

## **UPDATE TO AIRLINE COMPETITION PLAN PHILADELPHIA INTERNATIONAL AIRPORT**

Prepared for

Federal Aviation Administration

in compliance with requirements of AIR21 and PGL 04-08

Prepared by

City of Philadelphia

Division of Aviation

Philadelphia, Pennsylvania



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Mr. Benito De Leon  
Director of Airport Planning and Programming  
Federal Aviation Administration, APP-1  
800 Independence Avenue, Southwest  
Washington, D.C. 20591

Re: Airline Competition Plan Update, Philadelphia International Airport

Dear Mr. De Leon:

The City of Philadelphia is pleased to submit to the Federal Aviation Administration (FAA) the attached update to the Airline Competition Plan for Philadelphia International Airport. The update supplements our Competition Plan dated August 31, 2000, as approved by the FAA on December 15, 2001; the update submitted on February 28, 2002, as approved by the FAA on September 11, 2002; and the update submitted on March 11, 2004, as approved by the FAA on April 9, 2004.

This 2008 update to our Competition Plan is submitted pursuant to the requirements of Section 155 of the *Wendell H. Ford Aviation Investment and Reform Act for the 21st Century* (AIR 21) and presents the information required by AIR 21 as identified in the FAA's Program Guidance Letter (PGL) 04-08 dated September 30, 2004. The update also provides the information requested in the FAA's letter to the City dated April 9, 2004, regarding the 2004 update.

The City and airlines accounting for substantially all the passengers enplaned at the Airport entered into a new Airport-Airline Use and Lease Agreement effective July 1, 2007. The provisions of the new agreement are described in this 2008 update. Also described are other programs, policies, and initiatives evidencing the City's continuing commitment to enabling opportunities for airlines to provide competitive service and airfares to and from the Philadelphia International Airport.

We look forward to your approval of the update. Please let me know if you have questions or require additional information.

Sincerely,

Charles J. Isdell  
Director of Aviation

Attachment

cc: Ms. Lori Pagnanelli, Manager, Harrisburg ADO  
Ms. Rina Cutler, Deputy Mayor for Transportation and Utilities

## EXECUTIVE SUMMARY

### Scope of 2008 Airline Competition Plan Update

The City of Philadelphia, owner and operator of Philadelphia International Airport is required to prepare and periodically update an Airline Competition Plan describing the City's programs and initiatives to enable and encourage competition among airlines at the Airport. Airline Competition Plans are required under Section 155 of the *Wendell H. Ford Aviation Investment and Reform Act for the 21st Century* (AIR-21) and are submitted to the Federal Aviation Administration (FAA). FAA approval is required as a condition for the City to receive federal grants-in-aid or have additional passenger facility charge (PFC) applications or amendments approved. The City has received FAA approval of its original Airline Competition Plan submitted in August 2000 and of updates submitted in February 2002 and March 2004.

Under guidelines set forth in the FAA's Program Guidance Letter (PGL) 04-08 dated September 30, 2004, this 2008 update to the Competition Plan is required to describe the provisions of a new Airport-Airline Use and Lease Agreement (Airline Agreement) that became effective on July 1, 2007.

As well as summarizing the new Airline Agreement, this 2008 update documents progress made by the City in implementing the construction programs, policies, and initiatives described in the earlier Competition Plan reports. Besides successful negotiation of the new Airline Agreement, initiatives undertaken by the City since 2004 have involved the expansion and reconfiguration of terminal facilities to accommodate increased airline service and the reassignment of facilities among airlines to improve utilization. The initiatives have enabled the initiation and expansion of airline service by, among others, Southwest Airlines and Frontier Airlines, both of which began service at the Airport in 2004. Southwest Airlines is scheduled to provide 64 daily departures as of April 2008.

The update is organized according to the PGL 04-08 guidelines. Except as otherwise noted, information provided is for the City's fiscal year (FY) ended June 30, 2007 (referred to in the update as the Reporting Period).

### Implementation of Initiatives from 2004 Competition Plan Update

Specific initiatives documented in the 2004 Competition Plan update and their implementation status are as follows:

- *Expand Terminal E to provide 3 additional gates for preferential use or common use.* A project to expand Terminals D and E is under construction and will provide a net increase of 3 gates upon its completion in 2009. These gates will be leased on a preferential-use basis to Southwest Airlines.

- *Incorporate "use-or-lose" provisions in future preferential-use agreements.* Under the new Airline Agreement, all gates at the Airport are now leased on a preferential-use or common-use basis. "Use-or-lose" thresholds have been established for airlines to maintain preferential scheduling rights to gates. The minimum use requirements are 4.25 turns per day for an airline leasing one gate, increasing to an average of 5.00 turns per day for an airline leasing 4 or more gates.
- *Implement a multi-user flight information display system (MUFIDS) to allow the continuous monitoring of the use of all gates.* The City has implemented MUFIDS throughout the terminal complex and has acquired software to allow future integration of MUFIDS with its gate-use monitoring system.
- *Accommodate new service by Frontier Airlines.* Frontier started service at the Airport in May 2004 and as of April 2008 is scheduled to operate 2 daily departures from common-use facilities in Terminal A-West.

### **Increased Airline Service**

The seven largest U.S. passenger airlines all serve Philadelphia International Airport, providing service to destinations throughout the United States. Scheduled international service is provided by U.S. and foreign flag airlines to Canada, Europe, the Caribbean, and Latin America. Since the mid-1990s, US Airways and its regional airline affiliates operating as US Airways Express have concentrated service at the Airport, which is one of the primary connecting hubs in the US Airways system. In September 2005, upon its successful emergence from bankruptcy protection, US Airways merged with America West Airlines and confirmed the importance of the Airport in the combined airline's system.

Philadelphia enjoys a high level of airline service, as measured by the number of destinations served nonstop and the number of flight departures from the Airport. As scheduled for April 2008, nonstop airline service was provided by US Airways to all of the Philadelphia's 25 largest passenger markets (cities collectively accounting for approximately 68% of passengers). Nonstop service by one or more other airlines was provided to 23 of the 25 markets.

Between April 2004 and April 2008, the average number of daily scheduled flight departures to domestic destinations from the Airport increased from 537 to 570 departures, with approximately 60% of the seats now provided on the flights of US Airways and US Airways Express.

The City has developed a marketing program that uses advertising, direct mail, website communications, promotions, and business case presentations to encourage additional service by incumbent airlines and to attract new entrant airlines. Air service development initiatives involve the compilation and dissemination of data

on passenger demand to airline marketing and scheduling departments and making presentations to airline management regarding the Philadelphia air traffic market.

Airlines that have recently begun service at the Airport include Southwest (May 2004) and Frontier (May 2004). These two airlines, together with AirTran Airways, which has served the Airport since 1994, and USA 3000, which has served the Airport since 2003, are classified by the U.S. Department of Transportation as “low-fare” airlines and provide competition in many travel markets from the Airport. As of April 2008, Southwest was scheduled to provide to 64 daily departures, making it the second busiest airline at the Airport.

As of April 2008, AirTran, Frontier, Southwest, and USA 3000 together provided service to 25 domestic destinations with 81 daily departures, 3.5 times the 23 departures provided by low-fare airlines in April 2004. The four airlines accounted for approximately 15% of passengers enplaned at the Airport in FY 2007. Fare competition at the Airport has resulted in reduced average airfares and increased air travel, both by passengers who otherwise would have used competing airports and by those who would not have traveled by air.

Between FY 2004 and FY 2005, passenger numbers at the Airport increased 18%, largely as a result of intense airfare competition and the buildup of service by Southwest and US Airways. Most of the increase was accounted for by passengers originating their air journeys at the Airport, rather than those connecting between flights. In FY 2005, the first full fiscal year of Southwest service, originating passenger numbers increased 24% as average domestic airfares decreased 19%.

The figures on the following page illustrate the increased diversification in airline market shares of enplaned and originating passengers, respectively, between FY 2003 and FY 2007. In FY 2007, approximately 63% of passengers enplaned at the Airport were originating, with the remaining 37% connecting between flights. US Airways and US Airways Express together accounted for 60% of enplaned passengers and 41% of originating passengers; Southwest accounted for 12% of enplaned passengers and 17% of originating passengers. In FY 2007, approximately 59% of originating passengers at the Airport were carried by airlines other than US Airways.

## **Provision of Terminal Capacity**

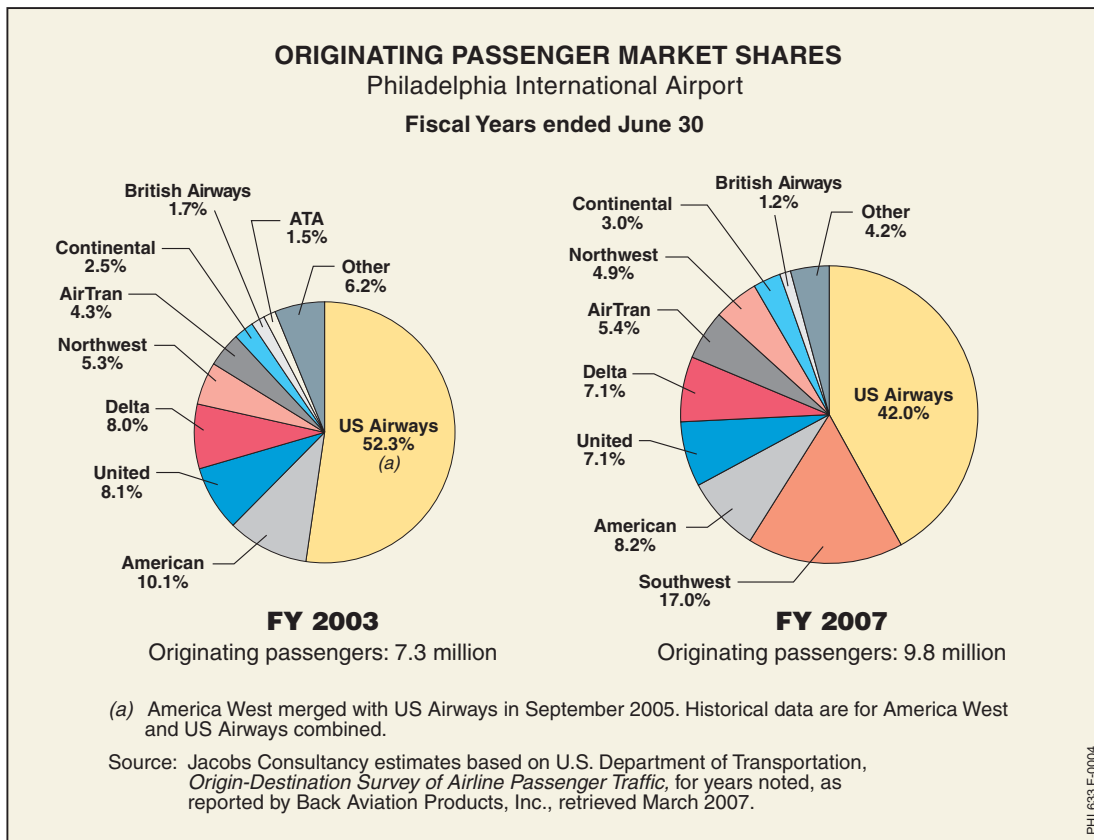
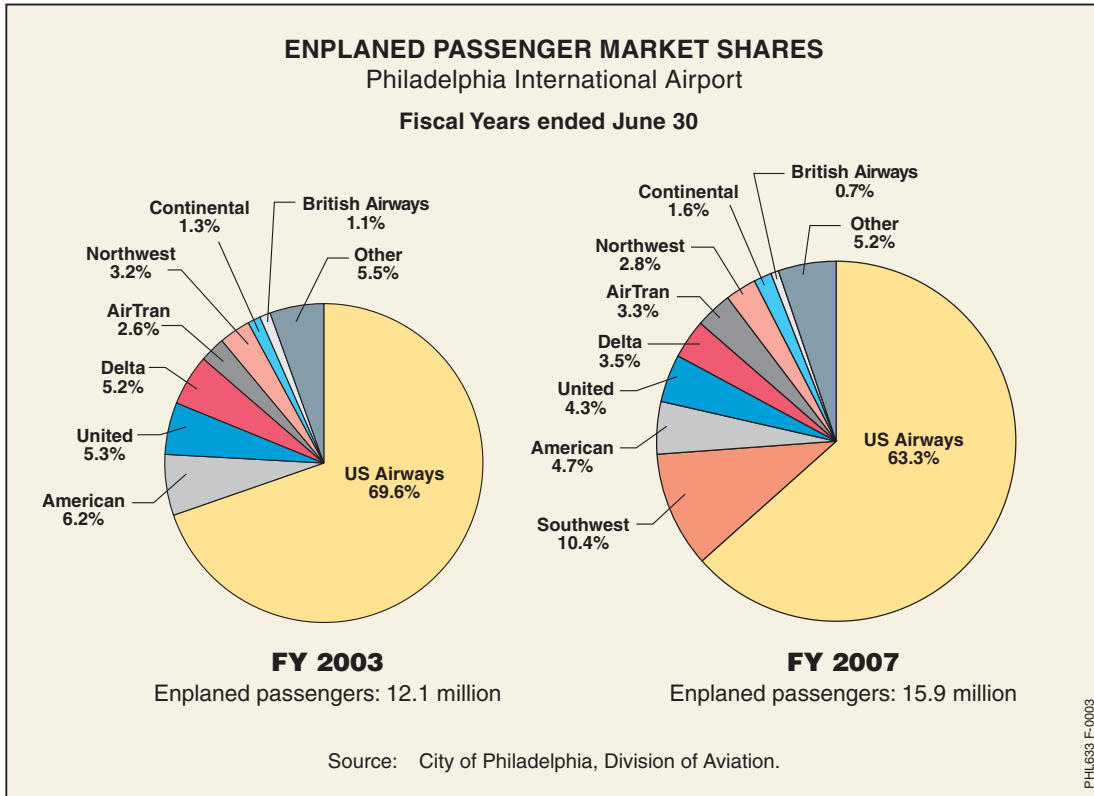
The City is undertaking expansion projects in Terminals D, E, and A-West to provide facilities for additional airline service and has relocated certain airlines to increase and balance the utilization of terminal facilities.

The expansion of Terminals D and E involves construction of a new D-E connector building housing passenger and baggage screening facilities, expanded baggage claim facilities, new gates and expanded holdrooms in a “hammerhead” on Concourse E, other terminal renovations, and thermal plant upgrades. The construction is planned to be completed in 2009 and will provide 3 additional narrowbody aircraft gates. The reconfiguration of facilities at Terminal A-West will provide up to 3 additional gates capable of handling B-757 aircraft in international service.

To promote the more productive use of gates throughout the terminal complex, the City has reassigned gates and other facilities to allow the “right-sizing” of facilities for certain airlines, including Continental Airlines, Delta Air Lines, US Airways, and United Airlines, and provide additional facilities for airlines that have increased service at the Airport, including Southwest. In November 2007, Delta relocated its operations from 4 gates at Terminal E to 3 gates in Terminal A-East.

## **New Airline Agreement**

A milestone in the City’s efforts to promote and enable competitive airline service at the Airport was the negotiation and execution of the new Airline Agreement. The new agreement has been executed by airlines accounting for substantially all the passengers enplaned at the Airport and extends to June 30, 2011.



The new Airline Agreement reflects the City's objectives to accommodate expanded service by both new entrant and incumbent airlines and is intended to facilitate gate access to any airline desiring to serve the Airport. Specific provisions of the Airline Agreement cover:

- Conversion of airline premises from exclusive-use to preferential-use or common-use status
- Designation of City control of domestic common-use gates
- Accommodation and gate recapture rights
- Preapproval of a capital improvement program that is not subject to further airline majority-in-interest (MII) approval
- Limitations on MII provisions for projects that are not included in the preapproved capital program
- City review and approval rights for accommodation or sublease arrangements between airlines
- Explicit dispute resolution procedures

### **Accommodation of Competitive Airline Service**

This update to the City's Airline Competition Plan is intended primarily to provide to the FAA information regarding the provisions of the new Airline Agreement. The update also provides information on the policies, capital programs, and other initiatives demonstrating the City's commitment to providing an operating environment that promotes competitive airline service to the Philadelphia region.

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This Competition Plan Update is organized in accordance with the guidance provided in the FAA’s Program Guidance Letter (PGL) 04-08. Each of the section headings and subheadings is taken verbatim from the guidance provided in PGL 04-08.

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- C DIAGRAM OF CONCOURSES
- D SAMPLE GATE MONITORING PROCEDURES
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- G GATE ASSIGNMENT POLICY

## Section 1

### AVAILABILITY OF GATES AND RELATED FACILITIES

#### 1.1 Number of Gates Available at the Airport by Lease Arrangement, i.e., Exclusive, Preferential, or Common Use, and Current Allocation of Gates

The Airport provides 82 gates capable of accommodating large jet airline aircraft at Terminals A-West through E and 38 gates designed for use by regional airline aircraft at Terminal F. Through June 2006, under the prior Airline Agreement, most of these gates were leased to airlines for their exclusive use. Under the new Airline Agreement, to promote the high utilization of gates, all gates are being leased on a preferential-use basis or assigned on a common-use basis. A gate leased to an airline on a preferential-use basis may be made available to other airlines at the direction of the City if the gate is not being used by the leasing airline. A common-use gate may be assigned by the City for use by any airline. Of the 120 gates at the Airport, 98 are categorized as preferential-use, one as Domestic Common Use, and 21 as International Common Use. The numbers of gates assigned to each airline, designated by lease arrangement, are shown in Table 1-1 and Attachment A.

Article 12B of the Airline Agreement (included as Attachment B) sets forth the City's Policy of Open Access with regard to the assignment of gates to the airlines signatory to the Airline Agreement (Signatory Airlines), as follows:\*

“City has a policy of providing open access to the Airport and achieving a balanced utilization of the facilities of the Airport. To achieve that goal, City has . . . (i) established Domestic Common Use Terminal Areas; (ii) established procedures for the consensual reallocation of space and accommodations among Passenger Air Transportation Companies, including Airline; (iii) reserved to City the right to require temporary use of Airline's Preferential Use Premises; (iv) established procedures to accommodate requests for facilities by Passenger Air Transportation Companies seeking to expand their present service at the Airport or Passenger Air Transportation Companies seeking entry into the Airport and (v) established Minimum Use Requirements.”

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\*Throughout this report, capitalized terms are used as defined in the Airline Agreement.

The fees associated with the use of the Domestic Common Use Area include a Domestic Common Use Gate Fee and a Domestic Common Use Ticket Counter Fee. Such fees are assessed on a per Turnaround Use and are established in Rules and Regulations promulgated by the City. The rates are determined taking into account the costs associated with the Domestic Common Use Terminal Areas assuming four Turnaround Uses per day.

## **1.2 Whether Any Air Carriers That Have Been Serving the Airport for More Than Three Years are Relying Exclusively on Common-Use Gates**

No airline serving the Airport for more than three years relies exclusively on Domestic Common Use Gates. However, some domestic airline operations are accommodated in the International Common Use Areas. Frontier and USA 3000, which have served the Airport since 2004 and 2003 respectively, operate exclusively from such International Common Use Areas.

## **1.3 Diagram of the Airport's Concourses**

A diagram of the Airport's concourses is presented as Attachment C.

## **1.4 Description of the Gate Use Monitoring Policies, Including Any Differences in Policy at Gates Subject to PFC Assurance #7 and Samples of Gate Use Monitoring Charts, Along with a Description of How the Charts are Derived and How They Are Used by the Airport**

The City analyzes the number of departures per gate by airline Airport-wide approximately once every 6 months using scheduled flight data from the Official Airline Guide (OAG) database. Such analysis of gate utilization based on published OAG schedules is required under the Airline Agreement for Scheduled Service and Minimum Use Requirements for Change of Facility Status compliance.

In addition, the City is pursuing the ability to monitor the utilization of gate facilities in real time. Prior to the 2004 update, the City had installed MUFIDS in Terminal A-West. Since the 2004 update, the City has installed MUFIDS in all terminals. This system will form the backbone for the real-time monitoring of gate utilization Airport-wide.

The City has purchased software to track and report all gate operations at the Airport. Upon the integration and implementation of this software with MUFIDS, the City will have the ability to augment the current validation of published schedules against Flight Activity Reports with the ability to validate the Flight Activity Reports against real time operations data by gate.

As a component of the proposed augmentation of the current gate monitoring procedures, the City is reviewing proposed new Gate Monitoring Procedures like the sample provided as Attachment D. As set forth in the sample procedures, data from the monthly Flight Activity Reports submitted by the airlines could be used to generate an Airport Market Share Report detailing airline activity relating to operating status, schedule, gate, and number of landings.

### **1.5 Description of the Process for Accommodating New Service and for Service by a New Entrant**

To facilitate the entry of new airline and the expansion of service by existing airlines at the Airport, specific accommodation procedures are outlined in Article 14 of the Airline Agreement as follows:

- **Accommodation at Domestic Common Use Terminal Areas.** City first seeks to accommodate a requesting airline at any available Domestic Common Use Terminal Areas. In the event that City is unable to accommodate the existing or proposed operations of a requesting airline at the Domestic Common Use Terminal Areas, City has the right to schedule aircraft operations of such requesting airline at another Signatory Airline's Preferential Use Premises provided such new operations do not interfere with the Active Loading and Active Unloading operations of the Signatory Airline.
- **Voluntary Accommodation by Signatory Airline.** City will notify all Signatory Airlines in writing regarding the request for accommodation, including the specific schedule to be accommodated. If a Signatory Airline is able and willing to accommodate the schedule of a requesting airline on all or a portion of Airline's Preferential Use Premises, a written agreement shall be entered into between the Signatory Airline and the requesting airline, subject to the prior review and approval by City.
- **City Designated Accommodation.** If no Signatory Airline has responded in writing to City for a voluntary accommodation, City shall make a determination as to how the requesting airline can be accommodated on one or more of the Signatory Airline's Preferential Leased Premises. The Signatory Airline shall accommodate such requesting airline on its Preferential Use Premises. The City would give the Signatory Airline and requesting airline a period of time to enter into a written agreement, subject to the prior review and approval of City. If the two airlines are unable to reach agreement, the Airline Agreement has provisions through which the City can manage the accommodation.

If the requesting airline could be accommodated on another airline's Preferential Use Premises, the City would review its most recent Gate Use Monitoring Charts to determine if Preferential Use Premises could be converted to Domestic Common Use Terminal Areas or made available for lease to the requesting airline under the change of Facilities Status provisions outlined in Article 15A of the Airline Agreement.

**1.6 Description of Any Instances in Which the PFC Competitive Assurance #7 Operated to Convert Previously Exclusive-Use Gates to Preferential-Use Gates or Caused Such Gates to Become Available to Other Users**

Under the Airline Agreement, all gates at the Airport are preferential or common use. No exclusive use facilities were converted to preferential use facilities under PFC assurance #7.\*

**1.7 Gate Utilization (Departures per Gate) for Week and Month Reported for Each Gate**

The most recent analysis of scheduled flight departures by gates was for April 2008 and is set forth in Table 1-1.

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\*PFC Assurance #7 regarding Competitive Access is as follows: The City agrees that any lease or use agreement between the city and any airline for any facility financed in whole or in part with PFC revenues will contain a provision that permits the City to terminate the lease or use agreement if (a) the airline has an exclusive lease or use agreement for existing facilities at the Airport, and (b) any portion of its existing exclusive use facilities is not fully utilized and is not made available for use by potentially competing airlines.

Table 1-1  
**GATE USE BY AIRLINE**  
Philadelphia International Airport  
Scheduled for April 2008

Leasing or using airline	Terminal	Preferential use	Common use	Total	Average daily scheduled departures (a)	Average daily scheduled departures per gate
Air Canada	D	1	--	1	4.5	4.5
AirTran	D	4	--	4	13.7	3.4
American (b)	A-East	4	--	4	24.7	6.2
Continental	D	2	--	2	9.1	4.6
Delta	A-East	3	--	3	23.5	7.8
Frontier	A-West	--	1 (c)	1	2.0	2.0
Northwest	E	3	--	3	16.6	5.5
Southwest	D, E	9	--	9	64.2	7.1
United	D	4	--	4	19.9	5.0
US Airways (mainline domestic)	B, C	30	--	30	121.1 (d)	4.0
US Airways (regional affiliates)	F	38 (e)	--	38	288.0 (d)	7.6
Domestic common use	D, E	--	1 (f)	1	--	--
City (not in use)	E	--	<u>4</u>	<u>4</u>	<u>--</u>	--
Subtotal domestic		98	6	104	587.2	5.6
International common use	A-West, A-East	--				
US Airways (international)		--	13 (c)	13	23.2	1.8
Other airlines		--	<u>3 (c)</u>	<u>3</u>	<u>7.1</u>	2.4
Subtotal international		--	<u>16</u>	<u>16</u>	<u>30.3</u>	1.9
Total/average		98	22	120	617.5	5.1

(a) Source: Official Airline Guides, Inc., retrieved from BACK Aviation databases, March 2008.

(b) Includes 4.3 average daily scheduled departures by Midwest.

(c) International common use gates subject to reassignment.

(d) Includes service to Canada.

(e) 24 gates equipped with loading bridges for use by regional jet aircraft and 14 gates without loading bridges for use by regional turboprop aircraft.

(f) Gate not normally used except for overnight aircraft parking.

Note: Gate count is for aircraft loading positions equipped with loading bridges, except for Terminal F as noted. See Appendix B for details.

### **1.8 The Circumstances of Accommodating a New Entrant or Expansion during the 12 Months Preceding Filing, Including the Length of Time Between Initial Airline Contact of Airport and Start of Service, the Identity of the Airlines and How They Were Accommodated**

Since the 2004 update, 4 airlines have requested facilities. Such requests have been accommodated as follows:

- In response to a request from US Airways, and under an MII approval, the City may reconfigure Terminal A-West to provide up to 3 additional gates capable of accommodating B-757 aircraft in international service by US Airways. The additional gates will be International Common Use Gates.
- In response to a request by Southwest for additional gates, the City identified Delta Air Lines as an airline that could be relocated from Terminal E to Terminal A-East. In addition to the gates provided in Terminal E by such relocation, the Terminals D and E expansion project outlined in Section 8 will provide 3 additional gates. The City expects that all new facilities in Terminal E will be available for lease by October 2009. The facilities will be included in Southwest's Preferential Leased Premises.
- In response to requests from Frontier and USA 3000, the City identified gates to accommodate service by both carriers in the International Common Use Areas. Both carriers have found this accommodation satisfactory and have not requested alternative facilities.

### **1.9 Resolution of Any Access Complaints by a New Entrant or Other Airline Seeking to Expand Service During the 12 Months Preceding the Filing, Including a Description of the Process Used to Resolve the Complaint**

During the Reporting Period, there were no access complaints by a new entrant or existing airline seeking to expand service at the Airport.

### **1.10 Use/Lose or Use/Share Policies and Recapture Policies for Gates and Other Facilities. If No Such Policy Exists, Explain the Role, if Any Under-Utilized Gates Play in Accommodating Airline Requests for Gates**

The City's rights to reassign gates and other facilities are specified in the Change of Facility Status provision of Article 15A of the Airline Agreement, which is as follows:

**Change of Facility Status Rights:** In the event that City, in exercising prudent management of the Airport facilities, determines there is a need for additional facilities to lease to a Requesting Air Transportation Company or additional facilities are needed for Domestic Common Use Terminal Areas, a portion of

any individual Signatory Airline's Leased Premises may be subject to a change of facility status.

Gate utilization criteria are set forth in Article 15 of the Airline Agreement. Scheduled daily activity for three calendar months is used to calculate average airline aircraft departures per gate per day. In the event that more than 50% of the departures from an Airline's gates are represented by Regional Aircraft, then departures by all Regional Aircraft from such Airline's gates at Terminals A, B, C, D, and E are discounted by 50%. (Departures from Terminal F are not discounted.)

Signatory Passenger Airlines are subject to the change of facility status process for the number of gates that do not meet the Minimum Use Requirement.

The Minimum Use Requirements are as follows:

Number of Gates	Average departures per gate
One	4.25
Two	4.50
Three	4.75
Four or more	5.00

An Airline with one gate must maintain an average of at least 4.25 departures per day; an Airline with two gates must maintain an average of at least 4.5 departures per day; an Airline with three gates must maintain an average of at least 4.75 departures per day; and an Airline with 4 or more gates must maintain an average of 5 departures per day.

#### **1.11 Plans to Make Gates and Related Facilities Available to New Entrants or to Airlines That Want to Expand Service at the Airport and Methods of Accommodating New Gate Demand by Airlines at the Airport (Common-Use, Preferential-Use, or Exclusive-Use Gates)**

Provisions of the Airline Agreement that give the City the ability to make gates available for new entrants or existing airlines wishing to expand service are as follows:

- Article 15 of the Airline Agreement sets forth the Change of Facility Status provisions under which the City may reallocate terminal facilities leased to Signatory Airlines if Minimum Use Requirements (aircraft departures per gate per day) are not met (see Section 1.10).
- Article 12 of the Airline Agreement stipulates that each Signatory Airline's Preferential Use Premises and Ramp Premises are subject to the change of facility status, relocation, Active Loading and Active Unloading period

requirements as well as the accommodation provisions of Article 14 of the Airline Agreement (see Section 1.5).

- Article 12 of the Airline Agreement also requires that gates and related facilities be made available as discussed in Section 1.1.3. The designation of terminal areas as City Controlled Domestic Common Use Terminal Areas (including Common Use Gates and Ticket Counters) allows for their use by new entrant or existing airlines on a Turnaround Use basis. Currently, one gate (D-10) and six Ticket Counter Positions in Terminal D are included in the Domestic Common Use Terminal Area.

### **1.12 Availability of an Airport Competitive Access Liaison to Assist Requesting Airlines, Including New Entrants**

The City has designated the Airport Director as the Airport's competitive access liaison.

### **1.13 Number of Aircraft Remain Overnight (RON) Positions Available at the Airport by Lease Arrangement, i.e., Exclusive, Preferential, Common-Use, or Unassigned, and Distribution by Airline. Describe Procedures for Monitoring and Assigning RON Positions and for Communicating Availability of RON Positions to Users**

The Airport Director designates and controls the number and location of approved aircraft parking positions for RON use. The Airline Agreement defines "Aircraft Parking and Storage Areas" as those portions of the Airfield Area that are designated by the Director for the parking and storage of aircraft and aircraft support vehicles, and, if necessary, the loading and unloading of aircraft.

A diagram of aircraft parking aprons adjacent to the terminal building and available for RON use is provided in Attachment D. As shown, approximately 120 aircraft parking positions are available at common-use or preferentially Leased Premises gates and approximately an additional 10 parking positions (depending on aircraft size) are available at hardstands.

The City maintains a policy of providing open access to overnight parking for aircraft for both incumbent and new entrant airlines. During the Reporting Period all aircraft requiring RON positions were accommodated.

## Section 2

### LEASING AND SUBLEASING ARRANGEMENTS

#### 2.1 Whether a Subleasing or Handling Arrangement with an Incumbent Carrier is Necessary to Obtain Access

A new entrant airline providing domestic service is not required to enter into a subleasing or ground-handling arrangement with an incumbent airline to obtain access to the Airport. A new entrant airline may sign the Airline Agreement and, if facilities are currently unleased and available, may lease facilities directly from the City as a Signatory Airline. A new entrant airline has a choice of ground handling providers and does not have to use any incumbent airline for such services.

A new entrant airline that prefers to operate at the Airport without the lease of terminal facilities may use the Domestic Common Use Terminal Areas (to the extent such facilities are available for the new entrant's anticipated operations) on a per turn basis according to the rate schedule established pursuant to the Airline Agreement as described in Section 1.1. Facilities in the International Common Use Areas may also be made available for a new entrant domestic operation on an interim basis until such time as other domestic gates are constructed or become available.

Alternatively, a new entrant airline may work directly with an incumbent airline for a direct sublease or ground handling agreement or may contact the Airport Director under the provisions of Article 14B of the Airline Agreement for accommodation on a Signatory Airline's Preferential Use Premises. In the event the Article 14B accommodation provisions do not result in a satisfactory result for the new entrant airline, the City may implement a Change of Facility Status process pursuant to Article 15 of the Airline Agreement to determine if underutilized terminal facilities are available to accommodate the new entrant operations.

A new entrant airline may be granted the right to use International Common Use Areas in conjunction with Signatory Airlines and other airlines. Article 12G of the Airline Agreement provides that International Common Use Areas are to be assigned at the discretion of the City, consistent with the established international gate use provisions in its operating plan. The use of the International Common Use Areas must be scheduled with City on a biannual basis or as periodically established. Signatory Airlines have priority use of the International Common Use Areas over Non-Signatory Airlines for the operation of international flights.

## **2.2 How the Airport Assists Requesting Airline Obtain a Sublease or Handling Arrangements**

### **2.2.1 Subleases**

Article 29 of the Airline Agreement provides that a Signatory Airline may not sublet any space leased to such Signatory Airline without obtaining the prior written consent of the City. Therefore, the City will be directly involved in the business terms and operational provisions of any sublease arrangement. In the event an airline is unable to reach agreement with an incumbent airline for a direct sublease, such airline may contact the Airport Director as provided for in Article 14B of the Airline Agreement for accommodation either on a voluntary or City-designated basis on Preferential Use premises.

### **2.2.2 Ground-Handling Agreements**

Article 5A of the Airline Agreement outlines the City's policy regarding ground-handling agreements.

“In the event a Signatory Airline wants to provide ground handling services to another airline, except any Affiliate(s) or City-approved sublessee of Airline, Airline must provide City a description of the services to be provided, the airline to whom the services are to be provided, the facilities involved in the ground handling services, and charges.”

Any ground handling services arrangement is subject to the prior approval of the City. City approval will be dependent upon Signatory Airline charging reasonable fees for ground handling services.

The City will be directly involved in the business terms and operational provisions of any ground handling services arrangement. In the event an airline is unable to reach agreement with a Signatory Airline for a direct ground handling services agreement, Article 5 of the Airline Agreement provides that the City reserves the right to establish third party airline service companies to operate at the Airport.

## **2.3 Airport Policies for Sublease Fees (e.g., Maximum 15% Above Lease Rates) and for Oversight of Fees, Ground/Handling Arrangements and Incumbent Schedule Adjustments That Could Affect Access to Subtenants**

Article 14 of the Airline Agreement specifically provides that a Signatory Airline may assess a requesting airline rentals, fees and charges amounting to no more than 115% of the Signatory Airline's costs for the facilities. Article 5 of the Airline Agreement stipulates the Signatory Airline must charge a reasonable fee to receive City consent for ground handling service agreements.

## **2.4 Process by Which Availability of Facilities for Sublease or Sharing Is Communicated to Other Interested Carriers and Procedures by Which Sublease or Sharing Arrangements Are Processed**

The City process for communicating and processing sublease opportunities have not changed from what was reported in the 2004 update.

## **2.5 Procedure for Resolving Disputes or Complaints among Carriers Regarding Use of Airport Facilities, Including Complaints by Subtenants About Excessive Sublease Fees or Unnecessary Bundling of Services**

There have been no changes to the procedures for resolving disputes or complaints by and among airlines regarding use of Airport facilities to the procedures set forth in the 2004 update. The City has in the past always been able to achieve voluntary resolution of airline complaints and disputes and has not had to invoke the formal resolution process.

## **2.6 Resolution of Any Disputes over Subleasing Arrangements in the 12 Months Preceding this Filing**

There were no disputes regarding subleasing arrangements at the Airport during the Reporting Period.

## **2.7 Accommodation of Independent Ground Service Support Contractors, Including Ground Handling, Maintenance, Fueling, Catering, or Other Support Services**

There have been no changes to the protocols, policies, or procedures used by the City to support and accommodate independent ground handling service support contractors at the Airport. There have been no instances of dispute or lack of accommodation for such contractors during the Reporting Period.

## **2.8 Copies of Lease and Use Agreements in Effect at the Airport**

The City's Airline Agreement is included as Attachment B. A copy of the operating permit, known as a Fee Payment Agreement for Non-Signatory airlines is included as Attachment F.

Any airline that elects not to execute the Airline Agreement is given the opportunity to enter into the standard form of nonexclusive Fee Payment Agreement.

The standard term of the Fee Payment Agreement is month-to-month and does not provide for the preferential use of terminal facilities. Landing fees are payable at the Non-Signatory rate then in effect, as specified in the City's annual Airport Rates and

Charges Regulation, and are not subject to a minimum annual payment. The Fee Payment Agreement provides for self-invoicing by the airline, requires evidence of satisfactory insurance coverage, and requires a surety in the form of a performance bond in an amount equal to 3 months' estimated landing fees.

## Section 3

### PATTERNS OF AIR SERVICE

#### 3.1 Number of Markets Served and the Identities of Carriers Serving the Airport

Of markets served from Philadelphia International Airport in FY 2007, 188 averaged 10 or more originating passengers per day.

Table 3-1 lists the airlines serving the Airport.

Table 3-1				
<b>AIRLINES PROVIDING SCHEDULED SERVICE</b>				
Philadelphia International Airport				
April 2008				
U.S. flag airlines				
Major airlines		Regional affiliates		
Code	Name	Code	Name	Affiliation(s)
FL	AirTran Airways	AX	Trans States Airlines	AA
AA	American Airlines	RP	Chautauqua Airlines	AA US CO
CO	Continental Airlines	A136	Expressjet	CO
DL	Delta Air Lines	EV	Atlantic Southeast Airlines	DL
F9	Frontier Air Lines	OH	Comair	DL
YX	Midwest Airlines	F8	Freedom Airlines	DL
NW	Northwest Airlines	9E	Pinnacle Airlines	NW
WN	Southwest Airlines	OO	Sky West Airlines	YX
UA	United Airlines	A484	United Express	UA
US	US Airways	YV	Mesa Airlines	UA
U5	USA 3000 Airlines	A453	Piedmont	US
		A454	PSA	US
		RW	Republic Airlines	US
		ZW	Air Wisconsin	US
Foreign-flag airlines				
AF	Air France	QK	Air Canada Jazz	AC
BA	British Airways			
JM	Air Jamaica			
LH	Lufthansa			
Source: Official Airline Guides, Inc., retrieved from BACK Aviation databases, March 2008.				

### **3.2 Number of Markets Served on a Nonstop Basis and the Average Number of Flights Per Day**

The April 2008 schedule for PHL shows 91 domestic and 33 international markets (124 markets total) with nonstop service, seven more than in the 2004 update. Table 3-2 lists the destination airports served nonstop from PHL as of April 2008 and the average number of daily (or weekly) departures for each. Combined, there were 618 average daily departures to domestic and international markets. This represents a 15% increase in the number of daily departures since 2004 update. The markets that appear in bold in the table are the top 40 originating passenger markets for PHL in FY 2007; all had nonstop service as of April 2008.

### **3.3 Number of Small Communities Served**

As of April 2008, PHL offered nonstop service to 16 small community airports. A small community airport is defined as one that is located in a metropolitan statistical area (MSA) with a population of fewer than 500,000 people. This is essentially the same number of small communities as reported in the 2004 update. The small communities served and the number of flight departures per day are listed in Table 3-3. US Airways commuter partners provide virtually all of the small-community service from PHL. The only exception is that US Airways mainline and Southwest both provide daily service to Manchester, NH, which serves the Boston metropolitan region. The 68 average daily flights to these small community destinations represented approximately 11% of PHL's 618 average daily departures as of April 2008, but only 2% of PHL's FY 2007 number of originating passengers.

Table 3-2  
**DESTINATIONS SERVED NONSTOP**  
 Philadelphia International Airport  
 April 2008

Domestic				International			
Destination	Flights per day	Destination	Flights per day	Destination	Flights per day	Destination	Flights per week
1 Akron/Canton	1	31 <b>Fort Myers</b>	5	61 <b>Orlando</b>	21	1 Amsterdam	5
Albany	7	Greensboro	6	<b>Phoenix</b>	8	Antigua	1
Allentown	5	Greenville/Spartanburg	3	<b>Pittsburgh</b>	15	Aruba	8
<b>Atlanta</b>	22	Harrisburg	7	Portland, ME	6	Barbados	1
Augusta	1	<b>Hartford</b>	8	Portland, OR	1	Barcelona	3
Austin	1	<b>Houston (Bush)</b>	8	<b>Providence</b>	12	Bermuda	7
Baltimore	7	Houston (Hobby)	2	<b>Raleigh/Durham</b>	13	Brussels	4
Bangor	3	<b>Indianapolis</b>	8	Richmond	7	<b>Cancun</b>	21
Binghamton	6	Ithaca	5	Roanoke	3	Dublin	7
10 Birmingham	1	40 <b>Jacksonville</b>	5	70 Rochester	7	10 Frankfurt	15
<b>Boston</b>	20	Kansas City	3	Salisbury/Ocean City	6	Freeport	1
Buffalo	8	Knoxville	2	<b>Salt Lake City</b>	2	Grand Caymen Is.	1
Burlington	6	<b>Las Vegas</b>	8	San Antonio	1	London (Gatwick)	7
Charleston, SC	3	Long Island (MacArthur)	4	<b>San Diego</b>	2	London (Heathrow)	22
Charleston, WV	2	<b>Los Angeles</b>	6	<b>San Francisco</b>	6	Madrid	7
<b>Charlotte</b>	10	Louisville	3	<b>San Juan</b>	5	Manchester	7
Charlottesville	3	<b>Manchester</b>	12	Savannah/Hilton Head	1	Milan (Malpensa)	5
<b>Chicago (Midway)</b>	7	Memphis	3	<b>Seattle/Tacoma</b>	1	Montego Bay	16
<b>Chicago (O'Hare)</b>	22	<b>Miami</b>	6	<b>St. Louis</b>	10	Montreal	41
20 <b>Cincinnati</b>	9	50 <b>Milwaukee</b>	7	80 St. Petersburg	1	20 Munich	5
<b>Cleveland</b>	10	<b>Minneapolis/St. Paul</b>	7	St. Thomas	1	Nassau	14
Columbia	3	Myrtle Beach	1	State College	6	Ottawa	25
<b>Columbus</b>	9	<b>Nashville</b>	6	Syracuse	7	Paris	14
<b>Dallas/Ft. Worth</b>	12	New Haven	5	<b>Tampa</b>	10	Providenciales	1
Dayton	5	<b>New Orleans</b>	3	Washington (Reagan)	9	<b>Punta Cana</b>	12
<b>Denver</b>	7	New York (Kennedy)	2	Washington (Dulles)	4	Rome (Fiumicino)	7
<b>Detroit</b>	13	New York (LaGuardia)	11	<b>West Palm Beach</b>	6	San Jose	1
Elmira	6	Newburgh	5	Westchester County	5	Santo Domingo	1
Erie	3	Newport News	6	Wilkes Barre	6	St. Lucia	1
30 <b>Fort Lauderdale</b>	10	60 Norfolk	8	90 Williamsport PA	4	30 St. Maarten	8
				91 Wilmington NC	<u>4</u>	Toronto	73
				Total domestic daily departures	<b>570</b>	Venice	3
						33 Zurich	<u>4</u>
						Total international weekly departures	<b>348</b>
						Total international daily departures	<b>48</b>

Note: **Boldfaced** destinations are the top 40 markets in terms of the number of origin-destination passengers on U.S. airlines in FY 2007.

Note: Numbers do not add to totals shown because of rounding.

Source: Official Airline Guides, Inc., retrieved from BACK Aviation databases, March 2008.

Table 3-3  
**SCHEDULED AIRLINE SERVICE TO SMALL COMMUNITIES**  
 Philadelphia International Airport  
 April 2008

	Community	Airline	Departures per day
1	Bangor ME	US*	3.0
	Binghamton NY	US*	5.5
	Burlington VT	US*	5.9
	Charleston WV	US*	1.8
	Charlottesville VA	US*	2.8
	Elmira NY	US*	5.7
	Erie PA	US*	2.6
	Ithaca NY	US*	4.8
	Manchester NH	US WN	12.1
10	Myrtle Beach SC	US*	0.5
	Roanoke VA	US*	2.8
	Salisbury MD	US*	5.8
	Savannah GA	US*	1.1
	State College PA	US*	5.6
	Williamsport PA	US*	4.3
16	Wilmington NC	US*	<u>3.8</u>
	Total daily departures		68.1

Note: US\* refers to regional affiliates of US Airways.  
 US refers to US Airways.  
 WN refers to Southwest Airlines.

Note: A "small community" is defined as a metropolitan statistical area with fewer than 500,000 inhabitants.

Sources: Official Airline Guides, Inc., retrieved from BACK Aviation databases, March 2008. Woods & Poole Economics.

### 3.4 Number of Markets Served by Low-Fare Carriers

As of April 2008 there were 22 nonstop PHL markets in which more than 10% of FY 2007 originating passenger traffic traveled on low-fare airlines (as defined by the U.S. DOT). Only 8 such markets were reported in the 2004 update. The low-fare markets and the airlines serving them are presented in Table 3-4. The airlines shown in bold represent the low-fare airlines. Low-fare airlines currently serving PHL are AirTran, Frontier, Southwest and USA 3000. In April 2004, AirTran and ATA were

the only low-fare airlines serving at PHL. (ATA was not scheduled to serve PHL as of April 2008).

Table 3-4  
**NONSTOP DESTINATIONS WITH SCHEDULED SERVICE BY LOW-FARE AIRLINES**  
 Philadelphia International Airport  
 April 2008

Nonstop destination	Airline(s)
1 Atlanta	<b>Air Tran</b> , Delta, US Airways
Austin	<b>Southwest</b>
Cancun, Mexico	<b>USA 3000</b> , US Airways
Chicago (Midway)	<b>Southwest</b>
Columbus	<b>Southwest</b> , US Airways
Denver	<b>Frontier</b> , United, US Airways
Fort Lauderdale	<b>AirTran</b> , <b>Southwest</b> , <b>USA 3000</b> , US Airways
Ft. Myers	<b>USA 3000</b> , <b>Southwest</b> , US Airways
Houston (Hobby)	<b>Southwest</b>
10 Las Vegas	<b>Southwest</b> , US Airways
Manchester	<b>Southwest</b> , US Airways
Nashville	<b>Southwest</b> , US Airways
Orlando	<b>AirTran</b> , <b>Southwest</b> , US Airways
Phoenix	<b>Southwest</b> , US Airways
Pittsburgh	<b>Southwest</b> , US Airways
Providence	<b>Southwest</b> , US Airways
Punta Cana, Dom. Rep.	<b>USA 3000</b> , US Airways
Raleigh/Durham	<b>Southwest</b> , US Airways
San Antonio	<b>Southwest</b>
20 St. Petersburg	<b>USA 3000</b>
Tampa	<b>Southwest</b> , US Airways
22 West Palm Beach	<b>Southwest</b> , US Airways

Note: **Boldfaced type** are low-fare airlines as defined by the U.S. Department of Transportation.

Note: Each destination listed had at least 10% of originating passengers from Philadelphia flown to it on low-fare airlines in FY 2007.

Sources: Official Airline Guides, Inc., retrieved from BACK Aviation databases, March 2008; U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*, retrieved from BACK Aviation databases, March 2008.

### 3.5 Number of Markets Served by One Carrier

As of April 2008, 86 (69%) of PHL's nonstop markets were scheduled to be served by only one airline. In 78 of these 86 markets, US Airways or US Airways Express provide the only service. Six of the single-airline markets are those where there is service by more than one airline to the airport or a nearby airport, as presented in Table 3-5. If this nearby service is taken into account, 80 markets can be considered to have single-airline service. In the 2004 update there were 77 markets served by a single airline.

Table 3-5 SINGLE-AIRLINE DESTINATIONS WITH COMPETING SERVICE TO NEARBY DESTINATION Philadelphia International Airport April 2008			
Single-airline destination		Nearby destination	
Airport	Airline	Airport	Airline(s)
St. Petersburg	USA 3000	Tampa	AirTran, US Airways, Southwest
Chicago (Midway)	Southwest	Chicago (O'Hare)	American, United, US Airways
Houston (Hobby)	Southwest	Houston (Bush)	Continental, US Airways
Washington (Dulles)	United	Washington (Reagan)	US Airways
New York (Kennedy)	Delta	New York (LaGuardia)	US Airways
London (Gatwick)	US Airways	London (Heathrow)	US Airways, British Airways

Source: Official Airline Guides, Inc., retrieved from BACK Aviation databases, March 2008.

### 3.6 Number of Markets Added or Previously Served Markets Dropped in the Past Year

The April 2008 schedule indicates that, since April 2007, 8 markets have been added and 2 markets have been deleted, as follows:

- US Airways added service to Venice, Italy; Zurich, Switzerland; Dublin, Ireland; Barcelona, Spain; and, Brussels, Belgium.
- Southwest added service to Austin, Texas, and San Antonio, Texas.
- USA 3000 resumed service to Baltimore, Maryland.
- US Airways dropped service to Jacksonville, North Carolina.
- Southwest dropped service to Oakland, California.

### 3.7 Additional Information

Tables 3-6, 3-7, and 3-8 present scheduled airline flights for April 2006, April 2007, and April 2008, respectively. The tables list the destinations served nonstop in April of any of the three years. The next group of columns is each headed by a major airline code. If there is an entry under an airline code for a given destination, service is or was provided to that destination from PHL by that airline. Regional airline service is shown with the affiliated major airline small communities are designated (at the side of the tables). Low-fare and foreign-flag airlines are designated (at the bottom of the tables).

Table 3-6  
**SCHEDULED SERVICE BY DESTINATION AND AIRLINE**  
Philadelphia International Airport  
April 2006

Destination airport	Small community	Airline																No. of airlines	
		US	AA	AC	AF	BA	CO	DL	FL	F9	JM	LH	NW	UA	U5	WN	YX		
Akron/Canton OH		US																	1
Albany NY		US																	1
Allentown PA		US																	1
Amsterdam Netherlands		US																	1
Antigua West Indies		US																	1
Aruba		US																	1
Atlanta GA		US							DL	FL									3
Augusta GA		US																	1
Austin TX																			0
Baltimore MD		US													U5				2
Bangor ME	S	US																	1
Barbados		US																	1
Barcelona Spain																			0
Bermuda		US																	1
Binghamton NY	S	US																	1
Birmingham AL		US																	1
Boston MA		US								FL									2
Brussels Belgium																			0
Buffalo NY		US																	1
Burlington VT	S	US																	1
Cancun Mexico		US													U5				2
Charleston SC		US																	1
Charleston WV	S	US																	1
Charlotte NC		US																	1
Charlottesville VA	S	US																	1
Chicago(Midway) IL																	WN		1
Chicago (O'Hare) IL		US	AA											UA					3
Cincinnati OH		US							DL										2
Cleveland OH		US						CO											2
Columbia SC		US																	1
Columbus OH		US																	1
Dallas/Fort Worth TX		US	AA																2
Dayton OH		US																	1
Denver CO		US								F9				UA					3
Detroit MI		US											NW						2
Dublin Ireland																			0
Elmira NY	S	US																	1
Erie PA	S	US																	1
Frankfurt Germany		US									LH								2
Freeport Bahamas		US																	1
Fort Lauderdale FL		US								FL				U5	WN				4
Fort Myers FL		US												U5	WN				3
Grand Cayman West Indies		US																	1
Greensboro NC		US																	1
Greenville/Spartanburg SC		US																	1
Hamsburg PA		US																	1
Hartford CT		US															WN		2
Houston (Bush) TX		US						CO											2

Table 3-6 (page 2 of 3)

**SCHEDULED SERVICE BY DESTINATION AND AIRLINE**

Philadelphia International Airport

April 2006

Destination airport	Small community	Airline														No. of airlines		
		US	AA	AC	AF	BA	CO	DL	FL	F9	JM	LH	NW	UA	U5		WN	YX
Houston (Hobby) TX																WN		1
Indianapolis IN		US											NW					2
Ithaca NY	S	US																1
Jacksonville NC	S	US																1
Jacksonville FL		US													WN			2
Kansas City MO		US																1
Knoxville TN		US																1
Las Vegas NV		US													WN			2
London (Gatwick) England		US																1
London (Heathrow) England						BA												1
Long Island/MacArthur NY		US																1
Los Angeles CA		US												UA	WN			3
Louisville KY		US																1
Madrid Spain		US																1
Manchester England		US																1
Manchester NH	S	US													WN			2
Memphis TN												NW						1
Miami FL		US	AA															2
Milan (Malpensa) Italy																		0
Milwaukee WI		US															YX	2
Minneapolis/St. Paul MN		US											NW					2
Montego Bay Jamaica		US									JM							2
Montreal Canada		US		AC														2
Munich Germany		US																1
Myrtle Beach SC	S	US																1
Nashville TN		US																1
Nassau Bahamas		US												U5				2
New Haven CT		US																1
New Orleans LA		US																1
New York (Kennedy) NY																		0
New York (LaGuardia) NY		US																1
Newark NJ								CO										1
Newburgh NY		US																1
Newport News VA		US																1
Norfolk VA		US																1
Oakland CA																WN		1
Orlando FL		US								FL				U5	WN			4
Ottawa Canada		US																1
Paris (de Gaulle) France		US				AF												2
Phoenix AZ		US													WN			2
Pittsburgh PA		US													WN			2
Portland ME		US																1
Portland OR																		0
Providence RI		US													WN			2
Providenciales Turks & Caicos		US																1
Puerto Vallarta Mexico														U5				1
Punta Cana Dominican Rep		US												U5				2
Raleigh-Durham NC		US													WN			2



Table 3-7  
**SCHEDULE SERVICE BY DESTINATION AND AIRLINE**  
Philadelphia International Airport  
April 2007

Destination airport	Small community	Airline																No. of airlines
		US	AA	AC	AF	BA	CO	DL	FL	F9	JM	LH	NW	UA	U5	WN	YX	
Akron/Canton OH		US																1
Albany NY		US																1
Allentown PA		US																1
Amsterdam Netherlands		US																1
Antigua West Indies		US																1
Aruba		US																1
Atlanta GA		US						DL	FL									3
Augusta GA		US																1
Austin TX																		0
Baltimore MD		US																1
Bangor ME	S	US																1
Barbados		US																1
Barcelona Spain																		0
Bermuda		US																1
Binghamton NY	S	US																1
Birmingham AL		US																1
Boston MA		US								FL								2
Brussels Belgium																		0
Buffalo NY		US																1
Burlington VT	S	US																1
Cancun Mexico		US												U5				2
Charleston SC		US																1
Charleston WV	S	US																1
Charlotte NC		US																1
Charlottesville VA	S	US																1
Chicago(Midway) IL																WN		1
Chicago (O'Hare) IL		US	AA										UA					3
Cincinnati OH		US						DL										2
Cleveland OH		US					CO											2
Columbia SC		US																1
Columbus OH		US														WN		2
Dallas/Fort Worth TX		US	AA															2
Dayton OH		US																1
Denver CO		US								F9				UA				3
Detroit MI		US											NW					2
Dublin Ireland																		0
Elmira NY	S	US																1
Erie PA	S	US																1
Frankfurt Germany		US									LH							2
Freeport Bahamas		US																1
Fort Lauderdale FL		US								FL				U5	WN			4
Fort Myers FL		US												U5	WN			3
Grand Cayman West Indies		US																1
Greensboro NC		US																1
Greenville/Spartanburg SC		US																1
Hamsburg PA		US																1
Hartford CT		US																1
Houston (Bush) TX		US						CO										2

Table 3-7 (page 2 of 3)

**SCHEDULED SERVICE BY DESTINATION AND AIRLINE**

Philadelphia International Airport

April 2007

Destination airport	Small community	Airline																No. of airlines
		US	AA	AC	AF	BA	CO	DL	FL	F9	JM	LH	NW	UA	U5	WN	YX	
Houston (Hobby) TX																WN		1
Indianapolis IN		US											NW					2
Ithaca NY	S	US																1
Jacksonville NC	S	US																1
Jacksonville FL		US													WN			2
Kansas City MO		US																1
Knoxville TN		US																1
Las Vegas NV		US													WN			2
London (Gatwick) England		US																1
London (Heathrow) England						BA												1
Long Island/MacArthur NY		US																1
Los Angeles CA		US												UA	WN			3
Louisville KY		US																1
Madrid Spain		US																1
Manchester England		US																1
Manchester NH	S	US													WN			2
Memphis TN												NW						1
Miami FL		US	AA															2
Milan (Malpensa) Italy		US																1
Milwaukee WI		US															YX	2
Minneapolis/St. Paul MN		US										NW						2
Montego Bay Jamaica		US									JM							2
Montreal Canada		US																1
Munich Germany		US																1
Myrtle Beach SC	S	US																1
Nashville TN		US													WN			2
Nassau Bahamas		US																1
New Haven CT		US																1
New Orleans LA		US																1
New York (Kennedy) NY									DL									1
New York (LaGuardia) NY		US																1
Newark NJ																		0
Newburgh NY		US																1
Newport News VA		US																1
Norfolk VA		US																1
Oakland CA															WN			1
Orlando FL		US								FL					WN			3
Ottawa Canada		US																1
Paris (de Gaulle) France		US			AF													2
Phoenix AZ		US													WN			2
Pittsburgh PA		US													WN			2
Portland ME		US																1
Portland OR		US																1
Providence RI		US													WN			2
Providenciales Turks & Caicos		US																1
Puerto Vallarta Mexico																		0
Punta Cana Dominican Rep		US												U5				2
Raleigh-Durham NC		US													WN			2

Table 3-7 (page 3 of 3)

**SCHEDULED SERVICE BY DESTINATION AND AIRLINE**

Philadelphia International Airport  
April 2007

Destination airport	Small community	Airline																No. of airlines
		US	AA	AC	AF	BA	CO	DL	FL	F9	JM	LH	NW	UA	U5	WN	YX	
Richmond VA		US																1
Roanoke VA	S	US																1
Rochester NY		US																1
Rome (Fiumicino) Italy		US																1
Salisbury/Ocean City MD	S	US																1
Salt Lake City UT								DL										1
San Antonio TX																		0
San Diego CA		US																1
San Francisco CA		US											UA					2
San Jose Costa Rica		US																1
San Juan PR		US	AA															2
Santo Domingo Dominican Rep		US																1
Savannah/Hilton Head GA	S	US																1
Seattle/Tacoma WA		US																1
St. Kitts Leeward Is																		0
St. Louis MO		US	AA															2
St. Lucia West Indies		US																1
St. Maarten Neth Antilles		US																1
St. Petersburg FL														U5				1
St. Thomas VI		US																1
State College PA	S	US																1
Syracuse NY		US																1
Tampa FL		US							FL							WN		3
Toronto Canada		US		AC														2
Vail/Eagle CO	S																	0
Venice Italy																		0
Washington (Reagan) DC		US																1
Washington (Dulles) DC													UA					1
West Palm Beach FL		US													WN			2
Westchester County NY		US																1
Wilkes-Barre PA		US																1
Williamsport PA	S	US																1
Wilmington NC	S	US																1
Zurich Switzerland																		0
Number of Destinations	17	110	5	1	1	1	2	4	5	1	1	1	4	5	5	18	1	119
Airline type				F	F	F			L	L	F	F			L	L		
F = Foreign flag																		
L = Low-fare (as defined by the U.S. Department of Transportation)																		
Destinations served by 1 airline																		82
Destinations served by 2 airlines																		29
Destinations served by 3 airlines																		7
Destinations served by 4 airlines																		1

Table 3-8  
**SCHEDULE SERVICE BY DESTINATION AND AIRLINE**  
Philadelphia International Airport  
April 2008

Destination airport	Small community	Airline																No. of airlines
		US	AA	AC	AF	BA	CO	DL	FL	F9	JM	LH	NW	UA	U5	WN	YX	
Akron/Canton OH		US																1
Albany NY		US																1
Allentown PA		US																1
Amsterdam Netherlands		US																1
Antigua West Indies		US																1
Aruba		US																1
Atlanta GA		US						DL	FL									3
Augusta GA		US																1
Austin TX																WN		1
Baltimore MD		US												U5				2
Bangor ME	S	US																1
Barbados		US																1
Barcelona Spain		US																1
Bermuda		US																1
Binghamton NY	S	US																1
Birmingham AL		US																1
Boston MA		US						DL										2
Brussels Belgium		US																1
Buffalo NY		US																1
Burlington VT	S	US																1
Cancun Mexico		US												U5				2
Charleston SC		US																1
Charleston WV	S	US																1
Charlotte NC		US																1
Charlottesville VA	S	US																1
Chicago(Midway) IL																WN		1
Chicago (O'Hare) IL		US	AA										UA					3
Cincinnati OH		US						DL										2
Cleveland OH		US					CO											2
Columbia SC		US																1
Columbus OH		US														WN		2
Dallas/Fort Worth TX		US	AA															2
Dayton OH		US																1
Denver CO		US								F9				UA				3
Detroit MI		US											NW					2
Dublin Ireland		US																1
Elmira NY	S	US																1
Erie PA	S	US																1
Frankfurt Germany		US										LH						2
Freeport Bahamas		US																1
Fort Lauderdale FL		US								FL				U5	WN			4
Fort Myers FL		US												U5	WN			3
Grand Cayman West Indies		US																1
Greensboro NC		US																1
Greenville/Spartanburg SC		US																1
Hamsburg PA		US																1
Hartford CT		US																1
Houston (Bush) TX		US						CO										2

Table 3-8 (page 2 of 3)

**SCHEDULED SERVICE BY DESTINATION AND AIRLINE**

Philadelphia International Airport

April 2008

Destination airport	Small community	Airline															No. of airlines	
		US	AA	AC	AF	BA	CO	DL	FL	F9	JM	LH	NW	UA	U5	WN		YX
Houston (Hobby) TX																WN		1
Indianapolis IN		US											NW					2
Ithaca NY	S	US																1
Jacksonville NC		US																1
Jacksonville FL		US														WN		2
Kansas City MO		US																1
Knoxville TN		US																1
Las Vegas NV		US														WN		2
London (Gatwick) England		US																1
London (Heathrow) England		US				BA												2
Long Island/MacArthur NY		US																1
Los Angeles CA		US												UA				2
Louisville KY		US																1
Madrid Spain		US																1
Manchester England		US																1
Manchester NH	S	US														WN		2
Memphis TN												NW						1
Miami FL		US	AA															2
Milan (Malpensa) Italy		US																1
Milwaukee WI		US															YX	2
Minneapolis/St. Paul MN		US										NW						2
Montego Bay Jamaica		US									JM							2
Montreal Canada		US																1
Munich Germany		US																1
Myrtle Beach SC	S	US																1
Nashville TN		US														WN		2
Nassau Bahamas		US																1
New Haven CT		US																1
New Orleans LA		US																1
New York (Kennedy) NY									DL									1
New York (LaGuardia) NY		US																1
Newark NJ																		0
Newburgh NY		US																1
Newport News VA		US																1
Norfolk VA		US																1
Oakland CA																		0
Orlando FL		US								FL						WN		3
Ottawa Canada		US																1
Paris (de Gaulle) France		US				AF												2
Phoenix AZ		US														WN		2
Pittsburgh PA		US														WN		2
Portland ME		US																1
Portland OR		US																1
Providence RI		US														WN		2
Providenciales Turks & Caicos		US																1
Puerto Vallarta Mexico																		0
Punta Cana Dominican Rep		US												U5				2
Raleigh-Durham NC		US														WN		2



## Section 4

### GATE ASSIGNMENT POLICY

#### 4.1 Gate Assignment Policy and Method of Informing Existing Carriers and New Entrants of this Policy. This Would Include Standards and Guidelines for Gate Usage and Leasing, Such As Security Deposits, Minimum Usage, If Any, Fees, Terms, Master Agreements, Signatory, and Non-Signatory Requirements.

##### 4.1.1 Gate Assignment Policy—Airline Agreement Gate Assignments

As a part of the negotiation and implementation of the Airline Agreement, the City assigned terminal facilities to the Signatory Airlines. Each Signatory Airline's leased premises are set forth in Article 2 and Exhibit B of the Airline Agreement. Subject to the reallocation, relocation, and Preferential Use provisions of the Airline Agreement, each Signatory Airline has the right to its leased premises, including gate assignments for the term of the Airline Agreement through June 30, 2011.

Of the 120 available gates, 98 are leased to Signatory Airlines on a preferential-use basis. The City has one Domestic Common Use Gate, D-10. All 15 international use gates are used on a common-use basis. (See Table 1-1.)

After the initial assignment of terminal facilities, any gates that may become available will be subject to the City's Gate Assignment Policy as set forth in the letter to the FAA from the City dated August 13, 2002, attached as Attachment G and described in the 2004 update.

The reallocation, relocation, and Preferential Use provisions of the Airline Agreement are as follows:

- **Change of Facility Status.** Article 15 of the Airline Agreement provides that all Signatory Airline gates are subject to minimum use requirements:
- **Relocation.** Article 12 and Article 26 provide that the City, subject to certain conditions, may close, relocate, reconstruct, change, alter or modify a Signatory Airline's leased premises or means of access to such premises either temporarily or permanently.
- **Preferential Use.** Article 14 provides for the accommodation of existing or new entrant airlines on Preferential Use facilities at the Airport.
- **Security Deposits.** City does not require a security deposit from a Signatory Airline at the Airport. A security deposit equal to the estimated 3 months fees is required for non-signatory airlines operating under a Fee Payment Agreement.

- **Signatory Status.** Any Air Transportation Company that has no uncured default under any agreement with the City and provides Scheduled Service at the Airport may become signatory to the Airline Agreement. Scheduled Service is defined in the Airline Agreement as two flights (one round trip) a week at the Airport on the same day or days of the week for 8 or more weeks at the Airport by the Signatory Airline or in combination with its Affiliates, as applicable, as published in the OAG.
- **Non-Signatory Status.** Article 2 defines a Non-Signatory Airline as any airline that has not entered into an agreement substantially similar to the Airline Agreement. Such Non-Signatory Airlines are charged a 15% premium on all rates and charges as set forth by City.
- **Unleased Facilities.** Article 12.H of the Airline Agreement outlines the procedures for a Signatory Airline to obtain access to City-controlled Domestic Common Use Areas.

The City's gate assignment policies, protocols and procedures are set forth in the Airline Agreement, Fee Payment Agreement, and Gate Assignment Protocols. New entrant airlines may request copies of all or any of these documents from the Airport Director or his designee. Airport staff is always available to review the documents and discuss gate assignment and leasing programs for the Airport.

#### **4.2 Methods for Announcing to Tenant Air Carriers When Gates Become Available. The Description Should Discuss Whether All Tenant Air Carriers Receive Information on Gate Availability and Terms and Conditions by the Same Process at the Same Time**

The City takes the steps necessary to make sure information is available to tenant airlines who are interested in additional terminal facilities. As set forth in the 2004 update, regular Philadelphia Airline Management Council and Terminal A Users Association meetings with the Airport Director (or the Director's designee) provide all tenants and the City with information on facility needs and availability. All airlines are treated equally with regards to gate availability information. Any airline wishing to initiate or expand service is encouraged to contact the Airport Director who is designated as the City's contact for providing facility availability information to airlines.

#### **4.3 Methods for Announcing to Non-Tenant Carriers, Including Both Those Operating at the Airport and Those That Have Expressed an Interest in Initiating Service, When Gates Become Available and Policies on Assigning RON Positions and How RON Position Availability Announcements Are Made**

Airport staff maintains a database regarding the availability of gates and facilities at the Airport. In addition to the opportunity to attend the regular Philadelphia Airline Management Council and Terminal A Users Association meetings with the Airport Director, non-tenant airlines can obtain gate and RON position information by contacting a City representative on the Airport staff. Contact information for Airport representatives is available on the Airport's website at [www.phl.org](http://www.phl.org).

## Section 5

### GATE USE REQUIREMENTS

The City maintains a policy of providing open access to the Airport and achieving a balanced utilization of Airport facilities as is reflected in the provisions contained in the Airline Agreement, in the day-to-day practices of the City, and the protocols, policies and procedures initiated by the Airport Director during the Reporting Period.

#### **5.1 Gate Use Monitoring Policy, Including Schedules for Monitoring, Basis for Monitoring Activity (i.e., Airline Schedules, Flight Information Display Systems, etc.), and the Process for Distributing the Product to Interested Carriers**

The Gate Use Monitoring Policy is described in Section 1.4 of this update.

#### **5.2 Requirements for Signatory Status and Identity of the Current Signatory Carriers**

The requirements for Signatory Airline status under the Airline Agreement are described in Section 4.1. As of March 2008, Signatory Airlines are:

- Air Canada
- Air France
- AirTran Airways
- American Airlines
- British Airways
- Continental Airlines
- Delta Air Lines
- Federal Express
- Frontier Airlines
- Lufthansa
- Midwest Airlines
- Northwest Airlines
- Southwest Airlines
- United Airlines
- UPS Air Cargo
- US Airways

### **5.3 Where Applicable, Minimum Requirements for Leases (i.e., Frequency of Operations, Number of Seats, etc.)**

In order to be a Signatory Airline, an airline must maintain Scheduled Service (as described in Article 2 of the Airline Agreement and Section 4.1 of this Update).

### **5.4 The Priorities, If Any, Employed to Determine Carriers That Will Be Accommodated Through Forced Sharing or Sub-Leasing Arrangements. Describe How These Priorities Are Communicated to Interested Carriers**

Prior to an accommodation through a forced sharing or subleasing arrangement, requesting airline with domestic operations are offered use of Domestic Common Use Terminal Areas, as available, or accommodation under voluntary sublease arrangements with Signatory Airlines.

In the event that the City is unable to accommodate the existing or proposed operations of a requesting airline at the Domestic Common Use Terminal Areas, and a voluntary accommodation is not achieved with a Signatory Airline, Article 14 of the Airline Agreement provides that the City has the right to schedule aircraft operations of such requesting airline at a Signatory Airline's Preferential Use Premises. This accommodation provision is subject to the Condition that such new operations may not interfere with the Active Loading and Active Unloading operations by Signatory Airline, its Affiliate(s), or other airlines operating from such Airline's Preferential Use Premises under City-approved subleases or ground handling agreements.

The City's Gate Assignment Policy for vacant gates is described in Attachment G. Each request for accommodation is taken in the order in which it is received by the City. Those airlines requesting accommodation whose desired schedules do not affect the Active Loading and Unloading time frames of a single Signatory Airline, its Affiliate(s), or other airlines operating from such Airline's Preferential Use Premises under City-approved subleases or ground handling agreements may be accommodated on an expedited basis. If not, Article 14E of the Airline Agreement outlines the process for City-designated accommodation of a requesting airline, on one or more of the Signatory Airline's Preferential Leased Premises.

The process for communicating the accommodation priorities to interested airlines is as follows:

- Website—This 2008 update and all attachments will be posted on the City's website for the Airport at [www.phl.org](http://www.phl.org).
- Airport Director—The Airport Director or his designee is available to discuss accommodation priorities.

- Monthly Tenant Meetings—Accommodation of new service by incumbent airlines and accommodation of new entrants may be discussed during monthly tenant meetings at the discretion of the Airport Director.
- New Entrant Airline—The processes for accommodation will be provided to any airline upon request.

## **5.5 Justifications for Any Differences in Gate Use Requirements Among Tenants**

As set forth in Article 15 of the Airline Agreement, the Minimum Use Requirements increase with the number of gates leased by a Signatory Airline. The Minimum Use Requirement for a Signatory Airline leasing one gate at the Airport is 4.25 turns per day, increasing to 5.00 turns per day for a Signatory Airline leasing 4 or more gates. The City established this increasing Minimum Use Requirement to recognize that airlines leasing several gates have more flexibility in accommodating flight schedules.

Those airlines choosing not to execute the Airline Agreement may operate under a Fee Payment Agreement. Such airlines must comply with the Rules and Regulations of the City and are subject to relocation and gate sharing by the City at its sole discretion.

## **5.6 Usage Policies for Common-Use Gates, Including, Where Applicable, a Description of Priorities for Use of Common-Use Gates. Explain How These Priorities are Communicated to Interested Carriers**

As set forth in Article 12 of the Airline Agreement, Domestic Common Use Terminal Areas are to be assigned at the sole discretion of the City as necessary to achieve balanced utilization of the Terminal Area. The use of such facilities must be scheduled with the City during the month prior to the month that such airline desires to use the Domestic Common Use Terminal Areas. Information regarding the priorities and procedures for accommodation on facilities in the Domestic Common Use Area is available from the Airport Director or the Director's designee.

Article 12G of the Airline Agreement provides that International Common Use Areas are to be assigned at the discretion of City, consistent with the established international gate use provisions in its operating plan. The use of the International Common Use Areas must be scheduled with the City on a biannual basis or as periodically established. Signatory Airlines have priority in the use of the International Common Use Areas over Non-Signatory Airlines for the operation of international flights.

## **5.7 Methods for Calculating Rental Rates or Fees for Leased and Common-Use Space. Where Applicable, Provide an Explanation of the Basis for Disparities in Rental Fees for Common-Use Versus Leased Gates**

Articles 18 and 19 of the Airline Agreement set forth the Terminal Area cost allocation formula and rate making methodologies for the Signatory Airline leased premises. As set forth in Article 18A of the Airline Agreement, the City employs a cost center residual methodology for charging Terminal Area rentals and fee. Rental rates are weighted according to types of space for the Terminal Area.

Non-Signatory Airlines are charged the Signatory Airline rental rate subject to the premium on all rates and charges (currently set at 15%).

Article 21A of the Airline Agreement provides that the Domestic Common Use Gate Fees shall be determined assuming 4 Turnaround Uses per day, regardless of the actual usage achieved. The use of 4 Turnaround Uses per day for establishing the common use fees is intended to achieve parity between the cost of Signatory Airline operation on a leased gate and cost of an operation by a user of the Domestic Common Use Terminal Area.

### **5.7.1 International Common Use Areas**

The Terminal Area rental rate for the square footage attributable to the International Common Use Areas is the same rate as is calculated for the "General Terminal Areas" (as defined in Article 2 of the Airline Agreement). The cost attributable to the Use of the International Common Use Area is paid by the user airlines through various fees including a Federal Inspection Services (FIS) Area charges, departure and arrival gate use fees, and space rentals for leased areas (collectively, International Common Use Area Fees). The FIS Area includes space for customs, border protection, and immigration inspection offices; inbound baggage and international baggage claim facilities; and a pro rata share of public space. FIS Area charges are calculated by dividing the total cost (debt service and operating expenses) of FIS space by the number of deplaning passengers using the FIS facilities.

## Section 6

### FINANCIAL CONSTRAINTS

#### 6.1 The Major Source of Revenue at the Airport for Terminal Projects

Gate and other terminal facilities at the Airport have historically been financed through a combination of Airport revenues, proceeds of Airport revenue bonds, and PFC revenues. These major sources of revenue have not changed since the 2004 update.

#### 6.2 Rates and Charges Methodology (Residual, Compensatory, or Hybrid)

In general, the rates and charges methodology in the Airline Agreement is based on a modified residual calculation. The new Airline Agreement establishes a cost center approach for calculating and adjusting airline rentals, fees, and charges for the occupancy and use of Airport facilities. Cost centers directly supported by airline rentals, fees, and charges are as follows:

<u>Project cost center</u>	<u>Airline rentals, fees, and charges</u>
Terminal Building	Terminal Building Rentals and International Common Use Area Fees
Ramp Area	Ramp Area rentals
Airfield Area	Landing fees
Other Buildings and Areas	Landing fees
Northeast Philadelphia Airport	Landing fees

**Terminal Building Space Rentals and International Common Use Area Fees.** Terminal Building Rentals and International Common Use Area Fees are calculated to ensure that all debt service requirements, operating expenses, and fund requirements allocable to the Terminal Building are recovered according to a cost-center residual rate calculation methodology. Fund requirements, as specified in the Airline Agreement, include those amounts required to maintain balances in the Bond Redemption and Improvement Account and O&M (operating and maintenance) Account.

For use of the international terminal facilities, the City collects from the airlines Federal Inspection Services (FIS) Area charges, departure and arrival gate use fees, and space rentals for leased areas (collectively, International Common Use Area Fees). The FIS Area includes space for customs, border protection, and immigration inspection offices; inbound baggage and international baggage claim facilities; and a pro rata share of public space. FIS Area charges are calculated by dividing the total cost (debt service and operating expenses) of FIS space by the number of deplaning passengers using the FIS facilities.

**Ramp Area Rentals.** Two percent of the operating costs of the Airfield Area are allocated to the Ramp Area and included in the calculation of Ramp Area Rentals. Ramp Area Rentals are calculated to ensure that all debt service requirements, operating expenses, and fund requirements allocable to the Ramp Area are recovered according to a modified cost-center residual rate calculation methodology.

**Landing Fees.** Signatory Airline Landing Fees are calculated to recover the net costs of the Airfield Area, Other Buildings and Areas, and Northeast Philadelphia Airport cost centers. Landing Fees are calculated according to a multiple cost-center residual methodology whereby the requirement is calculated by summing all estimated debt service requirements, operating expenses, and fund requirements allocable to the three cost centers and deducting (1) all estimated revenues for the three cost centers from sources other than Landing Fees, (2) any Airline Revenue Allocation, equal to 50% of any net revenues of the Outside Terminal Area (OTA) cost center in excess of \$7.0 million from the prior Fiscal Year, and (3) 2% of the operating costs of the Airfield Area included in Ramp Area Rentals. The residual amount is divided by the landed weight of the Signatory Airlines to derive the required airline Landing Fee rate per 1,000 pounds of landed weight.

### **6.3 Past Use, If Any, of PFC's for Gates and Related Terminal Projects**

Gates and other terminal facilities at the Airport have historically been financed through a combination of Airport revenues, proceeds of Airport revenue bonds, and PFC revenues. The City has authority from the FAA to impose a PFC per eligible enplaned passenger and has imposed the PFC since September 1992 (initially \$3 per passenger and \$4.50 per passenger effective April 2001).

In July 1998, the City issued \$444 million of Airport revenue bonds (1998B bonds) to fund the initial costs of Terminal A-West, Terminal F, and associated projects. In July 2001, the City issued \$188 million of revenue bonds (2001A bonds) to pay the completion costs of the projects. Under various records of decision, the FAA has authorized the City to impose and use PFC revenues totaling \$1,260 million for these and other gates and related terminal and apron projects, including \$866.5 million for a portion of the debt service requirements of the 1998B and 2001A bonds.

The FAA has authorized the City to use \$117.8 million of PFC revenues to pay a portion of cost of the Terminals D-E expansion and associated apron. The City is in the process of submitting an amendment to increase PFC funding for the project by an additional \$40.0 million, for a total of \$157.8 million.

The use of PFC revenues to fund Terminal A-West, Terminal F, and the Terminals D-E expansion is an essential component of the City's commitment to increased competition at the Airport. The terminal projects have increased the number of common-use and preferential-use gates, thereby increasing opportunities

for competitive airline access to the Airport, and have reduced the amount required to be collected from airline rentals, fees, and charges.

PFC Assurance 7, which the City agreed to as a condition of imposing the PFC, in effect requires an airline leasing PFC-funded facilities to make its other exclusive-use facilities available to other airlines if the leasing airline is not fully using those exclusive-use facilities. With the implementation of the Airline Agreement, no gates are leased on an exclusive basis. Therefore the City has not needed to invoke this provision to make gates available to other airlines.

#### **6.4 Availability of Discretionary Income for Airport Capital Improvement Projects**

Under the new Airline Agreement, the City retains the first \$7.0 million in net revenues generated in the Outside Terminal Area cost center plus 50% of net revenues in excess of \$7.0 million as discretionary funds. These discretionary funds may be used by the City for any Airport system purpose. The City is budgeted to receive approximately \$10.2 million in discretionary funds in FY 2008.

## Section 7

### AIRPORT CONTROLS OVER AIRSIDE AND GROUNDSIDE CAPACITY

#### 7.1 Majority-in-Interest (MII) or “No Further Rates and Charges” Clauses Covering Groundside and Airside Projects

As a component of the negotiation with the Signatory Airline for the Airline Agreement, the airlines provided MII pre-approval for certain airside projects at the Airport. Under the Airline Agreement, no MII approval is required for groundside projects.

Pre-approved airside projects include:

- **Airfield – Civil.** Rehabilitation of a portion of the asphalt paved taxiways each year, the construction of a second high-speed taxiway for aircraft landing on Runway 27R, improvements to airfield stormwater drainage, and paving of the interior perimeter service road.
- **Airfield – Electrical.** Replacement of airfield signage, taxiway centerline lights, and cabling; addition of taxiway edge lights on all taxiways that do not currently have edge lights; upgrade of Runway 27R to allow CAT 2/3 operations to improve landing capacity during adverse weather conditions; and relocation of the electrical field vault to facilitate maintenance.
- **Runway 9L/27R Rehabilitation.** Rehabilitation of Runway 9L/27R along with some adjacent and connecting taxiways. Work will include new paving and lighting system modifications.
- **Eastside and Westside Taxiway Improvements.** Improvements to Taxiway KA and Taxiway EE (Eastside) and the Taxiway K extension (Westside) have been pre-approved.
- **Property Acquisition.** Acquisition of certain properties in support of potential future airfield development.
- **Runway 17-35 Project.** Extension of Runway 17-35 by 640 feet to the north and 400 feet to the south.

In addition to the Pre-Approved Capital Improvement Program, the Airline Agreement provides that the City may implement certain additional Capital Improvement Projects within the Airport System. The Airline Agreement gives the right to the Signatory Airlines to disapprove the inclusion of the costs related to a Capital Improvement Project(s) except those exempted in Article 30(C)(2) of the Airline Agreement in the landing fee or terminal rental during the Airline Agreement’s term, pursuant to a Majority in Interest process. Projects funded

entirely with AIP, PFC, or Airport Discretionary funding are not subject to the MII process.

Article 30 of the Airline Agreement provides for a MII process for new Capital Improvement Projects. The MII provided is generally known as a “negative MII provision” providing that the Signatory Airlines must specifically disapprove a project as provided for in Article 30 of the Airline Agreement. An airfield project may be included in the airline rate base unless disapproved by no less than 50% plus one of the number of Signatory Airlines representing more than 50% of the Total Maximum Landed Weight. A terminal project may be included in the airline rate base unless disapproved by no less than 50% plus one of the number of Signatory Passenger Airlines, representing more than 50% of the Signatory Passenger Airline enplaned passengers, including passengers from Affiliates.

## **7.2 Any Capital Construction Projects That Have Been Delayed or Prevented Because an MII was Invoked**

No capital construction projects have been delayed or prevented due to an MII disapproval since the 2004 update.

## **7.3 Plans, If Any, to Modify Existing MII Agreements**

There are no plans to modify the MII provision contained in the Airline Agreement.

## Section 8

### AIRPORT INTENTIONS TO BUILD OR ACQUIRE GATES THAT WOULD BE USED AS COMMON FACILITIES

#### 8.1 The Number of Common-Use Gates the Airport Intends to Build or Acquire and the Timeline for Completing the Process of Acquisition or Construction. Indicate the Intended Financing Arrangements for these Common-Use Gates, and Whether the Gates Will Be Constructed in Conjunction with Preferential or Exclusive-Use Gates.

The City has undertaken an extensive construction program to provide additional preferential and common-use gates.

**Terminal F.** Terminal F opened in June 2001 and provides 38 regional airline gates, all of which are currently leased by US Airways Express on a preferential-use basis. US Airways Express previously loaded and unloaded its passengers at remote aircraft parking aprons served by buses.

**Terminal D Enlargement.** An enlargement to Terminal D, which opened in September 2002, provides 4 gates for domestic airline flights. Four of the gates are being leased to AirTran on a preferential basis.

**International Terminal A-West.** The international Terminal A-West, which opened in May 2003, provides 13 gates, 12 of which are capable of accommodating wide-body aircraft in domestic or international service. All 13 are designated as a portion of the International Common Use Area.

**Terminals D-E Expansion and Reconfiguration.** The City is constructing an expansion of Terminals D-E, including a D-E connector building, thermal plant upgrades, connection of D-E bag claim areas, D-E renovations, and E concourse hammerhead. The construction is anticipated to be finished in 2009 and will provide 3 additional gates

The project will also provide a sterile connection between Terminals D and E, so eliminating the current requirement that passengers must be rescreened when connecting between flights at the two terminals.

**Terminal A-West Gate Reconfiguration.** International Terminal A-West will be reconfigured and loading bridges added to provide up to three new parking positions capable of accommodating B-757 aircraft, thereby increasing the effective capacity of the terminal to accommodate the mix of aircraft planned to be used in international service. The parking positions will be classified as International Common Use Areas. The interior of the concourse will be modified to provide passenger holdrooms for the new gates and add sterile corridors connecting the gates to the international arrivals facilities.

## **8.2 Whether Common-Use Gates will be Constructed in Conjunction with Gates Leased Through Exclusive- or Preferential-Use Arrangements**

The status of all gates at the Airport, whether existing or constructed in the future, will be reviewed by the City and designated as preferential or common use. The City does not expect to enter into any exclusive leasing arrangements.

## **8.3 Whether Gates Being Used for International Service Are Available for Domestic Service**

All gates in the International Common Use Area are available to use for either domestic or international operations, on a common-use basis, subject to the provisions of Article 12G of the Airline Agreement, which provides priority to Signatory Airlines. Unless specifically required for a preferential lease for domestic operations, all gates in Terminal A are included in the International Common Use Area.

## **8.4 Whether Air Carriers That Only Serve Domestic Markets Now Operate from International Gates. If so, Describe and Explain Any Disparity in Their Terminal Rentals Versus Domestic Terminal Rentals**

Two airlines currently operate scheduled domestic service exclusively in the International Common Use Area, Frontier and USA 3000. These domestic airlines pay International Common Use Area terminal charges and fees under the same terms and conditions as the international airlines operating from the International Common Use Area. All base costs for the International Terminal Area and the non-international terminal areas are allocated on the same formula, although rates and charges for the non-international terminal areas are assessed on a per turn or per square foot basis and the charges for International Common Use Area is based on per passenger charges. While assessed on a different basis, there is no disparity between international and domestic terminal charges.

## Section 9

### AIRFARE LEVELS COMPARED WITH COMPETING AIRPORTS

#### 9.1 Summarized Data for the Airport Showing Each Carrier's Local Passengers, Average Fare, Average Yield, Average Trip Length, and Market Share (Based on O&D Passengers)

Table 9-1 presents FY 2007 originating passenger market shares and average fares by airline at the Airport. The airlines are categorized as "legacy" airlines or "low-fare" airlines. US Airways (with its affiliates) has the largest share of FY 2007 originating passengers at PHL, 42.3%. The legacy airlines combined transported 72.8% of originating passengers. Low-fare airlines held a 24.4% share.

Table 9-2 documents historical trends in originating passenger market shares by airline from FY 2001 through FY 2007. In FY 2003 AirTran and ATA were the only low-fare airlines serving the Airport, and had a 6.2% share of originating passengers. US Airways had a 53.8% share of O&D traffic in FY 2003.

Since FY 2003, the share of passengers carried by US Airways and the other legacy airlines has declined as AirTran's share has increased and Southwest, Frontier, and USA 3000 have entered the PHL market.

The increase in low-fare airline service at PHL, both in number of airlines and number of markets served, has stimulated increases in passenger numbers. From FY 2001 to FY 2007, originating passenger numbers at PHL increased at an average rate of 4.3% per year. Of the top 20 originating passenger markets, 16 have at least one low-fare airline competitor. Originating passenger numbers in nonstop PHL markets with low-fare airline service increased an average of 9.2% per year from FY 2001 to FY 2007.

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All data presented in this section are for service on U.S. flag airlines (domestic and international service) as estimated from the U.S. DOT's Origin-Destination Survey database (derived from a 10% sample of tickets). Low-fare airlines are as defined by the U.S. Department of Transportation Office of Aviation Analysis.

Table 9-1  
**ORIGINATING PASSENGERS, FARES, AND YIELD BY AIRLINE**  
Philadelphia International Airport  
Fiscal Year ended June 30, 2007

Airline	Originating passengers (mainline only)	Originating passengers (mainline and affiliates)	Average fare	Average yield	Average trip length (miles)	Share (with affiliates)
<b>Legacy</b>						
US Airways	3,411,710	4,091,710	\$202.7	14.6¢	1,389	42.3%
American	763,070	799,820	210.1	12.6	1,673	8.3
United	621,860	693,090	285.4	12.9	2,207	7.2
Delta	539,990	687,630	198.3	12.8	1,546	7.1
Northwest	461,420	475,030	224.3	15.9	1,414	4.9
Continental	250,760	289,260	211.9	12.0	1,761	3.0
Alaska	<u>2,450</u>	<u>2,450</u>	255.8	8.0	3,196	0.0
<b>Total legacy airlines</b>	<b>6,051,260</b>	<b>7,038,990</b>	<b>\$215.2</b>	<b>13.7¢</b>	<b>1,574</b>	<b>72.8%</b>
<b>Low fare</b>						
Southwest	1,656,670		\$110.9	11.4¢	976	17.1%
AirTran	524,290		107.5	12.8	843	5.4
USA 3000	98,690		127.7	10.6	1,204	1.0
Frontier	74,500		167.7	9.3	1,812	0.8
ATA	<u>1,250</u>		197.0	9.2	2,142	0.0
<b>Total low-fare airlines</b>	<b>2,355,400</b>	<b>2,355,400</b>	<b>\$112.7</b>	<b>11.5¢</b>	<b>983</b>	<b>24.4%</b>
Regional affiliates and other	1,257,250	269,520				2.8%
<b>Total</b>	<b>9,663,910</b>	<b>9,663,910</b>	<b>\$187.8</b>	<b>14.2¢</b>	<b>1,326</b>	<b>100.0%</b>

Note: Data are for U.S. flag airlines only (in domestic and international service).

Sources: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*,  
retrieved from BACK Aviation databases, March 2008.

Table 9-2  
**ORIGINATING PASSENGERS BY AIRLINE, HISTORICAL SERIES**  
 Philadelphia International Airport  
 Fiscal Years ended June 30

Airline	FY 2001		FY 2003		FY 2005		FY 2006		FY2007	
	Originating passengers	Share	Originating passengers	Share	Originating passengers	Share	Originating passengers	Share	Originating passengers	Share
<b>Legacy</b>										
US Airways (a)	4,105,400	54.7%	3,664,210	53.8%	4,330,740	45.6%	3,788,010	39.2%	3,411,710	35.3%
American	618,680	8.2	688,420	10.1	714,660	7.5	797,640	8.3	763,070	7.9
United	620,460	8.3	622,380	9.1	643,530	6.8	647,360	6.7	621,860	6.4
Delta	680,060	9.1	626,310	9.2	705,360	7.4	552,420	5.7	539,990	5.6
Northwest	383,740	5.1	365,280	5.4	374,490	3.9	394,860	4.1	461,420	4.8
Continental	196,910	2.6	141,330	2.1	211,970	2.2	249,910	2.6	250,760	2.6
Alaska	940	0.0	930	0.0	1,610	0.0	1,830	0.0	2,450	0.0
<b>Total legacy airlines</b>	<b>6,606,190</b>	<b>88.0%</b>	<b>6,108,860</b>	<b>89.7%</b>	<b>6,982,360</b>	<b>73.5%</b>	<b>6,422,030</b>	<b>66.6%</b>	<b>6,051,260</b>	<b>62.6%</b>
<b>Low Fare</b>										
Southwest	--	0.0%	--	0.0%	974,800	10.3%	1,438,480	14.9%	1,656,670	17.1%
AirTran	207,850	2.8	302,870	4.4	490,900	5.2	517,940	5.4	524,290	5.4
USA 3000	--	0.0	--	0.0	23,390	0.2	114,310	1.2	98,690	1.0
Frontier	60	0.0	70	0.0	79,780	0.8	77,260	0.8	74,500	0.8
ATA	122,000	1.6	118,670	1.7	76,570	0.8	2,860	0.0	1,250	0.0
<b>Total low fare airlines</b>	<b>329,910</b>	<b>4.4%</b>	<b>421,610</b>	<b>6.2%</b>	<b>1,645,440</b>	<b>17.3%</b>	<b>2,150,850</b>	<b>22.3%</b>	<b>2,355,400</b>	<b>24.4%</b>
<b>Regional affiliates and other</b>	<b>569,530</b>	<b>7.6%</b>	<b>276,910</b>	<b>4.1%</b>	<b>867,480</b>	<b>9.1%</b>	<b>1,076,140</b>	<b>11.2%</b>	<b>1,257,250</b>	<b>13.0%</b>
<b>Total Philadelphia</b>	<b>7,505,630</b>	<b>100.0%</b>	<b>6,807,380</b>	<b>100.0%</b>	<b>9,495,280</b>	<b>100.0%</b>	<b>9,649,020</b>	<b>100.0%</b>	<b>9,663,910</b>	<b>100.0%</b>

Note: Data are for U.S. flag airlines only (in domestic and international service).

(a) In September 2005, America West and US Airways merged. Historical data are for America West and US Airways combined.

Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*, retrieved from BACK Aviation databases, March 2008.

Table 9.3 presents historical trends in originating passenger shares and yields for legacy, low-fare, and regional airlines. In FY 2007, the low-fare yield was 11.5¢ versus 13.7¢ for the legacy airlines. The low-fare airlines' increasing share of PHL originating passenger traffic, and competition among all airlines at the Airport has resulted in a 20% reduction in PHL's average yield 17.7¢ in FY 2001 to 14.2¢ in FY 2007.

Table 9-3  
**YIELD AND SHARE OF ORIGINATING PASSENGERS BY AIRLINE TYPE**  
 Philadelphia International Airport  
 Fiscal Years ended June 30

Airline type	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>Share of originating passengers</b>							
Legacy	88.0%	88.6%	89.7%	84.3%	73.6%	66.6%	62.6%
Low-fare	4.4	5.7	6.2	9.3	17.3	22.3	24.4
Regional/other	<u>7.6</u>	<u>5.7</u>	<u>4.1</u>	<u>6.4</u>	<u>9.1</u>	<u>11.1</u>	<u>13.0</u>
PHL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Average yield</b>							
Legacy	18.0¢	15.6¢	15.0¢	14.7¢	12.5¢	13.7¢	13.7¢
Low-fare	13.5	12.7	13.4	12.3	10.1	11.6	11.5
Regional/other	15.2	14.5	17.0	19.4	21.0	25.6	25.2
PHL	17.7	15.4	15.0	14.9	12.8	14.2	14.2

Note: Data are for U.S. flag airlines only (in domestic and international service).

Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*, retrieved from BACK Aviation databases, March 2008.

## **9.2 Summarized Data Comparing Yield Levels, Average Trip Lengths and Passengers at Other Airports Disaggregated by Distance and Depending Upon Whether or Not a Low-Fare Competitor is Present**

Philadelphia International Airport competes for originating passengers with several other airports. John F. Kennedy International Airport (JFK), New York LaGuardia Airport (LGA), Washington Ronald Reagan Airport (DCA), Washington Dulles International Airport (IAD) and Baltimore Washington Thurgood Marshall International Airport (BWI) are all within 150 miles of PHL and compete for traffic in some markets. LGA and DCA predominantly serve short-haul and medium-haul domestic markets. JFK, IAD and BWI all serve international traffic as does PHL. JFK, BWI and PHL all have significant low-fare airline presence, while LGA and DCA have less low-fare participation. The FY 2007 experience of these airports in originating passengers, trip length and yield is presented for comparison on Table 9-4.

Relative to the other airports shown, PHL is competitive in yield in both short-haul and long-haul markets. In FY 2001 only 5.0% of PHL originating passengers were carried by low-fare airlines. In FY 2007, The share was 23.4%. PHL now exceeds DCA, IAD and LGA in the share of originating passengers carried by low-fare airlines.

Table 9-4

**TRIP LENGTH, ORIGINATING PASSENGERS, AND YIELD AT SELECTED AIRPORTS**

Fiscal Year ended June 30, 2007

Airport	All trip lengths				Short-haul (750 non-stop miles or less)				Long-haul (Over 750 non-stop miles)			
	Average trip length (miles)	Originating passengers	Average yield	Nonstop destinations	Average trip length (miles)	Originating passengers	Average yield	Nonstop destinations	Average trip length (miles)	Originating passengers	Average yield	Nonstop destinations
All airlines												
<b>Philadelphia</b>	<b>1,326</b>	<b>9,663,910</b>	<b>14.2¢</b>	<b>136</b>	<b>494</b>	<b>3,464,330</b>	<b>29.9¢</b>	<b>72</b>	<b>1,791</b>	<b>6,199,580</b>	<b>11.7¢</b>	<b>64</b>
New York (Kennedy)	1,994	12,240,650	13.3	181	357	1,670,950	30.3	35	2,253	10,569,700	12.8	146
New York (LaGuardia)	1,054	11,108,510	17.0	90	488	4,638,900	30.4	55	1,460	6,469,610	13.8	35
Newark	1,739	12,430,120	14.1	179	565	2,913,870	30.4	53	2,098	9,516,250	12.7	126
Washington (Reagan)	1,123	7,314,390	18.3	77	453	3,489,840	37.4	51	1,735	3,824,550	13.8	26
Washington (Dulles)	1,876	6,106,170	15.5	126	464	1,704,310	31.6	57	2,423	4,401,860	14.3	69
Baltimore	1,147	8,394,190	13.4	77	452	3,741,600	25.1	38	1,706	4,652,590	10.9	39
Legacy												
<b>Philadelphia</b>	<b>1,574</b>	<b>6,051,260</b>	<b>13.7</b>		<b>529</b>	<b>1,596,010</b>	<b>30.1</b>		<b>1,949</b>	<b>4,455,250</b>	<b>12.1</b>	
New York (Kennedy)	2,627	6,459,750	13.4		573	70,090	24.8		2,649	6,389,660	13.4	
New York (LaGuardia)	1,142	7,422,710	17.0		465	2,791,550	33.6		1,550	4,631,160	13.9	
Newark	1,939	10,134,260	13.4		596	1,720,020	28.9		2,214	8,414,240	12.6	
Washington (Reagan)	1,210	5,218,490	17.7		450	2,229,460	37.8		1,777	2,989,030	13.9	
Washington (Dulles)	2,306	3,864,070	15.5		513	618,200	28.9		2,648	3,245,870	15.0	
Baltimore	1,656	2,870,550	12.6		564	783,650	26.1		2,065	2,086,900	11.2	
Low-fare												
<b>Philadelphia</b>	<b>983</b>	<b>2,355,400</b>	<b>11.5</b>	<b>Percent 20.6%</b>	<b>455</b>	<b>972,420</b>	<b>20.5</b>	<b>Percent 18.1%</b>	<b>1,354</b>	<b>1,382,980</b>	<b>9.3</b>	<b>Percent 23.4%</b>
New York (Kennedy)	1,287	4,941,150	11.8	27.6	331	1,162,530	28.9	40.0	1,581	3,778,620	10.7	24.7
New York (LaGuardia)	1,028	1,728,600	12.9	12.2	584	498,940	18.1	9.1	1,209	1,229,660	11.9	17.1
Newark	1,016	792,530	13.0	6.7	763	141,460	15.4	5.7	1,071	651,070	12.6	7.1
Washington (Reagan)	1,100	549,740	12.0	9.1	581	234,480	17.7	5.9	1,486	315,260	10.4	15.4
Washington (Dulles)	1,255	1,130,720	10.6	9.5	468	380,580	21.5	7.0	1,654	750,140	9.0	11.6
Baltimore	849	4,978,290	13.6	71.4	415	2,623,460	23.6	73.7	1,334	2,354,830	10.2	69.2
Regional/other												
<b>Philadelphia</b>	<b>774</b>	<b>1,257,250</b>	<b>25.4</b>		<b>475</b>	<b>895,900</b>	<b>39.2</b>		<b>1,514</b>	<b>361,350</b>	<b>14.7</b>	
New York (Kennedy)	1,294	839,750	19.0		389	438,330	34.7		2,282	401,420	16.1	
New York (LaGuardia)	745	1,957,200	22.0		500	1,348,410	29.4		1,286	608,790	15.6	
Newark	768	1,503,330	25.7		487	1,052,390	36.5		1,424	450,940	17.0	
Washington (Reagan)	838	1,546,160	24.6		430	1,025,900	42.7		1,643	520,260	15.2	
Washington (Dulles)	1,015	1,111,380	21.4		418	705,530	40.7		2,051	405,850	14.6	
Baltimore	1,189	545,350	17.2		485	334,490	32.4		2,306	210,860	12.1	

Sources: U.S. Department of Transportation, *Origin & Destination Survey of Airline Passenger Traffic*, retrieved from BACK Aviation databases, March 2008.  
 Official Airline Guides, Inc., retrieved from BACK Aviation databases, March 2008.  
 Data are for U.S. flag airlines only (in domestic and international service).  
 Percentages shown for low-fare airlines are the shares of nonstop destinations from each airport served by one or more low-fare airline(s).

Table 9-5 summarizes how PHL compares with other airports in average airfares and yields to selected destinations. The table lists PHL's top 15 originating passengers markets in 2007. Because of the proximity of the competing airports, the mileage for each of the markets is similar. This provides a common basis for a comparison of fares and yields across the airports. Typically, PHL falls in the middle of the fare and yield range for the markets shown. Fare and yield values that appear in bold indicate the airport that offers the lowest fare or yield in that market.

Table 9-5

**FARE AND YIELD BETWEEN SELECTED AIRPORTS**  
Fiscal Year ended June 30, 2007

Destination	Average fare							Average yield						
	PHL	JFK	LGA	EWR	DCA	IAD	BWI	PHL	JFK	LGA	EWR	DCA	IAD	BWI
Orlando (International)	\$113.7	\$135.3	\$135.1	\$134.4	\$148.6	\$122.2	<b>\$107.2</b>	<b>13.0¢</b>	14.3¢	14.0¢	14.2¢	18.8¢	15.9¢	13.4¢
Chicago (O'Hare)	136.5	<b>115.6</b>	151.9	143.2	148.9	139.8	132.9	20.0	<b>15.4</b>	20.6	19.8	24.1	23.0	21.1
Atlanta	162.1	183.1	162.9	161.0	168.8	<b>150.5</b>	154.4	24.1	23.3	<b>21.1</b>	21.4	30.4	28.0	26.4
Fort Lauderdale	113.4	140.2	136.7	139.0	126.4	119.5	<b>109.2</b>	<b>11.3</b>	13.1	12.6	13.0	13.8	13.0	11.6
Los Angeles	205.3	344.6	253.9	242.9	226.1	276.4	<b>193.5</b>	8.5	13.9	9.8	9.8	9.5	11.9	<b>8.2</b>
Boston	125.1	<b>91.2</b>	151.9	224.2	190.6	110.4	97.3	44.6	48.7	82.1	112.1	47.7	26.7	<b>26.3</b>
Las Vegas	181.2	212.9	202.2	214.0	200.6	181.0	<b>167.2</b>	8.2	9.4	8.6	9.6	9.1	8.6	<b>7.8</b>
Tampa	111.7	131.2	133.0	137.0	155.6	122.3	<b>104.8</b>	<b>12.0</b>	13.0	13.0	13.6	18.5	14.9	12.2
Raleigh-Durham	99.5	115.8	123.8	129.0	168.3	189.7	<b>96.6</b>	29.5	<b>27.0</b>	28.0	30.4	73.7	83.6	36.8
Pittsburgh	87.1	<b>86.4</b>	111.7	121.2	171.3	152.2	94.0	32.4	<b>25.3</b>	33.0	37.5	82.9	82.4	44.1
Phoenix	189.2	202.2	174.3	210.9	279.7	253.7	<b>171.7</b>	8.9	9.3	<b>7.7</b>	9.8	13.7	12.4	8.5
San Francisco	275.1	360.6	298.5	261.6	<b>240.6</b>	360.0	256.1	10.8	13.9	10.9	10.1	<b>9.2</b>	14.6	10.1
Dallas/Fort Worth	197.0	221.8	243.9	242.5	229.3	225.0	<b>160.2</b>	14.8	15.1	17.3	17.4	18.8	18.8	<b>12.9</b>
Denver	191.8	170.8	195.3	207.9	185.3	243.6	<b>161.8</b>	12.0	<b>10.2</b>	11.9	12.7	12.2	16.1	10.6
Miami	137.2	149.5	157.3	153.5	144.8	140.8	<b>131.7</b>	<b>13.3</b>	13.3	14.1	14.0	15.4	14.8	13.4

Note: **Boldfaced** numbers are the lowest fare or yield.

Note: Data are for U.S. flag airlines only (in domestic and international service).

Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*, retrieved from BACK Aviation databases, March 2008.