SEP 30 2002

Mr. Jeffery P. Fegan
Chief Executive Officer
Dallas/Fort Worth International Airport Board
3200 East Airfield Drive
P.O. Drawer 619428
DFW Airport, TX 75261-9428

Dear Mr. Fegan:

Thank you for your submittal of the Dallas/Fort Worth International Airport Board’s FY 2002 Competition Plan update for Dallas/Fort Worth International Airport (DFW) and for submittal of supplemental information on May 29 and 30 2002, and for participation in a clarifying conference call on May 29, 2002.

This letter confirms that we have reviewed your Plan update and supplemental submissions and that on May 31, 2002, we determined that your Plan update is in accordance with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Pub. L. 106-181, April 5, 2000. This determination was originally communicated by email of the same date.

However, we have identified some areas where submission of additional information with your next update to the Plan would help us more fully understand your current business practices and policies.

As we indicated in our letters of February 14, 2001, and March 15, 2001, annual competition updates are required for a covered airport applying for a new passenger facility charge (PFC) or a grant to be issued under the Airport Improvement Program (AIP) in FY 2002. In Program Guidance Letter (PGL) 00-3 (May 8, 2001), the FAA addressed the information needed to be provided in Competition Plan updates on each of the eight areas specified in section 155. On August 16, 2001, we issued guidance reminding covered airports of the requirement to have a Competition Plan update accepted by the FAA before new AIP grants or PFC approvals could be issued in FY 2002. We also reminded covered airports of the need to address the issues raised in our review letters for their FY 2001 submittals.
The September 11 terrorist attacks necessitated an immediate response to security requirements. Therefore, on October 1, 2001, we modified the August 18, 2001, guidance to indicate that we would make AIP and PFC funding decisions before May 1, 2002 regardless of the status of the Competition Plan update. Additionally, we requested that Competition Plans be filed by March 1, 2002 in order to meet the statutory requirement and to provide sufficient time for our review. The Aviation and Transportation Security Act, Pub. L. 107-71 (November 16, 2001) exempted a covered airport from filing a Competition Plan or update for a PFC approved or grant made in FY 2002 if the fee or grant is to be used to improve security at a covered airport. We interpret this provision to apply only in cases where a PFC approval or AIP grant issued in FY 2002 will be used exclusively for improved security. Since DFW has not indicated that PFC and AIP requests in FY 2002 will be limited exclusively to security projects, it is necessary to review your update for compliance with section 155 of AIR-21.

Your Plan indicates the Airport is implementing the following competitive actions:

- The adoption of a formal Preferential-Use Gate policy to accommodate scheduled flight operations of a requesting airline that cannot be met by use of sublease or Common-Use Gates that requires the Airport: (1) to use reasonable efforts to encourage signatory airlines to make their exclusive-use gates available to a requesting airline, (2) to review, on a continuous basis, the sublease and gate use terms, and (3) to implement a dispute resolution procedure. The Preferential-Use Gate policy also limits the accommodated airline's fees to a pro rata share of the signatory airline's rent and fully allocated actual costs;
- The adoption of a formal Common-Use Gate Policy that grants a priority treatment to a new entrant airline introducing scheduled domestic service ahead of current incumbent airlines and behind international airlines;
- The establishment of formal gate monitoring and reporting procedures, utilizing data from the Flight Information Display System and the Airport's Airline Flight Activity Reports to summarize gate utilization activity by gate and terminal on a daily basis and to report the data on a monthly basis;
- The establishment of a Gate Monitoring Task Force to review the monthly Gate Activity Reports and to notify the Airport's Real Estate department of any significant changes in gate use patterns that potentially could provide opportunities for additional utilization;
- Initiating action to play a more active role in monitoring sublease arrangements, including the review of existing sublease terms on exclusive-use gates for reasonableness, meeting with each affected airline to discuss any pertinent issues, and working with the airlines to
effectuate any necessary changes to sublease terms including pricing, administrative fees and operating terms, and dispute resolution procedures;

- The conversion of two gates from exclusive-use gates to preferential-use gates;
- The current use of dispute resolution procedures whereby the vice president of the Airport Real Estate department, being the first point of contact, provides the opportunity for a prompt meeting and resolution and, if necessary, assigns airport staff to investigate the complaint and handle the matter, under the vice president's auspices; and
- The enhancement of the official DFW web site, dfwairport.com, to support competitive access, including the posting of additional information about access at DFW and the expansion of DFW's marketing programs.

Your Plan also indicates that the Airport plans to implement the following competitive actions in the future:

- The construction of terminal F for expansion of gate capacity to enhance competition; and
- The planning for interim gate expansion to provide additional capacity in existing terminal B.

We commend the Board for pursuing a policy of converting exclusive use leases to preferential ones and formulating a gate-use monitoring program.

While your Plan update, along with the supplemental information submitted on May 29 and May 30, 2002, is acceptable under the terms of section 155, we encourage the Board to consider and address in the next update the following concerns that were raised by the FAA in prior correspondence regarding your Competition Plan. In addition, there are areas discussed in your update where supplemental information would be helpful. We have categorized the following concerns and issues according to the applicable features specified in PGL 00-3.

Availability of gates and related facilities

We appreciate your response to our concern that the Preferential Gate Use Agreement appears to burden the requesting airline by requiring it to initiate the process of contacting all signatory airlines before the Airport intervenes to accommodate the requesting airline on a preferential gate. You assured us that there would not be an unreasonable delay in the initiation of new service, and that the Airport does indeed work directly with a requesting airline as soon as it expresses interest in the DFW Airport market, and that the Airport will communicate clear and reasonable timelines to signatory airlines involved in
this process. You also indicated that the time period for accommodating a new entrant may be approximately 30 days for a common-use gate and 90 to 120 days for preferential or exclusive-use gate accommodations, depending upon the complexity of the service request.

In the interests of facilitating access as well as optimizing the use of the Airport’s monthly Gate Activity Report Summaries, we encourage you to make these report summaries available to a requesting carrier for use in contacting signatory airlines so that the requesting carrier may have ready knowledge of available gate times and, if need be, adjust its proposed operations to suit current gate activity levels. Such use of the monthly report summaries may expedite and streamline the process of accommodation. Please report to us on the use of the Gate Activity Report Summaries, in your next Plan update.

Leasing and subleasing

Your Plan update indicated that you are undertaking a thorough and comprehensive process of reviewing sublease terms and arrangements under exclusive-use leases. Please inform us of the results of this review and of any changes you have implemented in these agreements, in your next Plan update. Additionally, you indicated that you would make formal review rights and dispute resolution procedures available to all airlines operating at the Airport or wishing to serve the Airport. Please provide us with this information in your next Plan update, also. Further, you committed to develop a formal, written description of your new sublease policy and procedures in the next fiscal year. Please submit that with your next Plan update.

Additionally, please inform us of whether there have been any requests for accommodation on the preferential-use gates and, if so, the processes used for accommodating those requests.

Finally, we applaud you for posting your Competition Plan on your web-page. We believe this demonstrates to the public that you are committed to fostering an environment conducive to competition.

We look forward to reviewing the future updates to your Competition Plan. We have revised the schedule for submittal of future Competition Plan updates, effective for FY 2003. Under this new schedule, your next update shall be due 18 months after the date of approval of your FY 2002 update, i.e., May 31, 2002.

As you may know, the Secretary is required to review the implementation of the Competition Plans from time-to-time to make sure each covered airport successfully implements its Plan. In connection with our review, we may
determine that further contacts with, or site visits to one or more locations would be useful. We will notify you should we decide to visit DFW in connection with its Competition Plan.

If you have any questions regarding this letter or the FAA's review of your Plan, please contact Mr. Barry Molar, Manager, Airports Financial Assistance Division at (202) 267-3831.

Sincerely,

[Signature]

Catherine M. Lang
Director, Office of Airport Planning and Programming