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OST-98-3713-1186

2179 Ridgewood Way
Bountiful, Utah 84010
23 July 1998

The Honorable Rodney Slater
Secretary
U.S. Department of Transportation
400 7th Street SW, Room PL-401
Washington, DC 20590

DEPT. OF TRANSPORTATION
DOCKET SECTION
98 JUL 29 AM 10 07

Re: Docket OST-1998-3713: "Policy Statement
Regarding Unfair Exclusionary Practices"

Dear Sir:

I am writing as one of 90,000 United Airlines Stakeholders in the United States and a voting constituent.

I respectfully urge you not to pursue the action proposed in this Docket.

In 1994 United Airlines employees took a wage cut in order to make United Airlines competitive and efficient. Adjusted for inflation, air fares are 1/3 lower today than they were twenty (20) years ago under regulation. Annual consumer savings as a result are estimated at \$12.4 billion. Many more commuters have access to the nation's air transportation network than before deregulation. Industry innovations, such as 50 seat Regional Jet, will extend the reach of air service to even more communities across the nation.


The proposed guidelines in this docket are ~~anti-consumer~~ anti-consumer guidelines will raise fares, reduce the number of low fare seats and limit fare wars. Incumbent carriers in a market would be fined for matching fares--the very thing that benefits consumers most. The guidelines would automatically shield new airlines from competition leading to higher, not lower fares. (New entrant airlines would limit the number of low-fare seats they offer because they know that the federal government has set a ceiling on the number of low-fare seats that network carriers could offer in a contested market.) In fact, the proposed guidelines threaten government action if network carriers respond to new entrants by lowering airfares and adding flights instead of choosing a "reasonably alternative competitive response." As a practical matter, therefore, fare wars will be outlawed.

These guidelines also single out new entrant carriers for preferential treatment at the expense of major carriers that employ workers at a stable high wage and provide benefits. The DOT guidelines create a protected class of carriers with lower operating costs primarily because their work forces are not unionized. The IAM, AFA and ALPA have objected strenuously to the DOT's proposed protection of smaller airlines. Many of their members remember well when the government failed to act a decade ago to help workers affected by the demise of Eastern, Pan Am and Braniff

The proposed guidelines will hurt service to small communities. The guidelines force service cutbacks on routes involving some smaller markets. The hub and spoke system allows network carriers to serve small communities. By reducing a carrier's ability to respond to competition at its hub, network carriers' hub and spoke systems will become less efficient overall. This will give network carriers little choice but to draw down and/or eliminate service on the least profitable routes, that is, small communities.

The government should not pick "winners and losers" in this market and favor the losers. Free enterprise, honest and fair, has always been the chief cornerstone of America's business greatness. Let's not dilute it with more government regulation.

Respectfully yours,



Byron E. Nelson

cc: U.S. Senator Orrin Hatch
U.S. Senator Robert F. Bennett
U.S. Representative James V. Hansen