



U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Planning
and Programming

800 Independence Ave., SW.
Washington, DC 20591

SEP 12 2002

Mr. Michael Cheston
Executive Director
Rhode Island Airport Corporation
T.F. Green Airport
2000 Post Road
Warwick, RI 02886-1533

Dear Mr. Cheston:

Thank you for your submittal of the Rhode Island Airport Corporation's (RIAC) FY 2002 Competition Plan update for T. F. Green Airport (PVD) dated May 2, 2002 and supplemental submission dated August 13, 2002 in response to our telephone conference call of July 30. We have reviewed your Plan update and have determined that it is in accordance with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Pub. L. 106-181, April 5, 2000. However, we have identified some areas where submission of additional information with your next Plan update would help us more fully understand your current business practices and policies.

As we indicated in our letter of November 8, 2001, annual competition updates are required for a covered airport applying for a new passenger facility charge (PFC) or a grant to be issued under the Airport Improvement Program (AIP) in FY 2002. In Program Guidance Letter (PGL) 00-3 (May 8, 2000), the FAA addressed the information needed to be provided in Competition Plan updates on each of the eight areas specified in section 155. On August 16, 2001, we issued guidance reminding covered airports of the requirement to have a Competition Plan update accepted by the FAA before new AIP grants or PFC approvals could be issued in FY 2002. We also reminded covered airports of the need to address the issues raised in our review letters for their FY 2001 submittals.

The September 11 terrorist attacks necessitated an immediate response to security requirements. Therefore, on October 1, 2001, we modified the August 16, 2001, guidance to indicate that we would make AIP and PFC funding decisions before May 1, 2002, regardless of the Competition Plan update. Additionally, we requested that Competition Plans be filed by

In addition, we request that in your next Plan update, RIAC provide gate-use data, or average turns per day, by airline, for each gate.

Leasing and subleasing

The FAA notes that the RIAC has adopted a reasonable cap (15 percent) on sublease fees collected when the forced sharing provisions of the preferential-use leases are invoked. Further, the RIAC has the authority to review the reasonableness of sublease fees for voluntary subleases. Does the 15 percent cap apply to voluntary sublease fees as well? If the RIAC has not established a cap for voluntary sublease fees, we encourage you to do so. Please address this issue in your next Plan update.

Additionally, the Plan update reports that carriers may complain to the RIAC if a requesting carrier believes a proposed sublease fee is too high. Please describe the complaint procedures currently applicable to a dispute of this nature and the means by which the RIAC notifies new entrant carriers of the availability of these procedures. If the RIAC has not established a formal complaint process for disputes over subleasing, we encourage you to do so. In addition, we recommend that the process apply to disputes over denial of access to PVD and to disputes over ground handling arrangements. Further, we recommend that the complaint process include: (1) specific procedures for filing written complaints, including designation of a specific airport staff position and address for the filing of disputes; (2) designation an airport official who would have the authority to mediate disputes; (3) establishment of a specific time-frame for completion of initial action on complaints; and (4) establishment of a process to appeal initial determinations to either senior airport management or the airport governing body. Please address this issue in your next Plan update.

Our Airport Practices report found that entry is facilitated when airport management oversees subleasing efforts of new entrants. The report also found that new entrants are more likely to be treated fairly by an air carrier tenant when the airport imposes a reasonable cap on sublease fees. An airport is obligated to make sure that the terms and conditions imposed on all the air carriers operating at the airport are reasonable.

Further, as you consider policies regarding subleasing, we suggest the 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 negotiating procedures. In some circumstances, the opportunity to sublease itself – or lack of such opportunity – can also have implications on fulfillment of the airports' obligation under the AIP grant assurances to provide reasonable access for all carriers, including subtenants. Adoption of this suggestion could enhance the ability of new entrants to gain needed facilities and reduce the risk that a dominant carrier will

4

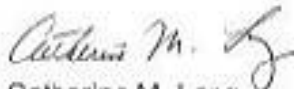
increase the scope of its control over airport facilities to the detriment of potential competitors. Please address this issue in your next Plan update. We acknowledge your intent to post a copy of the Competition Plan and the FAA response letter on the airport web site, by mid-October. Please advise us, during this time period, whether the FY 2001 Plan and FY 2002 Plan update (along with FAA's review correspondence) are accessible on your web-site. If so, identify its precise web address. If not, please indicate when the posting will be accomplished.

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

As you may be aware, the Secretary is periodically required to review the implementation of Competition Plans to ensure each covered airport successfully implements its Plan. In connection with our review, we may determine that further contacts with, or site visits to one or more locations would be useful. We will notify you should we decide to visit PVD in connection with such a review.

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

Sincerely,



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