other airline. Southwest asserts that its breadth of service across the country matches the legacy carriers, but the legacy carriers' fares average more than 40% higher than Southwest's. Southwest asserts that its low-fare brand, extensive domestic network, and mass appeal will stimulate its proposed U.S.-Cuba routes. Southwest further asserts that its daily on-line connecting traffic will help ensure the viability of its nonstop

---

<sup>144</sup> *Id.*, at 16-17.

<sup>145</sup> *Id.*, at 28-29.

<sup>146</sup> *Id.*, at 27-28.

<sup>147</sup> Application of Southwest, at 4.

<sup>148</sup> *Id.*, at 7.

service, and provide convenient low-fare, one-stop access to Cuba for numerous cities in the interior United States.<sup>149</sup>

In its answer, Southwest asserts that between Fort Lauderdale and Miami, Fort Lauderdale will be the airport preferred by most Cuban-American travelers from South Florida. Southwest argues that the two airports are only 29 miles apart, but that Fort Lauderdale offers lower fares than Miami, which attracts passengers who will drive further to save money.<sup>150</sup> In this regard, Southwest also notes that it does not charge baggage fees or change fees, further lowering passenger costs.<sup>151</sup>

In response to American's proposal, Southwest asserts that American's average Miami-Havana fares will be \$45-50 higher than Southwest's average Fort Lauderdale-Havana fare.<sup>152</sup> Southwest also takes issue with American's justification for 10 daily Miami-Havana frequencies, when American has averaged 1.1 daily Miami-Havana charters for the 12 months ended August 31, 2015.<sup>153</sup> Southwest argues that American would convert charter services to scheduled services, while Southwest's proposed services would be a net gain as Southwest has not been a charter participant to Cuba. Southwest also argues that American's Dallas/Ft. Worth and Charlotte proposals should be denied, as those cities have miniscule Cuban-American populations compared to Fort Lauderdale/Miami and that the Dallas and Charlotte connecting hubs are inconvenient for all but a small fraction of Cuban Americans residing in the U.S.<sup>154</sup>

Southwest argues that American's theory that Miami International Airport (MIA) is the only viable Cuba gateway for South Florida is baseless. Southwest states that American's theory turns on two factors: (1) the location and density of the Cuban-American population, and (2) the airport where past charter flights were operated. Southwest acknowledges that more Cuban Americans live closer to MIA than FLL, but Southwest argues that both airports serve multiple counties, towns, and regions with overlapping population. Southwest argues that for the average passenger, and particularly price-sensitive Cuban-American passengers, the significant fare savings, combined with much lower car parking costs at FLL, will be well worth the slightly longer drive to the airport.<sup>155</sup>

Regarding past charter activity, Southwest highlights Spirit's answer by noting that until 2011 the U.S. government limited Cuba charter flights to three U.S. airports – MIA, JFK, and LAX. Southwest argues that it will provide a compelling alternative to charter services at MIA, with fares estimated to be \$81 versus the current average fare of \$215 per one-way passenger for charter flights.<sup>156</sup>

---

<sup>149</sup> *Id.*, at 14.

<sup>150</sup> Consolidated Answer of Southwest, at 7.

<sup>151</sup> *Id.*, at 12-14.

<sup>152</sup> *Id.*, at 14.

<sup>153</sup> *Id.*, at 17.

<sup>154</sup> *Id.*, at 18-19.

<sup>155</sup> Consolidated Reply of Southwest, at 4-5.

<sup>156</sup> *Id.*, at 9-10.

Regarding JetBlue, Southwest asserts that JetBlue is a higher fare carrier. Southwest also argues that it has a broader U.S. network than JetBlue at the competing Florida gateways, and that Southwest would serve numerous cities in the Midwest and Heartland that are not served by JetBlue.<sup>157</sup> In its reply, Southwest takes issue with JetBlue's seat comparison, and JetBlue's criticisms of its fare analysis model. Southwest argues that the data shows that Southwest has a 43% greater impact on reducing market fares than JetBlue.<sup>158</sup>

Southwest states that it would carry 21% more Havana passengers per nonstop flight than Spirit would with Spirit's proposed 145-seat A319 aircraft. Southwest asserts that Spirit may offer low base fares, but after adding Spirit's fees and charges, Spirit's impact on the competitive market structure is less than Southwest's. Southwest also asserts that Spirit is much smaller than Southwest and would therefore offer consumers far less connectivity.<sup>159</sup>

Southwest asserts that Delta's proposal is extremely weak, provides no analytical support for its assumed load factors, and that Delta's proposal depends on Sixth Freedom traffic to support its New York (JFK) and Atlanta flights.<sup>160</sup> With regard to Delta's Miami proposal, Southwest argues that Delta has a 46% higher fare level than Southwest, and that Delta would do nothing to discipline American's legacy carrier pricing. Southwest also asserts that Delta has insignificant proposed connecting options at Miami.<sup>161</sup>

Southwest argues that there is no justification to awarding United's Saturday-only requests, as those services would disrupt the 7-day patterns that other applicants propose from more viable U.S. gateways.<sup>162</sup> Southwest also argues that Sun Country's less-than-daily service is not viable and would divert frequencies from important daily service proposals.<sup>163</sup>

Southwest asserts that Frontier has a very small presence at Miami, and it cannot provide U.S. network benefits or blanket coverage of the U.S. that Southwest can offer from Fort Lauderdale.<sup>164</sup> Southwest further asserts that there are gimmicks and hidden charges in the pricing structure of some ultra-low cost carriers, and that Southwest eschews hidden fees. Southwest asserts that its "all-in" price for the traveler will be 57% less than Frontier's.<sup>165</sup> Southwest argues that Frontier has an erratic history of abandoning routes, a weak service proposal, serious consumer complaint problems, and that the Department should not risk any of the Havana frequencies on Frontier.<sup>166</sup>

With respect to Alaska's proposal, Southwest states that Los Angeles is significantly smaller than Fort Lauderdale, and Alaska's proposed markets behind Los Angeles would incur severe

---

<sup>157</sup> Consolidated Answer of Southwest, at 20-23.

<sup>158</sup> Consolidated Reply of Southwest, at 17-18.

<sup>159</sup> Consolidated Answer of Southwest, at 27-30.

<sup>160</sup> *Id.*, at 32-33.

<sup>161</sup> *Id.*, at 33-34.

<sup>162</sup> *Id.*, at 37.

<sup>163</sup> *Id.*, at 49.

<sup>164</sup> *Id.*, at 39.

<sup>165</sup> Consolidated Reply of Southwest, at 26 and Exhibit WN-SR-1.

<sup>166</sup> Consolidated Reply of Southwest, at 41-44.

circuitry penalties. Southwest argues that, with the prohibition on tourist travel to Cuba, the Department should resist requests to allocate limited U.S.-Havana frequencies to gateways for the sake of geographical diversity.<sup>167</sup> Southwest asserts that Alaska's Los Angeles-Havana proposal supports an allocation of no more than one frequency.<sup>168</sup>

Southwest argues that Silver's proposal should be denied on the basis of its very small aircraft alone, but Southwest also argues the Silver's small network is unable to provide Havana service to passengers in other parts of the United States. Southwest argues that Dynamic and Eastern are both unfit to hold scheduled U.S.-Cuba authority and are thus ineligible in this proceeding.<sup>169</sup>

**Spirit** proposes to operate two daily flights between Fort Lauderdale and Havana, using 145-seat A319 aircraft, beginning December 1, 2016. Spirit states that it has dedicated significant resources to developing a strong presence in the Caribbean, Central and South America, serving 23 destinations from Fort Lauderdale.<sup>170</sup> Spirit claims to be the only Ultra Low Fare Carrier (ULCC) serving Latin America from South Florida, providing the lowest fares to the large ethnic populations traveling to/from these countries.<sup>171</sup>

Spirit asserts that its "Bare Fares" will be particularly attractive to Cubans traveling to visit relatives in the U.S., and to the approximately one million residents of Cuban descent in South Florida's tri-county area (Dade, Broward and Palm Beach counties, which include the Miami, Fort Lauderdale and Palm Beach markets).<sup>172</sup> Spirit also contends that it would be by far the best and most economic service for such family travel.<sup>173</sup>

From Fort Lauderdale, Spirit states that its service will provide one-stop connections to Cuba from 19 other destinations, including 9 U.S. metropolitan areas with the largest Cuban populations.<sup>174</sup> Spirit argues that it will offer fares substantially below the current fares which will stimulate travel by those who cannot afford the higher fares.<sup>175</sup> Spirit finally states that its ultra-low fare service is particularly critical to maximize competition in this restricted market.<sup>176</sup>

In its responsive pleadings, Spirit asserts that it is vitally important and in the public interest that Spirit and other carriers reflecting various business models receive authority, to create a robust competitive environment.<sup>177</sup> Spirit contends that passengers should be able to choose the type of service and amenities they want to experience. In this regard, Spirit states that passengers hoping to pay the lowest fare and travel light should be able to choose Spirit; passengers valuing no separate charge for bags should fly Southwest; passengers valuing DIRECT TV should fly

---

<sup>167</sup> *Id.*, at 28-29.

<sup>168</sup> Consolidated Answer of Southwest, at 45-46.

<sup>169</sup> *Id.*, at 51-52.

<sup>170</sup> Application of Spirit, at 2

<sup>171</sup> *Id.*, at 3.

<sup>172</sup> *Id.*, at 3.

<sup>173</sup> *Id.*, at 3.

<sup>174</sup> Consolidated Answer of Spirit, at 3

<sup>175</sup> Application of Spirit, at 4

<sup>176</sup> *Id.*, at 6

<sup>177</sup> Consolidated Answer of Spirit, at 2.

JetBlue; and passengers with American Airlines Elite Status or who value proximity to MIA should be able to fly American.<sup>178</sup>

Spirit argues that it must be allocated two daily frequencies between Fort Lauderdale and Havana to exert downward pressure on the fares of other carriers.<sup>179</sup> Spirit contends that its average fares are 21% below its competitors' average fares in the Caribbean and Latin American markets in which Spirit directly competes with American, Delta, Frontier, JetBlue, Southwest, and United.<sup>180</sup>

In response to American's request for 10 daily Miami-Havana frequencies, Spirit argues that that allocation would create a monopoly at Miami International Airport (MIA). Spirit also takes issue with American's contention that MIA is "the only" airport easily accessible to nearly half the Cuban-American population.<sup>181</sup> Spirit contends that the average drive time to FLL for Cuban Americans shown in American's exhibits is only 15-20 minutes longer than to MIA, but would result in passengers saving hundreds of dollars through lower fares.<sup>182</sup> Spirit further argues that the fact that the vast majority of Cuba charters originate at MIA is a byproduct of the fact that until 2011 the U.S. government limited such flights to three U.S. airports – MIA, JFK and LAX.<sup>183</sup>

Regarding Southwest and JetBlue, Spirit asserts that their respective requests for eight and nine daily frequencies from Central/South Florida would also monopolize the market and prevent competition. Spirit notes that JetBlue and Southwest offer lower fares than legacy carriers, but Spirit argues that its fares are much lower for the price sensitive traveler.<sup>184</sup> Furthermore, Spirit argues that in markets where Spirit and JetBlue compete head-to-head, Spirit offers more seats and operates at significantly higher load factors.<sup>185</sup>

Spirit contends that other carriers will provide superior service from South Florida than Frontier, Silver, and Eastern. Spirit states that Frontier's Miami proposal is limited and would provide almost no behind gateway connections. Spirit asserts that its fares are consistently lower than Frontier which operates from the much higher cost MIA.<sup>186</sup>

Spirit opposes Silver's application for Havana frequencies due to the small size of its Saab 340B Plus aircraft and its codeshare with JetBlue and United. Spirit contends that to use any of these very limited Havana frequencies on a flight with 34-seat aircraft would be a serious misallocation of resources.<sup>187</sup>

---

<sup>178</sup> Consolidated Reply of Spirit, at 3.

<sup>179</sup> Consolidated Answer of Spirit, at 4.

<sup>180</sup> *Id.*, at 5-6.

<sup>181</sup> *Id.*, at 8.

<sup>182</sup> *Id.*

<sup>183</sup> *Id.*, at 9.

<sup>184</sup> *Id.*, at 10.

<sup>185</sup> Consolidated Reply of Spirit, at 6.

<sup>186</sup> Consolidated Answer of Spirit, at 11-12.

<sup>187</sup> *Id.*, at 13.

Spirit argues that Eastern's request for two daily Miami-Havana frequencies should be denied because the carrier has only held charter authority for less than a year, is not a U.S. scheduled carrier, and lacks a network to drive additional consumer benefit.<sup>188</sup> Moreover, Spirit states that Eastern has not even applied for scheduled authority from the Department.

Spirit also objects to Delta's third priority request for two daily frequencies from Miami, to the extent it would preclude Spirit's two frequencies from Fort Lauderdale. Spirit argues that Delta would provide little competition to American, as Delta has every incentive to simply charge the same as American within a few dollars range.<sup>189</sup> Spirit asserts that the South Florida frequencies should be limited to carriers that have prioritized and are fully committed to that market, and that Spirit would provide much more competition and downward pressure on fares than Delta.<sup>190</sup>

In its reply, Spirit takes issue with the suggestions of competing carriers that Spirit's ranking for consumer complaints and on-time percentage should militate against the carrier in this proceeding. Spirit states that it takes customer complaints very seriously, and that Spirit's complaint level is now trending downward and that trend is expected to continue.<sup>191</sup> Spirit is convinced that Cuba will welcome the Spirit alternative, just as it has been welcomed everywhere Spirit flies.<sup>192</sup>

**Sun Country** requests four Havana frequencies to permit it to begin (1) twice-a-week, Friday and Monday, year-round scheduled service from Minneapolis/St. Paul, with one stop in Fort Myers, Florida, to Havana beginning November 11, 2016; and (2) twice-a-week, Saturday and Sunday, year-round non-stop scheduled service between Minneapolis/St. Paul and Havana beginning December 17, 2016. Sun Country states that it will provide this new service with B737-800 aircraft with 162 seats or B737-700 aircraft with 126 seats. Sun Country states that approval of its request is in the public interest because it will allow Sun Country to provide quality low fare airline service to Cuba.<sup>193</sup>

**United** proposes to operate 11 weekly flights to Havana, using 154-seat B737-800 aircraft, beginning 90 days from the Department's final order in this proceeding. United specifically proposes (1) daily service between Newark/New York City and Havana with one additional Saturday-only flight; (2) Saturday-only service between Houston and Havana; (3) Saturday-only service between Washington, DC, and Havana; and (4) Saturday-only service between Chicago and Havana.

United states that its proposal will deliver demonstrable public benefits to a diverse set of markets and communities by connecting key population centers that are home to many of the largest Cuban-American communities in the United States, allowing families in both nations to reunite, strengthening long-dormant businesses, providing increased competition for service

---

<sup>188</sup> *Id.*, at 13.

<sup>189</sup> Consolidated Reply of Spirit, at 10.

<sup>190</sup> Consolidated Answer of Spirit, at 14.

<sup>191</sup> Consolidated Reply of Spirit, at 13.

<sup>192</sup> *Id.*

<sup>193</sup> Application of Sun Country, at 5. The Department notes that Sun Country did not file any responsive pleadings beyond its March 2, 2016 application.

from the Newark/New York City market, and connecting travelers from communities nationwide through its comprehensive route network.

United asserts that its proposals represent approximately 1.4% of the total daily frequencies available for U.S.-Cuba services and approximately 7.0% of the total frequencies available for service to Havana.<sup>194</sup> United further states that the four gateways that it is proposing for service rank in the top 10 U.S. metropolitan areas for Cuban-American populations.<sup>195</sup>

With respect to its Newark-Havana route proposal, United points out that Newark/New York City is the largest city in the U.S. and the second-largest U.S.-Cuba market after Miami.<sup>196</sup> United further highlights that it has developed its Newark Liberty hub into a premier global gateway serving the Newark/New York City metropolitan area and linking United's comprehensive North American network on routes through the Caribbean, Europe, Latin America, and beyond.<sup>197</sup> United submits that the combined summer and winter schedules for its proposed Newark/New York City-Havana service will offer online connections to over 50 U.S. points.<sup>198</sup> United also states that the New Jersey business community has expressed tremendous interest in growth opportunities in Cuba.<sup>199</sup>

Regarding its Houston-Havana route proposal, United contends that Houston is its main gateway to Latin America. United's combined summer and winter schedules for its proposed Houston-Havana service will offer online connections to over 60 U.S. points.<sup>200</sup> United also highlights that it has opened a new \$97 million, 225,000-square-foot Terminal B South Concourse facility dedicated to regional flight operations at the airport and has begun redevelopment of the new Terminal C North Concourse.<sup>201</sup> United further states that Houston is ideally placed as a transfer point for connecting traffic between Havana and Las Vegas, Los Angeles, Portland, San Diego, and San Francisco. United considers Houston to be a large exporter of many raw materials that are seen to be in demand in Cuba, including building materials, drainage and water supply systems, and parts and services related to the oil and gas industry.<sup>202</sup>

With respect to its Washington, D.C.-Havana route proposal, United asserts that Washington, D.C. is a key destination for political and economic links to international capital cities like Havana.<sup>203</sup> United asserts that it is the only carrier to operate a major international gateway hub in Washington, D.C. and that its service will be vital to fostering official travel between the U.S. and Cuban governments and increasing the role of intergovernmental organizations in Cuba.<sup>204</sup> United's combined summer and winter schedules for its Washington, D.C.-Havana service will

---

<sup>194</sup> Application of United, at 1.

<sup>195</sup> *Id.*, at 4.

<sup>196</sup> *Id.*, at 7.

<sup>197</sup> Application of United, at 7.

<sup>198</sup> *Id.*, at 7.

<sup>199</sup> *Id.*, at 8.

<sup>200</sup> *Id.*, at 11.

<sup>201</sup> *Id.*, at 9.

<sup>202</sup> *Id.*, at 11.

<sup>203</sup> *Id.*, at 11.

<sup>204</sup> *Id.*, at 11.

offer online connections to over 40 U.S. points.<sup>205</sup> United also asserts that Dulles International Airport is ideally placed as a transfer point for connecting traffic between Havana and Boston, Hartford, Providence, Rochester, and Syracuse. United further states that Virginia has become Cuba's largest source for U.S. agricultural products and that the Virginia Commonwealth University and the University of Havana concluded a deal that will lead to academic exchange programs and research collaboration.<sup>206</sup>

Regarding its Chicago-Havana proposal, United says that Chicago is the third largest city in the United States and that O'Hare International Airport is United's hometown hub and the fifth busiest airport in the world.<sup>207</sup> United's combined summer and winter schedules for its proposed Chicago-Havana service will offer online connections to over 40 U.S. points.<sup>208</sup> United also asserts that O'Hare International Airport is ideally placed as a transfer point for connecting traffic between Havana and Indianapolis, Kansas City, Lansing, Milwaukee, and St. Louis. United further points out that several Illinois members of the U.S. House of Representatives and state agricultural and business leaders traveled to Havana to investigate new economic development and export opportunities for Illinois farmers.<sup>209</sup>

In its responsive pleadings, United asserts that its application offers service to Cuba from three of the four largest cities in the United States.<sup>210</sup> United also states that it is the only carrier that has identified daily service from Newark Liberty as its first priority in the proceeding and that it is best positioned to provide the critical air service link to Havana for the country's second largest Cuban-American population that resides in the Newark/New York City metropolitan area.<sup>211</sup>

United also claims that it will connect many large and small communities across the United States via Houston, Washington D.C., and Chicago. United asserts that its proposal will expand service to Cuba from U.S. gateways outside of Florida.<sup>212</sup>

In its answer and reply, United proposes alternatives to resolve the various competing proposals. United suggests "Alternative A" whereby the Department would allocate to each carrier their first priority, leaving Havana frequencies undersubscribed for each day of the week by a significant margin. United suggests that the Department could then distribute the remaining frequencies based on the individual merits of the proposals. United also proposes "Alternative B," whereby the Department would grant each carrier's top two priorities, which would result in four days of the week being oversubscribed. United contends that the Department could quickly and easily trim the excess frequencies for those four days by disqualifying the proposals that generate the fewest benefits for the traveling public. United asserts that these alternatives would

---

<sup>205</sup> *Id.*, at 12.

<sup>206</sup> *Id.*, at 12-13.

<sup>207</sup> *Id.*, at 13.

<sup>208</sup> *Id.*, at 14.

<sup>209</sup> *Id.*, at 15.

<sup>210</sup> Consolidated Answer of United at 1.

<sup>211</sup> *Id.*, at 1.

<sup>212</sup> *Id.*, at 1.

ensure fairness and result in a majority of the Havana frequencies being allocated to points in Florida.<sup>213</sup>

Regarding the applications of other carriers, United asserts that it has presented a reasoned, focused, proposal that makes the best use of these limited U.S.-Havana frequencies.<sup>214</sup> United also critiques the other applicants by stating that some of the other applicants in this proceeding are seeking more than half of the available U.S.-Havana frequencies for themselves and would also disproportionately serve the South Florida market to the exclusion of the rest of the country.<sup>215</sup> In its reply, United argues that JetBlue, American, Southwest, and Delta have asked for 14, 12, 9, and 5 daily flights, respectively, without having demonstrated that there will be a consistent level of demand for flights from their proposed gateways.<sup>216</sup>

United argues that its service from Newark is superior to Delta's and JetBlue from New York (JFK),<sup>217</sup> and that its Caribbean/Latin America hub network at Chicago O'Hare is stronger than American's.<sup>218</sup> United argues that Delta cannot offer the same level of connectivity at JFK that United offers at Newark.<sup>219</sup> United further contends that JetBlue prioritizes eight daily frequencies ahead of its Newark-Havana proposal and that JetBlue's Newark proposal is an "extreme reach."<sup>220</sup>

In response to JetBlue's assertion that Saturday-only service from Washington, D.C. is not workable, United argues that a non-stop flight from Dulles will give an effective means for passengers to travel between two capital cities. United further points out that no other carrier has applied for service from Washington, D.C.<sup>221</sup>

**The Allied Pilots Association (APA)**, which represents all of the approximately 15,000 pilots employed by American, filed an answer in support of American's application. APA states that American's pilots have far more experience flying to and from Cuba and operating in Cuban airspace than do pilots at any other major U.S. carrier. APA states that in 2015, American flew 1,084 charter flights to Cuba – a number nearly five times the 221 charter flights flown by JetBlue, the next largest major carrier operator.<sup>222</sup> APA asserts that American's proposed round-trip flights to Cuba from American's hubs in Miami, Charlotte, Dallas/Fort Worth, Chicago and Los Angeles will ensure comprehensive connectivity to U.S. businesses by enabling travel to 141 different U.S. cities via single-plane or one-stop connecting service.<sup>223</sup> APA urges the Department to grant American's application in its entirety.

---

<sup>213</sup> Consolidated Answer of United, at 13-16; and Consolidated Reply of United, at 16-17.

<sup>214</sup> Consolidated Answer of United, at 2.

<sup>215</sup> *Id.*, at 3.

<sup>216</sup> Consolidated Reply of United at 10.

<sup>217</sup> *Id.*, at 5.

<sup>218</sup> *Id.*, at 12.

<sup>219</sup> *Id.*, at 5.

<sup>220</sup> *Id.*, at 4-5.

<sup>221</sup> *Id.*, at 14.

<sup>222</sup> Answer of APA, at 2.

<sup>223</sup> *Id.*, at 3.

**The Delta Master Executive Council of the Air Line Pilots Association** (Delta MEC), representing the interests of over 13,000 pilots among the 80,000 employees of Delta, filed a reply in support of Delta's application. The Delta MEC asserts that Delta would best satisfy the Department's public interest objectives of providing excellent service and promoting inter-gateway competition in entry limited markets. The Delta MEC further asserts that Delta's five requested frequencies would provide the greatest coverage to 100% of the Cuban American population, as well as access to Cuba from more points in the western United States than any other proposal.<sup>224</sup> The Delta MEC states that Delta's top priority for Havana is service from New York (JFK), which would serve a leading center for business, international organizations, and educational institutions. The Delta MEC states that Atlanta's catchment area will make the airport an ideal interior gateway to Cuba, and that Delta's proposed service at Miami would provide the only meaningful competition to American.<sup>225</sup> The Delta MEC states that Delta's Orlando-Havana proposal would offer service to the fifth largest Cuban-American community in the country and that Delta has the second most domestic flights from Orlando of all carriers.<sup>226</sup>

**The City and County of Denver**, Operator of Denver International Airport (Denver), filed an answer and reply supporting the application of Frontier to provide a daily Denver-Havana flight. Denver states that Frontier's proposal will generate regional competition by providing more service options throughout the western United States, and that the price competition from an ultra-low-cost carrier (ULCC) would generate significant benefits for consumers.

Denver asserts that Frontier would provide unique connectivity and offer one-stop service from 14 points, which Denver estimates would provide nonstop or one-stop ULCC access to Havana for approximately 142,000 Cuban-Americans in the Western United States.<sup>227</sup> Denver asserts that Frontier is the only ULCC or low-cost carrier (LCC) proposing to offer connecting service from a hub west of Florida, and that for travelers in the Northwest United States, the flight time to Havana via Denver is faster than flights over competing airports.<sup>228</sup> Denver further asserts that some passengers may choose to connect in Denver, rather than another hub, despite greater circuitry because of Frontier's low fares, a superior passenger experience at the airport, and lower Customs and Border Patrol (CBP) processing and wait times.<sup>229</sup>

In its reply, Denver argues that the Department should continue its long standing goal of ensuring intercarrier, intergateway and interregional competition while at the same time allowing new business models to develop ensuring a multitude of pricing and service options. Denver acknowledges the assertion of several carriers in noting that its Cuban-American population is small relative to other potential gateways. Denver asserts, however, that Cuban Americans will certainly be one of several driving forces behind demand for scheduled service, but not the only one.<sup>230</sup> Denver cites in this regard, several examples of ties between Colorado and Cuba noted in

---

<sup>224</sup> Reply of Delta MEC, at 1.

<sup>225</sup> *Id.*, at 2.

<sup>226</sup> *Id.*, at 4.

<sup>227</sup> Answer of Denver, at 7.

<sup>228</sup> *Id.*, at 9-10.

<sup>229</sup> Reply of Denver, at 14-19.

<sup>230</sup> Reply of Denver, at 4.

various letters submitted from the worlds of medicine, education, humanitarian support, business, arts, and sports.<sup>231</sup>

In response to Alaska and Silver Airways' assertions that Frontier's red-eye schedule diminishes the attractiveness of the flight, Denver argues that Frontier's proposed schedule is viable and that red-eye flights are not uncommon at Denver. Denver also cites several example flights with similar departure times operated by other airlines between various U.S. points and points in the Caribbean and Latin America.<sup>232</sup>

**The DFW Airport Board**, Owner and Operator of Dallas Fort Worth International Airport (DFW) filed a reply strongly encouraging the Department to award a daily frequency for roundtrip service between DFW and Havana to American. DFW states that American has proposed the only daily nonstop service to Cuba from Texas, the second-largest U.S. state in terms of population and gross domestic product. DFW further asserts that American's daily DFW-Havana service would provide bi-directional one-stop connections to 74 airports in 72 different cities.<sup>233</sup> In this regard, DFW encourages the Department to allocate Havana capacity to large U.S. hub airports that can provide connectivity to communities across the country.

DFW states that non-stop DFW-Havana service would provide 21 Fortune 500 companies based in Dallas Fort Worth with a direct connection to begin to develop strong commercial ties with Cuba. DFW also asserts that it is reasonable to conclude that business travel between the United States and Cuba related to the telecommunications industry is expected, and that Dallas Fort Worth is home to the headquarters of telecom giant AT&T, semi-conductor maker Texas Instruments, and a number of major telecom equipment providers.<sup>234</sup> DFW further states that American's proposed DFW-Havana service would also provide non-stop Havana access to several major universities with established study abroad programs, research studies, and religious outreach in Cuba.<sup>235</sup>

DFW responded to a number of parties' submissions in the proceeding. In response to the City of Houston, DFW argues that under the Department of Treasury's Office of Foreign Assets Control (OFAC) 12 authorized categories for travel to Cuba clearly supports daily DFW-Havana service, vis-à-vis a Saturday-only Houston-Havana service, because American's DFW-Havana proposal provides much higher overall local and connecting capacity, and a service pattern that better supports the twelve purposes outlined in the regulations.<sup>236</sup> In response to United, DFW argues that United's Saturday-only proposals from Houston, Washington Dulles, and Chicago betray United's lack of confidence in each market's respective Cuban-American population base to support service to Havana alone. DFW further argues that because of the specific restrictions placed on travel to Cuba, United's gateway strength to Latin America or Caribbean markets is not an accurate predictive proxy for Cuban gateway viability.<sup>237</sup>

---

<sup>231</sup> *Id.*, at 4-10.

<sup>232</sup> *Id.*, at 20.

<sup>233</sup> Reply of DFW, at 4.

<sup>234</sup> *Id.*, at 5-6.

<sup>235</sup> *Id.*, at 6.

<sup>236</sup> *Id.*, at 13.

<sup>237</sup> *Id.*, at 18.

In response to Delta, DFW strongly disputes Delta's claims that Dallas Fort Worth falls short of Atlanta as a connecting gateway to Cuba. DFW argues that American's DFW-Havana service would actually provide slightly more daily bi-directional market connections than would Delta's proposed Atlanta-Havana service.<sup>238</sup>

With respect to Silver Airways' assertions that DFW connections would be redundant, vis-à-vis connections already available via Miami, DFW disagrees. DFW asserts that American's proposed DFW-Havana service would provide bi-directional connections to 42 markets that are unique American connections at DFW.<sup>239</sup>

In response to JetBlue and Southwest, DFW argues that those carriers dismiss almost all of the 12 permissible purposes of travel, and instead focus on just one – family visits. DFW asserts that OFAC's amended regulation expressly grants additional travel purposes, which run from the commercial to governmental, and from educational to religious.<sup>240</sup> DFW asserts that communities throughout the United States wish to build or strengthen relationships in Cuba, and American's DFW-Havana service is precisely the type of service that can provide daily connectivity between these communities and Havana.<sup>241</sup>

**Hillsborough County Aviation Authority**, owner and operator of Tampa International Airport, (Tampa) filed and answer and reply in the proceeding. Tampa urges the Department to grant the applications filed by Southwest and JetBlue, each seeking two daily frequencies to provide Tampa-Havana nonstop service.

Tampa states that Tampa International Airport serves 19 million annual passengers, and is within one hour's drive to the major cities of Tampa, St. Petersburg, Clearwater and Sarasota with a combined total population of over 3.6 million. Tampa asserts that it presents a compelling case for Havana service due to its strong cultural, economic, and social ties to Cuba, and its large Cuban-American population. Tampa notes that its ties to Cuba date back to 1528, and that a number of local educational and research institutions, and cultural organizations have taken advantage of Tampa-Cuba charter service and support new scheduled service between Tampa and Havana.<sup>242</sup>

Tampa asserts that, after Miami, it holds that second highest concentration of Cuban Americans in Florida, and the third highest in the nation. Tampa also asserts that it is the second largest air gateway to Cuba, after Miami, with over 68,000 passengers traveling between Tampa and Cuba on charter flights in 2015.<sup>243</sup>

Given those factors, Tampa asserts that Southwest's and JetBlue's requests for Tampa-Havana frequencies should both be granted in full. Tampa notes that Southwest has a long running

---

<sup>238</sup> *Id.*, at 20.

<sup>239</sup> *Id.*, at 23.

<sup>240</sup> *Id.*, at 24.

<sup>241</sup> *Id.*, at 25.

<sup>242</sup> Answer of Tampa, at 4-6.

<sup>243</sup> *Id.*, at 7.

significant presence at Tampa, and JetBlue has a history of successful charter service to Cuba.<sup>244</sup> Tampa further asserts that granting both carriers' requests will provide healthy competition that will benefit local passengers, and with only three overlapping routes, the carriers' networks are highly complementary.<sup>245</sup>

Tampa notes that the Department's order instituting this proceeding, Order 2016-2-12, states that the Department will consider market structure and competition in the U.S.-Cuba market. Tampa asserts that the Department must take into account, in that regard, the concentration of the Cuban-American population in Florida, and the Department of Treasury's Office of Foreign Assets Control (OFAC) regulations that limit travel to Cuba to 12 categories that exclude pure tourist travel.<sup>246</sup>

Tampa proposes that the 10 of the 20 U.S.-Havana frequencies should go to carriers proposing South Florida (Miami and Ft. Lauderdale) nonstop service to Havana. Tampa further states that the ten remaining frequencies should be allocated to applicant proposals from gateways with large Cuban-American populations outside the South Florida area, such as New York/Newark, Tampa, Orlando, and Los Angeles.<sup>247</sup>

In its reply, Tampa argues that American is wrong in stating that Tampa merits only one daily Havana frequency. Tampa asserts that American ignores the fact that Southwest's Tampa-Havana service would connect to 34 U.S. cities, and that a Tampa gateway would generate significant connecting traffic to Havana in competition with American's Miami hub.<sup>248</sup>

Tampa states that recent changes to OFAC regulations broaden the category of "people-to-people" travel, such that individuals no longer need to be part of an organized group. Tampa asserts that these changes should make travel to Cuba easier for individuals traveling from many interior U.S. cities.<sup>249</sup> Tampa further asserts that it is superior to Orlando as a non-South Florida gateway to Cuba, as Tampa has a significantly larger Cuban-American population and a greater number of connections to interior U.S. points.<sup>250</sup>

**The City of Houston** (Houston) filed an answer and reply in the proceeding strongly supporting the application filed by United Airlines for one weekly U.S.-Havana frequency on Saturday from George Bush Intercontinental Airport (IAH).

Houston contends that the Department's decisional criteria will be best served by including an award for Houston-Havana service, which will ensure new intergateway and intercarrier competition in the U.S.-Havana market.<sup>251</sup> Houston points out that although some applicants have requested more than 60% of the Havana frequencies that are available for all carriers,

---

<sup>244</sup> *Id.*, at 9-10.

<sup>245</sup> *Id.*, at 10-11.

<sup>246</sup> *Id.*, at 13-14.

<sup>247</sup> *Id.*, at 15-16.

<sup>248</sup> Consolidated Reply of Tampa, at 5.

<sup>249</sup> *Id.*, at 7.

<sup>250</sup> *Id.*, at 8-9.

<sup>251</sup> Answer of Houston, at 3.

United's approach reflects the frequency limits and significant travel limitations that remain.<sup>252</sup> Houston asserts that it is an economic powerhouse in the South-Central United States, with all the elements necessary for the successful re-establishment of nonstop Houston-Havana service, and the Houston region has a deep and broad expertise in the fields of commerce for which exports to Cuba currently are authorized.<sup>253</sup> Houston adds that its strengths and vitality are supported by the strong and vibrant economy of the state of Texas, its long-term interest in Cuba, and its expertise in industries for which exports to Cuba are permitted.<sup>254</sup>

Houston highlights its history in developing new international air services and states that its past success in supporting the establishment of services to Latin America is an excellent predictor of success in the Cuba market.<sup>255</sup> Houston also argues that United's proposal will provide the additional public benefit of an impressive network of hub connections, enabling access to Cuba from not just Houston but also a diverse set of behind-gateway points.<sup>256</sup>

Houston contends that the Houston airport system has world class international air service facilities, and that in recent years Houston has invested significantly in its facilities, transforming IAH into a superb international gateway that is always at the cutting edge of providing new technology.<sup>257</sup>

Houston argues that several factors provide evidence for the demand and support for the scheduled service to Havana from Houston and Texas. Houston asserts that it has the largest local Cuban-American population in Texas and that it has the largest local Cuban-American population among all the South-Central gateways proposed in the proceeding.<sup>258</sup> Houston further asserts that United's IAH Caribbean/Latin American hub is stronger than hubs at many of the other non-Florida gateways proposed in this proceeding, and that United's IAH-Havana proposal has received an impressive groundswell of support from the Houston region, including the Mayor of Houston, numerous key business, and other entities. Houston also asserts that it has demonstrated strong potential with Cuba, based on the region and the state's current strengths and leading economic roles in the key sectors likely to be at the forefront of expanded U.S.-Cuba transportation.<sup>259</sup>

Houston contends that an award to Houston should be prioritized over American's proposal for Dallas/Fort Worth (DFW), which is American's tenth priority and not realistic, and that IAH is a far superior connecting point for Caribbean service than DFW.<sup>260</sup> Houston claims that it would be impossible for the Department to grant American's very low priority application for DFW frequencies if it wishes to fulfill the Department's stated goals in this proceeding, and that to do

---

<sup>252</sup> *Id.*

<sup>253</sup> *Id.*, at 4 and 7.

<sup>254</sup> *Id.*, at 9.

<sup>255</sup> *Id.*, at 13.

<sup>256</sup> *Id.*, at 24.

<sup>257</sup> *Id.*, at 32.

<sup>258</sup> Reply of Houston, at 3.

<sup>259</sup> *Id.*, at 4.

<sup>260</sup> Answer of Houston, at 29.

so would enable such extraordinary dominance of the overall U.S.-Cuba market that it would eliminate true intercarrier and intergateway competition.<sup>261</sup> Houston claims that American's DFW proposal is largely redundant insofar as connecting services are involved, and that Houston is the best choice for serving connecting traffic to the Western states and that it is the best choice for ensuring maximum behind-gateway benefits for those states.<sup>262</sup>

Houston also critiques the proposals for service via Los Angeles and Denver by stating that services via Los Angeles and Denver would be considerably more circuitous than over Houston.

Houston defends United's choice to apply for a Saturday-only service from Houston by stating that a weekly service would be a highly efficient use of one the 140 available frequencies.<sup>263</sup> Houston contends that Saturday-only services between the U.S. and Caribbean destinations are a common and successful practice by multiple other applicants in the proceeding and that other carriers have acknowledged that less-than daily service is appropriate for certain markets.<sup>264</sup>

**The JetBlue Master Executive Council of the Air Line Pilots Association, International** (JetBlue MEC), representing the 3,300 pilots of JetBlue airways, filed a reply in support of JetBlue's application. The JetBlue MEC states that scheduled service to Cuba means new flying opportunities that, in turn, would be likely to enhance the job security and career prospects of its pilots.<sup>265</sup>

The JetBlue MEC asserts that JetBlue has grown to be a leading airline in the Caribbean with more than 100 average daily flights, particularly from New York City and Ft. Lauderdale. The JetBlue MEC further asserts that JetBlue's focus cities are already the largest markets for legally-permitted U.S.-Cuba charter air service, and that Fort Lauderdale/South Florida and New York City are two of the three largest and most important markets for Cuba charter air service.<sup>266</sup> The JetBlue MEC argues that JetBlue's large presence at Fort Lauderdale and New York (JFK), and extensive experience serving Cuba via charter service, make it the ideal airline to serve Cuba with scheduled service.

**Los Angeles World Airports** (LAWA) and its partner the LA Tourism & Convention Board filed an answer in support of the applications of Alaska and American for nonstop service from Los Angeles International Airport (LAX) to Cuba. LAWA asserts that it is vital that all regions should receive access to Cuba allowing as much benefit as possible to the travelling public. LAWA states that while a large population of Cuban Americans resides on the east coast, there are also important populations and market demand in the Western United States that should share in access to Cuba.<sup>267</sup> LAWA states that Greater Los Angeles is home to the fourth largest Cuban-American population in the United States.

---

<sup>261</sup> *Id.*, at 30.

<sup>262</sup> Reply of Houston, at 6-7.

<sup>263</sup> *Id.*, at 10.

<sup>264</sup> *Id.*, at 11 and 12.

<sup>265</sup> Reply of JetBlue MEC, at 1.

<sup>266</sup> *Id.*, at 2.

<sup>267</sup> Answer of LAWA, at 1.

LAWA states that California has links to Cuba that include academics, film and TV, and grass-roots community development and agriculture.<sup>268</sup> LAWA also notes that there are currently three California metro areas that have fostered sister city relationships with Cuba to exchange information, arts, culture, resources and assistance between the two cities and foster ties that require travel between the city pairs. In addition, LAWA states that agricultural trade with Cuba has been important and will continue to develop, and California will both contribute considerably and benefit from this nascent exchange.<sup>269</sup>

LAWA submitted an analysis of estimated LAX-Cuba demand using the Dominican Republic and Puerto Rico as proxy markets, given the lack of published U.S.-Cuba travel data. In its analysis, LAWA estimates that Los Angeles demand could support two daily operations generating an average load factor between 78 to 82 percent, with 160-seat aircraft operating year round flights.<sup>270</sup>

LAWA states that Alaska is one of the top 10 busiest carriers at LAX, and that Alaska has designated the airport as a focus city. LAWA states that American is the largest carrier serving LAX, and that American recently started Saturday charter flights to Havana.<sup>271</sup> LAWA requests that the Department seriously consider LAX as one of the strongest candidates for nonstop service to Cuba.

**The Metropolitan Washington Airports Authority (MWAA)** filed an answer and reply in the proceeding, supporting United's once-weekly scheduled service from Washington Dulles International Airport (IAD) to Havana, Cuba.

MWAA asserts that nonstop capital-to-capital service is critically important as the United States and Cuba re-establish ties, by facilitating diplomatic and government-to-government meetings and the normalization of relations between the two countries.<sup>272</sup> MWAA also asserts that the Washington region and Virginia have an impressive array of commercial, trade, cultural, family, and NGO ties to Cuba, and that the region is home to the seventh largest Cuban-American population in the United States.<sup>273</sup>

MWAA also asserts that IAD is one of the busiest airports in the United States, and has nonstop/single-plane service to 34 capital cities around the world, but not Havana.<sup>274</sup> MWAA states that United's service would be the only nonstop service to Havana from a gateway in the Mid-Atlantic, and that United's hub operations at IAD would provide online connections to more than 40 destinations throughout the United States.<sup>275</sup>

---

<sup>268</sup> *Id.*, at 8.

<sup>269</sup> *Id.*, at 9.

<sup>270</sup> *Id.*, at 6-7.

<sup>271</sup> *Id.*, at 7-8.

<sup>272</sup> Answer of MWAA, at 4-6.

<sup>273</sup> *Id.*, at 6.

<sup>274</sup> *Id.*, at 11.

<sup>275</sup> *Id.*, at 12.

In its reply, MWAA asserts that metropolitan statistical data for Washington-Arlington-Alexandria-DC-VA-MD-WV and Baltimore-Columbia-Towson, MD should be combined to accurately reflect the Washington Region's Cuban-American population, and when that adjustment is done, the region's Cuban-American population is nearly 22,500.<sup>276</sup> MWAA argues that even American Airlines submitted evidence in the proceeding that the Cuban-American population of the Washington, D.C. area justifies the once-weekly nonstop IAD-HAV service proposed by United.<sup>277</sup> MWAA argues that United's nonstop Capital-to-Capital service should be among the Department's highest priorities in this proceeding.

**The Southwest Airlines Pilots' Association (SWAPA)**, the exclusive bargaining representative for the 8,000 pilots of Southwest Airlines, submitted a response in support of Southwest's application. SWAPA states that Southwest has the largest domestic network of any U.S. carrier and has a dominant presence at Fort Lauderdale-Hollywood International Airport, Orlando International Airport, and Tampa International Airport. SWAPA asserts that Southwest is the only low cost carrier with nationwide reach, that Southwest is committed to a long-term presence in the market, and will offer superior service and connectivity. SWAPA asserts that Southwest is the best choice for sustained, superior, low fare service to and from Cuba.

**The United Master Executive Council of the Air Line Pilots Association, International (United MEC)**, representing over 12,000 pilots in service of United Airlines, filed an answer in support of United's application to serve Havana from Newark Liberty; Houston; Washington, DC; and Chicago. The United MEC asserts that United's proposal would complement the vast network of United and ultimately deliver substantial public benefits to a diverse group of markets. The United MEC further asserts that the requested frequencies would provide meaningful choices to the travelling public from four of the largest metropolitan areas in the United States to Havana, and would provide robust competition with other carriers that also plan to serve Cuba.<sup>278</sup>

The United MEC also states that United's proposal would provide new flying opportunities and would add to the job security of its members, which the United MEC asserts is also in the public interest and consistent with the public convenience and necessity.<sup>279</sup>

**The Washington Airports Task Force (WATF)** filed in support of United's application to provide once-weekly year-round service between Washington Dulles International Airport (IAD) and Havana, Cuba.

WATF states that many of the 12 approved categories for travel between the United States and Cuba would be supported by United's proposed IAD-Havana service. WATF states that those categories include official business of the U.S. government, foreign governments, and certain intergovernmental organizations; family visits; educational activities; and certain export transactions that may be considered for authorization under existing regulations and guidelines.

---

<sup>276</sup> Reply of MWAA, at 2.

<sup>277</sup> *Id.*

<sup>278</sup> Answer of United MEC, at 2.

<sup>279</sup> *Id.*

WATF asserts that the Washington metropolitan area has the economic strength, expressed in terms of median household income, to support United's nonstop IAD-Havana service. In this regard, WATF states that Washington had the highest income level in 2013 among the primary gateways proposed by all carriers in this proceeding.<sup>280</sup>

WATF asserts that United's IAD-Havana application should receive favorable treatment because it would link the capital cities of the United States and Cuba, provide the only nonstop service to Havana from a mid-Atlantic gateway, and take advantage of United's well-situated hub at IAD. WATF further asserts that United's IAD proposal would require only 0.71% of the weekly frequencies authorized by the U.S.-Cuba MOU.<sup>281</sup>

---

<sup>280</sup> Answer of WATF, at 4-5.

<sup>281</sup> *Id.*, at 6.