



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

Office of Airports Planning
and Programming

800 Independence Ave., SW
Washington, DC 20591

AUG 25 2011

Mr. Glenn M. Okimoto, Ph.D.
Director of Transportation
State of Hawaii
Department of Transportation
869 Punchbowl Street
Honolulu, Hawaii 96813-5097

Dear Dr. Okimoto:

Thank you for submitting the State of Hawaii Department of Transportation Airports Division's (DOTA's) fiscal year (FY) 2011 Competition Plan for Honolulu International Airport (HNL) and for providing the supplemental information in response to our July teleconference (collectively, Plan). We have reviewed your Plan 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, codified as Title 49 U.S. Code sections 40117(k) and 47106(f).

The HNL Competition Plan is required because, for calendar year 2009, two air carriers account for over 50 percent of enplanements, and HNL has not yet filed an initial Plan and two Plan updates that have been approved by the FAA. As you are aware this is HNL's first Competition Plan. The HNL FY 2011 Competition Plan indicates that you are committed to best business practices and providing accessibility to airport facilities by both incumbent and prospective new entrant air carriers.

We commend DOTA for the following pro-competitive policies and practices included in your HNL Plan:

- Providing 23 preferential and 29 Common-use gates maintained by DOTA at HNL;
- Ensuring that preferential-use gates can be (1) recaptured if use is less than six flights per day per individual gate; (2) recaptured on 30 days' notice cancelling a Revocable Permit; and (3) shared by a requesting airline at times when they may be available;
- Modifying an On-Airport Operators Questionnaire to facilitate access by new entrants and to accommodate incumbent airlines wishing to begin or expand service at HNL;
- Leasing all ticket counter space at the Interisland Terminal under Revocable Permits, which can be revoked and reassigned to accommodate new entrants;
- Designating the Manager of the O'ahu District Airport as DOTA's competitive access liaison;

- Designating that all Remain Over Night (RON) positions are common-use;
- Converting all but one lease to a revocable permit;
- Defining that air carriers and ground handling companies can provide ground handling services and that any significant complaints regarding these services are subject to Hawaii Administrative Rules and are sent to the Director of the Department of Transportation;
- Eliminating, as a factor in the gate assignment policy, an air carrier's signatory status, thereby facilitating access by new entrant air carriers and carriers with limited frequencies;
- Defining that an air carrier can achieve signatory status by (1) executing an Airport-Airline Lease Agreement (as Amended and Extended), (2) providing the appropriate security deposits and insurances, and (3) maintaining activity at or above the utilization threshold of an average of six daily turns per hold room;
- Clarifying that under HNL's Majority-in-Interest (MII) or "no further rates and charges" clauses, Signatory Airlines may disapprove project(s) resulting in a deferral to the next Fiscal Year. DOTA can then proceed with the project despite Signatory Airline objection; and
- Defining that under the MII if a majority of the Signatory Airlines initially withhold concurrence, but a majority do not again withhold their concurrence in writing within 30 days of a second meeting with DOTA, then the additional capital improvements are deemed accepted.

Your Plan also indicates the airport plans to implement the following competitive actions:

- Monitoring gate usage when needed, via HNL's Gate Management System;
- Evaluating plans to construct additional gates to meet future expansion plans for Hawaiian Airlines by 2019;
- Defining that all of the new gates will be initially common use but can be converted to preferential use; and
- Assuring that the lease and use agreements for the new, PFC-financed gates, will comply with the PFC competitive assurance provisions in statute and regulations.

Please note that we are enclosing with this letter a chart, prepared by the FAA in November 2010, highlighting actions taken by airports covered by the Competition Plan requirement to reduce barriers to entry and enhance competitive access. In addition, we have distributed this product at several airport conferences in order to demonstrate the tools airport managers are using to comply with the statutory elements of the Competition Plan requirement, the competitive benefits that may be achieved through implementation of these tools, and other ancillary advantages that may be derived from these tools. This chart may be of interest to you as you fully implement HNL's Competition Plan. We take this opportunity to point out to you airports that have adopted or are adopting such competitive practices as: developing formal dispute resolution procedures (sec. II), and arranging procedures to provide for uniform notification of availability of gates or gate-sharing (sec. IV).

Please note that DOTA has now filed an initial Competition Plan. Two Plan updates will be required if HNL remains a covered airport. Your next Plan update will be due 18 months from the date of this letter. We will notify you before the end of your 18-month cycle as to whether you remain a covered airport. As you may know, the Secretary is required by section 40117(k) to review implementation of Competition Plans from time to time to verify each covered airport implements its Plan successfully. In connection with our review, we may determine that site visits to, or teleconferences with, one or more locations would be useful. We will notify you should we decide to visit HNL in connection with its Competition Plan.

Finally, FAA Program Guidance Letter (PGL) 04-08 streamlined the Competition Plan process by eliminating the need for a written Competition Plan update from a covered airport whose original Competition Plan and two Plan updates have been approved by the FAA, unless certain special conditions arise. PGL 04-08 identified the following two special conditions that would require the filing of a Competition Plan update.

- An airport files a competitive access report as required by Section 424 of Vision 100, codified as 49 U.S.C. 47107 (s) stating it had denied access to an air carrier for gates or facilities within the last six months. Section 424 requires any medium hub or large airport that has denied a carrier's request or requests for access to file a report with the FAA describing the carrier's requests, providing an explanation as to why the requests could not be accommodated, and providing a time frame within which, if any, the airport will be able to accommodate the requests.
- An airport executed a new lease and use agreement, or significantly amended a lease and use agreement, including an amendment due to use of PFC financing for gates.

If you have any questions regarding this letter or the FAA's review of your Plan, please contact Mr. Joe Hebert, Manager, Financial Analysis and Passenger Facility Charge Branch, at (202) 267-8375.

Sincerely,



Benito De Leon
Director, Office of Airport Planning
and Programming

Enclosure