



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

Office of Airport Planning
and Programming

800 Independence Ave., SW.
Washington, DC 20591

JAN 12 2017

Mr. Brian Ryks
Executive Director/CEO
Metropolitan Airports Commission
6040 28th Avenue South
Minneapolis, MN 55450-2799

**Subject: Minneapolis – St. Paul International Airport (MSP)
FAA Review of 2016 Competition Plan Update**

Dear Mr. Ryks:

Thank you for submitting the above-referenced Competition Plan Update for MSP. The Federal Aviation Administration (FAA) has reviewed the update and finds it to be in accordance with the applicable statutory requirements¹. This letter does, however, request that you follow up on some specific actions.

This update was required because MSP is a Covered Airport² and the Commission entered into an additional Amendment to your MSP Airline Operating Agreement and Terminal Building Lease with Delta Airlines (Delta Agreement) on or about February 2016, retroactively effective January 1, 2015.

In addition, in February and May 2016 the Commission harmonized the terms of its Agreement with the other airlines operating at MSP with the terms of Delta's Agreement.

While our review did not find any additional pro-competitive policies and procedures, we commend the Commission for continuing the practices noted in prior Competition Plan approvals.

¹ 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).

² As defined in FAA Order 5100.38D ("Airport Improvement Program Handbook," Appendix X), Covered Airports are those where one or two air carriers control more than 50 percent of the passenger boardings. Based on calendar year 2014 data, two air carriers accounted for over 50 percent of enplanements at CLT.

We also note that both Agreements contain language stating that the Agreements shall not be interpreted to impair the authority of the Commission to impose a PFC or use PFC revenue in accordance with the PFC statute or regulation. Please be aware that PFC Assurance #5 exempts a project financed in whole with PFCs from a MII disapproval/approval process. In the case of partial PFC funding, any MII provision would apply only to that portion of funding that comes from the airline rate base. See title 49 U.S.C. §40117(f)(1). We ask that you consider revising the MII clause in your next Agreement to specify that the MII review is not applicable to any PFC-funded project (or for any portion of a project funded with PFCs).

In reviewing your Plan Update, we flagged three open issues from prior updates:

1. The Commission planned to provide for a majority-in-interest approval waiver of up to \$50 million per year of the Commission's capital improvement program for miscellaneous capital projects including airfield projects, effective January 1, 2010, without any need to receive majority-in-interest approval of the airport's signatory airlines. While this was not specifically called out in this Update, we noted that this provision remains in the most recent amendments to the Delta agreement. Therefore, no further action is needed in this regard.
2. In the 2008 review, the FAA noted concerns about a possible carryover by the extension of Northwest Airlines' lease term. The FAA requested that the Commission respond to whether any part of the existing G Concourse was financed by PFC revenues. Also, the FAA requested that the Commission define whether such PFC financing for extension of Concourse G included anything beyond site preparation. Please provide a response to us within 30 days of the receipt of this letter to clarify the status of this prior request.
3. Further, your FY 2004 Competition Plan update indicated that the Commission was considering establishing a formal dispute resolution system. It does not appear that this request was resolved with the 2008 Plan. Please provide a response to us within 30 days of the date of receipt of this letter to clarify whether such a system was established or describe the reasons that the Commission decided not to adopt such a system. We also ask that you consider revising your next Agreement to address establishing a formal dispute resolution system.

We ask that you also post the 2016 MSP Competition Plan Update and our correspondence regarding your Competition Plan on the Commission website.

As you are aware, the Commission has now filed (and the FAA has approved) an initial Competition Plan and four Plan Updates. Accordingly, no further Competition Plan Updates will be required unless certain circumstances arise.³ The most common of these circumstances would be if the airport executes a new or significantly amended

³ See FAA Order 5100.38D, "Airport Improvement Program Handbook," Appendix X.

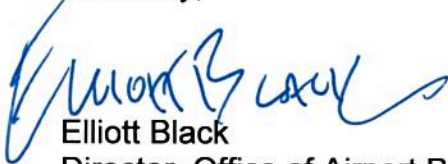
lease and use agreement, including an amendment due to use of PFC financing for gates.

Please note that this letter does not constitute FAA approval of the Airline Operating Agreement and Terminal Building Lease or any specific provisions thereof, which remain subject to all applicable Federal law and regulations.

As you may know, the Secretary of Transportation is required by law⁴ 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 MSP in connection with its Competition Plan.

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,



Elliott Black
Director, Office of Airport Planning
and Programming

cc: Susan Mowery-Schalk, Manager, Airports Division, Great Lakes Region
Richard Kula, Manager, Planning and Programming Branch, Airports Division,
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Andrew Peek, Manager, Dakota-Minnesota Airports District Office

⁴ 49 U.S.C. § 40117(k)