



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

Office of Airport Planning
and Programming

800 Independence Ave., SW.
Washington, DC 20591

JUL 31 2018

Mr. Lance Lyttle
Managing Director, Aviation Division
Port of Seattle
P.O. Box 68727
Seattle, WA 98168

**Subject: Seattle-Tacoma International Airport (SEA)
FAA Review of 2018 Competition Plan Update**

Dear Mr. Lyttle:

Thank you for submitting the above-referenced Competition Plan Update (Plan Update) for Seattle-Tacoma International Airport (SEA). This update was required because SEA is a Covered Airport.¹ This is SEA's second Plan Update.

The Federal Aviation Administration (FAA) has reviewed SEA's Plan Update. Our review found that since our last approval, the Port of Seattle (Port) has implemented two of the FAA's three prior recommendations. First, the Port has designated a competitive access liaison. Second, the Port has executed a new Signatory Lease and Operating Agreement (SLOA IV), effective June 1, 2018, clarifying that no portion of a capital improvement financed by passenger facility charges (PFCs) or PFC-backed bonds will be subject to Majority-in-Interest voting or approval. We commend the Port in taking these pro-competitive actions, and we find the Port's Plan Update to be in accordance with the applicable statutory requirements.²

We note, though, that the FAA previously recommended that the Port consider developing a formal dispute resolution process.³ In its Plan Update, the Port states that a formal dispute resolution process is not necessary because the Port believes that the terms of SLOA IV allow the Port to effectively handle potential disputes among signatory air carriers. The Port further argues that having a dispute resolution process in SLOA IV would not be applicable to non-signatory airlines. In the Plan Update, however, the Port states that it will consider whether it not it would be helpful to add a dispute resolution process to the Airport Rules and Regulations. Our experience shows that proactive establishment of formal dispute resolution procedures provide a defined means for air carriers to seek redress in the event of a dispute. Moreover, formal dispute

¹ As defined in FAA Order 5100.38D (Airport Improvement Program Handbook, Appendix X), Covered Airports are medium or large hub airports where one or two air carriers control more than 50 percent of the passenger boardings. Based on calendar year 2016 data, two air carriers accounted for more than 50 percent of enplanements at SEA.

² Section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR 21), Pub. L. No. 106 181, (April 5, 2000), 49 U.S.C. §§ 40117(k) and 47106(f).

³ See FAA's Competition Plan approval letters for SEA dated August 22, 2014, and April 22, 2016.

resolution procedures protect the interests of the parties involved. Accordingly, we continue to recommend this widely recognized practice.

The Port has now filed (and the FAA has approved) an initial Competition Plan and two Plan Updates. Accordingly, no further Plan Updates will be required unless certain circumstances arise.⁴ The most common of these circumstances would be if the airport executes a new or significantly amended lease and use agreement, including an amendment due to the use of PFC financing for gates.

Please be aware that this letter does not constitute the FAA's approval of the SLOA IV or any specific provisions thereof, which remain subject to all applicable Federal law and regulations.

Please also note that, under Section 134 of the FAA Modernization and Reform Act of 2012, P.L. 112-95 (February 14, 2012), Congress eliminated the need for airports to include data on airfare levels and patterns of air service in Competition Plans. Thus, we will no longer require this information in any further updates to the SEA Competition Plan.

We encourage you to review the pro-competitive actions taken by individual airports summarized in our Highlights of Reported Actions to Reduce Barriers to Entry and Enhance Competitive Access, which we have posted on our Internet website at:
<https://www.faa.gov/airports/aip>.

As you may know, the Secretary of Transportation is required by law⁵ 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 it would be useful to visit your airport or hold a teleconference with airport officials. We will contact you if we decide to visit SEA in connection with its Competition Plan.

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

Sincerely,



Elliott Black
Director, Office of Airport Planning
and Programming

cc: Randall S. Fiertz, Director, FAA Airports Division, Northwest Mountain Region
Chris Schaffer, Manager, FAA Airport Planning and Programming Branch, Northwest Mountain Region
Joelle Briggs, Manager, FAA Seattle Airports District Office

⁴ See FAA Order 5100.38D, Airport Improvement Program Handbook, Appendix X.

⁵ 49 U.S.C. § 40117(k)