



Reply and Surrebuttal Exhibits of American Airlines in Support of American Airlines' Proposed Miami-Havana Scheduled Service

2017 U.S.-Cuba Frequency Allocation Proceeding
Docket DOT-OST-2016-0021
September 26, 2017



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Reply of American Airlines, Inc.

Surrebuttal Exhibits

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**BEFORE THE
U.S. DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

Application of)
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AMERICAN AIRLINES, INC.)

Docket DOT-OST-2016-0021

in the matter of 2017 U.S.-Cuba)
Frequency Allocation Proceeding)

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REPLY OF AMERICAN AIRLINES, INC.

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REPLY OF AMERICAN AIRLINES, INC.

American submits the following Reply in response to the answers submitted in this proceeding by Delta, FedEx, JetBlue, Southwest, and United.¹

Executive Summary

American’s MIA-HAV service, the first U.S.-Havana scheduled service to operate in more than fifty years, creates the greatest public benefit of all U.S.-Havana services, as demonstrated by the constituency that matters the most—the traveling public—which rewards American’s commitment and service quality with unsurpassed demand. The Department’s full grant of American’s Application in this proceeding maximizes public benefits by enabling American to expand the service that passengers favor most.

Unlike the 2016 Proceeding, the Department has scheduled service data that allows it to allocate the U.S.-Havana frequencies to align with demand. That demand is in Miami-Dade County and specifically for American’s service out of MIA. The only other carrier that proposes service at MIA—Delta—lacks American’s investment in MIA, creates only scant connectivity at MIA, and has demonstrated that it cannot be relied on to provide the capacity it proposes. For

¹ Common names are used for all carriers.

these reasons, the Department should fully grant American's proposed MIA-HAV service before it awards any frequencies to Delta.

The carriers that seek to add service at FLL—JetBlue and Southwest—cannot escape the reality that the Miami-Dade Cuban-American community favors American's MIA-HAV service over the FLL-HAV services. JetBlue and Southwest urge the Department again to disperse frequencies evenly between MIA, FLL, and other gateways, but that approach is no longer warranted now that the Department has data showing that demand for Havana travel in South Florida is concentrated at MIA. The only objective metrics that measure demand—traffic data and load factors across all months that include all services—show that MIA outperforms FLL in every measure. This data settles the debate between MIA and FLL and shows that MIA is the epicenter of South Florida-Havana demand.

JetBlue's and Southwest's FLL-HAV service proposals are supported only by distortions of the facts. Both carriers exclude more of the available scheduled passenger service data than they include, because the full range of data spoils their case. They airbrush Spirit from history, rather than include all carriers' FLL-HAV services, because the poor performance of Spirit's FLL-HAV service highlights FLL's weaknesses. And in doing so, the most they manage to show is that the FLL-HAV services had only one more passenger per departure and thirty more seats per departure than the MIA-HAV services. Their presentations demonstrate that the FLL-HAV services had too much capacity in their initial months, which resulted in Spirit's exit and JetBlue's elimination of a quarter of its seats. The Department should decline to restore FLL to a capacity level that is demonstrably not supportable, which even the FLL airport authority has recognized.

The Answers filed in response to American's Application offer no convincing reason why the Department should select another carrier's proposal over American's. Among all proposals in this proceeding, only American's maximizes public benefits.

Discussion

I. The Traveling Public Benefits the Most from the Department's Full Grant of American's Application

The pleadings and the data submitted in this proceeding show that American's proposed MIA-HAV service maximizes public benefits in every respect. Now that the Department has eight months of traffic data and load factors showing the gateways and the carriers that the traveling public favor most for Havana travel, the Department should allocate the available frequencies to align with demand, rather than disperse them to gateways and carriers with lower demand.

American's proposed increase of ten MIA-HAV frequencies best serves Miami-Dade travelers—most of whom are Cuban-Americans—from their preferred gateway, creates the most connectivity, capacity, and schedule flexibility, enhances competition, and has the most credibility:

1. American Best Serves the Miami-Dade Travelers at MIA. Among the two MIA-HAV service proposals, American's is superior. American has invested substantial resources in MIA and in Cuba. Even with more flights to Havana than any other carrier, American's MIA-HAV service has the highest average load factor of all U.S.-Havana services.² Because market demand is the ultimate gauge of which U.S.-Havana services are "best" for the traveling public, that alone is reason for the Department to grant American's Application in full.³
2. American's MIA-HAV Service Offers the Most Schedule Flexibility. Because American has prioritized growing its service to Havana at MIA rather than at an array of gateways, American offers travelers broad flexibility at MIA to travel at the times

² Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at Ex. AA-R-107.

³ See Instituting Order 2017-8-26 (Aug. 29, 2017), at 5; Application of American Airlines, Inc. (Sept. 12, 2017), at 14.

that best meet their needs. American's proposed new MIA-HAV flights fill in key gaps that will bring additional benefits to the traveling public.⁴

3. American's MIA-HAV Service Creates the Most Connectivity. American's network at MIA is the largest of all carriers proposing new Havana services from South Florida. Although demand for Havana travel is greatest in Miami, American is not limited to serving just this demand. American's proposed MIA-HAV service also enhances connections between nearly fifty U.S. cities and Havana, creating far more public benefits than any other South Florida proposal.⁵ The other carriers either have minimal connectivity or, like Delta, serve only local demand.
4. American's Proposed MIA-HAV Service Adds the Most Capacity. The 160-seat 737 aircraft proposed by American ranks among the largest in this proceeding. Southwest, by contrast, proposes 143-seat aircraft, JetBlue's aircraft are unable to operate at their full capacity (assuming JetBlue even operates the aircraft that it proposes), and United's service proposal is not viable except with 76-seat regional aircraft.⁶
5. The Department Need Not Question American's Commitment to Creating the Most Capacity. American, unlike Delta and JetBlue, has not departed from the aircraft it proposed in the initial allocation proceeding. American's commitment to sustaining its proposed MIA-HAV service using 160-seat aircraft is not in question, whereas Delta never flew the B-757 aircraft that it committed to fly on two of its three U.S.-Havana routes, and JetBlue downgauged aircraft on all three of its U.S.-Havana routes, causing an even greater reduction in the seats available for sale by JetBlue.⁷
6. American's Proposed MIA-HAV Service Enhances Competition. Competition for U.S.-Havana travel in South Florida is robust; four carriers now provide this service, and none has anywhere near a dominant share. By expanding MIA-HAV service, American increases competition against Delta, JetBlue, and Southwest in South Florida, and also increases competition throughout the country by enhancing connections that compete with service over gateways such as ATL, EWR, and LAX.⁸

No other applicant's proposal offers all of these public benefits. American's undisputed leadership in operating U.S.-Cuba services since 1991, along with its unrivaled ability to serve the Miami-Dade Cuban-American population at MIA, its unmatched MIA-based network, and its

⁴ Ex. AA-SR-104.

⁵ Ex. AA-SR-105.

⁶ See Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at 14, 22–24.

⁷ *Id.* at 12–17, 24–26.

⁸ See Ex. AA-SR-105.

unbroken U.S.-Havana capacity commitments, make its MIA-HAV service the one travelers prefer the most.

Figure 1: Only American's MIA-HAV Service Maximizes Public Benefits in All Respects

Source of Public Benefits	American @ MIA	Delta @ MIA	Other Airlines @ FLL
Best Serves the Miami-Dade Community	✓	✗	✗
Offers the Most Flexible Schedule of Service	✓	✗	✗
Enhances Nationwide Connectivity the Most	✓	✗	✗
Offers the Largest, Most Dependable Capacity	✓	✗	✗
Enhances Competition for U.S.-Havana Travel in All Geographies	✓	✗	✗

To ensure that public benefits are maximized, the Department should grant American's Application for ten weekly U.S.-Havana frequencies in full.

II. The Department Should Allocate More Frequencies to American's MIA-HAV Service Before the FLL-HAV Services Based on Proven Passenger Preferences

Public benefits are maximized only if the Department first allocates the available U.S.-Havana frequencies to match the demand for U.S.-Havana travel on American's service at MIA. The FLL carriers' requests that the Department award additional capacity to FLL rely exclusively on incomplete figures culled from select months and select traffic data to support their claims. These sleights-of-hand, which only came to light when American sought to disqualify the carriers for not providing the required data, should be given no weight by the Department.

A full review of all the available traffic data from *all* months and including *all* carriers that operated U.S.-Havana scheduled service unassailably demonstrates that there is unmet demand for Havana service at MIA and that there is too much capacity at FLL. The Department should base

its allocations in this proceeding on the totality of the data, not on the patchwork of figures plucked from different measures, months, and carriers used by the FLL carriers.

A. *By Every Objective Measure, Demand for Havana Travel Is Far Greater at MIA than at FLL*

Since the Department initially allocated six daily U.S.-Havana services each to MIA and to FLL, the MIA-HAV services have proven much more successful. In their initial months, the MIA-HAV services enjoyed much greater load factors due to the allocation of “too much” capacity at FLL,⁹ as shown by the Department’s T-100 data.¹⁰ The carriers providing FLL-HAV service soon cut capacity to match the lower demand: Spirit terminated its two daily FLL-HAV flights, and JetBlue eliminated more than fifty seats on each of its FLL-HAV flights by downgauging to smaller aircraft. In total, the FLL-HAV route has lost forty percent of its December 2016 capacity.¹¹ The MIA-HAV services, by contrast, experienced no loss in capacity beyond Frontier’s cancellation of its single daily flight, which is not atypical behavior for Frontier.¹² In the period that followed, the MIA-HAV services continued to outperform the FLL-HAV services in traffic and load factors.¹³

By every metric available to the Department, demand for the MIA-HAV services is far stronger than demand for the FLL-HAV services based on data from December 2016 through July 2017:

⁹ Fort Lauderdale-Hollywood International Airport, October 2016 Traffic Update, *available at* <http://www.broward.org/Airport/About/Documents/October2016trafficrecap.pdf> (last accessed Sept. 25, 2017).

¹⁰ *See* Application of American Airlines, Inc. (Sept. 12, 2017), at Ex. AA-404 (showing an average load factor of 78.3 percent for MIA-HAV services, compared to just 60.2 percent for FLL-HAV services).

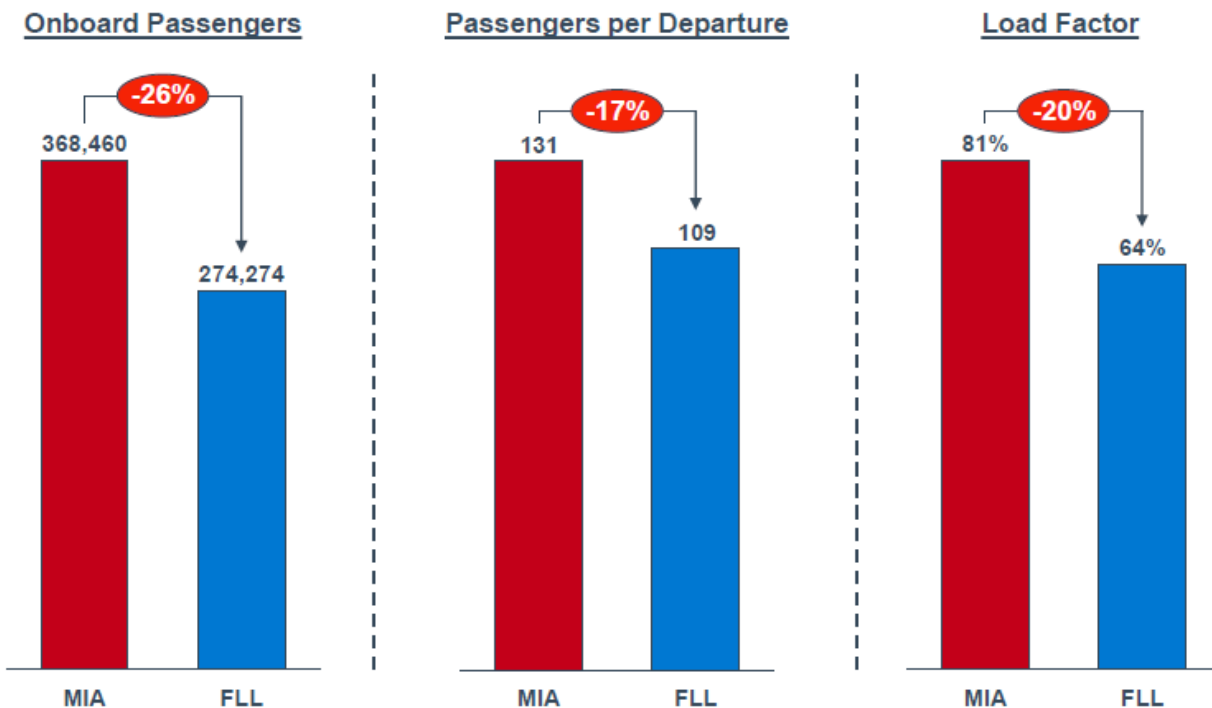
¹¹ Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at Ex. AA-R-207.

¹² *See* Application of American Airlines, Inc. (Sept. 12, 2017), at 13 and n. 37. Notably, Frontier’s MIA-HAV service enjoyed higher load factors than the FLL-HAV services. *Id.*

¹³ *See* Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at Ex. AA-R-106.

- Traffic: The MIA-HAV services carried 368,460 passengers, while the FLL-HAV services carried 274,274 passengers. Although both MIA and FLL were awarded a near-equal number of frequencies, 36 percent of all U.S.-Havana passengers traveled through MIA, and just 27 percent traveled through FLL.¹⁴
- Load Factors: The MIA-HAV services have an average load factor of 81 percent, while the FLL-HAV services have an average load factor of just 64 percent.
- Passengers per Departure: The MIA-HAV services have an average of 131 passengers per departure, while the FLL-HAV services have an average of 109 passengers per departure.

Figure 2: FLL Underperforms MIA in Every Metric (Dec. '16 – Jul. '17)¹⁵

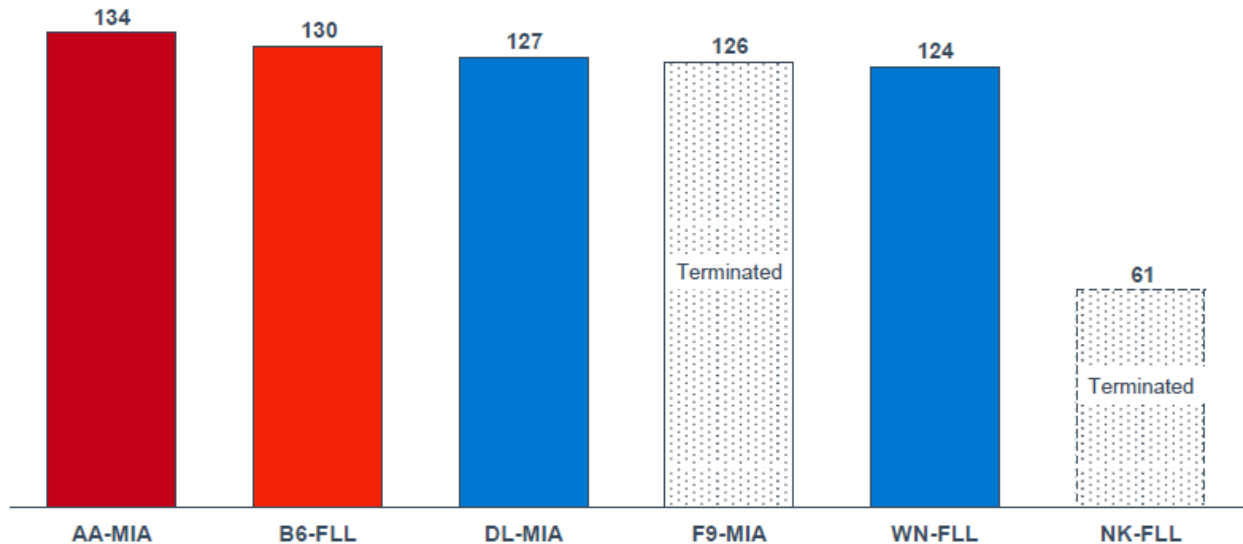


In fact, despite the FLL carriers' exclusive reliance on the "passengers per departure" metric, American leads all carriers in passengers per departure from December 2016 through July 2017.

¹⁴ Ex. AA-SR-308.

¹⁵ Ex. AA-SR-307.

Figure 3: Passengers per Departure by Carrier at MIA/FLL (Dec. '16 – Jul. '17)¹⁶



These metrics, which cover all months and include all carriers, demonstrate conclusively that passengers favor MIA over FLL for U.S.-Havana travel, and in particular, American's MIA-HAV service.

B. JetBlue's and Southwest's Claim that FLL Had More "Passengers Per Departure" than MIA Is False

Because it is undisputed from the data that passengers prefer American's MIA-HAV service, the FLL carriers resort to distorting the facts to argue that demand for Havana travel is equal or greater at FLL. Using the passengers per departure metric, both carriers argue that the Department should allocate the U.S.-Havana frequencies to less-favored Havana services at FLL:

- JetBlue alleges that "the average number of passengers per departure at FLL is 128.6 (as compared to 127.6 at MIA)."¹⁷

¹⁶ Ex. AA-SR-208.

¹⁷ Consolidated Answer of JetBlue Airways Corp. (Sept. 19, 2017), at 9.

- Southwest alleges that “FLL averages more passengers per flight than all other gateways, including MIA.”¹⁸

Both claims are false. MIA-HAV services have significantly more passengers per departure than FLL-HAV services. The FLL carriers reach the opposite conclusion only by using data from just three of the eight months for which data is available and by excluding the traffic carried by Frontier and Spirit when they were operating.

First, the FLL carriers rely exclusively on data that ends in February 2017 because available data from more recent months torpedoes their case. FLL’s passengers per departure were higher between December 2016 and February 2017 because JetBlue operated its FLL-HAV service during those months using 200-seat A321 aircraft, which it no longer uses. JetBlue even admits that the T-100 data is skewed by “JetBlue’s high gauge during the December 2016 – February 2017 reporting period.”¹⁹ Using the A321, JetBlue claims that it averaged 147.5 passengers per departure, but JetBlue can no longer fit that many passengers on any of the aircraft that it now uses for its FLL-HAV service.²⁰ In fact, JetBlue’s own data shows that it averaged just 119 passengers per departure since March 2017.²¹ As noted above, MIA-HAV services averaged 22 more passengers per departure from December 2016 through July 2017,²² which is why the FLL carriers

¹⁸ Consolidated Answer of Southwest Airlines Co. (Sept. 19, 2017), at 5.

¹⁹ Consolidated Answer of JetBlue Airways Corp. (Sept. 19, 2017), at 9 n. 12. JetBlue makes this admission in arguing that the FLL-HAV load factors shown in the T-100 data are “confusing and deceptive.” *Id.* at 9. JetBlue hypocritically asserts that its higher capacity during the T-100 timeframe should count in FLL’s favor when comparing passengers per departure, but not when comparing load factors.

²⁰ See Answer of JetBlue Airways Corp. to Motion of American to Disqualify JetBlue and Southwest (Sept. 14, 2017), at 6 and n. 19 (disclosing that JetBlue limits capacity on its U.S.-Havana services due to “operational restrictions.”).

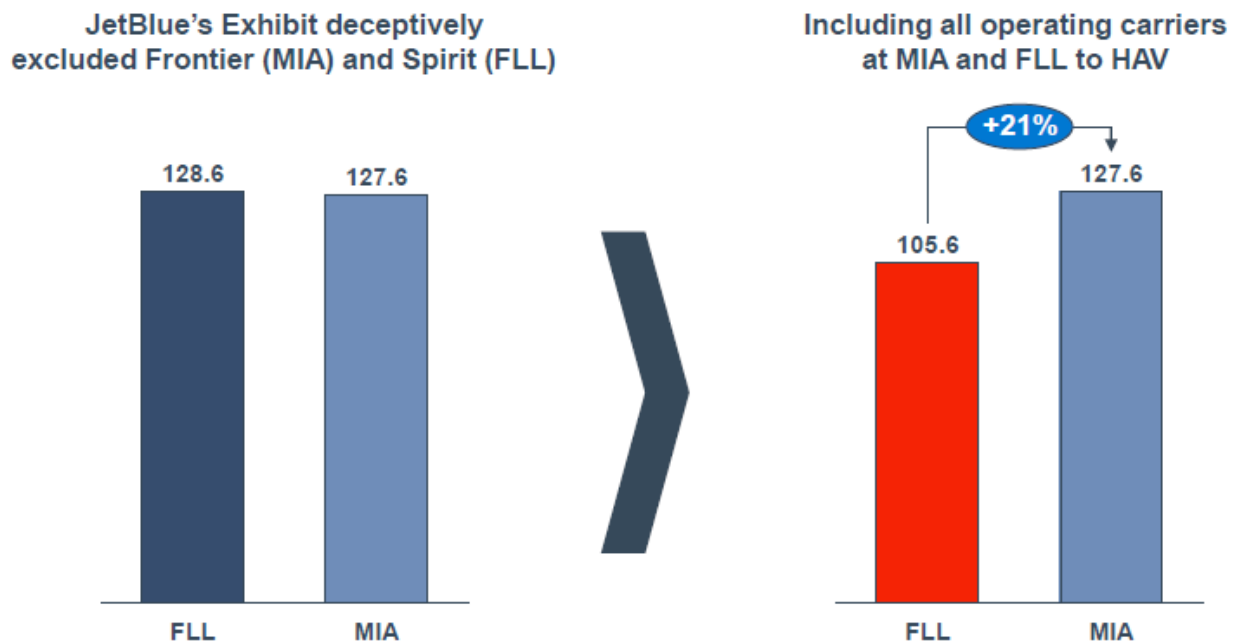
²¹ Ex. AA-SR-209.

²² Ex. AA-SR-207.

submitted no data after February 2017 until their non-compliance with the Department's Instituting Order was called out.²³

Second, JetBlue and Southwest further distort the facts by excluding two of the six carriers when comparing the MIA-HAV services to the FLL-HAV services. The complete version of the Department's T-100 data used by JetBlue and Southwest shows that the MIA-HAV services averaged 127.6 passengers per departure, while the FLL-HAV services averaged a paltry 105.6 passengers per departure.²⁴ But rather than admit defeat, the FLL carriers simply remove the services operated by Frontier and Spirit from the results. Only by selectively choosing which carriers to include and exclude when comparing FLL to MIA can the FLL carriers concoct the results they want:

Figure 4: MIA vs. FLL Passengers per Departure (Dec. '16 – Feb. '17)²⁵



²³ See Motion of American Airlines, Inc. to Disqualify JetBlue and Southwest (Sept. 13, 2017).

²⁴ Ex. AA-SR-206.

²⁵ *Id.*

JetBlue and Southwest select only the FLL-HAV services that carried the most passengers per flight, while striking the services that carried the fewest passengers per flight, to make FLL compare more favorably to MIA.

There is no excuse for the FLL carriers' exclusion of two of the six carriers that operated MIA/FLL-HAV services during the timeframe captured by the Department's T-100 data. Although both Frontier and Spirit later ended their U.S.-Havana services, that does not mean the performance of their services is irrelevant to understanding consumer demand and should be erased. To the contrary, the poor performance of Spirit's FLL-HAV service demonstrates that FLL is a suboptimal gateway for serving demand from the Miami-Dade Cuban-American population, and that smaller carriers cannot just show up and automatically be successful in U.S.-Havana service.

Third, despite all the data manipulation by the FLL carriers, the best result they can get is that FLL-HAV service averaged one additional passenger per departure versus MIA. But in getting that extra passenger, their own analyses show that there were 30 additional seats on FLL-HAV services, and 29 of them went empty.²⁶ The poor capacity utilization of the selectively picked FLL-HAV services during this timeframe does not "demonstrate passengers prefer FLL service over MIA to Cuba," as JetBlue insists. Instead it shows that FLL clearly had "too much" capacity to Cuba, which the FLL airport authority itself conceded.²⁷ As the FLL airport authority

²⁶ See Consolidated Answer of JetBlue Airways Corp. (Sept. 19, 2017), at 9 (showing that, from December 2016 to February 2017 and excluding Frontier and Spirit, MIA-FLL services averaged 128 passengers per departure and 159 seats per departure, while FLL-HAV services averaged 129 passengers per departure and 189 seats per departure).

²⁷ Fort Lauderdale-Hollywood International Airport, October 2016 Traffic Update, *available at* <http://www.broward.org/Airport/About/Documents/October2016trafficrecap.pdf> (last accessed Sept. 25, 2017).

predicted, FLL's overcapacity was soon corrected by Spirit's withdrawal and by JetBlue's downgauge.²⁸

In sum, in requesting more frequencies for FLL-HAV service, the FLL carriers ask the Department to ignore actual passenger preferences as reflected in load factors, the performance of other carriers, and data from after February 2017. There is no reason for the Department to ignore these demand metrics, which the Department specifically requested each applicant provide in the Instituting Order.²⁹

The FLL carriers do not seriously believe that the Department should ignore load factors from after February 2017, because both carriers rely on this data when attacking each other.³⁰ The FLL carriers take the position that the Department should use current data and load factors in determining which service proposal best serves the weaker demand in Broward County. But when it comes to the larger and more important issue of which service proposals best serve the Miami-Dade Cuban-American communities and maximize public benefits, the FLL carriers do an about-face and pretend that current data and load factors do not matter. The Department should see through their antics and reject their contradictory and self-serving positions.

III. American's Replies to Additional Points Raised in the Answers of Other Applicants

The Answers filed by the other applicants in this proceeding fail to demonstrate that their service proposals should be prioritized over American's proposed MIA-HAV service. American

²⁸ *Id.* ("We expect that there will be a significant reduction of service to Cuba in the next six months.").

²⁹ Instituting Order 2017-8-26 (Aug. 29, 2017), at 4.

³⁰ For example, Southwest argues that because "it has been able to achieve load factors that are 5-9 percentage points higher than JetBlue since April 2017 . . . [t]here is clearly no basis to award JetBlue FLL-HAV frequencies instead of Southwest." Consolidated Answer of Southwest Airlines Co. (Sept. 19, 2017), at 13. JetBlue counters that "[t]he load factor on its FLL-HAV route is even higher, at 76.1%, and leads the market, being higher than that of Southwest." Consolidated Answer of JetBlue Airways Corp. (Sept. 19, 2017), at 4-5.

identified many weaknesses in the other carriers' service proposals, which their subsequent filings fail to address.

A. *Reply to JetBlue*

The poor performance of all of JetBlue's U.S.-Havana services, especially its FLL-HAV service, impairs its Application for *any* new U.S.-Havana frequencies, let alone the entire 21 that it requests. Allocating frequencies on routes where demand is speculative and already served (and in some cases overserved), or because JetBlue claims it will do a terrific job operating the service, does not maximize public benefits. Now that JetBlue's initial strategy of simply refusing to submit the required traffic data and load factors has failed, JetBlue provides a litany of excuses why the Department should disregard this data and the other facts demonstrating the weak demand for JetBlue's services.

JetBlue doubts the Department's ability to interpret load factors by claiming that JetBlue's FLL-HAV load factors shown by American are "confusing and deceptive."³¹ JetBlue argues that these same load factors are indicative of demand at FLL, but only become "confusing and deceptive" when used by American against JetBlue.³² The data requested by the Department is neither confusing nor deceptive simply because it is unfavorable to JetBlue; instead, it shows that the traveling public favors American's MIA-HAV service over all of JetBlue's U.S.-Havana services.

JetBlue's second line of defense for its subpar U.S.-Havana services is that JetBlue's failure to open ticket offices in Havana until this month placed it at a "distinct disadvantage to American,"

³¹ Consolidated Answer of JetBlue Airways Corp. (Sept. 19, 2017), at 9.

³² *Id.* at 4–5, 9.

which opened a Havana ticket office in January 2017.³³ This plea proves nothing except that JetBlue is not the “leader in Cuba” that it claims to be.³⁴ JetBlue’s delay in establishing a ticket office in Havana demonstrates either a lack of understanding of how tickets are sold in Cuba or a failure to recognize the long lead times needed to secure ticket office space in Havana. Either way, belatedly opening a ticket office is not the panacea for JetBlue’s performance shortcomings with its current U.S.-Havana services. The Department should base its allocation in this proceeding on *proven* demand, and not be misled for a second time by JetBlue’s rhetoric and half-truths.

Finally, JetBlue’s claim that its U.S.-Havana “downgauging was for right-sizing” is completely inconsistent with its request to add more U.S.-Havana capacity to the same routes on which it downgauged aircraft.³⁵ If JetBlue’s downgauges “right-sized” the capacity on its services, the Department should leave it right-sized, rather than return JetBlue’s services to their prior overcapacity. JetBlue implores that “down-gauging is not an indicator of weak demand,” but this contradicts both JetBlue’s right-sizing claim (where capacity was cut to match demand that obviously was weaker than JetBlue anticipated at the time of its initial application) and JetBlue’s interpretation of downgauges by other airlines.³⁶ In 2016, JetBlue stated that Delta’s MIA-DCA services “were quickly deemed a failure” because “Delta promptly downgauged the MIA-DCA service from MD-88s to regional jets.”³⁷ JetBlue’s prompt U.S.-Havana downgauges should be treated the same. Until JetBlue restores capacity on its current U.S.-Havana services to the level

³³ *Id.* at 11.

³⁴ Application of JetBlue Airways Corp. (Sept. 12, 2017), at 3.

³⁵ Consolidated Answer of JetBlue Airways Corp. (Sept. 19, 2017), at 11.

³⁶ *Id.*

³⁷ Consolidated Answer of JetBlue Airways Corp. (Mar. 14, 2016), at 12.

that it promised in its 2016 Application, it should not be awarded new U.S.-Havana frequencies over American.

The evidence that JetBlue offers in support of its non-FLL proposals is even more detached from reality. JetBlue relies on its long list of colleges, businesses, and hospitals in Boston, New York, and Newark, but the mere presence of these institutions—a common characteristic of large U.S. cities—is not evidence of demand for U.S.-Havana travel sufficient to support nonstop scheduled service.³⁸ The Los Angeles metropolitan area has many more colleges, college students, businesses, and hospitals than Boston has, as well as a Cuban-American population that dwarfs Boston's, yet the LAX-HAV service operated by Alaska has a load factor of just 57.9 percent.³⁹ JetBlue offers no material evidence suggesting that the Department should revisit its previous three decisions rejecting JetBlue's BOS-HAV proposal or award more excess Havana capacity to JFK and EWR.

B. Reply to Southwest

American's Application and Answer demonstrate that its proposed MIA-HAV service creates far more public benefits than Southwest's proposed FLL-HAV service. In responding to American, Southwest obfuscates the subpar demand for its FLL-HAV service by continuing its reliance on a subset of the available performance data. When all the available data, rather than the subset selectively chosen by Southwest, is examined, Southwest's claims fall apart.

Southwest travels back and forth between February 2017 and July 2017 to muster the outliers in the data to support its case, while ignoring the totality of what the actual experience

³⁸ See Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at 17–20.

³⁹ See Application of American Airlines, Inc. (Sept. 12, 2017), at Ex. AA-404 (based on U.S. DOT T-100 data from December 2016 to February 2017, since more recent data from Alaska is not available).

with schedule service to Havana reveals about consumer demand. After touting FLL's passengers per departure based on incomplete data that ends in February 2017, Southwest then jumps five months ahead in asserting that "in the month of July 2017 Southwest carried 153 South Florida-HAV passengers per flight, or 9% more than American in the same month."⁴⁰ July 2017 is the only month where Southwest's FLL-HAV load factor was anywhere near American's MIA-HAV load factor.⁴¹ Strong performance in one month cannot absolve the mediocre performance of Southwest's FLL-HAV service over eight months, particularly during the winter season, when Southwest's average load factor was just 64 percent.⁴²

When Southwest cannot get the results it wants simply by highlighting the outliers in the data, Southwest distorts the data itself. As noted above, Southwest expunges Spirit's FLL-HAV services from the data to inflate FLL's passengers per departure.⁴³ On the other hand, Southwest's own data shows that American's MIA-HAV fares were identical to Southwest's FLL-HAV fares for travel two weeks out, which undermines Southwest's contention that its fares are lower. Southwest's solution: Simply add to American's "fares" an amount that purports to represent charges for optional services, which many U.S.-Cuba passengers do not pay, to create an imaginary difference between the two carriers' fares.⁴⁴ Moreover, if fares or ticket prices were the only reason consumers select an airline, as Southwest claims, then Spirit and Frontier would still be operating, because those carriers are known for having even lower fares than Southwest.

⁴⁰ Consolidated Answer of Southwest Airlines Co. (Sept. 19, 2017), at 10.

⁴¹ See Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at 22.

⁴² *Id.*

⁴³ See *supra* Part II.B.

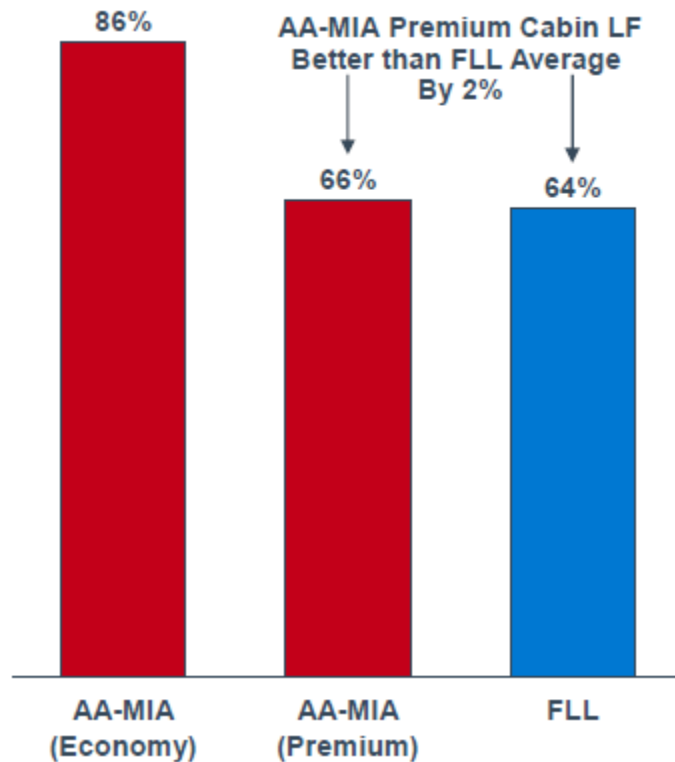
⁴⁴ Ex. AA-SR-314; see also Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at 20–21.

Southwest's remaining arguments are equally baseless. Southwest correctly observes that American's average unit cost is higher than Southwest's, but that is because American serves a range of different passengers and destinations and with multiple classes of service.⁴⁵ Southwest well knows that unit costs are not a relevant measure of competition on a single-route: American's unit costs reflect the varied composition of its MIA-HAV traffic, but there is strong market demand across the classes of service offered by American on this route. While Southwest only serves economy passengers, American also serves business-class travelers and offers the most business-class seats to Cuba of any carrier.⁴⁶ The traveling public greatly benefits from these services, as shown by the fact that both the load factors and unit revenues for American's MIA-HAV premium cabin seats and MIA-HAV service as a whole exceed the average load factor and unit revenue for all seats on all FLL-HAV services:

⁴⁵ Consolidated Answer of Southwest Airlines Co. (Sept. 19, 2017), at 9–10.

⁴⁶ See Application of American Airlines, Inc. (Sept. 12, 2017), at 17.

Figure 5: American's MIA-HAV Load Factor Compared to FLL (Dec. '16 – Jul. '17)⁴⁷



American's incurrence of higher costs to offer more options to the traveling public does not make its proposed MIA-HAV service worse; instead it enhances the benefits that American's service creates by expanding choices for passengers. The Department should reject Southwest's irrelevant comparisons, and should instead view American's ability to offer multiple classes of service as an additional reason for granting American's Application in full.

C. Reply to Delta

Because the Department has only a limited number of U.S.-Havana frequencies to allocate, the Department must decide between American's and Delta's MIA-HAV service on the basis of which maximizes public benefits. American's proposed MIA-HAV service has the most demand,

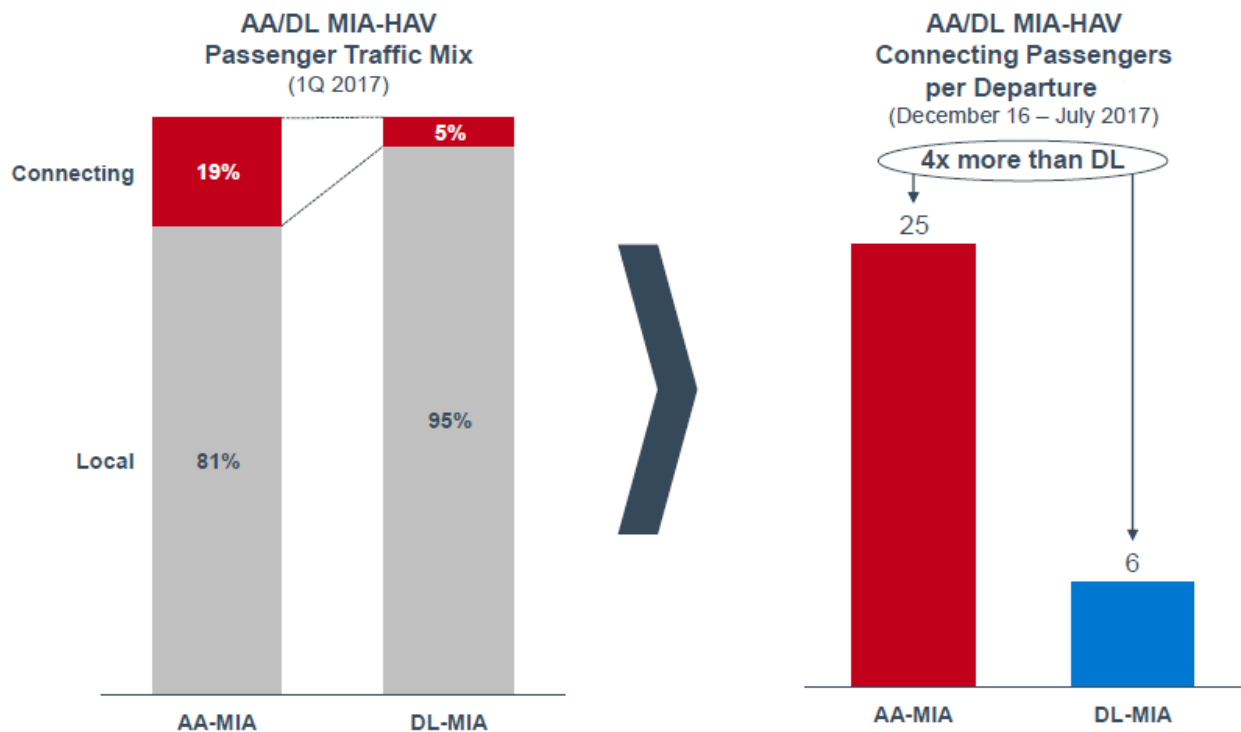
⁴⁷ Ex. AA-SR-313.

as shown by traffic data and load factors, provides the greatest schedule flexibility, creates the most connectivity, and offers the most dependable capacity commitment. Delta's proposed MIA-HAV service, on the other hand, is hampered by Delta's minimal connectivity, its track record of reneging on its proposed U.S.-Havana aircraft before launching service, and its poor commitment to MIA.

Unlike Delta's proposed MIA-HAV service, American's proposed MIA-HAV service benefits travelers across the nation who gain improved connectivity.⁴⁸ Delta's Answer understandably makes no mention of its connectivity at MIA, because Delta has next to none. Any public benefits created by Delta's proposed MIA-HAV service are purely local in scope, whereas the benefits from American's proposed MIA-HAV service are much broader.

⁴⁸ See Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at 26–27, Exs. AA-R-402–403.

Figure 6: American's MIA-HAV Connecting Traffic Compared to Delta's⁴⁹



Should the Department grant Delta's MIA-HAV proposal but not American's, the hundreds of travelers who connect to Havana over MIA every day will see no improvement in overall U.S.-Havana service. Delta's proposed MIA-HAV service creates no benefits beyond Miami; American's proposed MIA-HAV service creates nationwide benefits.

Just as Delta's connectivity at MIA is lacking, so too is the necessary confidence that it will operate 160-seat aircraft on its proposed MIA-HAV service.⁵⁰ Delta never provided the capacity on its U.S.-Havana services that it promised in 2016, which Delta ignores in its Answer. Contrary to its claims, Delta did not downgauge services in response to lower-than-forecasted

⁴⁹ Ex. AA-SR-401.

⁵⁰ See Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at 24–26.

market demand.⁵¹ Rather, Delta never gave the market the chance: Delta departed from the 199-seat B-757 aircraft that it promised before it ever commenced U.S.-Havana scheduled service.⁵² It appears that Delta employed a “bait and switch” strategy in the 2016 proceeding, and that Delta never intended to fulfill its 2016 proposals. Delta’s current proposal should be viewed no differently.

Furthermore, American is the only carrier in this proceeding with a long-term history of investing in MIA and serving the Miami-Dade Cuban-American community. MIA is one of American’s major hubs, while Delta chooses to devote scant resources at MIA. For that reason, Delta’s short-lived MIA-LHR service was a failed experiment; Delta lacks the domestic network and the commitment to sustain international services at MIA.⁵³ American, on the other hand, operates many international services at MIA, and its MIA-HAV service is part of its broader commitment to serving demand in Miami-Dade County. The Department need not doubt American’s ability to fill an additional aircraft operating MIA-HAV service, while Delta’s ability to do so is far less certain.

Because American’s commitment to MIA, its connectivity at MIA, and its track record of following through on its capacity proposals are all much stronger than Delta’s, the Department should grant American’s Application in full before allocating any more U.S.-Havana frequencies to Delta.

⁵¹ Answer of Delta Air Lines, Inc. (Sept. 19, 2017), at 10.

⁵² See Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at 24–26.

⁵³ See Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at 26; Consolidated Answer of American Airlines, Inc. (Mar. 14, 2016), at AA-R-606.

D. Reply to United and Mesa

American agrees with United and Mesa that the public will benefit if carriers providing U.S.-Cuba scheduled service have flexibility to rely on their regional partners. If the Department grants United's Application for additional service to Havana, the Department should allow these services to be operated either by United or Mesa.

But United and Mesa should not receive an allocation before American's request is approved, because United's combination proposal cannot match the benefits of American's proposal. Even if United were to operate only mainline aircraft, its service proposal does not support an allocation based on the insufficient demand for daily service at IAH. The likely inability of an E-175 aircraft to carry a full load of passengers and baggage creates additional problems: If awarded this service, United and Mesa may be forced either to restrict capacity further or to impose hard limits on the number bags that its passengers can bring to Cuba.⁵⁴

The connectivity benefits of United's proposed IAH-HAV service are far smaller than claimed by United. Most of the connections listed by United do not fit within reasonable connecting parameters, or are inferior to connections already available on American's network over MIA.⁵⁵ The remaining connecting destinations created by United's proposed service account for just one half of one percentage point of the total Cuban-American population, demonstrating that there is little demand for these connections.⁵⁶

⁵⁴ See Consolidated Answer of American Airlines, Inc. (Sept. 19, 2017), at 23–24.

⁵⁵ Ex. AA-SR-501.

⁵⁶ Ex. AA-SR-502.

Because IAH is a poor gateway compared to MIA for Havana travel, and because United's proposed IAH-HAV service creates only minimal capacity and connectivity, the Department should prioritize American's proposed MIA-HAV service over United's proposal.

Conclusion

The Department's allocation in this proceeding should prioritize American's proposed MIA-HAV service because MIA is the preferred gateway and American is the preferred carrier for U.S.-Havana travel. However the Department views public benefits in this proceeding, American's proposed MIA-HAV service comes out ahead. By offering the best service for Miami-Dade's Cuban-American communities, the greatest schedule flexibility, the most connectivity, the largest and most dependable commitment of capacity, and the strongest enhancement to competition, among other features, American's proposed MIA-HAV service maximizes public benefits in every respect. The Department accordingly should grant American's Application for ten weekly U.S.-Havana frequencies in full.

Respectfully submitted,



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September 26, 2017

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CERTIFICATE OF SERVICE

I certify that on September 26, 2017, I served a copy of the foregoing Reply of American Airlines, Inc. by email upon the addressees listed below:

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William B. Sohn



Surrebuttal Exhibits

Surrebuttal Exhibits of American Airlines

Exhibit Number	Title
AA-SR-100	Narrative to the 100 Series of Exhibits
AA-SR-101	Only American's MIA-HAV Service Maximizes Public Benefits in All Respects
AA-SR-102	Almost 50% of the Total Cuban-American Population in the United States Resides in Miami-Dade County
AA-SR-103	FLL Has Significantly Underperformed in the U.S.-HAV Market Compared to MIA in Every Category
AA-SR-104	American's Proposed MIA-HAV Service Provides Broader Schedule Offerings to Traveling Public
AA-SR-105	American's Proposed MIA-HAV Service Offers Substantial Improvement in Connectivity at MIA between the entire U.S. and HAV
AA-SR-200	Narrative to the 200 Series of Exhibits
AA-SR-201	JetBlue's Across the Board Downgauging of All of Its U.S.-HAV Services Undercuts Its Claim to a "Demonstrated Commitment and Strong Service Record in the U.S.-Cuba Market"
AA-SR-202	JetBlue Is Not Entitled to Additional Frequencies Until It Restores Its Current FLL/JFK-HAV Service to the Larger A321 Aircraft It Committed in Its Original 2016 Application
AA-SR-203	JetBlue Is Not Entitled to Additional Frequencies Until It Restores Its Current MCO-HAV Service to the Larger A321 Aircraft It Committed in Its Original 2016 Application
AA-SR-204	FLL Airport Speaks for FLL, Not JetBlue, and FLL Airport Authority Has Unequivocally Spoken That There Was Too Much Capacity at FLL
AA-SR-205	And JetBlue's Actions Show It Concurs
AA-SR-206	JetBlue Deceptively Excluded Frontier and Spirit In Its Analysis. Using All Data Leads to a Different and Accurate Conclusion -- MIA Carried 21% More Passengers per Departure than FLL
AA-SR-207	Using the Most Recent Available Traffic Data Through July 2017, MIA Still Outperforms FLL with 21% More Passengers per Departure

Surrebuttal Exhibits of American Airlines

Exhibit Number	Title
AA-SR-208	American's MIA-HAV Service Carried the Most Passengers per Departure Since the Start of Scheduled Service to HAV
AA-SR-209	And, We Know Why JetBlue Tried to Obfuscate Its Performance in the March to July 2017 Period: Its Performance Was The Worst of All U.S. Carriers Operating to HAV
AA-SR-210	Despite a Downgauging to a Smaller Aircraft, JetBlue's FLL-HAV Load Factor Was Worse Than MIA-HAV's. Based on Its Committed Capacity, JetBlue's Load Factor Was The Worst of All Current Operating Carriers to HAV
AA-SR-211	JetBlue Has The Most Empty Seats of All U.S. Carriers Operating to HAV – Almost Double of the Number of Empty Seats per Departure of American at MIA
AA-SR-300	Narrative to the 300 Series of Exhibits
AA-SR-301	Southwest Obfuscates the Real Havana Market – MIA – by Lumping it Together with FLL, So FLL Can Benefit from MIA's Indisputable Position as the Primary U.S. Gateway to HAV
AA-SR-302	Almost 50% of the Total Cuban-American Population in the United States Resides in Miami-Dade County
AA-SR-303	Miami-Dade County Is Home to the Largest Cuban-American Population in Florida – Ten Times Larger Than the Next Largest County
AA-SR-304	MIA Is the Closest Airport to Over 70% of the Cuban-Americans Living in Florida's Five Largest Counties
AA-SR-305	All Ten of the U.S. Communities with the Largest Population of Residents Born in Cuba are Located in Miami-Dade County
AA-SR-306	In Summary, the Greatest Demand for U.S.-Havana Travel Is at MIA
AA-SR-307	FLL Has Significantly Underperformed in the U.S.-HAV Market Compared to MIA in Every Category
AA-SR-308	MIA's Passenger Share Exceeded Its Frequency Share by 21%, While FLL's Passenger Share Fell Short of Its Frequency Share by 8%
AA-SR-309	Southwest Needs to Fill Its Empty Seats First Before Asking For More Frequencies
AA-SR-310	FLL Airport Speaks for FLL, Not Southwest, and FLL Airport Authority Has Unequivocally Spoken That There Was Too Much Capacity at FLL

Surrebuttal Exhibits of American Airlines

Exhibit Number	Title
AA-SR-311	Southwest Buried Its Underperformance on FLL-HAV -- Only Showing July 2017 Data. The Reality Is that AA's MIA-HAV Service Carried 3% More Passengers per Departure Than Did WN's FLL-HAV Service
AA-SR-312	Southwest Suggests that Higher Unit Costs Mechanically Mean Higher Fares. Yet Frontier and Spirit Exited HAV Even Though They Have Substantially Lower Unit Costs than Southwest
AA-SR-313	American's MIA-HAV Service Met a Demand of the Traveling Public that Southwest's FLL-HAV Could Not and Cannot Meet – Something More Than Just Economy
AA-SR-314	Southwest's "Total Lowest Fare" Claim Is Baseless – In Reality, Fares to HAV from MIA/FLL Are Almost Identical
AA-SR-400	Narrative to the 400 Series of Exhibits
AA-SR-401	American's MIA-HAV Service Offers More Benefits to More Passengers, Thus Maximizing the Public Benefits, Not Limiting Them, as Delta's Service Would Do
AA-SR-402	American's Proposed MIA-HAV Service Offers Substantial Improvement in Connectivity at MIA between the entire U.S. and HAV
AA-SR-403	Delta Should Not Be Awarded New Frequencies In This Proceeding Based on Its Habitual Practice of Not Fulfilling Its Commitments in Carrier Selection Proceedings
AA-SR-500	Narrative to the 500 Series of Exhibits
AA-SR-501	Using AA-MIA's Connecting Parameters, the Number of Connecting Points with Competitive Schedules to UA's Proposed IAH-HAV Services is Really 14, Not 44
AA-SR-502	These 14 Behind Points Represent 0.54% of the Total Cuban-American Population in the U.S. and 0.13% of the Total O&D Passengers to HAV
AA-SR-503	Miami's Cuban-American Population Dwarfs Houston
AA-SR-504	MIA's Passengers to HAV Dwarfs Houston
AA-SR-505	An Isolated Snapshot of a Peak Month is Not a Reasonable or Objective Measure of Success



Series 100: General

Narrative to the 100 Series of Exhibits

The 100 Series of Exhibits demonstrates that Miami-Dade County is the home for the majority of the Cuban-American population, and that MIA is the indisputable primary U.S. gateway to HAV.

Exhibit AA-SR-101 shows that American's proposed MIA-HAV service maximizes public benefits in all respects.

Exhibit AA-SR-102 illustrates that Miami-Dade County is the largest community for the Cuban-American population.

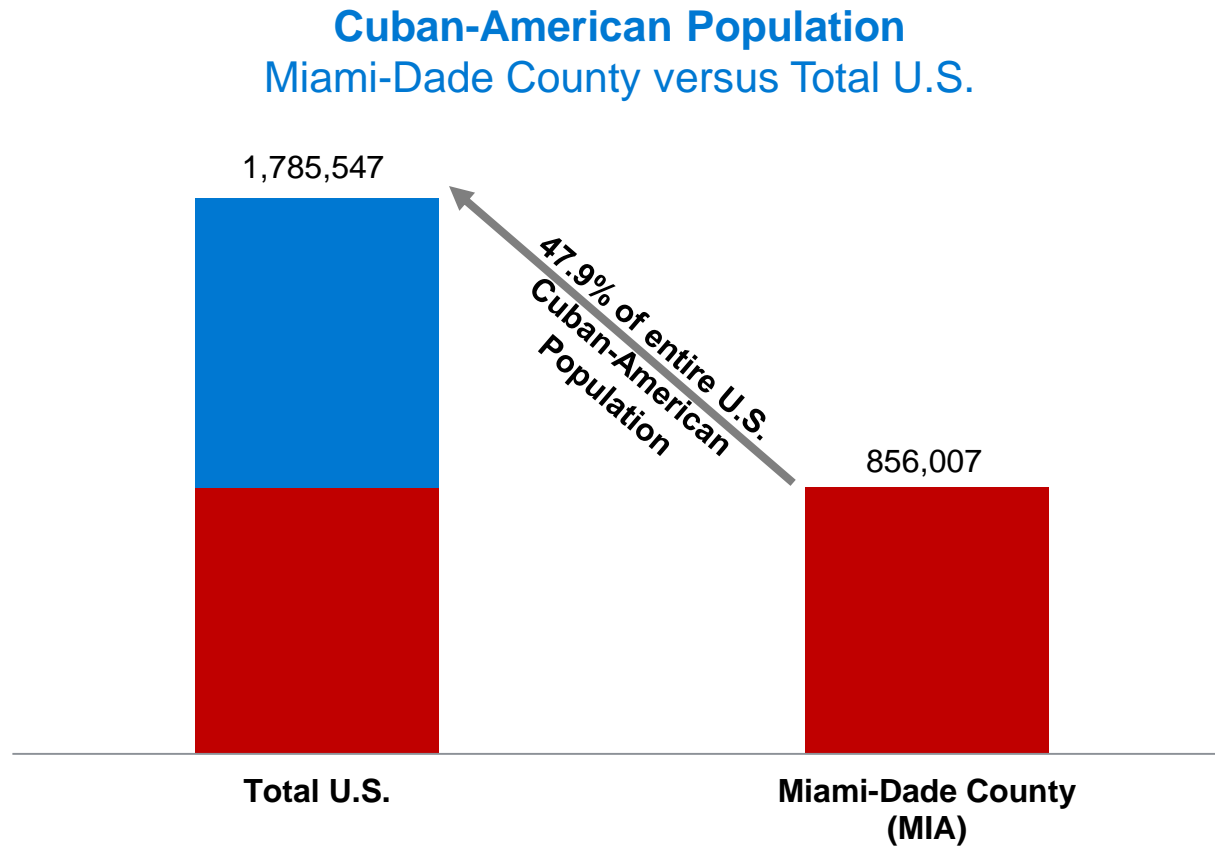
Exhibit AA-SR-103 reaffirms that MIA outperformed FLL in every dimension of U.S.-HAV service.

Exhibits AA-SR-104-105 present that American's proposed MIA-HAV service provides additional schedule options to the traveling public and substantially improves connecting schedules at MIA.

Only American's MIA-HAV Service Maximizes Public Benefits in All Respects

Source of Public Benefits	American @MIA	Delta @MIA	Other Airlines @FLL
Best Serves the Miami-Dade Community	✓	✗	✗
Offers the Most Flexible Schedule of Service	✓	✗	✗
Enhances Nationwide Connectivity the Most	✓	✗	✗
Offers the Largest, Most Dependable Capacity	✓	✗	✗
Enhances Competition for U.S.-Havana Travel In All Geographies	✓	✗	✗

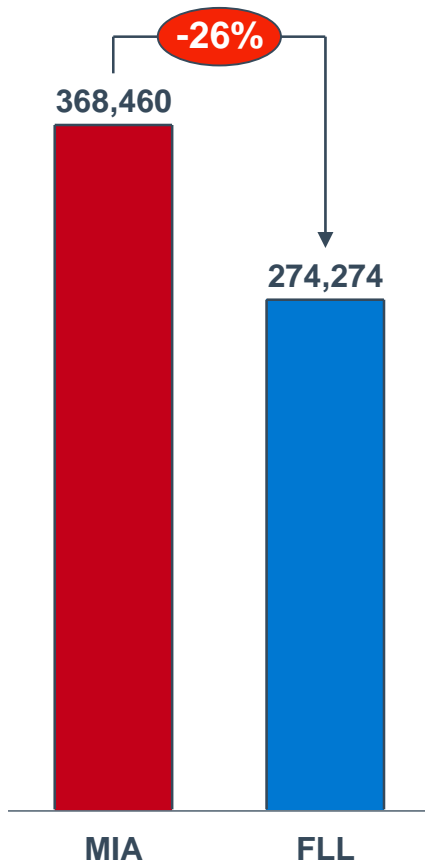
Almost 50% of the Total Cuban-American Population in the United States Resides in Miami-Dade County



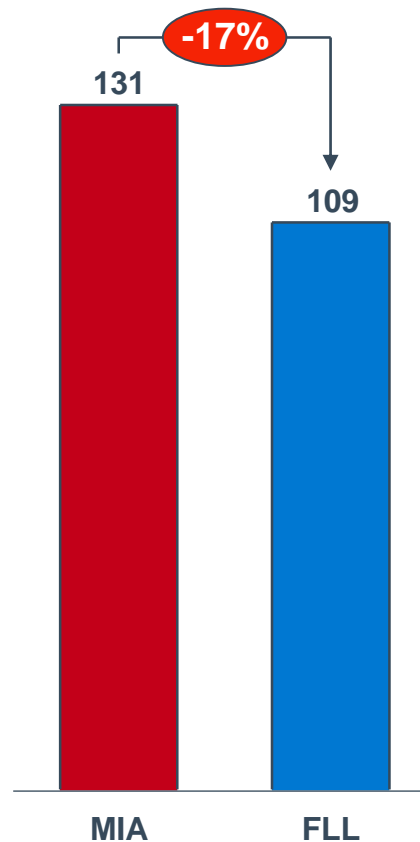
FLL Has Significantly Underperformed in the U.S.-HAV Market Compared to MIA in Every Category

December 2016 – July 2017

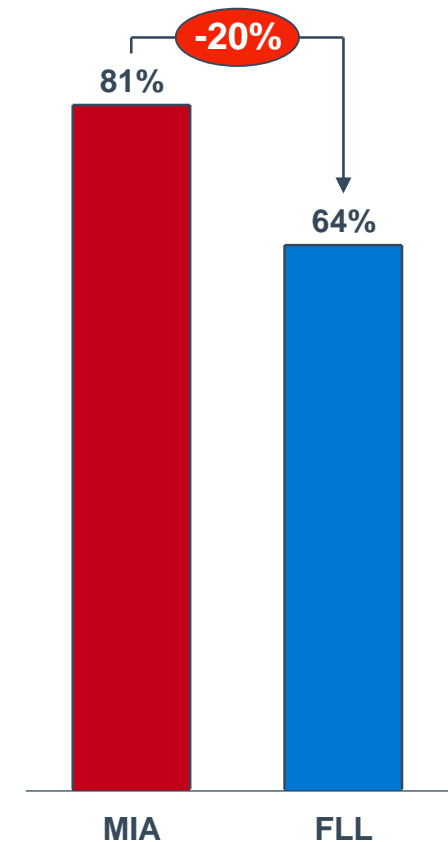
Onboard Passengers



Passengers per Departure

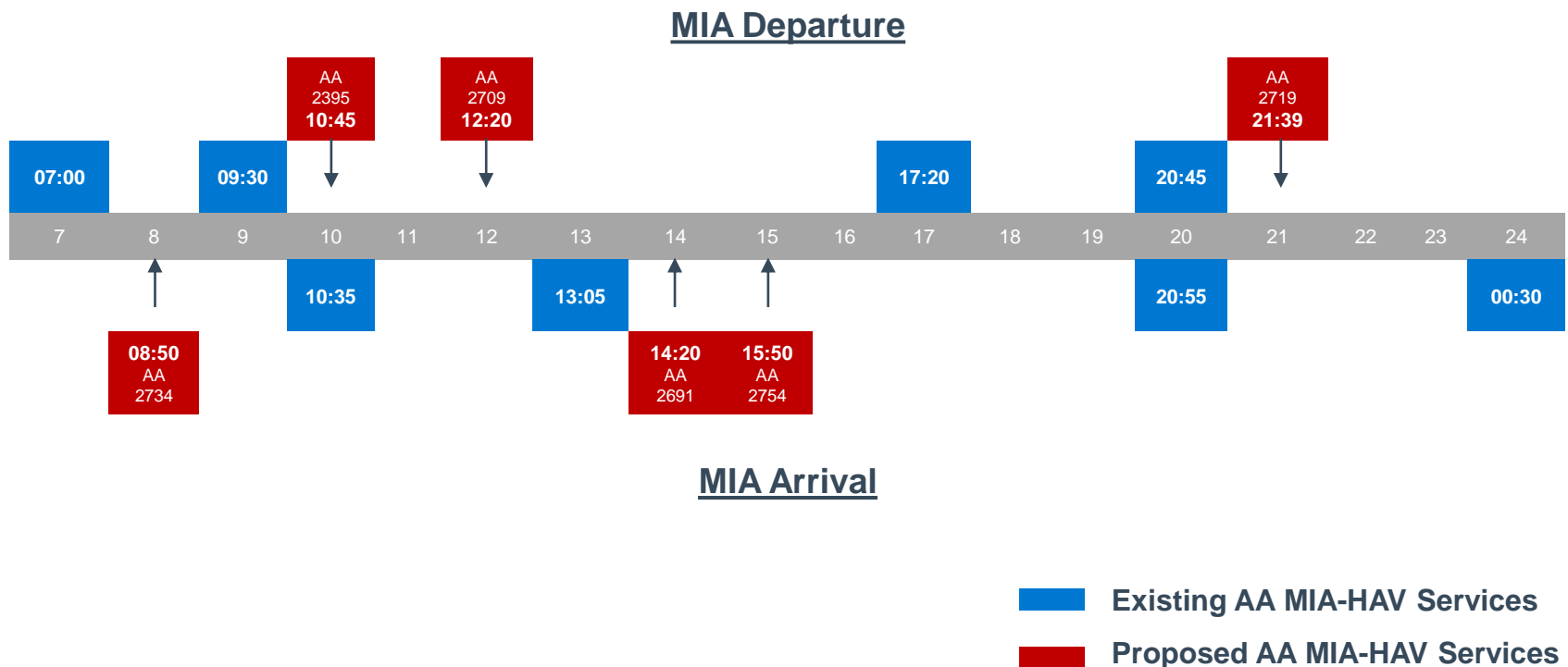


Load Factor



American's Proposed MIA-HAV Service Provides Broader Schedule Offerings to Traveling Public

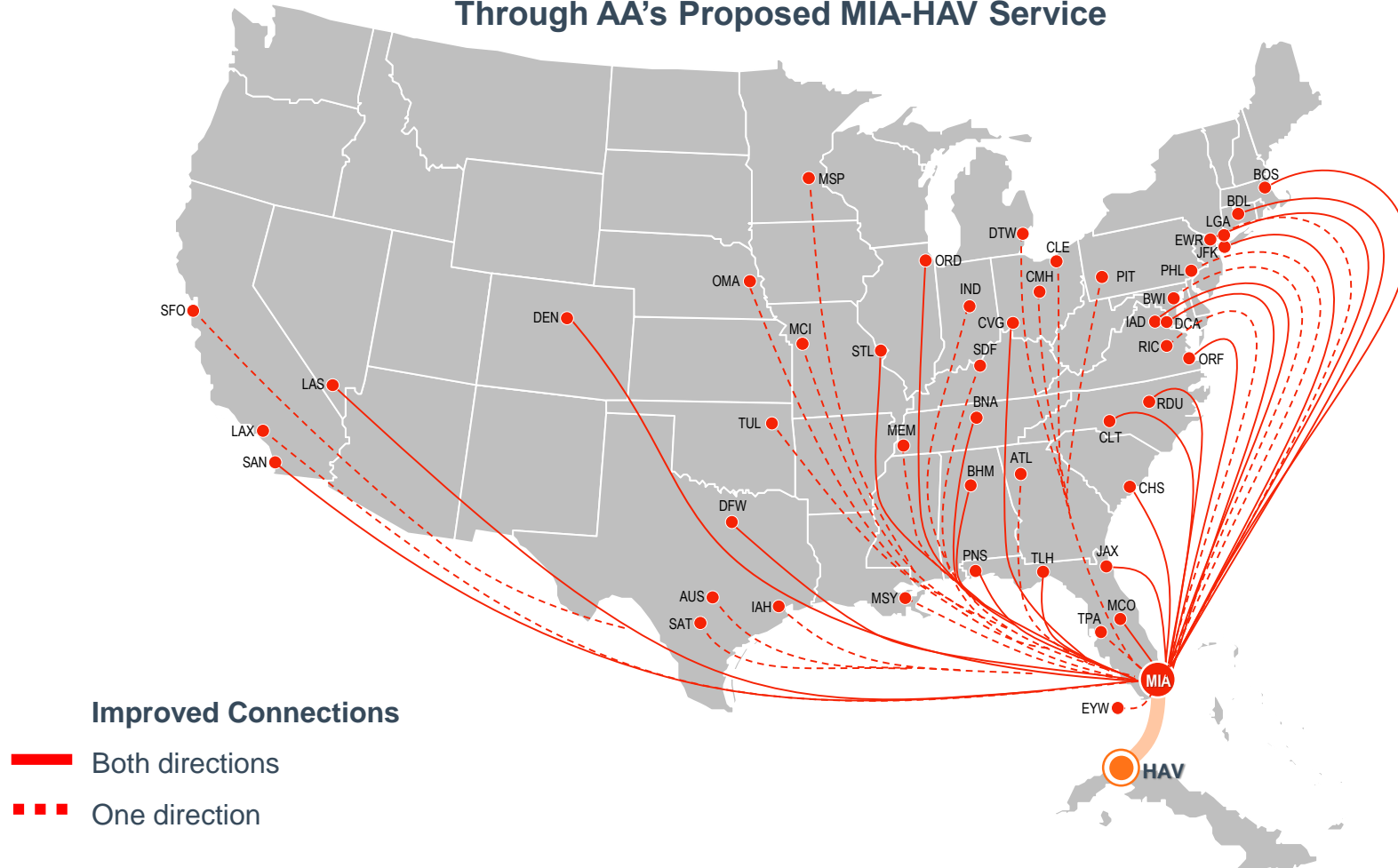
American's MIA-HAV Schedules



Note: AA 2709/2754 (Saturday & Sunday); AA 2395/2691 (Saturday Only); AA 2719/2734 (Daily)

American's Proposed MIA-HAV Service Offers Substantial Improvement in Connectivity at MIA between the entire U.S. and HAV

Improved Connections Through AA's Proposed MIA-HAV Service



Notes: (1) Schedules as of September 2017 as filed – August 18, 2018 sample date; (2) Maximum connect time: 240 minutes; (3) Minimum connect time: domestic to international is 55 minutes at MIA and international to domestic is 1 hour, 10 minutes northbound.

Source: American Airlines



Series 200: JetBlue

Narrative to the 200 Series of Exhibits

The 200 Series of Exhibits explains why JetBlue is not entitled to additional frequencies given its subpar performance and substantial capacity reduction in U.S.-HAV service.

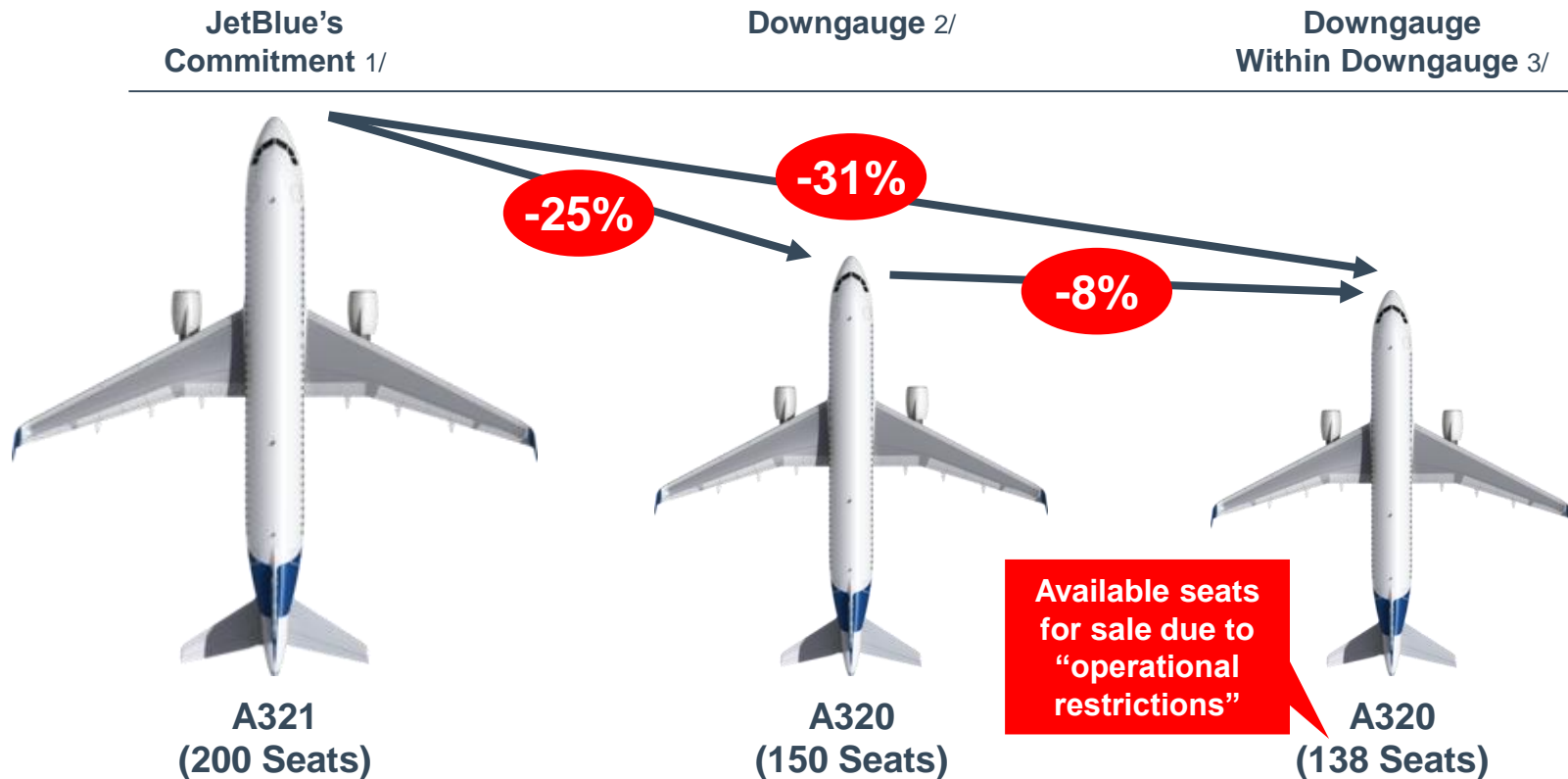
Exhibits AA-SR-201-203 present JetBlue's extensive capacity reduction of over 50% through downgauging to a smaller aircraft on all of its U.S.-HAV routes compared to its originally-committed seat capacity in the 2016 proceeding.

Exhibits AA-SR-204-205 provide further evidence that FLL already has excess capacity to HAV and that JetBlue acknowledged that its downgauging to a smaller aircraft in FLL-HAV was "right-sizing" to accommodate demand that is much weaker than that of MIA.

Exhibits AA-SR-206-211 counter JetBlue's misleading argument that FLL, and its FLL-HAV service, outperformed MIA and other carriers operating to HAV. Based on the latest available traffic data through July 2017, American's MIA-HAV service clearly ranks as the best performing service among all current operating services to HAV in every category.

JetBlue's Across the Board Downgauging of All of Its U.S.-HAV Services Undercuts Its Claim to a "Demonstrated Commitment and Strong Service Record in the U.S.-Cuba Market"

JetBlue FLL-HAV Seat Capacity by Aircraft Type



A 31% decrease in seats in the FLL-HAV market hardly manifests a "Demonstrated Commitment and Strong Service Record in the U.S.-HAV Market"

Source: Innovata Schedules Data via Diio Mi, 2017 U.S.-HAV Filings

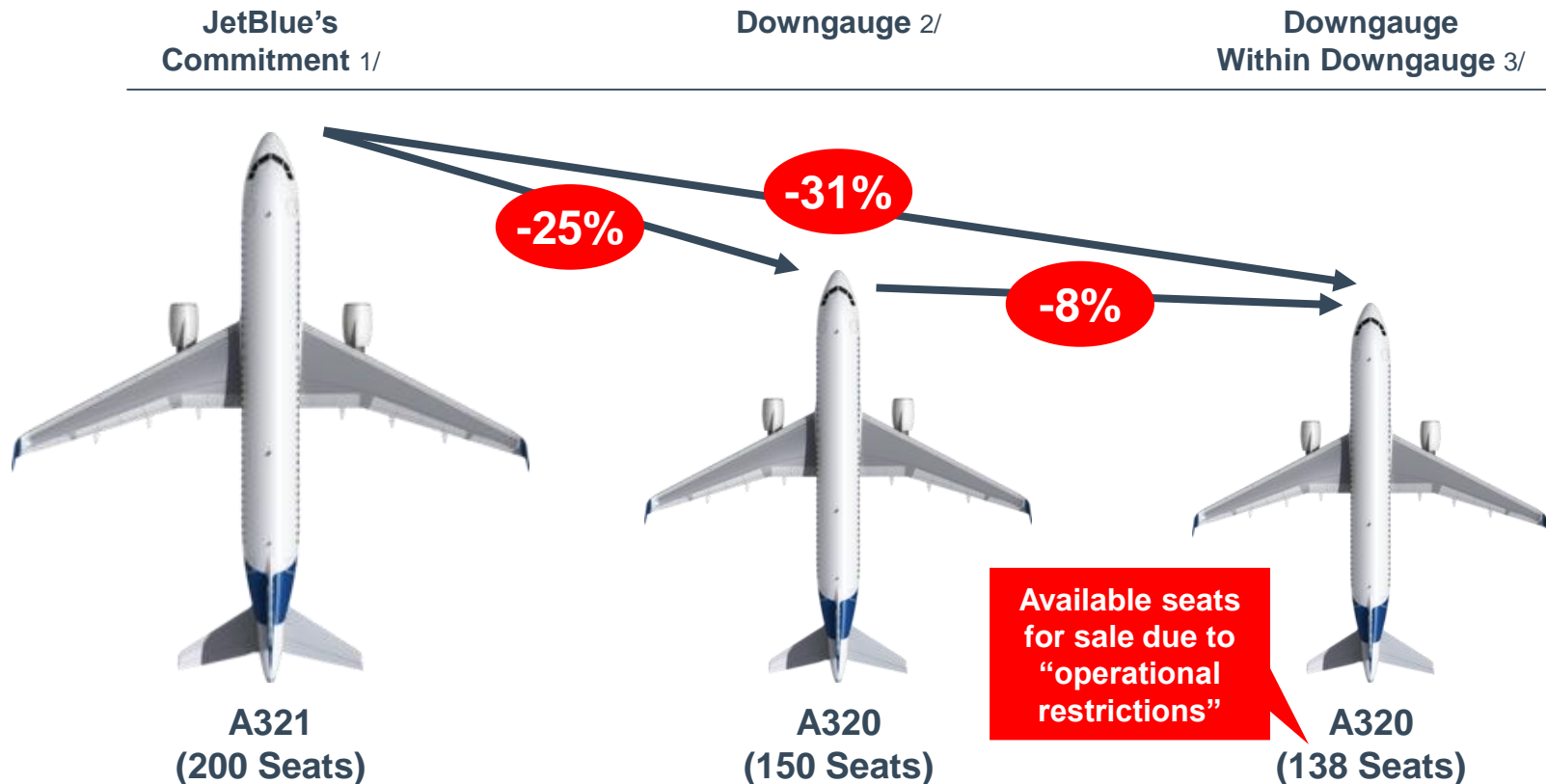
Notes: 1/ JetBlue U.S.-Cuba Application (2016);

2/ FLL-HAV downgauged from A321 to A320 on May 3, 2017;

3/ Answer of JetBlue Airways Corp. to Motion of American to Disqualify JetBlue and Southwest (Sept. 14, 2017), at Ex. 1a.

JetBlue's Across the Board Downgauging of All of Its U.S.-HAV Services Undercuts Its Claim to a "Demonstrated Commitment and Strong Service Record in the U.S.-Cuba Market"

JetBlue JFK-HAV Seat Capacity by Aircraft Type



A 31% decrease in seats in the JFK-HAV market hardly manifests a "Demonstrated Commitment and Strong Service Record in the U.S.-HAV Market"

Source: Innovata Schedules Data via Diio Mi; 2017 U.S.-HAV Filings

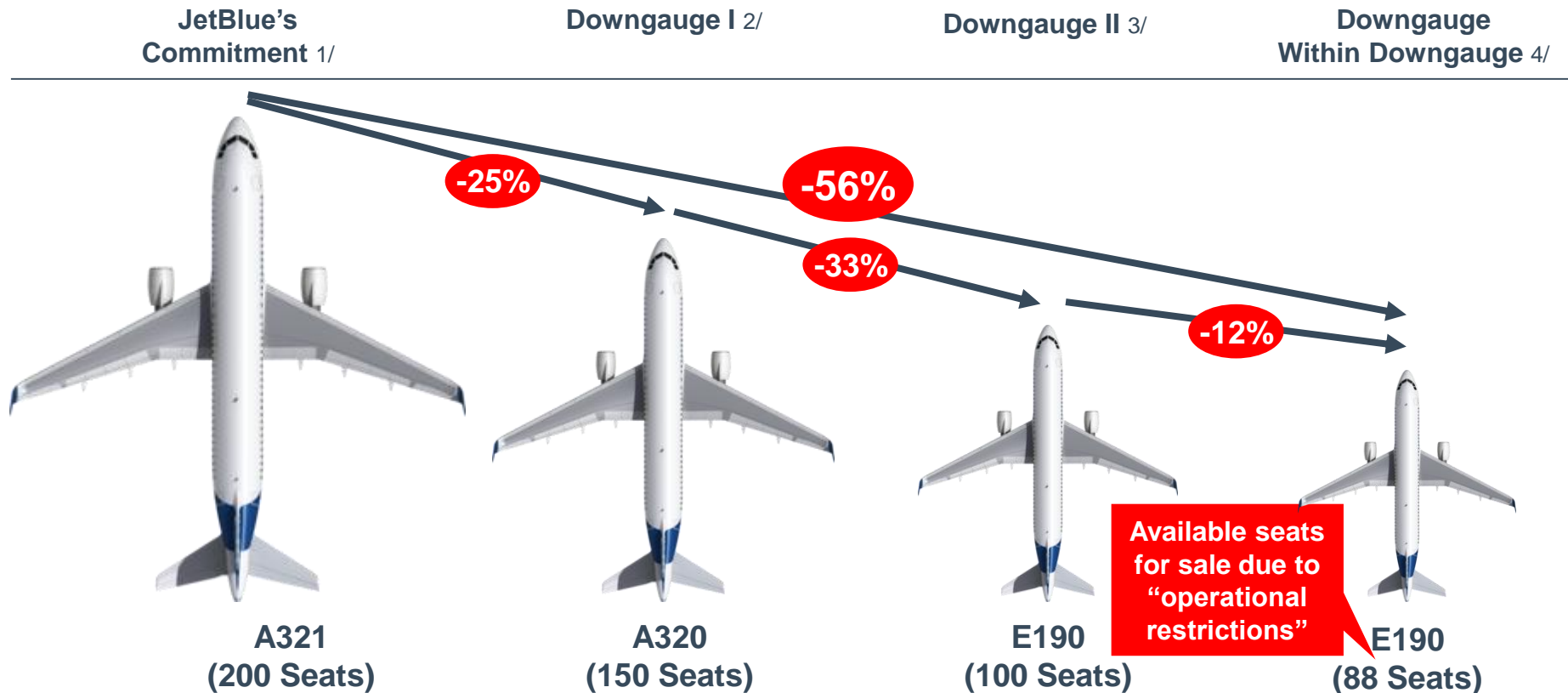
Notes: 1/ JetBlue U.S.-Cuba Application (2016);

2/ JFK-HAV downgauged from A321 to A320 on May 3, 2017;

3/ Answer of JetBlue Airways Corp. to Motion of American to Disqualify JetBlue and Southwest (Sept. 14, 2017), at Ex. 1a.

JetBlue's Across the Board Downgauging of All of Its U.S.-HAV Services Undercuts Its Claim to a "Demonstrated Commitment and Strong Service Record in the U.S.-Cuba Market"

JetBlue MCO-HAV Seat Capacity by Aircraft Type



A 56% decrease in seats in the MCO-HAV market hardly manifests a "Demonstrated Commitment and Strong Service Record in the U.S.-HAV Market"

Source: Innovata Schedules Data via Diio Mi; 2017 U.S.-HAV Filings

Notes: 1/ JetBlue U.S.-Cuba Application (2016); 2/ MCO-HAV downgauged from A321 to A320 on May 3, 2017; 3/ MCO-HAV downgauged from A320 to e190 on June 15, 2017; 4/ Answer of JetBlue Airways Corp. to Motion of American to Disqualify JetBlue and Southwest (Sept. 14, 2017), at Ex. 1a.

JetBlue's Across the Board Downgauging of All of Its U.S.-HAV Services Undercuts Its Claim to a "Demonstrated Commitment and Strong Service Record in the U.S.-Cuba Market"

- FLL-HAV: A **31%** Decrease in Originally-Committed Seats
- JFK-HAV: A **31%** Decrease in Originally-Committed Seats
- MCO-HAV: A **56%** Decrease in Originally-Committed Seats



In every U.S.-HAV market, JetBlue did not live up to its original commitment

JetBlue Is Not Entitled to Additional Frequencies Until It Restores Its Current FLL/JFK-HAV Service to the Larger A321 Aircraft It Committed in Its Original 2016 Application

JetBlue FLL/JFK-HAV Seat Capacity by Aircraft Type Commitment vs. Actual Operation



Source: Innovata Schedules Data via Diio Mi; 2017 U.S.-HAV Filings

Notes: 1/ JetBlue U.S.-Cuba Application (2016);

2/ FLL-HAV downgauged from A321 to A320;

3/ Answer of JetBlue Airways Corp. to Motion of American to Disqualify JetBlue and Southwest (Sept. 14, 2017), at Ex. 1a.

JetBlue Is Not Entitled to Additional Frequencies Until It Restores Its Current MCO-HAV Service to the Larger A321 Aircraft It Committed in Its Original 2016 Application

JetBlue MCO-HAV Seat Capacity by Aircraft Type Commitment vs. Actual Operation



Source: Innovata Schedules Data via Diio Mi; 2017 U.S.-HAV Filings

Notes: 1/ JetBlue U.S.-Cuba Application (2016);

2/ MCO-HAV downgauged from A321 to A320, and further downgauged to E190 on June 15, 2017; 3/ Answer of JetBlue Airways Corp. to Motion of American to Disqualify JetBlue and Southwest (Sept. 14, 2017), at Ex. 1a.

FLL Airport Speaks for FLL, Not JetBlue, and FLL Airport Authority Has Unequivocally Spoken That There Was Too Much Capacity at FLL

What FLL Airport Authority Said



Traffic Update October 2016

“The general consensus is that the South Florida region has too much capacity to Cuba. FLL’s capacity to Cuba for January 2017 will be 15 percent of the total available international seats. Cuba is second to Canada which has 21 percent of the international share. On a year round basis, Cuba will be our largest market in terms of capacity. We expect that there will be a significant reduction of service to Cuba in the next six months.”

Traffic Update January 2017

“[C]arriers have realized that passenger demand for Cuba did not materialize.”

And JetBlue's Actions Show It Concurrs

Consolidated Answer of JetBlue Airways Corporation, (Sept. 19, 2017), at Page 11

“This down-gauging [of the FLL-HAV aircraft] was for right-sizing....”



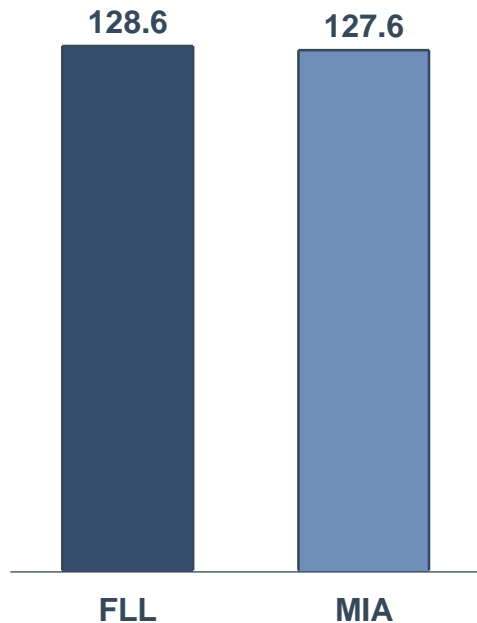
***If JetBlue's downgauging was a “right-sizing”,
the Department should leave it right-sized,
rather than return JetBlue's services to their prior overcapacity***

JetBlue Deceptively Excluded Frontier and Spirit In Its Analysis. Using All Data Leads to a Different and Accurate Conclusion -- MIA Carried 21% More Passengers per Departure than FLL

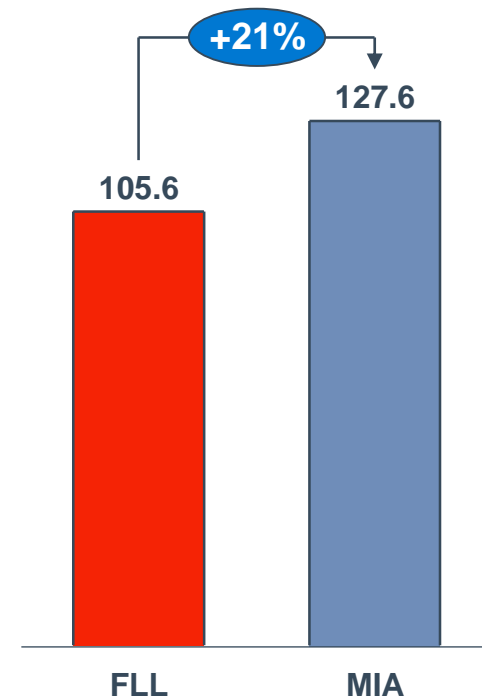
In Surrebuttal to JetBlue Exhibit B6-ANS-109

MIA/FLL-HAV Passengers per Departure (December 2016 – February 2017)

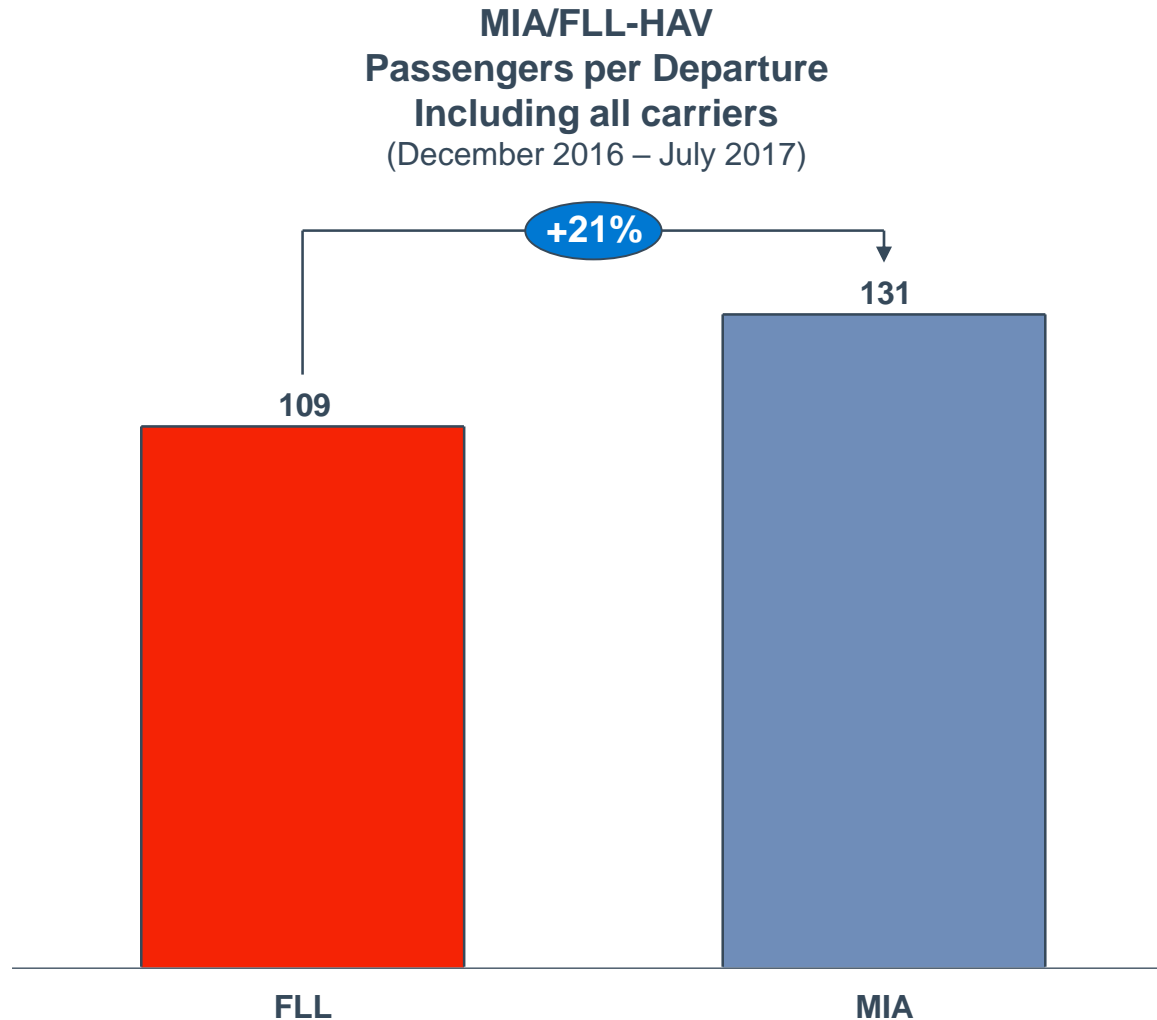
JetBlue's Exhibit deceptively
excluded Frontier (MIA) and Spirit (FLL)



Including all operating carriers
at MIA and FLL to HAV

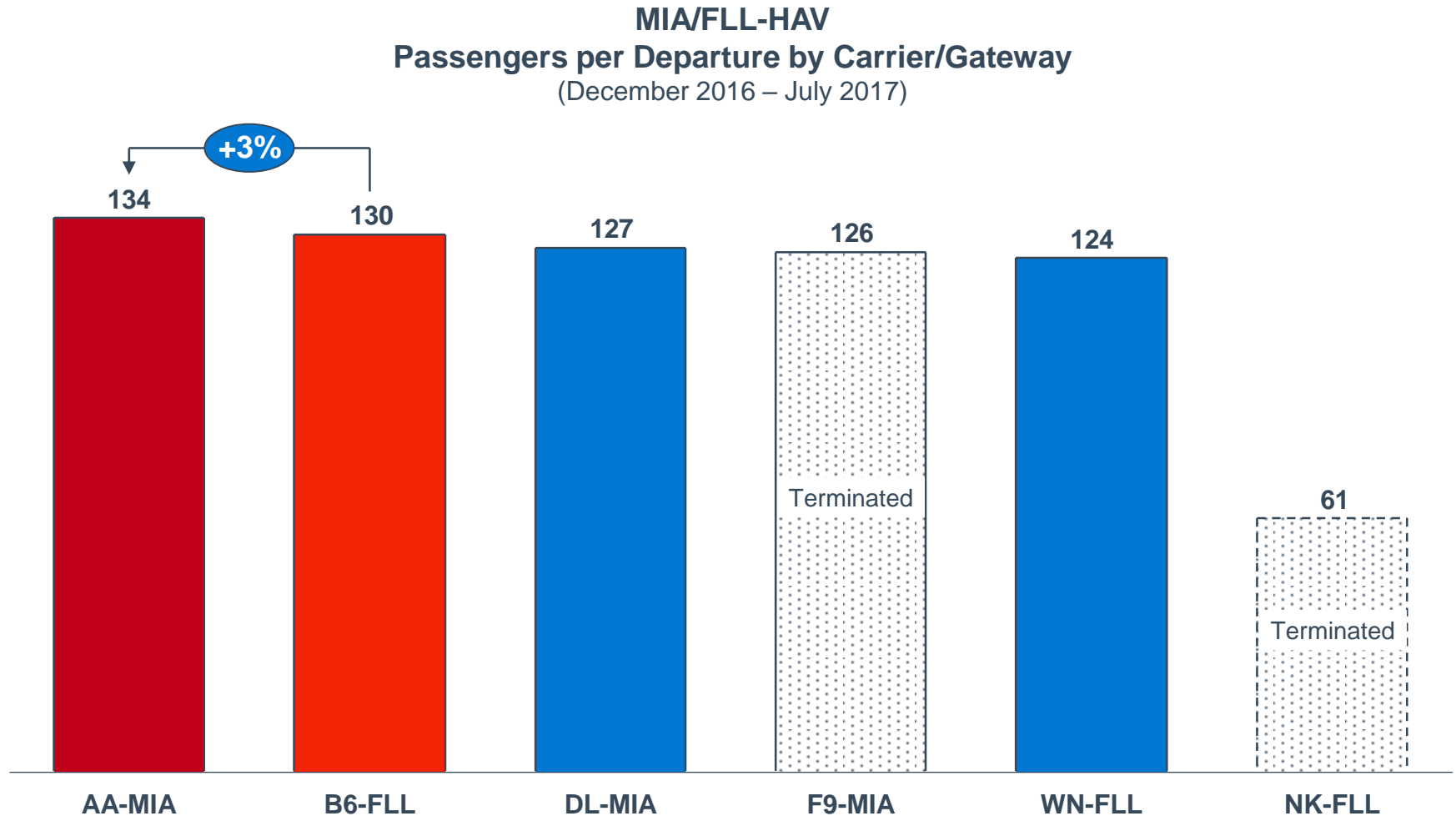


Using the Most Recent Available Traffic Data Through July 2017, MIA Still Outperforms FLL with 21% More Passengers per Departure



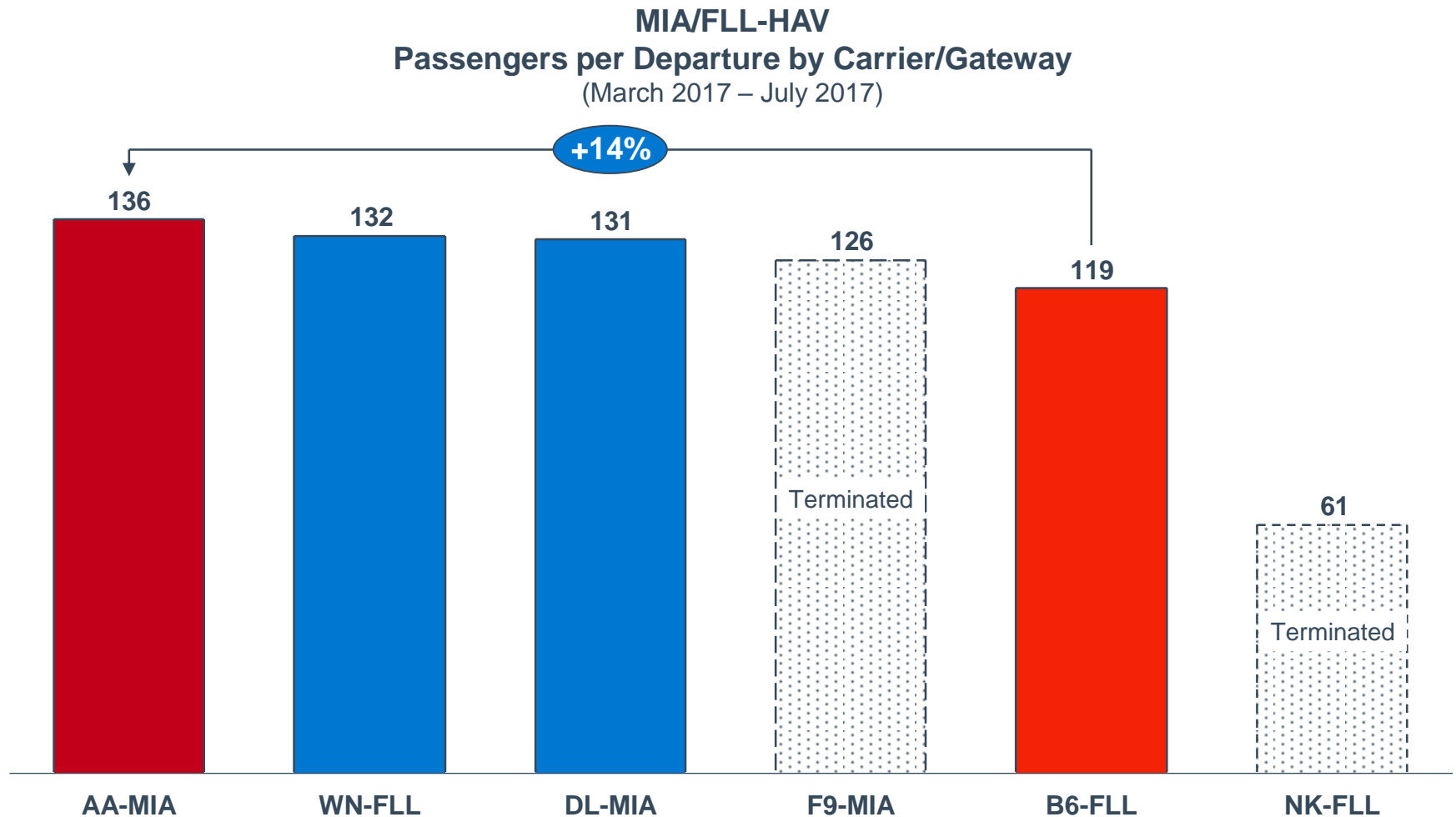
American's MIA-HAV Service Carried the Most Passengers per Departure Since the Start of Scheduled Service to HAV

In Surrebuttal to JetBlue Exhibit B6-ANS-109

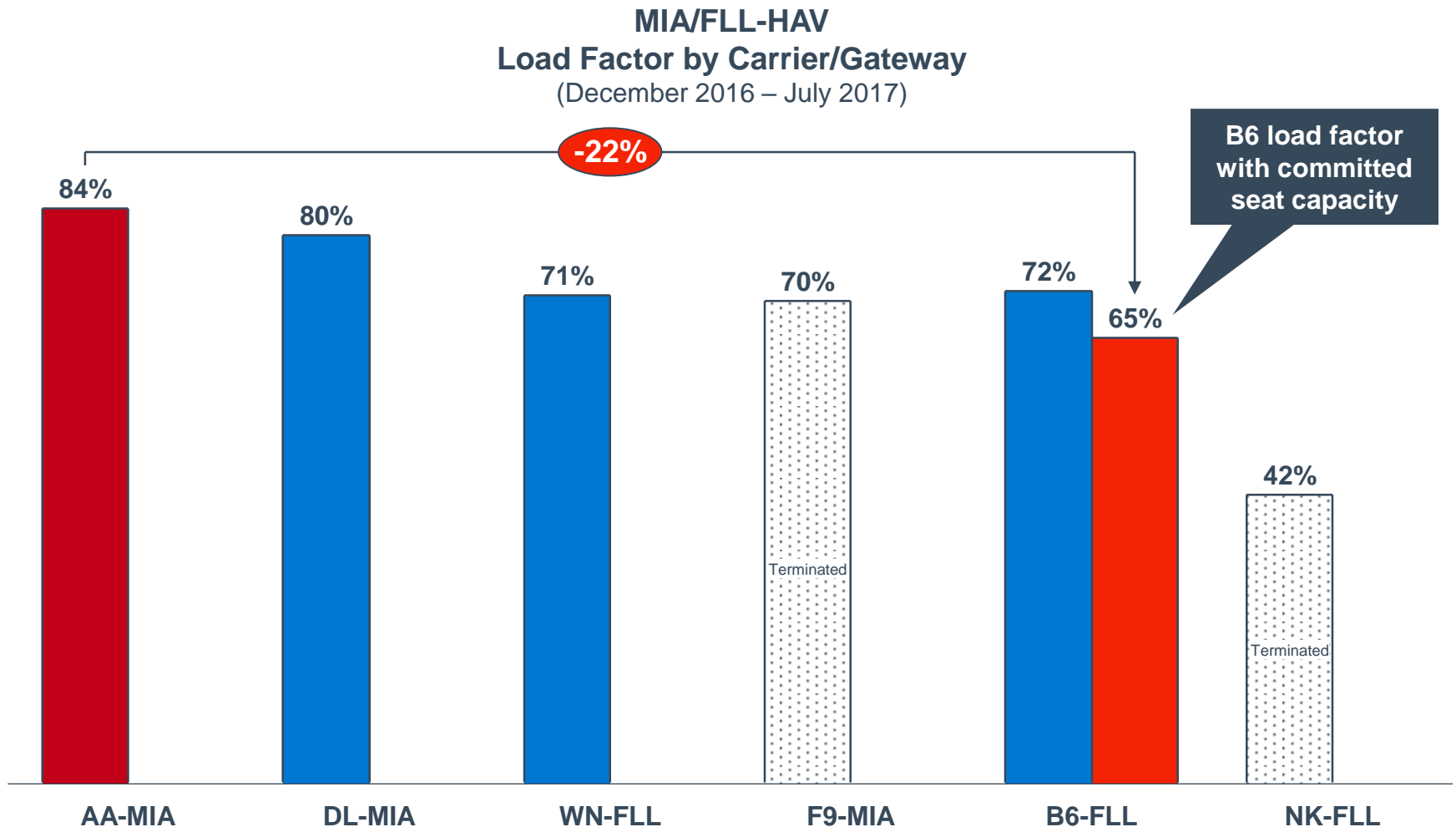


And, We Know Why JetBlue Tried to Obfuscate Its Performance in the March to July 2017 Period: Its Performance Was The Worst of All U.S. Carriers Operating to HAV

In Surrebuttal to JetBlue Exhibit B6-ANS-109

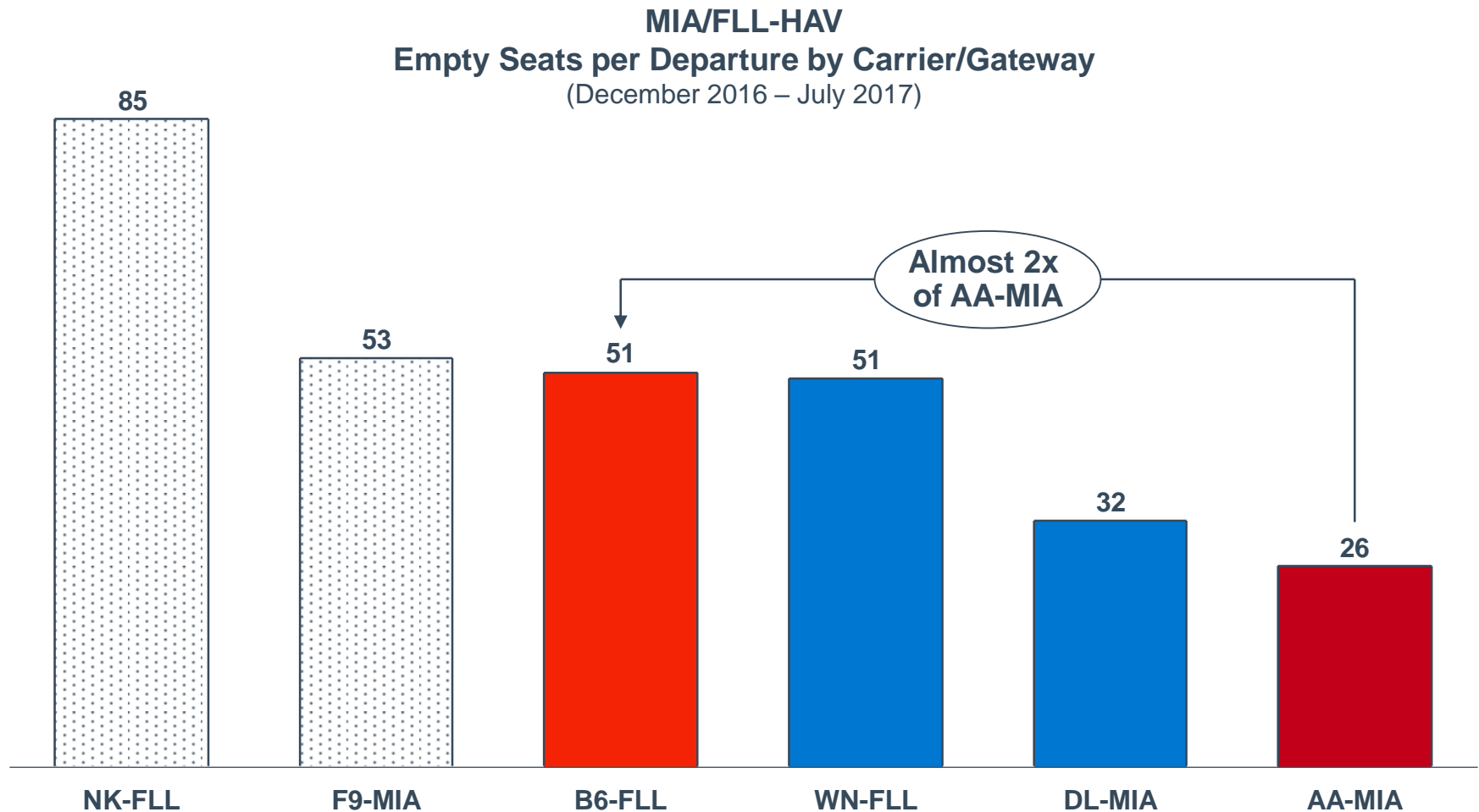


Despite a Downgauging to a Smaller Aircraft, JetBlue's FLL-HAV Load Factor Was Worse Than MIA-HAV's. Based on Its Committed Capacity, JetBlue's Load Factor Was The Worst of All Current Operating Carriers to HAV



JetBlue Has The Most Empty Seats of All U.S. Carriers Operating to HAV – Almost Double of the Number of Empty Seats per Departure of American at MIA

In Surrebuttal to JetBlue Exhibit B6-ANS-108





Series 300: Southwest

Narrative to the 300 Series of Exhibits

The 300 Series of Exhibits demonstrates that MIA is the only gateway that maximizes the public benefits and that American's MIA-HAV service outperformed all FLL-HAV services.

Exhibits AA-SR-301-306 show that Miami-Dade County has the greatest demand for U.S.-Havana travel and that only MIA can serve this demand.

Exhibits AA-SR-307-308 prove that MIA-HAV service surpasses FLL-HAV service in every category including onboard passengers, load factor, and passengers per departure. Exhibit AA-SR-309 shows that Southwest's FLL-HAV service has more empty seats than American's MIA-HAV service.

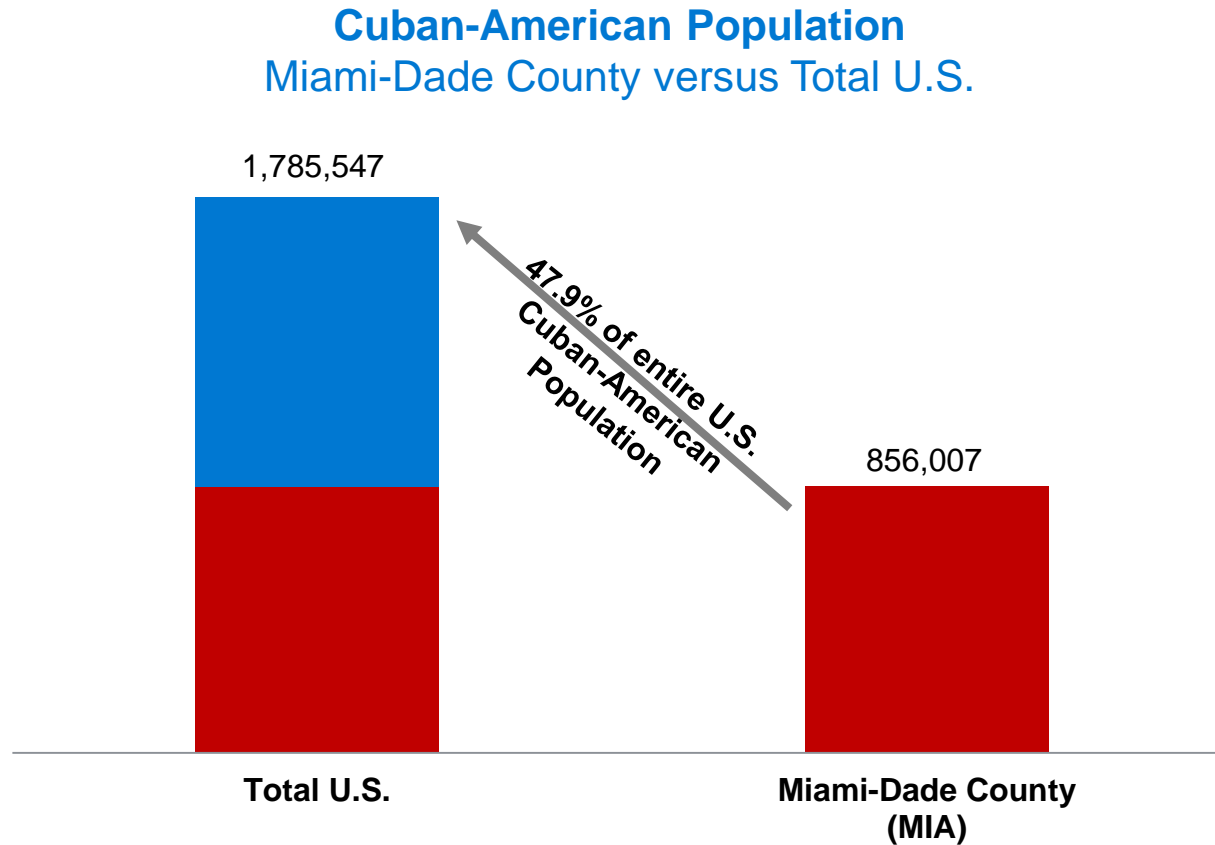
Exhibit AA-SR-310 shows that the FLL airport authority acknowledged the excess capacity at FLL to Cuba. Exhibit AA-SR-311 shows that AA's MIA-HAV service carried more passengers per departure than did Southwest's FLL-HAV service.

Exhibits AA-SR-312-314 showcase American's successful operation of premium cabin service to HAV and refute Southwest's claim at higher unit costs lead to higher fares.

FLL ≠ MIA

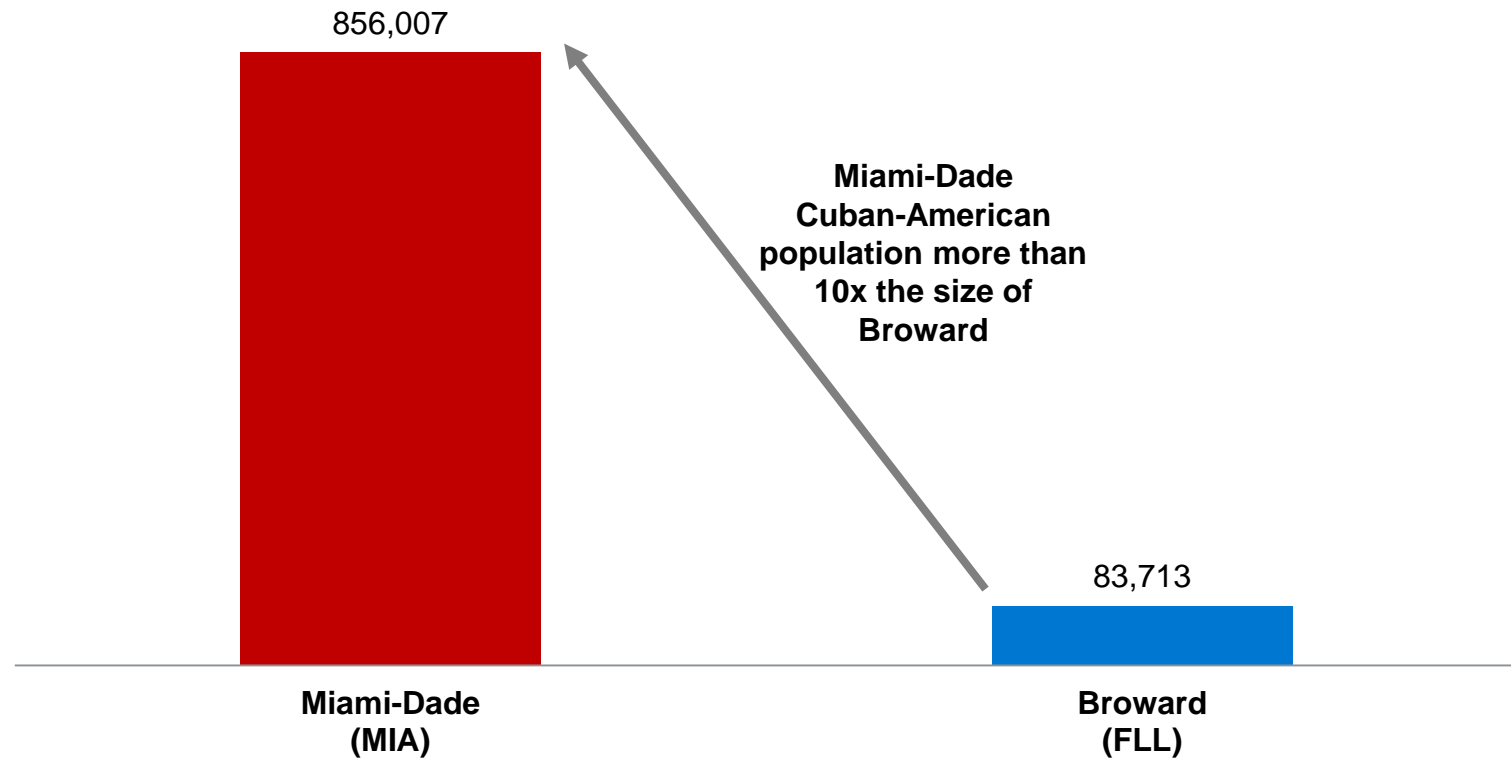
**MIA, and MIA alone, is the home airport
for almost 50% of the entire
U.S. Cuban-American population and
the largest passenger traffic to HAV**

Almost 50% of the Total Cuban-American Population in the United States Resides in Miami-Dade County



Miami-Dade County Is Home to the Largest Cuban-American Population in Florida – Ten Times Larger Than the Next Largest County

Cuban-American Population in Florida by County

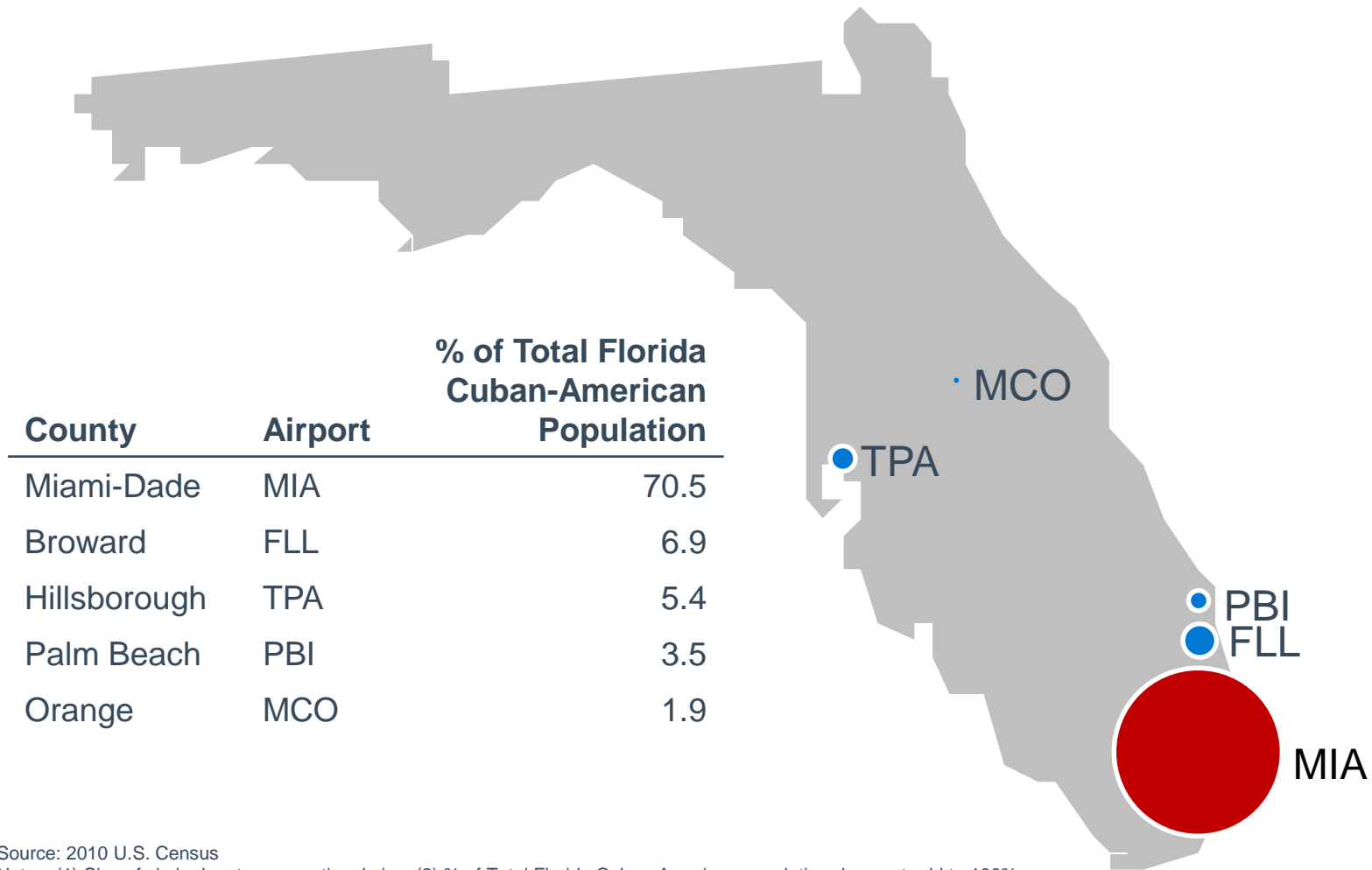


Source: 2010 U.S. Census

Note: International airport located in county in parentheses.

MIA Is the Closest Airport to Over 70% of the Cuban-Americans Living in Florida's Five Largest Counties

Top 5 Counties in Florida – Closest Airport by Population



Source: 2010 U.S. Census

Notes: (1) Size of circle denotes proportional size; (2) % of Total Florida Cuban-American population does not add to 100% because remaining counties are not included.

All Ten of the U.S. Communities with the Largest Population of Residents Born in Cuba are Located in Miami-Dade County

Top 10 U.S. Cities/CDPs* for Residents Born in Cuba

City, State	County	Closest Major International Airport
Hialeah, Florida	Miami-Dade	MIA
Westwood Lakes, Florida	Miami-Dade	MIA
Westchester, Florida	Miami-Dade	MIA
Coral Terrace, Florida	Miami-Dade	MIA
Hialeah Gardens, Florida	Miami-Dade	MIA
Medley, Florida	Miami-Dade	MIA
West Miami, Florida	Miami-Dade	MIA
Tamiami, Florida	Miami-Dade	MIA
University Park, Florida	Miami-Dade	MIA
Kendale Lakes, Florida	Miami-Dade	MIA

* CDPs= "Census Designated Place" per U.S. Census Bureau. Commonly referred to herein, together with cities, as "Communities."
Source: 2010 U.S. Census

In Summary, the Greatest Demand for U.S.-Havana Travel Is at MIA

47.9% Of the **entire** Cuban-American population resides in
Miami-Dade County

Miami-Dade's population of Cuban-Americans is larger than any
other State's total population of Cuban-Americans and is, in fact,
larger than all States' Cuban-American population combined
(excluding, of course, Florida)

#1

53,876 Between 2010 and 2014, Miami-Dade County's
Cuban-American population **increased** more than any other
county or State in the United States

The **10 largest** Cuban-American populated communities are
all located in Miami-Dade County

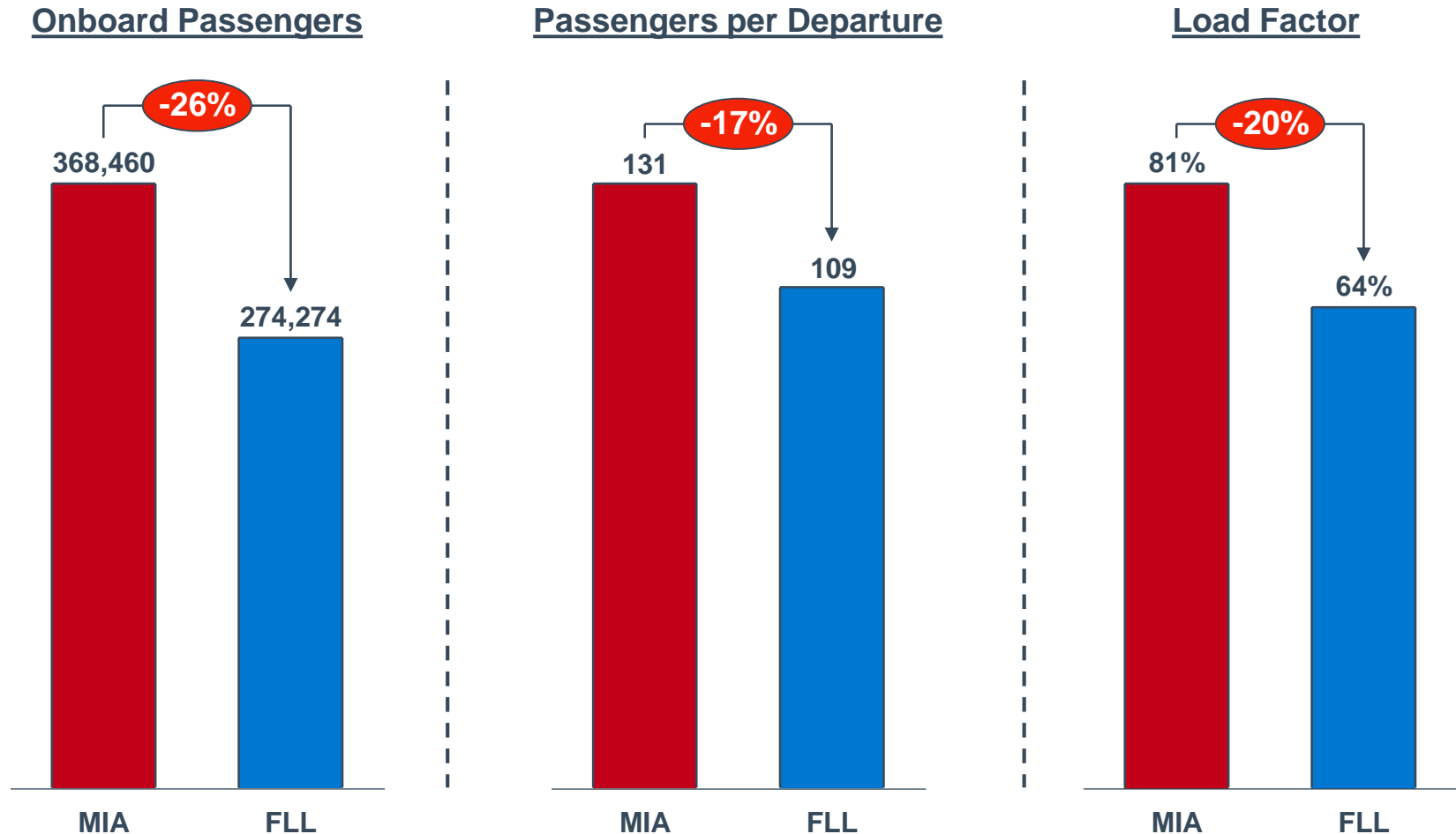
10

**... and Miami-Dade County is the home of
MIA – Miami International Airport**

FLL Has Significantly Underperformed in the U.S.-HAV Market Compared to MIA in Every Category

In Surrebuttal to Southwest Exhibit WN-A-201/202/406

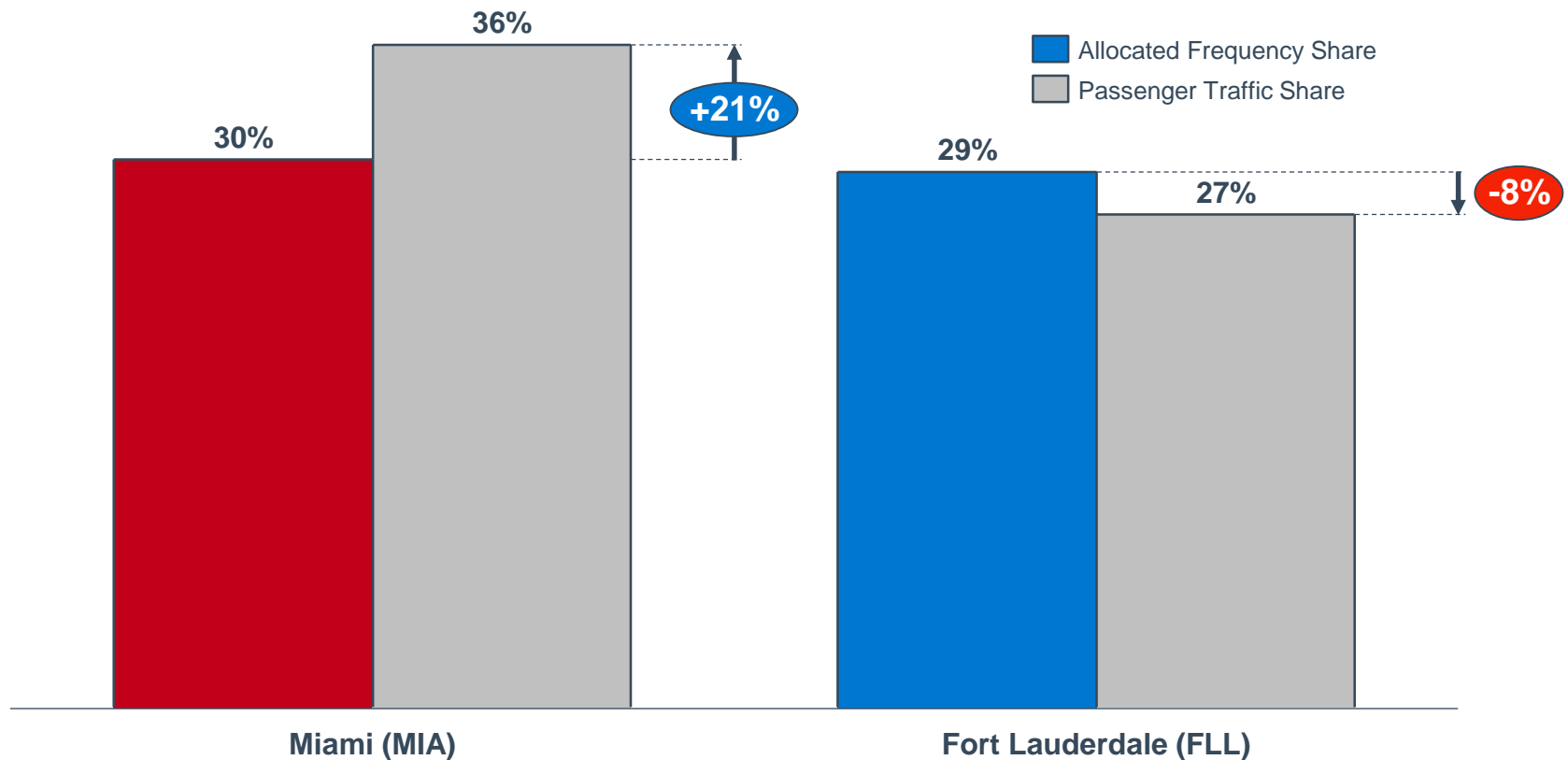
December 2016 – July 2017



Source: U.S. DOT T-100 Data and Innovata Schedules Data via Diiio; 2017 U.S.-HAV Filings
Note: F9/NK results until termination are estimated based on the average LF of Dec16-Feb17

MIA's Passenger Share Exceeded Its Frequency Share by 21%, While FLL's Passenger Share Fell Short of Its Frequency Share by 8%

Miami (MIA) vs. Fort Lauderdale (FLL)
Allocated Frequency Share vs. Passenger Traffic Share
(December 2016 – July 2017)

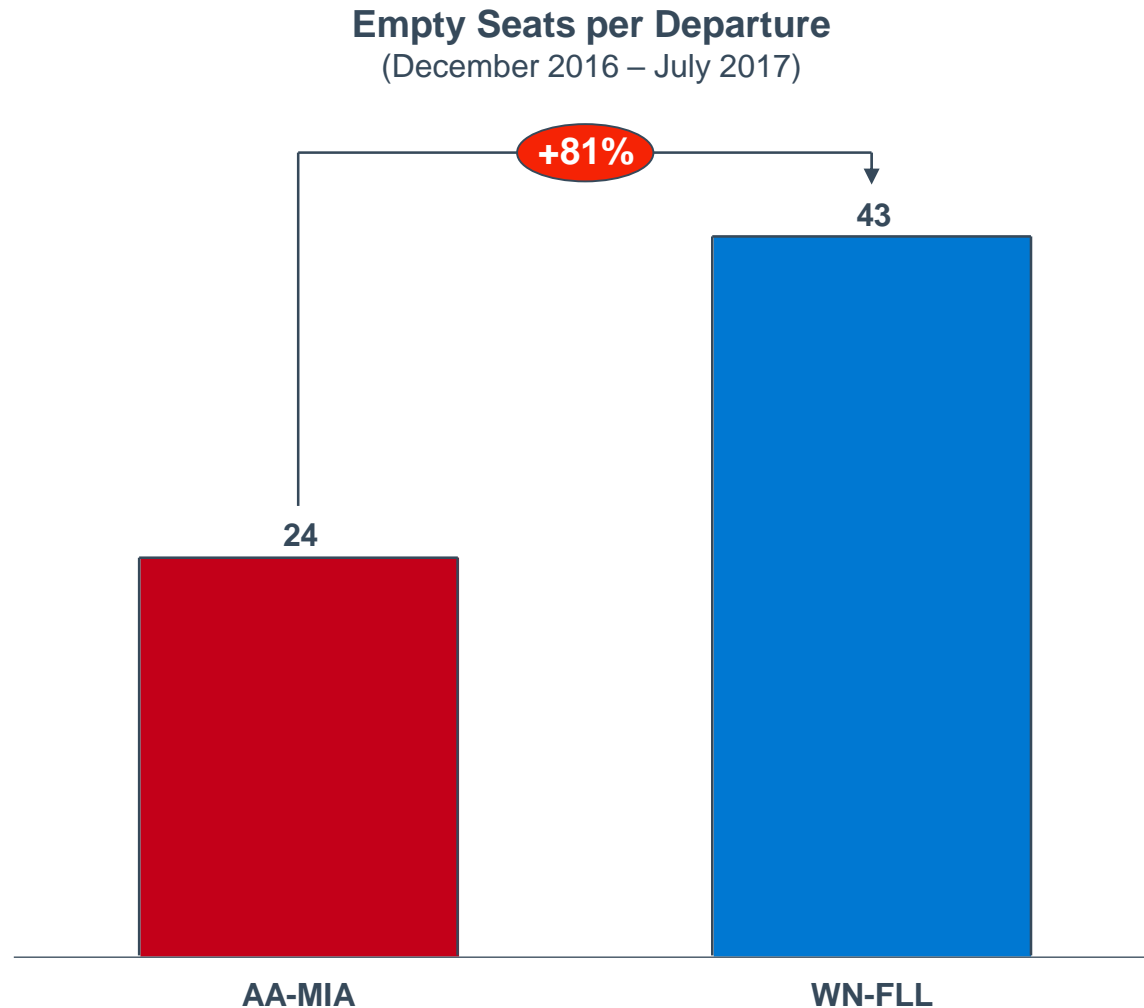


Sources: U.S. DOT T-100 Data via Diio Mi; 2017 U.S.-HAV Filings

Notes: 1/ LF for NK/F9 from Mar17 to termination is assumed at the average of Dec16-Feb17;

2/ DL passenger traffic calculation is based on the best possible estimation of its LF (DL EX-110).

Southwest Needs to Fill Its Empty Seats First Before Asking For More Frequencies



FLL Airport Speaks for FLL, Not Southwest, and FLL Airport Authority Has Unequivocally Spoken That There Was Too Much Capacity at FLL

What FLL Airport Authority Said



Traffic Update October 2016

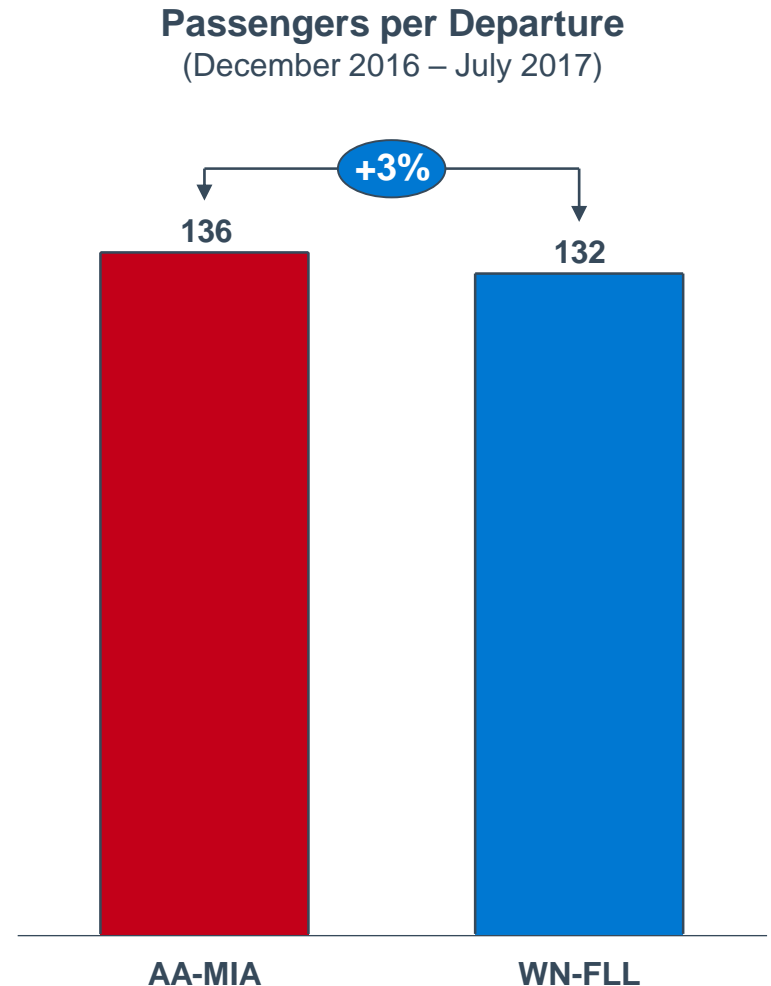
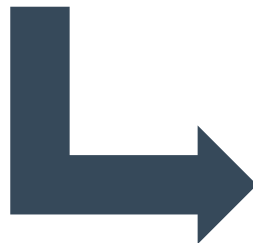
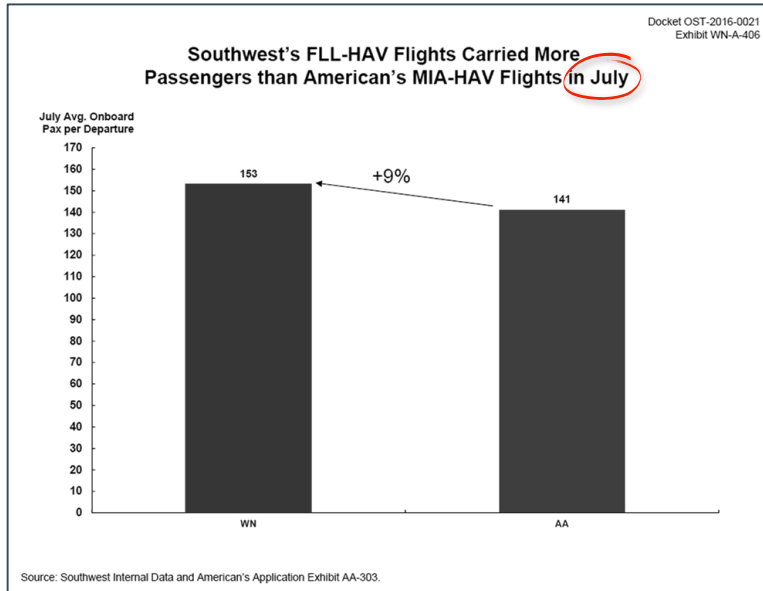
“The general consensus is that the South Florida region has too much capacity to Cuba. FLL’s capacity to Cuba for January 2017 will be 15 percent of the total available international seats. Cuba is second to Canada which has 21 percent of the international share. On a year round basis, Cuba will be our largest market in terms of capacity. We expect that there will be a significant reduction of service to Cuba in the next six months.”

Traffic Update January 2017

“[C]arriers have realized that passenger demand for Cuba did not materialize.”

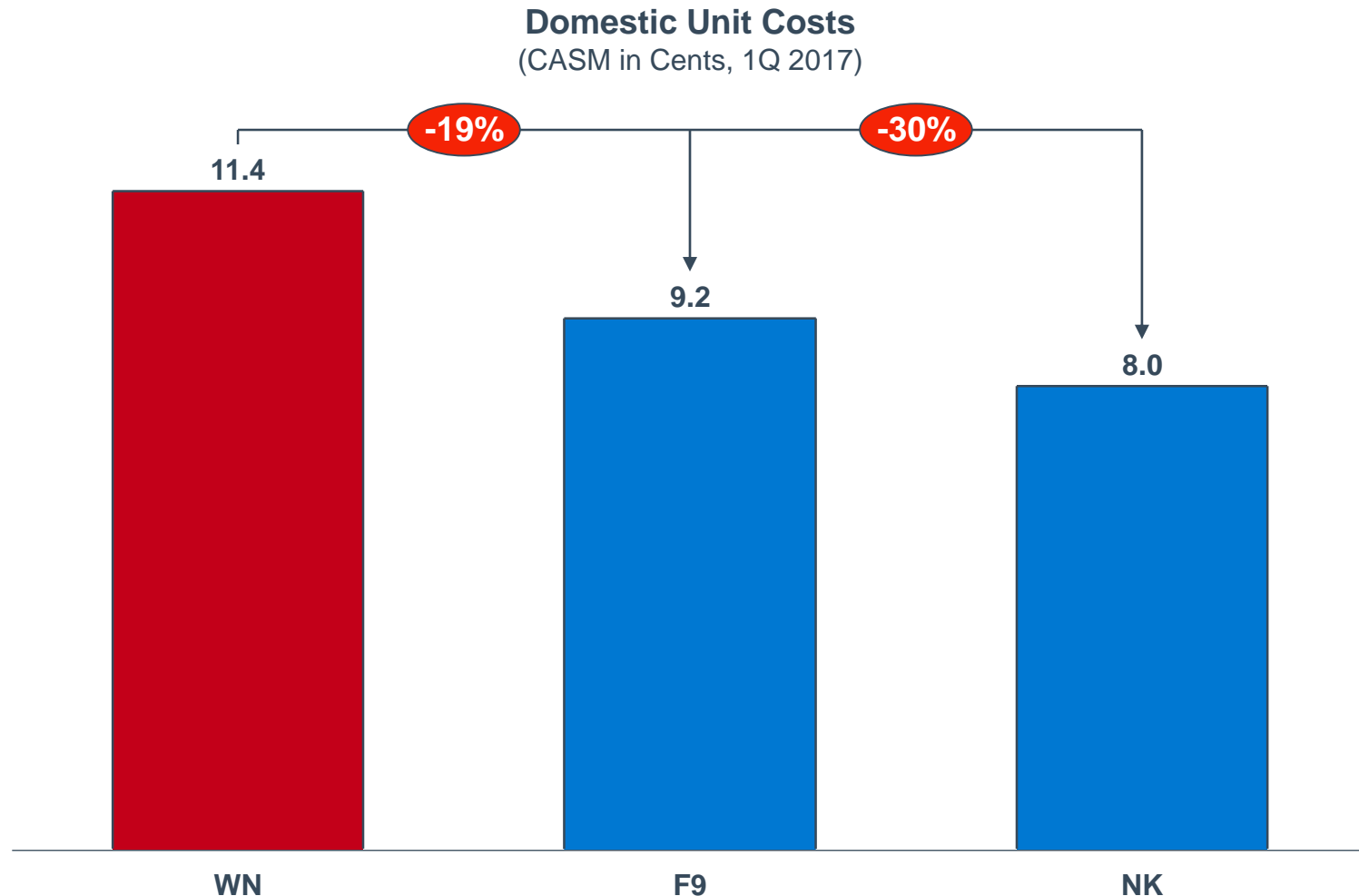
Southwest Buried Its Underperformance on FLL-HAV -- Only Showing July 2017 Data. The Reality Is that AA's MIA-HAV Service Carried 3% More Passengers per Departure Than Did WN's FLL-HAV Service

In Rebuttal to Southwest Exhibit WN-A-406



Southwest Suggests that Higher Unit Costs Mechanically Mean Higher Fares. Yet Frontier and Spirit Exited HAV Even Though They Have Substantially Lower Unit Costs than Southwest

In Surrebuttal to Southwest Exhibit WN-A-404



American's MIA-HAV Service Met a Demand of the Traveling Public that Southwest's FLL-HAV Could Not and Cannot Meet – Something More Than Just Economy

In Surrebuttal to Southwest Exhibit WN-A-404

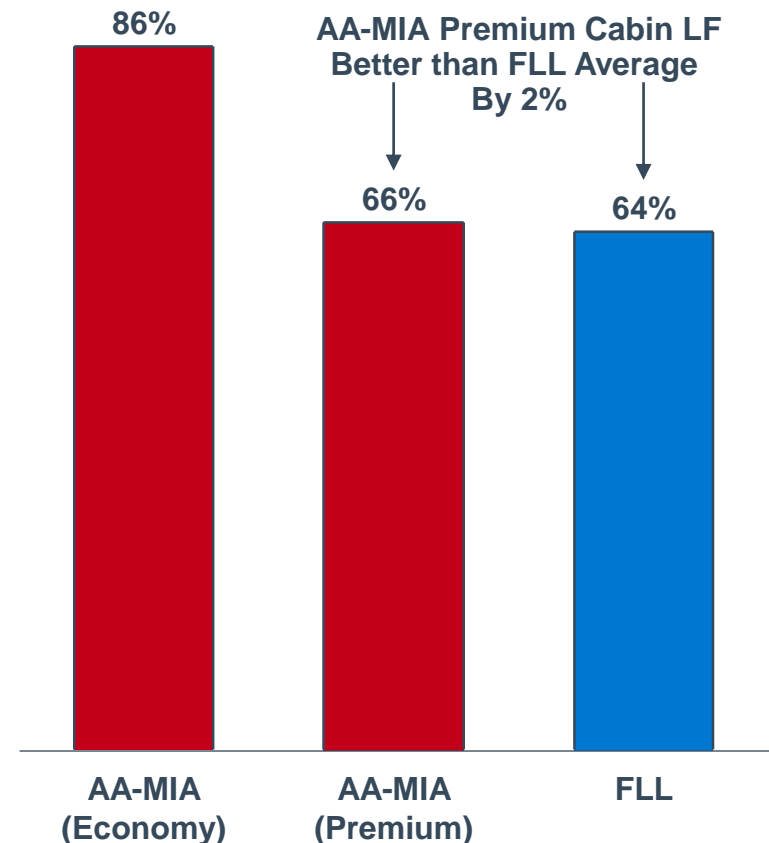
American's Premium Cabin On MIA-HAV

(December 2016 – July 2017)

- Over 30,000 premium cabin seats on MIA-HAV = 128 daily seats
- Almost 60,000 Main Cabin Extra seats on MIA-HAV = 240 daily seats
- Strong demand for premium cabin met by AA, unable to be met by WN



Load Factor (December 2016 – July 2017)

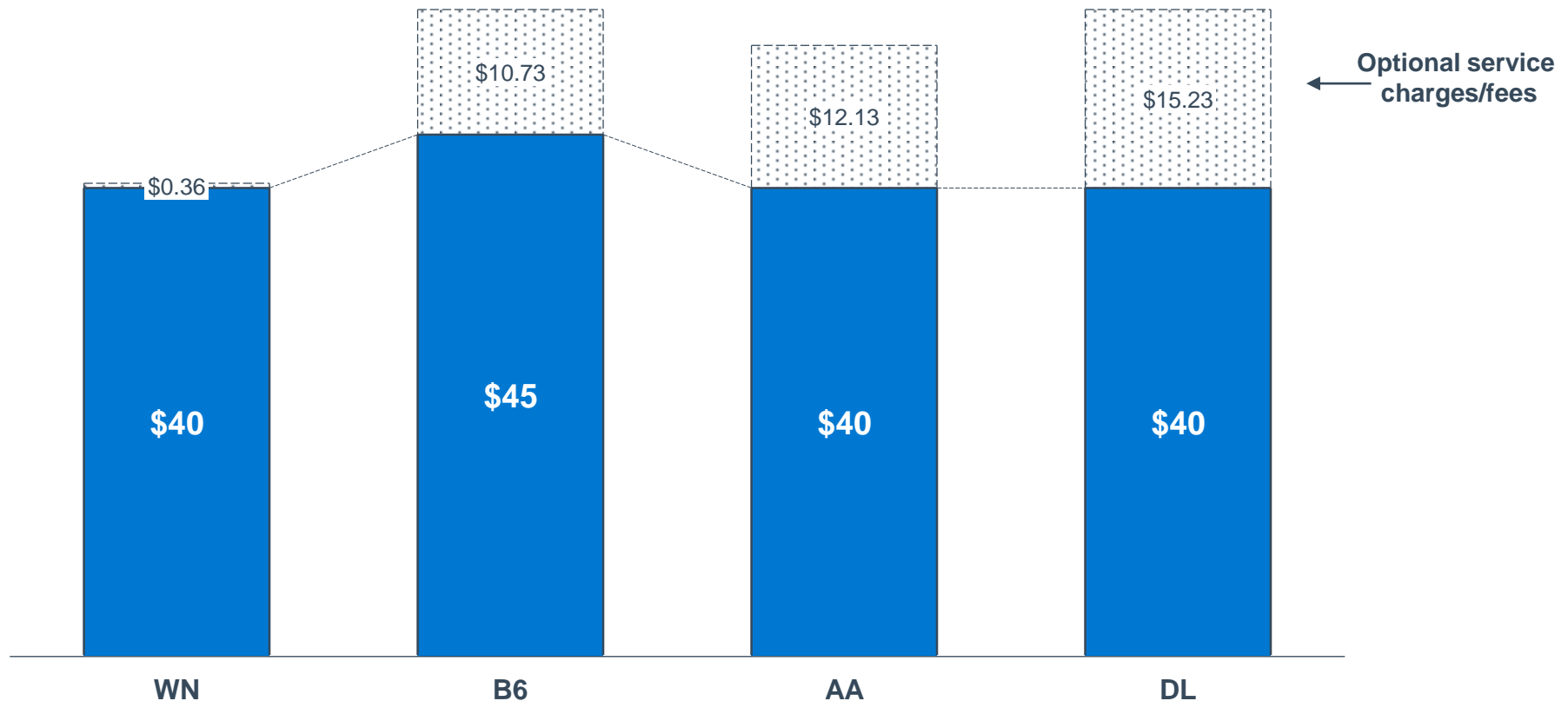


Southwest's "Total Lowest Fare" Claim Is Baseless

– In Reality, Fares to HAV from MIA/FLL Are Almost Identical

In Rebuttal to Southwest Exhibit WN-102

**Lowest Website One-Way Fare to HAV
2 Weeks Out**



Source: Southwest 2017 U.S.-HAV Application (Exhibit WN-102)



Series 400:
Delta

Narrative to the 400 Series of Exhibits

The 400 Series of Exhibits demonstrates that MIA is the only gateway that maximizes the public benefits and that American's MIA-HAV service outperformed all FLL-HAV services.

Exhibits AA-SR-401-402 demonstrate that American's MIA-HAV service can serve both local and connecting demand with its extensive network at MIA, while Delta can only serve local demand. Also, American's proposed MIA-HAV service will substantially improve connectivity at MIA to HAV.

Exhibit AA-SR-403 confirms that Delta did not implement its promised capacity in the 2016 proceeding, thus it is not entitled to be awarded additional frequencies.

American's MIA-HAV Service Offers More Benefits to More
Passengers, Thus Maximizing the Public Benefits, Not Limiting Them,
as Delta's Service Would Do



Servicing Local Traffic

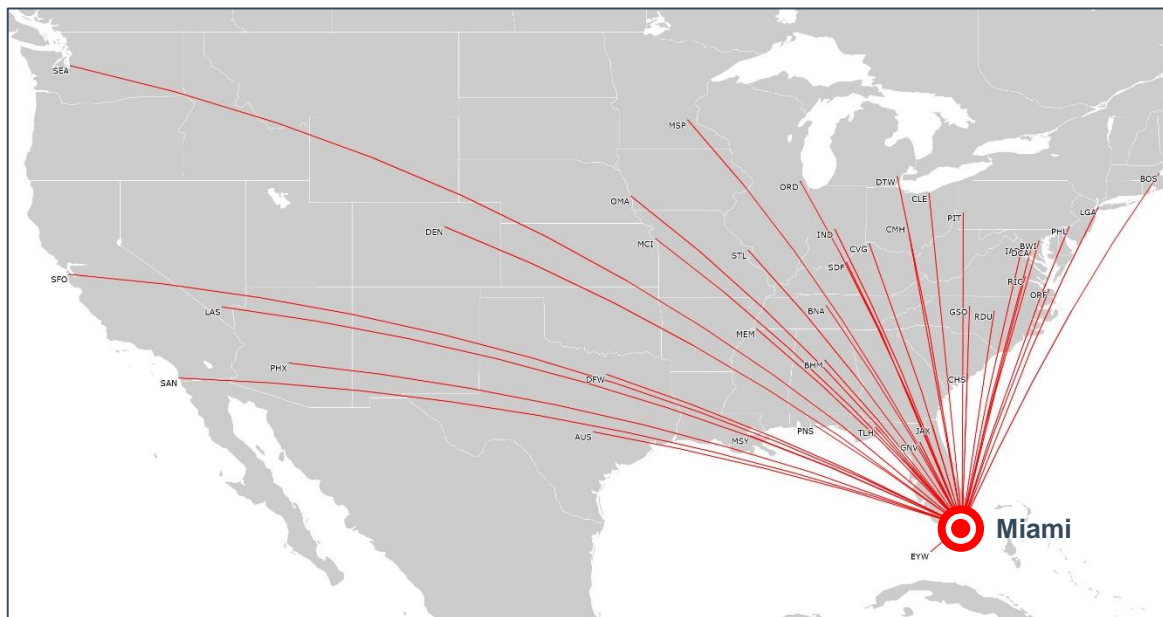


Servicing Connecting Traffic

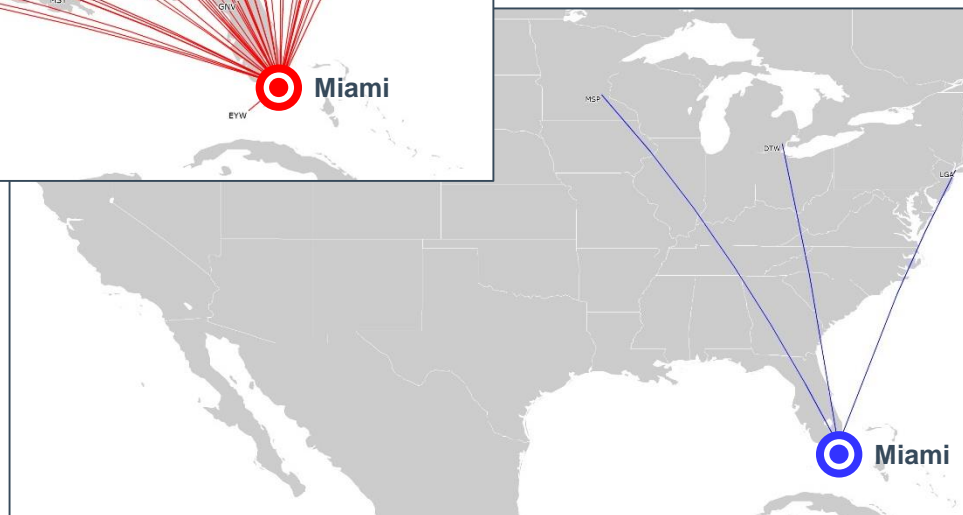


American's MIA-HAV Service Offers More Benefits to More Passengers, Thus Maximizing the Public Benefits, Not Limiting Them, as Delta's Service Would Do

AA Network at MIA: 40 Destinations



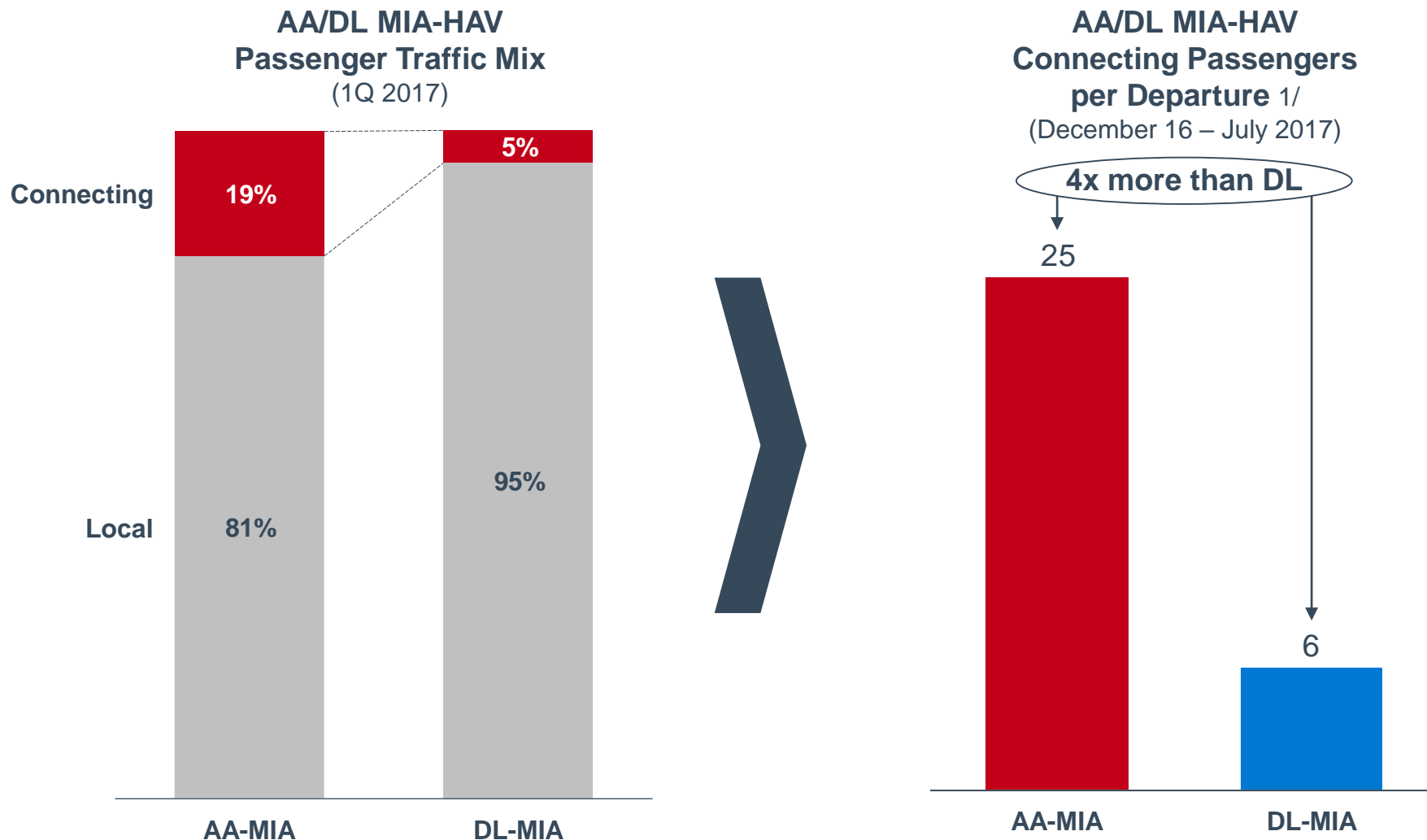
DL Network at MIA: 3 Destination



Source: Innovata Schedules Data via Diio (Sep-17)

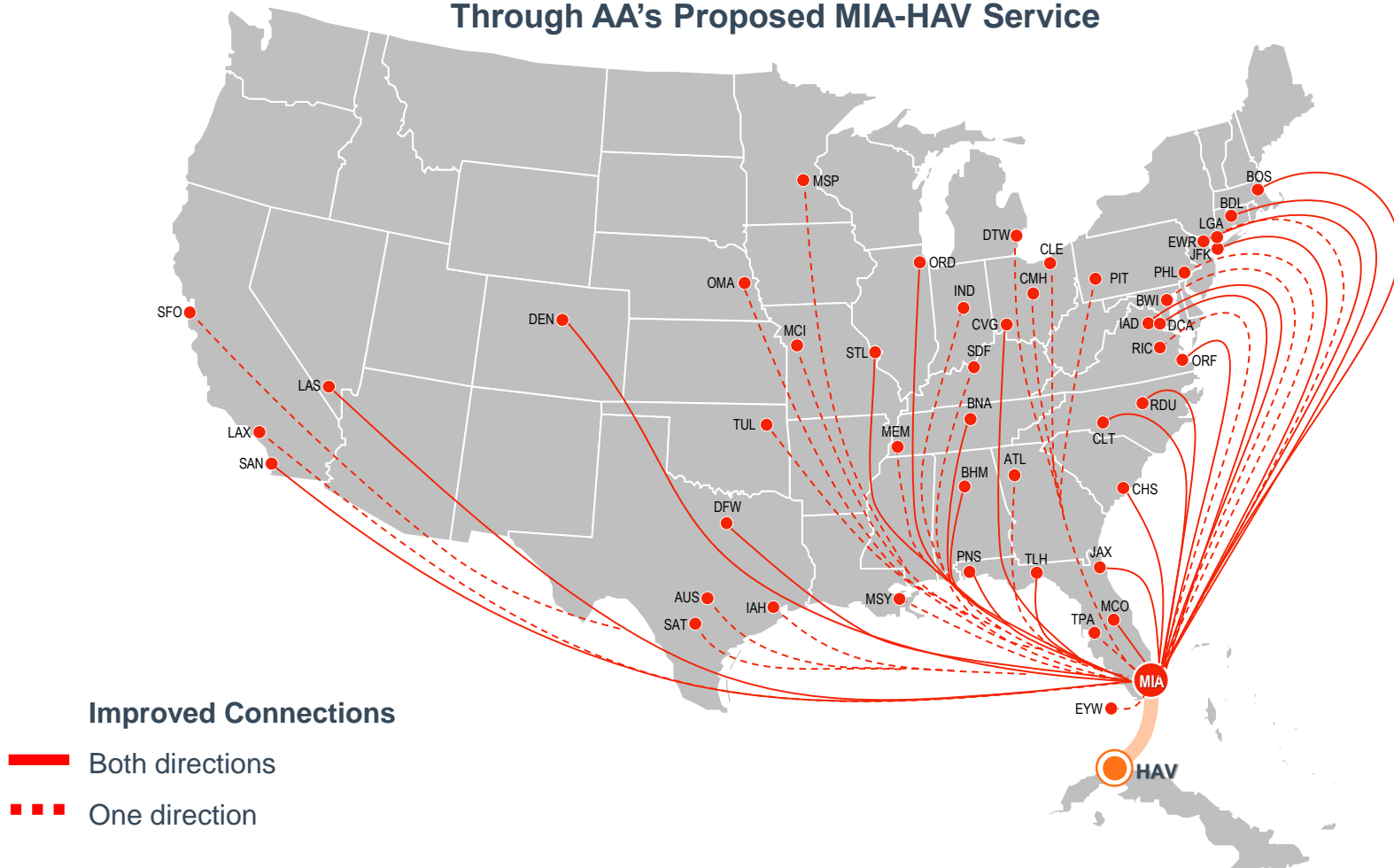
Note: MIA network excludes destinations with less than a daily frequency and destinations with existing HAV service

American's MIA-HAV Service Offers More Benefits to More Passengers, Thus Maximizing the Public Benefits, Not Limiting Them, as Delta's Service Would Do



American's Proposed MIA-HAV Service Offers Substantial Improvement in Connectivity at MIA between the entire U.S. and HAV

Improved Connections Through AA's Proposed MIA-HAV Service

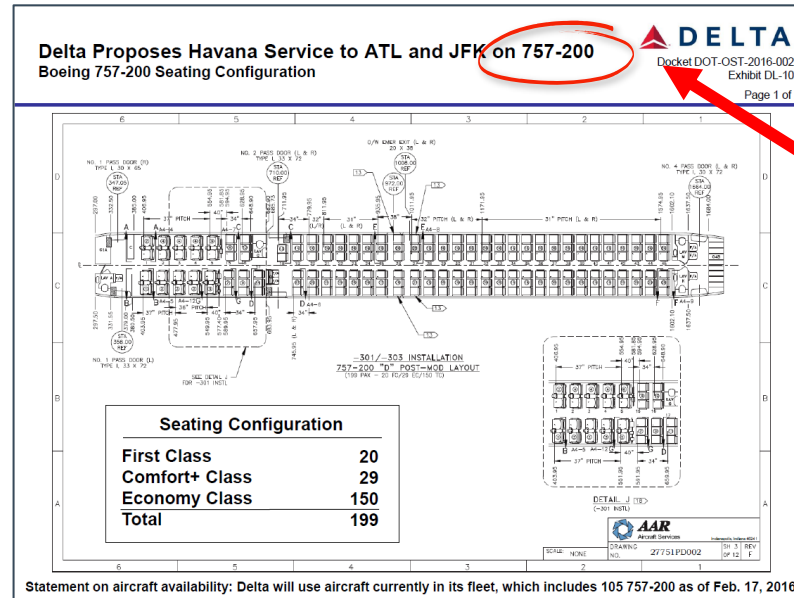


Notes: (1) Schedules as of September 2017 as filed – August 18, 2018 sample date; (2) Maximum connect time: 240 minutes; (3) Minimum connect time: domestic to international is 55 minutes at MIA and international to domestic is 1 hour, 10 minutes northbound.

Source: American Airlines

Delta Should Not Be Awarded New Frequencies In This Proceeding Based on Its Habitual Practice of Not Fulfilling Its Commitments in Carrier Selection Proceedings

DL 2016 Application



But DL never operated the promised B757 from the very first start of the service. Instead DL used a much smaller aircraft.

DL Actual Operations

NEW YORK-KENNEDY JFK	HAVANA HAV	DATE TUE, 26 SEP 2017	FLIGHT DL 448 3H 40M	AIRCRAFT AIRBUS A319
ATLANTA ATL	HAVANA HAV	DATE TUE, 26 SEP 2017	FLIGHT DL 639 2H 11M	AIRCRAFT AIRBUS A319

Delta Should Not Be Awarded New Frequencies In This Proceeding Based on Its Habitual Practice of Not Fulfilling Its Commitments in Carrier Selection Proceedings

Downward Spiral of Capacity

2016 Application (ATL/JFK-HAV)
7x Weekly / B752 (199 Seats)



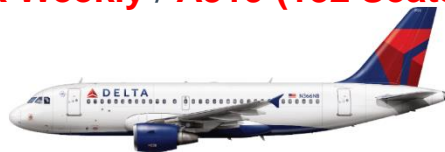
Never deployed
as promised

Actual Operations (ATL/JFK-HAV)
7x Weekly / A319 (132 Seats)



Fewer seats
than applied
-34%

**Service Downgauge from Already
Much Smaller Aircraft
(JFK-HAV) 1/
5x Weekly / A319 (132 Seats)**



Fewer seats
than applied
-52%

Source: Innovata Schedules Data via Diio Mi

Note: 1/ DL's published schedules of JFK-HAV do not operate Mondays and Tuesdays between September and December 2017.



Series 500:
United

Narrative to the 500 Series of Exhibits

The 500 Series of Exhibits demonstrates that United's proposed daily IAH-HAV doesn't provide substantial benefits to the traveling public compared to American's MIA-HAV service.

Exhibits AA-SR-501-502 show that the United's claimed number of connections to its proposed IAH-HAV service is substantially lower based on American's connecting parameters. In addition, these 14 connecting destinations to United's IAH-HAV service will represent less than one percent of the total Cuban-American population and passenger traffic to HAV.

Exhibits AA-SR-503-504 demonstrate that Miami and MIA have a significantly larger Cuban-American population and passenger demand to HAV than Houston and IAH have.

Exhibit AA-SR-505 presents the actual performance of United's IAH-HAV service compared to American's MIA-HAV service.

Using AA-MIA's Connecting Parameters, the Number of Connecting Points with Competitive Schedules to UA's Proposed IAH-HAV Services is Really 14, Not 44

In Surrebuttal to United Exhibit A-103

Roundtrip Connections To/From Havana Via United's IAH-HAV Proposal			
1	Albuquerque	✖	Los Angeles
2	Alexandria	24	Lubbock
✖	Austin	25	McAllen
✖	Baton Rouge	✖	Memphis
✖	Brownsville	✖	Minneapolis
✖	Chicago	28	Monroe
✖	College Station	✖	New Orleans
8	Corpus Christi	30	Oklahoma City
✖	Dallas/Ft. Worth	✖	Omaha
✖	Denver	✖	Pensacola
11	Des Moines	✖	Phoenix
12	El Paso	✖	Portland
13	Fayetteville	✖	Sacramento
✖	Gulfport	36	Salt Lake City
✖	Harlingen	✖	San Antonio
✖	Jackson	✖	San Francisco
✖	Kansas City	✖	Seattle
✖	Killeen	40	Shreveport
✖	Lafayette	✖	Springfield
✖	Lake Charles	✖	St. Louis
21	Laredo	✖	Tulsa
✖	Las Vegas	44	Wichita

- ✖ Maximum Connecting Time: > 4 hours
- ✖ Circuity: > 1.4
- ✖ Circuity longer than MIA
- ✖ Total elapsed time longer than AA-MIA
- ✖ Existing HAV service

Source: Innovata Schedules Data via Diio (July 2017)

Note: Emphasis added by American; Total elapsed time for AA-MIA is based on Southbound connections (Summer season schedules); Connecting parameters

– Minimum connect time (Southbound: 55 min / Northbound: 70 min) and Maximum connect time (4 hours)

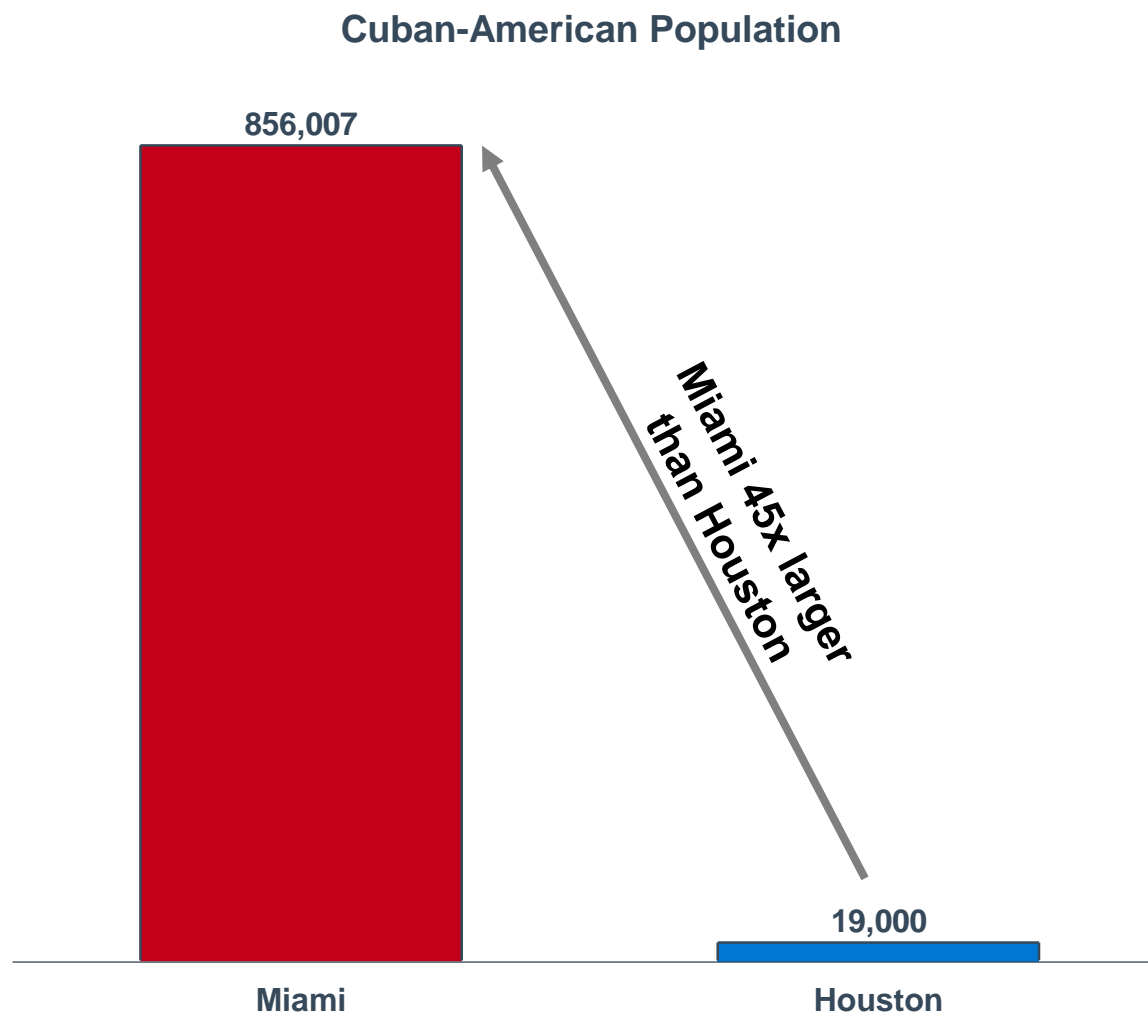
These 14 Behind Points Represent 0.54% of the Total Cuban-American Population in the U.S. and 0.13% of the Total O&D Passengers to HAV

In Surrebuttal to United Exhibit A-103

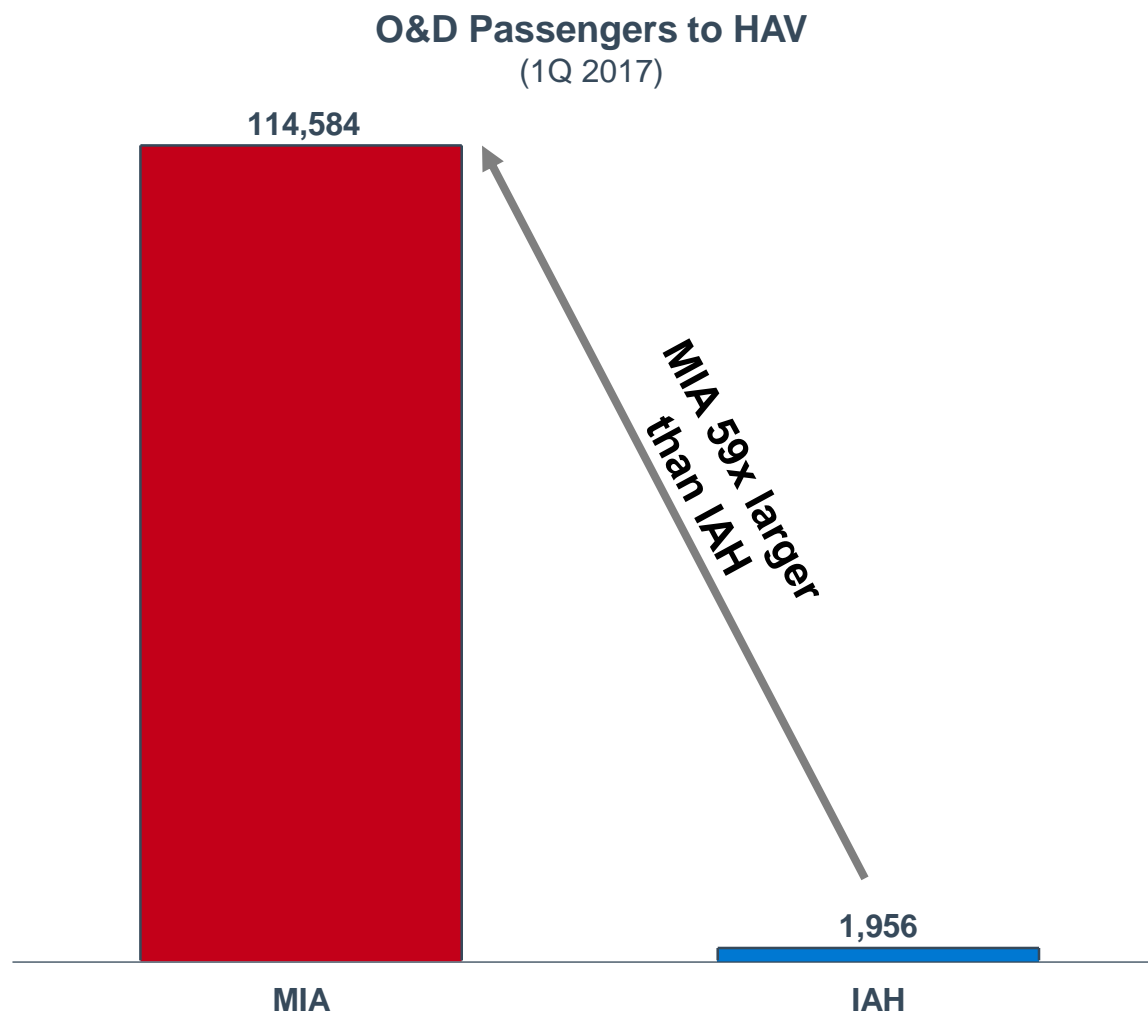
Behind Points with Competitive Connecting Schedules over UA-IAH

Number	Code	City	Cuban-American Population	O&D Passengers To/From HAV
1	ABQ	Albuquerque	3,420	182
2	AEX	Alexandria	n.a.	-
3	CRP	Corpus Christi	599	40
4	DSM	Des Moines	302	40
5	ELP	El Paso	832	10
6	XNA	Fayetteville	320	52
7	LRD	Laredo	226	20
8	LBB	Lubbock	225	-
9	MFE	McAllen	760	-
10	MLU	Monroe	n.a.	20
11	OKC	Oklahoma City	1,069	98
12	SLC	Salt Lake City	1,114	604
13	SHV	Shreveport	238	-
14	ICT	Wichita	592	99
Total UA-IAH Points			9,697	1,164
Total U.S.			1,785,547	912,357
UA-IAH Share of the Total			0.54%	0.13%

Miami's Cuban-American Population Dwarfs Houston



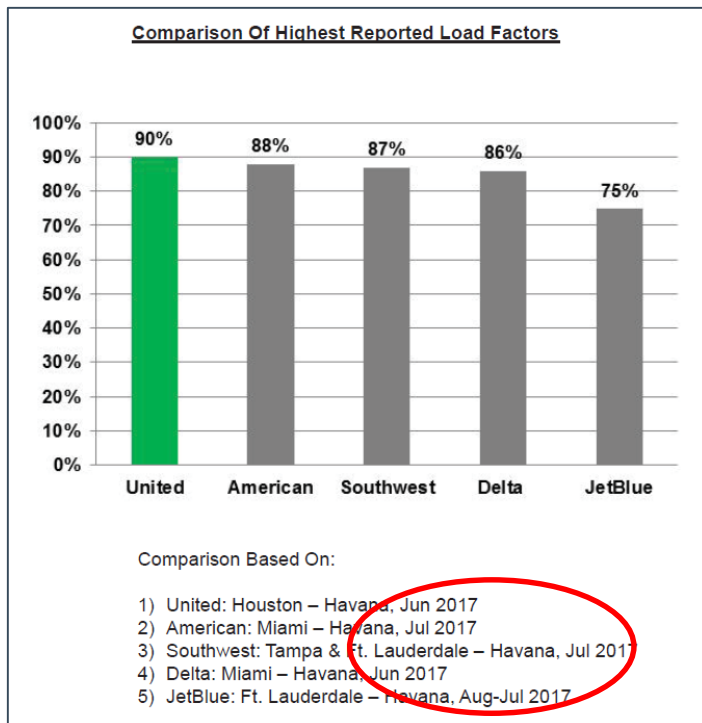
MIA's Passengers to HAV Dwarfs Houston



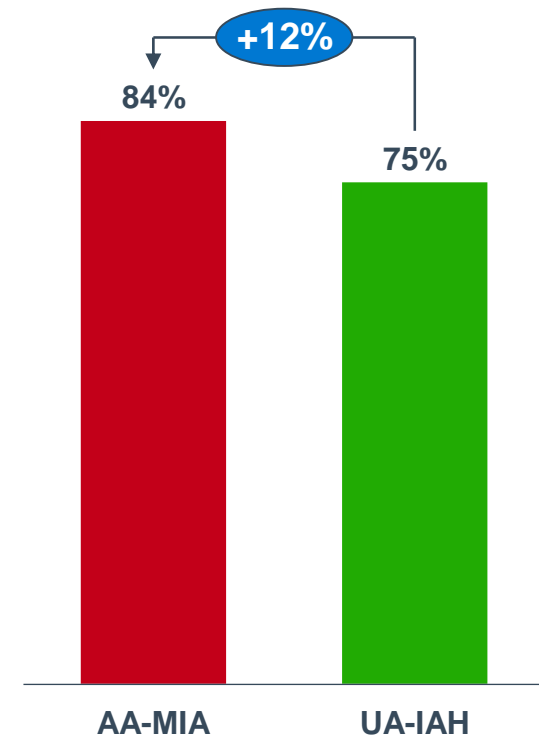
An Isolated Snapshot of a Peak Month is Not a Reasonable or Objective Measure of Success

In Surrebuttal to United Exhibit A-102

United used only its best month to compare load factors because it is the only way United can portray high load factors



U.S.-HAV Load Factor (December 2016 – July 2017)



**American
Airlines**

