Rhode Island Airport Corporation

COMPETITION PLAN UPDATE

FOR

T.F. GREEN AIRPORT

(Federal Fiscal Years 2003-2005)

Rhode Island Airport Corporation
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This section presents an introduction to the need and requirement for the Rhode Island Airport Corporation (RIAC) to submit an updated Competition Plan for T.F. Green Airport (Airport) to the Federal Aviation Administration (FAA).

The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) adopted on April 5, 2000 requires certain large and medium hub airports to prepare and submit a Competition Plan to the FAA, as well as to provide annual updates to that Competition Plan. The airports that are required under this legislation to submit a Competition Plan ("covered airports") are characterized as having one or two airlines controlling more than 50 percent of annual passenger enplanements. Beginning with federal fiscal year (FY) 2001, all covered airports are required to submit a Competition Plan or an update in order for a new Passenger Facility Charge (PFC) to be approved for collection or a grant to be issued under the Airport Improvement Program (AIP) in that federal fiscal year.[1]

The statute provides for the periodic review of the Competition Plan for PFC purposes, and the FAA requires updated plans prior to acting on subsequent PFC applications. In addition, the FAA must have a current Competition Plan to issue each AIP grant (the FAA will consider a Competition Plan or an update to be current for an entire federal fiscal year).

The official source of data for determining covered airports in any federal fiscal year is the U.S. DOT's Air Carrier Activity Information System (ACAIS) database. As shown in **Table 1** below, the Airport is a covered airport for federal fiscal years 2003 and 2004, as Southwest and US Airways accounted for a combined 57.3 percent and 55.5 percent of enplaned passengers at the Airport, respectively, in calendar year (CY) 2001 and CY 2002. As a result, an updated Competition Plan for the Airport is required to be submitted in order for a new PFC to be approved for collection or a grant to be issued under AIP during federal fiscal years 2003-2005.[2]

Table 1

CY 2001 Airport Enplanements

Airline	Enplanements	Percentage of Total
Southwest	894,682	32.7%
US Airways	673,563	24.6%
Other Carriers	1,165,894	42.7%
Airport Total	2,734,139	100.0%

CY 2002 Airport Enplanements

Airline	Enplanements	Percentage of Total
Southwest	940,241	35.3%
US Airways	538,955	20.2%
Other Carriers	1,183,525	44.5%
Airport Total	2,662,721	100.0%

Source: U.S. DOT Air Carrier Activity Information System (ACAIS) database
Prepared by: Ricondo & Associates, Inc.

[1] The federal fiscal year is the 12-month period ending September 30.
[2] The next update to the Competition Plan will be due 18 months after the date of approval of this update. As a result, this update also covers federal FY 2005.

As stated in the Initial Competition Plan submitted for federal FY 2001, the objectives of RIAC's Competition Plan are to 1) encourage competitive air service at the Airport, 2) provide gates and other terminal facilities needed to accommodate new air service, and 3) ensure that access is provided to airlines wishing to serve the Airport on fair, reasonable, and nondiscriminatory terms. These objectives are consistent with RIAC's overall objectives to make the Airport the "airport of choice" for the Providence region.

Specific initiatives to be undertaken or continued during the next 18 months to further the objectives of the Competition Plan are described below:

- **Initiatives to Attract New Airline Service.** Air service development is a top priority for RIAC. RIAC's budget for air service development in FY 2002 (the year ending June 30, 2002) was originally $90,000, similar to the amount budgeted in FY 2001. Due to the events of 9/11, however, this budgeted line item was temporarily suspended due to mandatory budget revisions. In February 2002, RIAC allocated $20,000 to restart the air service development efforts to remain competitive with nearby airports. RIAC budgeted $92,000 for air service development for FY 2003 and FY 2004.

  RIAC has a marketing plan with priorities for expanded service, some by incumbents, some by new carriers. For example, a visit was made during the past 18 months to the low-fare carrier Spirit Airlines (October 2003). RIAC also has regular contact with several charter companies regarding international service.

- **Airline Contacts and Presentations.** RIAC intends to continue to develop analyses and meet with airlines to encourage additional competitive air service at the Airport. Specific targets of air service development for the next 18 months include:

  - Additional low-fare service to top origin-destination markets in the eastern United States.

  - New major airline service to key business markets in the western United States.

- **Advertising.** The majority of the advertising undertaken by RIAC for the Airport is for newspaper and radio advertisements emphasizing the relative ease and convenience of the Airport for regional travelers. RIAC places the majority of its newspaper advertisements in surrounding communities. RIAC intends to continue this type of advertising during the next 18 months to help increase the demand for new, competitive air service. RIAC has budgeted $370,000 for advertising in FY 2004, similar to the $383,200 budgeted in FY 2003.

- **Potential Facilities Improvements.** The 2002 Airport Project includes an update of the Airport's Master Plan. The updated Master Plan will define the future terminal and related facility improvements necessary to accommodate growth in aviation demand.

- **Use of PFC Revenue to Fund Facilities.** Several projects at the Airport are being financed with PFC funds. Ticket counter expansion is being partially funded by PFC revenue. The ticket counter expansion will directly affect the ability of the Airport to accommodate current and potential increase in competitive air service. Other projects being funded through the most recent PFC Application include noise-related land acquisition, ramp rehabilitation, and airfield maintenance facilities. The use of PFC revenue to finance these projects results in a lower rates and charges base, allowing for lower airline expenses at the Airport, which increases the potential for low-cost airline service.

- **Ensuring Access to Facilities.** RIAC is committed to continuing to ensure access to facilities required by airlines initiating or expanding service at the Airport. RIAC has the ability to expand existing terminal facilities to ensure access. Over the next 18 months, in connection with updating the Airport Master Plan, RIAC plans to assess requirements and options for providing additional terminal capacity at the Airport.

- **Ensuring Fair, Reasonable, and Nondiscriminatory Charges.** Rates and charges for airlines using the Airport are established pursuant to a rate-making methodology that is fair and reasonable by industry standards. The airline cost per enplaned passenger at the Airport was $5.26 for the Airport's FY 2003 (12 months ended June 30, 2003) and budgeted to be $5.42 in FY 2004, which is well within the range for medium hub airports.

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The sections that follow present the Authority's responses to suggested guidelines for updating the Competition Plan for the Airport, as outlined in the FAA's *Program Guidance Letter 03-01* (November 19, 2002). This report also includes additional information requested by the FAA in its review letter dated September 12, 2002 to be included in this Competition Plan Update for federal FY 2003-2005.

1. AVAILABILITY OF GATES

This section presents responses to suggested guidelines for updating the ***Availability of Gates*** portion of the Competition Plan, as outlined in the FAA's *Program Guidance Letter 00-3* (May 8, 2000), and responds to gate availability issues raised in the FAA's letter dated November 8, 2000.

1.1 NUMBER OF AVAILABLE GATES

There are 13 gates available for preferential-use lease arrangement in the North Concourse (9 through 22, with the number 13 omitted in the numerical sequence) and eight gates available in the South Concourse (1 through 8). As shown in **Table 2** below, airline tenants in the North Concourse include American, Delta, Northwest, Southwest, and United. Airline tenants in the South Concourse include Continental and US Airways. Cape Air operates at the Airport on a seasonal basis out of designated Commuter Gate 1A, a small holdroom with access to stairs leading to the apron level. Certain regional/commuter airlines (Continental Express/Connection, Delta Connection, United Express, and US Airways Express) use the gates of their major airline partners. Air Georgian, providing nonstop service to Toronto, is handled by United and operates out of Gate 9.

Table 2

Gate Assignments

Airline	Number Of Gates	Gate Assignments
North Concourse		
American	2	12, 14
Delta	3	16, 18, 22
Northwest	1	11
Southwest	4	15, 17, 19, 21
United	2	9, 10
South Concourse		
Continental	2	7, 8
US Airways	6	1, 2, 3, 4, 5, 6
Total Leased Gates	21	
RIAC-Controlled Gates	1	20
Total Gates	21	

Sources: Rhode Island Airport Corporation
Prepared by Ricondo & Associates, Inc.

Although the Airport currently has only one unassigned gate for new or expanding airlines, the 20 assigned gates are leased on a preferential-use basis for flexibility. As discussed earlier in *Introduction*, RIAC is committed to continuing to ensure access to facilities required by airlines initiating or expanding service at the Airport. RIAC has the ability to expand existing terminal facilities to ensure access. Over the next 18 months, in connection with updating the Airport Master Plan, RIAC plans to assess requirements and options for providing additional terminal capacity at the Airport.

The following discussion addresses other issues related to the availability of gates and related facilities at the Airport since the approval of the Competition Plan Update for federal FY 2002:

- **Number and identity of any air carriers that have begun providing or stopped service.**

  The following air carriers stopped service at the Airport since the submittal/approval of the Competition Plan Update for federal FY 2002:

  American Eagle (April 2003)
  Delta Express service (August 2003)
  Cape Air (October 2003; will begin seasonal service in May 2004)

  No new air carriers initiated service at the Airport since the approval of the Competition Plan Update for federal FY 2002:

- **Description of any change to the process for accommodating new service since the approval of the Competition Plan Update for federal FY 2002.**

  No change in the process for accommodating new service since the approval of the Competition Plan Update for federal FY 2002.

- **Number of new gates that have been built or are now available.**

  The number of gates has not changed since the approval of the Competition Plan Update for federal FY 2002. As discussed above, 20 of the 21 available gates are leased by Signatory Airlines on a preferential-use basis, with the one remaining gate controlled by RIAC.

- **Number of gates that have been converted to joint use status.**

  The Airport Use and Lease Agreement (Agreement) continued to provide each of the 20 leased gates on a preferential-use lease arrangement since the approval of the Competition Plan Update for federal FY 2002. The terms of the Agreement are in effect until June 30, 2010.

- **Gate recapture since the last Competition Plan Update.**

  As discussed earlier, Gate 20 was recaptured by RIAC when American Eagle discontinued service at the Airport in April 2003. It is expected that American Eagle will re-initiate service at the Airport in July 2004 with three daily flights utilizing American's Gate 12.

- **Gate allocation or assignments since the last Competition Plan Update.**

  No change in gate allocations or assignments with the Signatory Airlines occurred since the approval of the Competition Plan Update for federal FY 2002.

- **RON position allocation or assignments since the last Competition Plan Update.**

  The Competition Plan Update for federal FY 2002, which followed the FAA's *Program Guidance Letter 00-0*3 (May 8, 2000), did not require remain-overnight (RON) position allocation or assignments. As a result, changes to these allocations or assignments since the approval of the Competition Plan Update for federal FY 2002 are not available; however, the daily RON assignments at the Airport as of March 11, 2004 are as follows:

  - US Airways has exclusive use of two RON spaces on Taxiway T's run-up pad.

- There are 10 RON spaces available on Taxiway V on a "first come/first served" basis. Seven of these spaces are currently utilized by Signatory Airlines: Northwest (2 spaces), Southwest (2 spaces), United (2 spaces), and American (1 space). It is expected that Southwest will require a third RON space beginning in May 2004, and that American will require a second RON space beginning in July 2004.

- **Accommodation of new entrants and incumbent carriers seeking to expand at the Airport and resolution of any access disputes.**

  There were no requests for accommodation from new entrants or incumbent carriers seeking to expand service at the Airport since the approval of the Competition Plan Update for federal FY 2002.

- **Methods for developing gate use monitoring charts and airport uses of the charts.**

  No change in the methods for developing gate use monitoring charts and RIAC's use of them since the approval of the Competition Plan Update for federal FY 2002. As indicated, RIAC monitors gate utilization by requesting each airline to submit a gate use chart each time the airline's schedule changes. These schedules are kept on file and can be used to determine scheduled activity at each gate, as well as the time frames projected for utilization by each airline of its leased gates.

1.2 GATE-USE MONITORING POLICY

No change in RIAC's gate-use monitoring policy since the approval of the Competition Plan Update for federal FY 2002 (see answer above regarding RIAC's method for developing gate use monitoring charts and its use of them).

1.3 GATE UTILIZATION STANDARDS AND PERFORMANCE

Table 3 compares gate utilization (departures per gate) by airline at the Airport for July 2001 and February 2004 on an average basis. As shown, there were 5.7 daily departures per assigned gate at the Airport during a typical day in July 2001, compared to 4.5 daily departures in February 2004. **Table 4** provides similar information by gate for a better understanding of gate availability that could be accommodated for new entrants or existing air carriers wishing to expand service at the Airport.

Table 3

Rhode Island Airport Corporation
T.F. Green Airport
Competition Plan Update - Federal FY 2003-2005

AVERAGE GATE UTILIZATION

Airline	July 2001			February 2004		
	Daily Departures	Number of Assigned Gates	Daily Departures per Gate	Daily Departures	Number of Assigned Gates	Daily Departures per Gate
North Concourse						
American [1]	7	2	3.5	5	1	5.0
American Eagle	11	1	11.0	0	1	0.0
Delta [2]	11	3	3.7	8	3	2.7
Northwest	5	1	5.0	6	1	6.0
Southwest	28	4	7.0	27	4	6.8
United [3]	8	2	4.0	9	2	4.5
Subtotal	70	13	5.4	55	12	4.6
South Concourse						
Continental [4]	13	2	6.5	11	2	5.5
US Airways [5]	36	6	6.0	24	6	4.0
Subtotal	49	8	6.1	35	8	4.4
Total	119	21	5.7	90	20	4.5

[1] Includes three daily departures by Midway during July 2001 using Gate 12 (ground-level access). Currently, American operates from Gate 14 (jet loading bridge) and uses Gate 12 for RON space.

[2] Includes Delta Express (in July 2001only) and Delta Connection (Comair).

[3] Includes United Express (Atlantic Coast in July 2001 and Trans States in February 2004).

[4] Includes Continental Express and Continental Connection (CommutAir).

[5] Includes MetroJet (in July 2001only) and US Airways Express (CommutAir).

Source: RIAC
Prepared by: Ricondo & Associates, Inc.

Table 4

Rhode Island Airport Corporation
T.F. Green Airport
Competition Plan Update - Federal FY 2003-2005

GATE UTILIZATION BY GATE

Gate	Airline	December 2003 Daily Departures	Weekly Departures	Monthly Departures
South Concourse				
1	US Airways	6	42	186
2	US Airways	1	7	31
3	US Airways	5	35	155
4	US Airways	4	28	124
5	US Airways	4	28	124
6	US Airways	4	28	124
7	Continental	6	42	186
8	Continental	5	35	155
Subtotal		35	245	1,085
North Concourse				
9	United	4	28	124
10	United	5	35	155
11	Northwest	6	42	186
12 [1]	American	0	0	0
14	American	5	35	155
15	Southwest	8	56	248
16	Delta	3	21	93
17	Southwest	8	56	248
18	Delta	4	28	124
19 [2]	Southwest	3	21	93
20	Vacant	0	0	0
21	Southwest	8	56	248
22	Delta	1	7	31
Subtotal		55	385	1,705
Total		90	630	2,790

[1] American Eagle is expected to re-initiate service at the Airport in July 2004 with three daily flights utilizing Gate 12.

[2] Southwest is expected to add five daily flights at the Airport in May 2004.

Source: RIAC
Prepared by: Ricondo & Associates, Inc.

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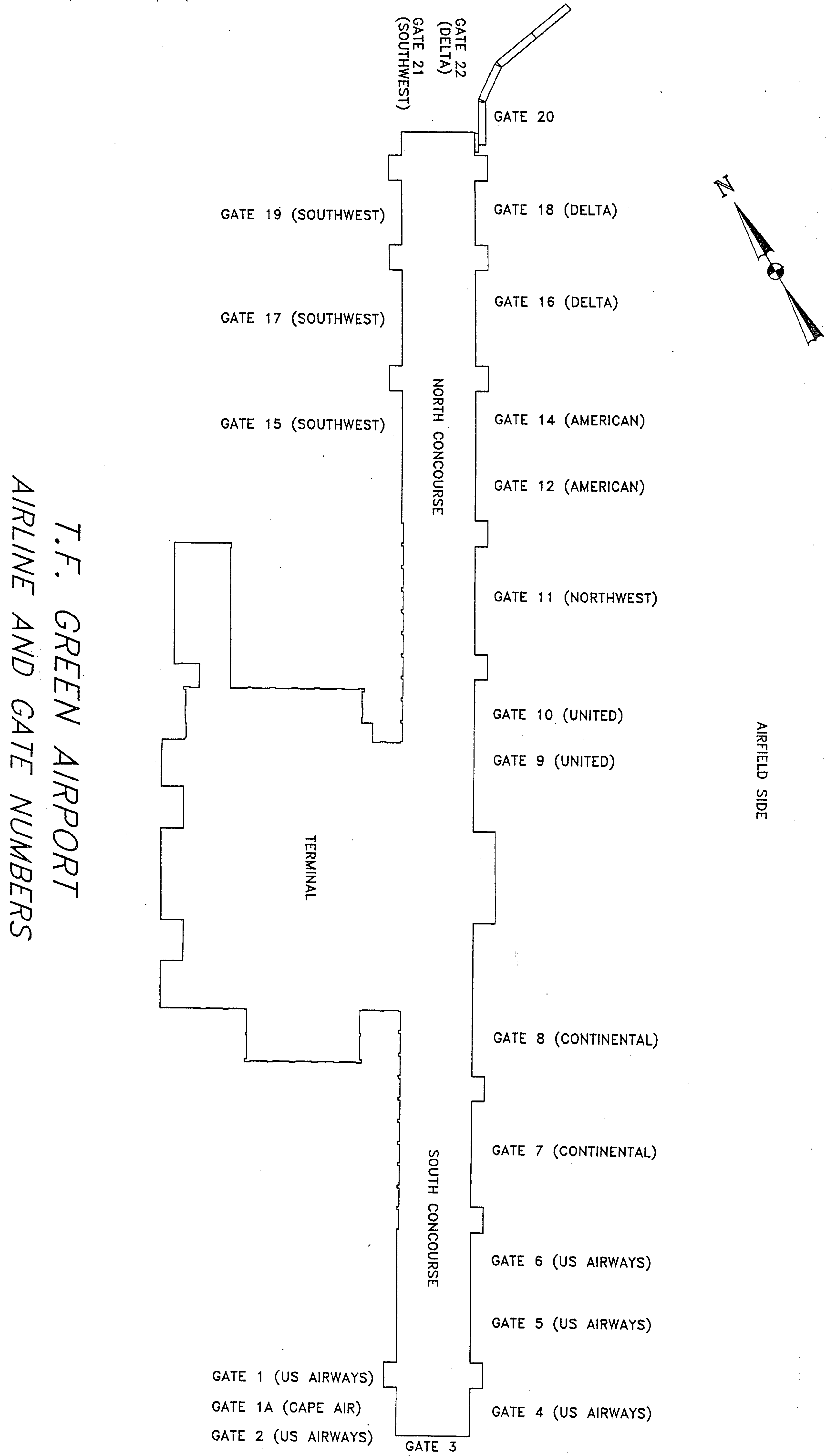

This section presents responses to suggested guidelines for updating the ***Leasing and Subleasing*** portion of the Competition Plan, as outlined in the FAA's *Program Guidance Letter 03-01* (November 19, 2002), and responds to leasing and subleasing issues raised in the FAA's letter dated September 12, 2002.

2.1 SUBLEASING ARRANGEMENTS

In its September 12, 2002 response to the Competition Plan Update, the FAA inquired/requested the following items:

- **Whether the 15 percent cap on sublease fees collected when the forced sharing provisions are invoked also apply to voluntary sublease fees.**

  Although signatory airlines are required to obtain RIAC's written permission prior to voluntarily subleasing space, the negotiation of the agreement does not involve RIAC. However, if the requesting airline feels that the cost proposed by the signatory airline subleasing the space is too high, the requesting airline may complain to RIAC. If RIAC is in agreement that the rate is unreasonable, it can deny the signatory airline the right to sublease the space unless a more agreeable cost structure is developed.

- **The FAA suggests that RIAC consider developing a policy that encourages signatory carriers to employ a universal notification procedure when gates become available for sublease, as well as fair and transparent bidding or negotiation procedures.**

  RIAC will develop a policy to encourage signatory airlines to provide notification when gates become available for subleasing, and foster fair and transparent bidding and negotiation procedures. Such a policy may include a requirement for signatory airlines to notify RIAC as gates become available, provide detailed information as to what time slots are available on the gate usage, how ground handling will be performed, what rates and charges may be incurred by the sub-lease tenant, are the charges reasonable, and how selection of a sub-lease tenant will be determined.

2.2 GROUND-HANDLING/SUPPORT SERVICES

In its September 12, 2002 response to the Competition Plan Update, the FAA encouraged RIAC to develop a dispute resolution process that would be applicable to subleases and ground-handling arrangements. In particular, this process would include the following elements:

- Procedures for filing written complaints
- Designation of contact name and address for the filing of disputes.
- Designation of an airport official with authority to mediate disputes.
- Establishment of a specific time frame for completion of initial action on complaints.
- Establishment of a process to appeal initial determinations to either senior Airport management or the Airport governing body.

RIAC will distribute the following information to respective parties involved at the Airport:

<u>Dispute Resolution Procedure</u>

If a dispute arises among tenants over leasehold facilities at the Airport, all affected tenants shall submit documentation supporting their claim to RIAC at 200 Post Road, Warwick, Rhode Island

02886-1533. After reviewing all documentation and other pertinent information, RIAC's President and CEO shall make a written determination from all affected tenants within 10 calendar days within receipt of the disputes regarding which tenant shall prevail in the use of the facilities.

The tenant shall have the right of appeal. Such appeal shall be executed through a written request to RIAC. RIAC shall make the final written determination in the case within 10 calendar days of receipt of the appeal.

2.3 OTHER UPDATE ISSUES

- The FAA recommends that RIAC provide copies of amended lease and use agreements executed since the approval of the Competition Plan Update for Federal FY 2002.

  There were no amended lease and use agreements executed at the Airport since the approval of the Competition Plan Update for Federal FY 2002.

- The FAA requests that RIAC identify or describe any major changes to the following:

  (a) Gate lease agreements that were renewed or changed

  No gate lease agreements were renewed or changed since the approval of the Competition Plan Update for Federal FY 2002.

  (b) Assuring access at the Airport

  There were no changes in RIAC's policies for assuring access at the Airport since the approval of the Competition Plan Update for Federal FY 2002.

  (c) Monitoring sublease fees and arrangements

  There were no changes to RIAC's process for monitoring sublease fees and arrangements since the approval of the Competition Plan Update for Federal FY 2002.

  (d) Promoting the use of third-party contractors

  There were no changes to RIAC's process for promoting the use of third-party contractors at the Airport since the approval of the Competition Plan Update for Federal FY 2002.

  (e) Resolution of any disputes between carriers relating to access

  There were no disputes between carriers relating to access at the Airport since the approval of the Competition Plan Update for Federal FY 2002.

3. PATTERNS OF AIR SERVICE

This section presents responses to suggested guidelines for updating the ***Patterns of Air Service*** portion of the Competition Plan, as outlined in the FAA's *Program Guidance Letter 03-01* (November 19, 2002).

Table 5 compares patterns of air service at the Airport during June 2003 and June 2001. The reason for choosing June 2003, rather than a more current month, is to account for summer seasonal activity (i.e. Martha's Vineyard and Nantucket). As shown:

- **Number of Markets Served.** A total of 57 nonstop and one-stop markets were served from the Airport in June 2003, compared to a total of 53 markets served in June 2001.

- **Number of Nonstop Markets Served/Average Daily Flights.** A total of 21 markets were served on a nonstop basis in June 2003, with a total of 115 daily nonstop flights; compared to 23 markets in June 2001, with a total of 143 daily nonstop flights.

- **Number of Small Communities Served.** For purposes of these analyses, a "small" community is either a small or nonhub air traffic hub as defined by the FAA (based on its percentage share of nationwide enplanements). As shown, three small communities were served with daily nonstop flights in June 2003 and June 2001; and seven small communities were served on a one-stop basis from the Airport in June 2003, compared to five small communities in June 2001. These small communities include:

  June 2003

  - Albany (nonstop)
  - Green Bay
  - Hyannis
  - Martha's Vineyard (nonstop)
  - Nantucket (nonstop)
  - Norfolk
  - Portland, Maine
  - Sarasota
  - Savannah
  - Syracuse

  June 2001

  - Albany (nonstop)
  - Charleston
  - Hyannis
  - Jackson
  - Martha's Vineyard (nonstop)
  - Nantucket (nonstop)
  - Savannah
  - Syracuse

- **Number of Markets Served by Low-Fare Carriers.** A low-fare carrier(s) served seven nonstop markets in June 2003 and 10 nonstop markets in June 2001. These markets include:

  June 2003

  - Baltimore
  - Chicago
  - Kansas City

- Nashville
- Orlando
- Phoenix
- Tampa

June 2001

- Baltimore
- Chicago
- Fort Lauderdale
- Kansas City
- Nashville
- New York
- Orlando
- Phoenix
- Raleigh
- Tampa

A low-fare carrier served 14 one-stop markets in June 2003 and 18 markets in June 2001. These markets include:

June 2003

- Houston
- Jacksonville
- Kansas City
- Los Angeles
- Nashville
- New Orleans
- Norfolk
- Omaha
- Palm Beach
- Phoenix
- Raleigh
- San Diego
- Seattle
- Tampa

June 2001

- Atlanta
- Charleston
- Chicago
- Fort Lauderdale
- Houston
- Jackson
- Jacksonville
- Kansas City
- Los Angeles
- Nashville
- New Orleans
- Omaha
- Orlando
- Palm Beach

- Phoenix
- Raleigh
- Sacramento
- Tampa

- **Number of Markets Served by More Than One Carrier.** Fourteen of the 57 nonstop and one-stop markets served from the Airport in June 2003 were served by more than one carrier, compared to 18 of the 53 markets served in June 2001.

  June 2003

  - Chicago (12 nonstop flights with three carriers)
  - Cincinnati (three nonstop flights with two carriers)
  - Dallas (two one-stop flights with two carriers)
  - Jacksonville (two one-stop flights with two carriers)
  - Las Vegas (two one-stop flights with two carriers)
  - Los Angeles (two one-stop flights with two carriers)
  - New Orleans (two one-stop flights with two carriers)
  - New York (nine nonstop flights with three carriers)
  - Orlando (six nonstop flights with two carriers)
  - Palm Beach (four one-stop flights with three carriers)
  - Phoenix (five one-stop flights with five carriers)
  - San Diego (three one-stop flights with two carriers)
  - Tampa (two one-stop flights with two carriers)
  - Washington, D.C. (eight nonstop flights with two carriers)

  June 2001

  - Atlanta (two one-stop flights with two carriers)
  - Baltimore (17 nonstop flights with two carriers)
  - Chicago (11 nonstop flights with three carriers)
  - Cincinnati (three nonstop flights with two carriers)
  - Fort Lauderdale (three one-stop flights with two carriers)
  - Hyannis (four one-stop flights with two carriers)
  - Indianapolis (two one-stop flights with two carriers)
  - Jacksonville (three one-stop flights with two carriers)
  - Kansas City (four one-stop flights with three carriers)
  - Miami (two one-stop flights with two carriers)
  - New Orleans (four one-stop flights with three carriers)
  - New York (31 nonstop flights with four carriers)
  - Orlando (five nonstop flights with two carriers and three one-stop flights with two carriers)
  - Palm Beach (three one-stop flights with three carriers)
  - Philadelphia (six nonstop flights with two carriers)
  - Phoenix (four one-stop flights with four carriers)
  - Raleigh (two one-stop flights with two carriers)
  - Washington, D.C. (eight nonstop flights with two carriers)

- **Number of Nonstop Markets Added/Dropped in the Past Year.** An analysis of nonstop markets served at the Airport in June 2003 versus June 2001 provided the following comparison:

- The following additional nonstop market was provided service from the Airport in June 2003 compared to June 2001:

  - Minneapolis (two flights)

- The following three nonstop markets were no longer served from the Airport in June 2003 compared to June 2001:

  - Fort Lauderdale (two flights)
  - Houston (one flight)
  - Raleigh (three flights)

- The following seven nonstop markets had increased service at the Airport in June 2003 compared to June 2001:

  - Atlanta (one additional flight)
  - Charlotte (one additional flight)
  - Chicago (one additional flight)
  - Martha's Vineyard (one additional flight)
  - Orlando (one additional flight)
  - Tampa (one additional flight)
  - Toronto (one additional flight)

- The following six nonstop markets had decreased service at the Airport in June 2003 compared to June 2001:

  - Albany (one less flight)
  - Baltimore (five less flights)
  - Nantucket (one less flight)
  - New York (22 less flights)
  - Philadelphia (one less flight)
  - Pittsburgh (one less flight)

The net results of these changes were two less daily nonstop markets served from the Airport in June 2003 versus June 2001 (a total of 21 and 23 daily nonstop markets, respectively); and 28 less daily nonstop flights from the Airport in June 2003 versus June 2001 (a total of 115 and 143 daily nonstop flights, respectively).

- **Number of One-Stop Markets Added/Dropped in the Past Year.** An analysis of one-stop markets served at the Airport in June 2003 versus June 2001 provided the following comparison:

  - The following 14 additional one-stop markets were provided service from the Airport in June 2003 compared to June 2001:

    - Calgary (one flight)
    - Columbus (one flight)
    - Green Bay (one flight)
    - Las Vegas (two flights)
    - Mexico City (one flight)
    - Milwaukee (one flight)
    - Norfolk (two flights)
    - Portland, Maine (one flight)

- Portland, Oregon (one flight)
- San Antonio (one flight)
- San Juan (one flight)
- Sarasota (one flight)
- Seattle (one flight)
- St. Thomas (one flight)

➢ The following 8 one-stop markets were no longer served from the Airport in June 2003 compared to June 2001:

- Atlanta (two flights)
- Charleston (one flight)
- Chicago (one flight)
- Fort Myers (one flight)
- Jackson (one flight)
- Miami (two flights)
- Minneapolis (one flight)
- St. Louis (one flight)

➢ The following five one-stop markets had increased service at the Airport in June 2003 compared to June 2001:

- Dallas (one additional flight)
- Los Angeles (one additional flight)
- Palm Beach (one additional flight)
- Phoenix (one additional flight)
- San Diego (two additional flights)

➢ The following nine one-stop markets had decreased service at the Airport in June 2003 compared to June 2001:

- Fort Lauderdale (two less flights)
- Hyannis (two less flights)
- Indianapolis (one less flight)
- Jacksonville (one less flight)
- Kansas City (three less flights)
- New Orleans (two less flights)
- Orlando (two less flights)
- Raleigh (one less flight)
- Syracuse (three less flights)

The net results of these changes were six additional daily one-stop markets served from the Airport in June 2003 versus June 2001 (a total of 36 and 30 daily one-stop markets, respectively); and five less daily one-stop flights from the Airport in June 2003 versus June 2001 (a total of 54 and 59 daily one-stop flights, respectively).

TABLE 5

Rhode Island Airport Corporation
T.F. Green Airport
Competition Plan Update - Federal FY 2003-2005

PATTERNS OF AIR SERVICE
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Markets Served	Daily Flights Jun-01	Daily Flights Jun-03	Community Size [1]	Carrier Name	Low Fare Carrier (Yes/No)
NONSTOP MARKETS					
Albany	4	0	Small	US Airways Express	No
	0	3		Commutair	No
Atlanta	4	5	Large	Delta	No
Baltimore	6	0	Large	MetroJet/US Airways	Yes
	11	12		Southwest	Yes
Charlotte	4	5	Large	US Airways	No
Chicago	4	4	Large	American	No
	3	3		Southwest	Yes
	4	5		United	No
Cincinnati	1	1	Large	Comair	No
	2	2		Delta	No
Cleveland	4	4	Medium	Express Jet	No
Detroit	5	5	Large	Northwest	No
Fort Lauderdale	2	0	Large	Delta Express	Yes
Houston	1	0	Large	Continental	No
Kansas City	1	1	Medium	Southwest	Yes
Martha's Vineyard	8	9	Nonhub	Cape Air	No
Minneapolis	0	2	Large	Northwest	No
Nantucket	13	12	Nonhub	Cape Air	No
Nashville	2	2	Medium	Southwest	Yes
New York	11	0	Large	American Eagle	No
	3	1		Continental	No
	0	3		Express Jet	No
	0	5		Colgan Air	No
	4	0		Southwest	Yes
	13	0		US Airways Express	No
Orlando	2	2	Large	Delta Express	Yes
	3	4		Southwest	Yes
Philadelphia	5	5	Large	US Airways	No
	1	0		US Airways Express	No
Phoenix	2	2	Large	Southwest	Yes
Pittsburgh	4	3	Large	US Airways	No
Raleigh	3	0	Medium	Midway	Yes
Tampa	2	3	Large	Southwest	Yes
Toronto	3	0	N/A	Air Ontario	No
	0	4		Air Georgian	No
Washington, D.C.	4	4	Large	Atlantic Coast	No
	4	4		US Airways	No
Total (23 markets in 6/01; 21 in 6/03)	143	115			
ONE-STOP MARKETS					
Atlanta	1	0	Large	MetroJet/US Airways	Yes
	1	0		Midway	Yes
Austin	1	0	Medium	American	No
	0	1		Delta	No
Calgary	0	1	N/A	Northwest	No
Charleston	1	0	Small	Midway	Yes
Chicago	1	0	Large	Southwest	Yes
Columbus	0	1	Medium	Express Jet	No
Dallas	1	1	Large	US Airways	No
	0	1		Express Jet	No
Fort Lauderdale	2	0	Large	MetroJet/US Airways	Yes
	1	1		US Airways	No
Fort Myers	1	0	Medium	US Airways	No
Green Bay	0	1	Small	Northwest	No
Houston	1	1	Large	Southwest	Yes

TABLE 5

Rhode Island Airport Corporation
T.F. Green Airport
Competition Plan Update - Federal FY 2003-2005

PATTERNS OF AIR SERVICE
(Page 2 of 2)

Markets Served	Daily Flights Jun-01	Daily Flights Jun-03	Community Size [1]	Carrier Name	Low Fare Carrier (Yes/No)
ONE-STOP MARKETS (Continued)					
Hyannis	3	2	Nonhub	Cape Air	No
	1	0		Delta	No
Indianapolis	1	0	Medium	Northwest	No
	1	1		US Airways	No
Jackson	1	0	Small	Southwest	Yes
Jacksonville	1	0	Medium	MetroJet/US Airways	Yes
	0	1		Continental	No
	2	1		Southwest	Yes
Kansas City	1	0	Medium	Delta	No
	2	1		Southwest	Yes
	1	0		US Airways	No
Las Vegas	0	1	Large	United	No
	0	1		US Airways	No
Los Angeles	1	1	Large	Southwest	Yes
	0	1		United	No
Mexico City	0	1	N/A	Northwest	No
Miami	1	0	Large	Continental	No
	1	0		US Airways	No
Milwaukee	0	1	Medium	Express Jet	No
Minneapolis	1	0	Large	Northwest	No
Nashville	2	2	Medium	Southwest	Yes
New Orleans	1	0	Medium	Midway	Yes
	0	1		United	No
	1	1		Southwest	Yes
	2	0		US Airways	No
Norfolk	0	2	Small	Southwest	Yes
Omaha	1	1	Medium	Southwest	Yes
Orlando	1	0	Large	MetroJet/US Airways	Yes
	2	1		US Airways	No
Palm Beach	1	0	Medium	Delta	No
	0	1		US Airways	No
	0	1		Express Jet	No
	1	0		MetroJet/US Airways	Yes
	1	2		Southwest	Yes
Phoenix	1	0	Large	Continental	No
	0	1		Northwest	No
	1	1		Delta	No
	1	1		Southwest	Yes
	0	1		United	No
	1	1		US Airways	No
Portland, Maine	0	1	Small	Commutair	No
Portland, Oregon	0	1	Medium	Northwest	No
Raleigh	1	1	Medium	Southwest	Yes
	1	0		US Airways	No
Sacramento	1	0	Medium	Southwest	Yes
	0	1		Northwest	No
Salt Lake City	1	0	Large	United	No
	0	1		Delta	No
San Antonio	0	1	Medium	Delta	No
San Diego	0	1	Large	American	No
	0	2		Southwest	Yes
	1	0		US Airways	No
San Juan	0	1	N/A	US Airways	No
Sarasota	0	1	Small	Delta	No
Savannah	0	1	Small	Express Jet	No
	1	0		US Airways	No
Seattle	0	1	Large	Southwest	Yes
St. Louis	1	0	Large	US Airways	No
St. Thomas	0	1	N/A	US Airways	No
Syracuse	4	0	Small	US Airways Express	No
	0	1		Commutair	No
Tampa	2	1	Large	Southwest	Yes
	0	1		US Airways	No
Total (30 markets in 6/01; 36 in 6/03)	59	54			

[1] FAA's definition of small, medium, and large air traffic hubs, based on the percentage share of nationwide enplanements.

Source: Official Airline Guides, Inc. (OAG)
Prepared by: Ricondo & Associates, Inc.

4. GATE ASSIGNMENT POLICY

This section presents responses to suggested guidelines for updating the **Gate Assignment Policy** portion of the Competition Plan, as outlined in the FAA's *Program Guidance Letter 00-3* (November 19, 2002).

4.1 GATE ASSIGNMENT POLICY

No change in the gate assignment policy at the Airport since the approval of the Competition Plan Update for federal FY 2002.

4.2 ANNOUNCEMENT OF GATE AVAILABILITY

No change in RIAC's policies on announcing gate availability at the Airport since the approval of the Competition Plan Update for federal FY 2002.

4.3 POLICIES FOR REASONABLE ACCESS TO ENTRANT CARRIERS

No change in RIAC's policies for reasonable access to entrant carriers at the Airport since the approval of the Competition Plan Update for federal FY 2002.

4.4 OTHER UPDATE ISSUES

- **RON Position Assignment Policies.** There have not been any changes in RON position assignment policies since the approval of the Competition Plan Update for federal FY 2002. With the exception of US Airways' RON positions located on Taxiway T's run-up pad, RIAC's policy for RON position assignment is generally on a "first come/first serve basis". US Airways requires the use of the run-up pads for maintenance purposes. As a result, US Airways leases two RON positions on Taxiway T on an exclusive-use basis. The other 10 RON positions at the Airport are located on Taxiway V (seven spots are currently occupied).

5. GATE USE REQUIREMENTS

This section presents responses to suggested guidelines for updating the **Gate Use Requirements** portion of the Competition Plan (a new section from previous submittals), as outlined in the FAA's *Program Guidance Letter 03-01* (November 19, 2002).

5.1 REQUIREMENTS FOR SIGNATORY STATUS

No change in the requirements for an airline to attain signatory status at the Airport since the approval of the Competition Plan Update for federal FY 2002. As stated in the initial Competition Plan for federal FY 2001, a Signatory Airline must lease space in the Terminal or have significant investments in other facilities (e.g., cargo).

5.2 LEASE REQUIREMENTS

No change in lease requirements at the Airport since the approval of the Competition Plan Update for federal FY 2002.

5.3 RIAC GATE USE PRIORITIES

No change in RIAC gate use priorities at the Airport since the approval of the Competition Plan Update for federal FY 2002. Any reallocation of gate assignments by RIAC would be based on the needs of the new entrant or expanding carrier, the requirements of existing carriers, gate utilization factors, gate aircraft limitations, compliance with its Grant Assurances, and the effect of the allocation on promoting competition at the Airport.

5.4 GATE USE MONITORING

No change in gate use monitoring since the approval of the Competition Plan Update for federal FY 2002.

5.5 CALCULATION OF RENTAL RATES AND COMMON-USE FEES

No change in the methodology to calculate rental rates and common-use fees at the Airport since the approval of the Competition Plan Update for federal FY 2002. As summarized in the initial Competition Plan for federal FY 2001, the airline rates and charges are established according to a hybrid residual/compensatory methodology. In addition, the common-use formula is on an 80/20 prorated basis (see Article VI of the Agreement for specific components of this formula). The Agreement terminates on June 30, 2010.

6. FINANCIAL CONSTRAINTS

This section presents responses to suggested guidelines for updating the ***Financial Constraints*** portion of the Competition Plan, as outlined in the FAA's *Program Guidance Letter 03-01* (November 19, 2002).

6.1 FUNDING SOURCES FOR TERMINAL PROJECTS

No change in funding sources for terminal projects at the Airport since the approval of the Competition Plan Update for federal FY 2002.

6.2 AIRLINE RATES AND CHARGES METHODOLOGY

No change in funding sources for terminal projects at the Airport since the approval of the Competition Plan Update for federal FY 2002.

6.3 PFC USE FOR GATES AND RELATED TERMINAL PROJECTS

Table 6 presents the approved PFC Program at the Airport. As shown, approximately $150.0 million has been approved for collection and approximately $127.6 million for use at the Airport. As of December 31, 2003, RIAC has expended approximately $45.1 million in PFC revenue at the Airport (see attached ***PFC Quarterly Status Report – Quarter Ended December 31, 2003***). Of the approximately $45.1 million in PFC revenue expended through December 31, 2003, approximately $33.7 has been used toward terminal-related projects at the Airport.

Table 6

Rhode Island Airport Corporation
T.F. Green Airport
Competition Plan Update - Federal FY 2003-2005

APPROVED PFC PROGRAM AT THE AIRPORT

Project Number	Description	Approved for Collection	Approved for Use
	Application # 93-01-C-00-PVD **Application # 93-01-C-01-PVD (actual costs)**		
1	Terminal Building Demolition	$173,007	$173,007
2	Access Road	13,105,937	13,105,937
3	Interim Facilities	37,813,900	37,813,900
4	Construct Terminal Building	45,348,481	45,348,481
5	Aprons, Taxiways, Utilities, etc.	1,708,028	1,708,028
6	Walkway & Drainage	905,980	905,980
7	Landscaping	496,783	496,783
8	Install Guidance Signs	58,593	58,593
9	VOR Modifications	179,481	179,481
10	Storm Water Retention System	1,917,175	1,917,175
11	Deicing & Glycol Retention System	2,620,165	2,620,165
12	Perimeter Service Road	69,484	69,484
	Subtotal	$104,397,014	$104,397,014
	Application # 97-02-C-00-PVD		
1	Terminal Leasehold Acquisition	$3,892,980	$3,892,980
	Subtotal	$3,892,980	$3,892,980
	Application # 00-03-C-00-PVD		
1	Noise Mitigation Land Acquisition	$16,268,000	$16,268,000
2	North Ramp Rehabilitation	3,025,000	3,025,000
3	PFC Application	41,000	41,000
4	New Airfield Maintenance Facilities	11,897,000	
5	Ticket Counter Expansion	2,097,000	
6	Rehabilitation of Apron & Taxiways B & C	2,750,000	
7	Apron & Construct Taxiway to Runway 10	2,500,000	
8	Rehabilitation of Apron - North Central	2,000,000	
9	Rehabilitation of Apron - Quonset	1,111,000	
	Subtotal	$41,689,000	$19,334,000
	Total Approved PFC Program	$149,978,994	$127,623,994

Sources: Rhode Island Airport Corporation
Compiled by Ricondo & Associates, Inc.

RHODE ISLAND AIRPORT CORPORATION

REPORT 1: **PFC QUARTERLY STATUS REPORT**
REVENUES & EXPENDITURES
QUARTER ENDED: December 31, 2003

TOTAL COLLECTION AUTHORITY	**149,978,994**		
APPROVED APPLICATIONS:	**IMPOSE**	**USE**	**TOTAL**
APPLICATION 93-01-C-00-PVD	103,885,286	103,885,286	103,885,286
APPLICATION 93-01-C-01-PVD	511,728	511,728	511,728
APPLICATION 97-02-C-00-PVD	3,892,980	3,892,980	3,892,980
APPLICATION 00-03-C-00-PVD	41,689,000	19,334,000	41,689,000
TOTAL AUTHORITY	**149,978,994**	**127,623,994**	**149,978,994**

	CURRENT QUARTER	**CUMMULATIVE**
PFC REVENUE RECEIVED	1,899,742	58,430,769
INTEREST EARNED	53,808	1,670,250
TOTAL: PFC REVENUE RECEIVED	1,953,550	60,101,019
EXPENDITURES ON APPROVED PFC PROJECTS	1,537,922	45,070,338

RHODE ISLAND AIRPORT CORPORATION

REPORT 2:

PFC QUARTERLY STATUS REPORT
PROJECT ACTIVITY
QUARTER ENDED: December 31, 2003

PROJECTS APPLICATION 93-01-C-00-PVD (revised 11/9/00)	Charge Effective Date	Approval of Use date	Actual Construction Date	Project Stop Date	Quarter Expenditures	Cumulative Expenditures	Amount Of Use Approval (Revised 11/9/00)	Current Estimated Cost
1 Terminal Building Demolition	2/1/94	11/30/93	12/94	04/97			173,007	173,007
2 Access Road	2/1/94	11/30/93	02/95	06/97			13,105,937	13,105,937
3 Interim Facilities	2/1/94	11/30/93	03/94	12/94			37,813,900	37,813,900
4 Construct Terminal Bldg.	2/1/94	11/30/93	01/95	11/96	859,452	33,597,565	45,348,481	45,348,481
5 Apron, Taxiways, Utilities etc	2/1/94	11/30/93	09/93	07/97			1,708,028	1,708,028
6 Walkway & Drainage	2/1/94	11/30/93	4/94	02/97			905,980	905,980
7 Landscaping	2/1/94	11/30/93	9/94	06/97			496,783	496,783
8 Install Guidance Signs	2/1/94	11/30/93	10/93	01/95			58,593	58,593
9 VOR Modifications	2/1/94	11/30/93	12/93	03/94		62,092	179,481	179,481
10 Storm Water Retention System	2/1/94	11/30/93	01/93	01/95			1,917,175	1,917,175
11 Deicing & Glycol Retention System	2/1/94	11/30/93	Design 5/99	10/00			2,620,165	2,620,165
12 Perimeter Service Road	2/1/94	11/30/93	08/94	11/94			69,484	69,484
TOTAL APPLICATION 93-01-C-00-PVD					859,452	33,659,657	104,397,014	104,397,014
PROJECTS APPLICATION 97-02-C-00-PVD								
1 Terminal Leasehold Acquisition	11/01/07	11/30/93	07/97	06/06	30,588	3,752,094	3,892,980	3,892,980
PROJECTS APPLICATION 00-03-C-00-PVD								
1 Noise Mitigation Land Acquisition	4/1/2008	11/27/2000	09/00	06/02	128,982	6,938,418	16,268,000	16,268,000
2 North Ramp Rehabilitation	4/1/2008	11/27/2000	07/03	10/03	518,900	679,170	3,025,000	3,025,000
3 PFC Application	4/1/2008	11/27/2000	12/99	12/00		41,000	41,000	41,000
4 New Airfield Maintenance Facilities	4/1/2008		11/04	03/06				11,897,000
5 Ticket Counter Expansion	4/1/2008		11/04	05/06				2,097,000
6 Rehabilitation of Apron & Taxiways B & C- WST	4/1/2008		06/05	09/05				2,750,000
7 Apron & Construct Taxiway to Runway 10 - BID	4/1/2008		03/06	09/06				2,500,000
8 Rehabilitation of Apron-North Central - SFZ	4/1/2008		06/05	09/05				2,000,000
9 Rehabilitation of Apron-Quonset - OQU	4/1/2008		04/05	09/05				1,111,000
TOTAL APPLICATION 00-03-C-00-PVD					647,882	7,658,587	19,334,000	41,689,000
TOTAL ALL APPLICATION					**1,537,922**	**45,070,338**	**127,623,994**	**149,978,994**

7. AIRPORT CONTROLS OVER CAPACITY

This section presents responses to suggested guidelines for updating the ***Airport Controls Over Capacity*** portion of the Competition Plan, as outlined in the FAA's *Program Guidance Letter 03-01* (November 19, 2002).

7.1 MAJORITY-IN-INTEREST (MII) CLAUSES ON CAPITAL PROJECTS

Section VII.C. of the Airport Use and Lease Agreement (*Approval for Additional Capital Projects)* sets forth the methodologies to determine airline rates and charges paid to RIAC. These methodologies have not been changed since the approval of the Competition Plan Update for federal FY 2002.

7.2 PROJECTS DELAYED OR PREVENTED DUE TO MII

Notwithstanding the MII clauses regarding capital projects there have not been any capital projects delayed or prevented at the Airport since the approval of the Competition Plan Update for federal FY 2002.

7.3 PLANS TO MODIFY MII CLAUSES

It is unlikely that RIAC will be able to modify the MII provision in the Airport Use and Lease Agreement in the near term, as this agreement expires June 30, 2010. However, the existing MII provision does not grant the airlines extraordinary power, as the carriers are required to provide a written disapproval. Additionally, it is RIAC's position that an expansion of terminal facilities to provide competitive facilities would fall under the exclusion that "capital projects necessary to comply with current or future law, rule, regulation or order of the FAA or any other agency of the federal government" is exempt from MII requirements.

8. COMMON-USE GATES

This section presents responses to suggested guidelines for updating the ***Common-Use Gates*** portion of the Competition Plan, as outlined in the FAA's *Program Guidance Letter 03-01* (November 19, 2002).

8.1 EXISTING COMMON-USE GATES

All 22 gates are currently leased to the airlines on a preferential-use basis. The one vacant gate (Gate 20) could also be leased on a preferential-use basis, or could be leased as common-use to provide operational flexibility to RIAC.

8.2 CONSTRUCTION OR ACQUISITION OF ADDITIONAL COMMON-USE GATES

There were no common-use gates constructed since the approval of the Competition Plan Update for federal FY 2002. As discussed above, however, vacant Gate 20 could be leased as common-use by RIAC if the strategy is required for operational flexibility at the Airport.

8.3 CARRIERS UTILIZING COMMON-USE GATES EXCLUSIVELY

There are no air carriers that have been serving the Airport for more than three years that rely exclusively on common-use gates.

8.4 INTERNATIONAL/DOMESTIC SERVICE GATE UTILIZATION

Air Georgian, which provides scheduled international service to Toronto, is handled by United, which provides scheduled domestic service to Chicago.