

**BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.**

**Application of**

**FRONTIER AIRLINES, INC.**

**For Frequency Allocations to operate flights  
pursuant to the 2016 U.S.-Cuba Frequency  
Allocation Proceeding (Order 2016-2-12)**

**Docket DOT-OST-2016-0021-\_\_\_\_\_**

**APPLICATION FOR FREQUENCY ALLOCATIONS**

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**APPLICATION FOR FREQUENCY ALLOCATIONS**

**I. Frontier's Request**

Pursuant to the 2016 U.S.-Cuba Frequency Allocation Proceeding (Order 2016-2-12) ("Order"), Frontier Airlines, Inc. ("Frontier") hereby requests that the following frequencies for operations to/from Cuba be granted to it:

- A. Four (4) daily frequencies to/from José Marti International Airport (HAV);
- B. One (1) daily frequency to/from Antonio Maceo Airport (SCU);
- C. One (1) daily frequency on Monday, Wednesday, Friday and Saturday to/from Ignacio Agramonte International Airport (CMW);
- D. One (1) daily frequency on Tuesday, Thursday and Sunday to/from Abel Santamaría Airport (SNU); and
- E. Two (2) daily frequencies on Saturday to/from Juan Gualberto Gómez Airport (VRA).

These frequencies will be scheduled and operated in accordance with the schedule included as Exhibit A.

## **II. Background**

The signing of the Memorandum of Understanding Between the Government of the United States of America and the Government of the Republic of Cuba on February 16, 2016 and the Treasury Department's recent amendments to 31 C.F.R. Part 515 on January 27, 2016 greatly expand the population of U.S. citizens eligible and able to travel to Cuba. This clearly opens a new and exciting opportunity for both U.S. carriers and their customers. Frontier believes that expansion of its operations to Cuba would be a welcome addition to its expanding network, which will cover fifty-nine (59) (excluding Cuba) destinations by the end of 2016 (see Exhibit B and Exhibit C with the proposed routes described in Exhibit A) and greatly benefit its customers.

## **III. Why Frontier?**

Frontier is an "ultra-low cost carrier" ("ULCC"). Its business model is premised on offering basic, but comfortable, airline service at a very low price when compared to most of its competitors. Moreover, Frontier's services are reliable, *e.g.*, in the fourth quarter of 2015, Frontier completed 99.5% of its scheduled flights, in line with our high cost competitors and significantly better than our ULCC peers, and would bring that same quality service to Cuba. Each market, including Cuba in the future, benefits from various modes of airline service and at different price points. Frontier believes that bringing its ultra-low cost model to the U.S.-Cuba market will allow many potential customers who might desire to travel to and from Cuba, including traveling for purposes desired by the Administration, such as "medical and health-related projects; construction projects intended to benefit legitimately independent civil society groups; disaster preparedness, relief, and response; historical preservation; environmental projects; projects involving

formal or nonformal educational training” (14 C.F.R. § 515.575), as well as to visit family and friends will be able easily to afford to do so and, thereby, “maximize public benefits” (Order at 2).

That price differential between fares charged by Frontier versus non-ULCC airlines is substantial. By way of example, the graph below (Figure 1) shows Frontier’s average passenger fare plus ancillary revenue for the year ended in the third quarter of 2015 versus those of the non-ULCC airlines. The difference is stark. Versus Southwest (WN), Frontier’s passengers paid 46% less. On American Airlines (AA), Delta Air Lines (DL) and United Airlines (UA) the average amount paid per passenger of \$226 was more than double that of Frontier’s passengers.

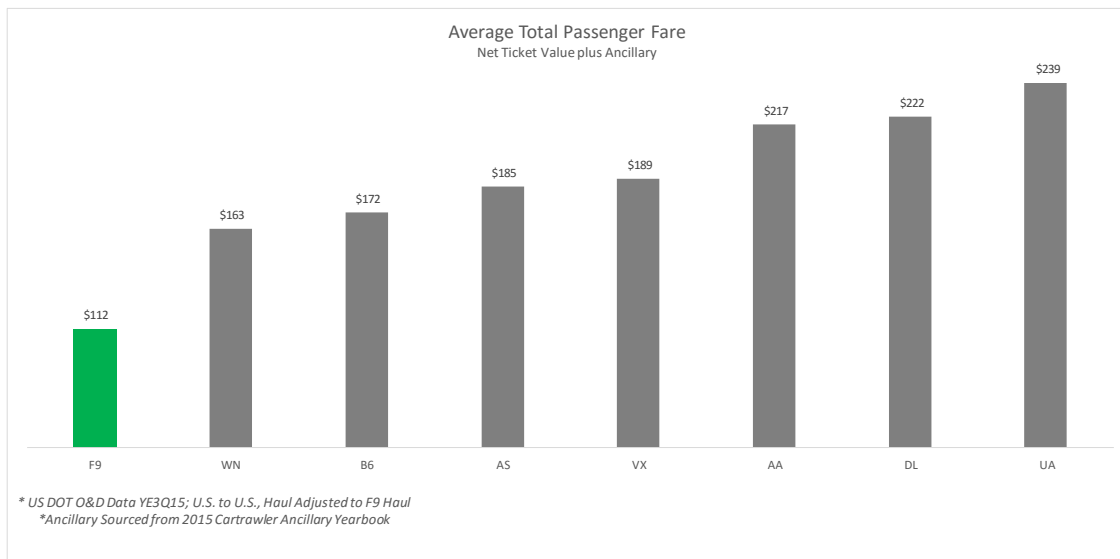


Figure 1

Frontier has found that its trademarked Low Fares Done Right<sup>®</sup> program, in which it offers fares at levels considerably below other non-ULCC airlines, stimulates demand significantly. By way of example, the graphs below (Figures 2-4) show the market stimulation from Frontier’s entry into three markets: Denver (DEN) to Memphis (MEM), Denver (DEN) to Cincinnati (CVG), and Chicago (ORD) to Miami (MIA).

Frontier entered the Denver-Memphis (DEN-MEM) market in March 2014 when, as at Miami International Airport today, it became the only ultra-low fare carrier operating at Memphis International Airport. As the only carrier entering the DEN-MEM market in that period or since, Frontier's presence stimulated demand by 86%, while reducing the average fare in that market by \$90 (36%).

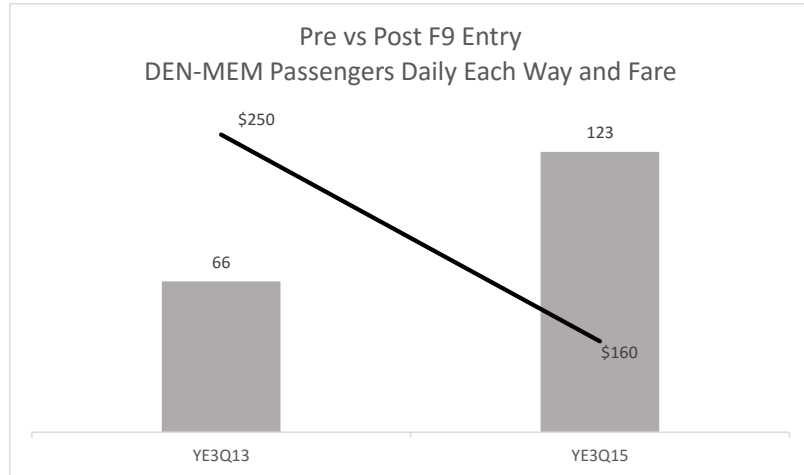


Figure 2

Similarly, in May 2013 Frontier entered the Denver-Cincinnati (DEN-CVG) market, once again becoming the only ultra-low fare provider at Cincinnati/Northern Kentucky International Airport. The results mimic strongly those at MEM, with Frontier's presence stimulating demand by 112% by YE2Q14, and reducing fares by an average of \$45 (21%).

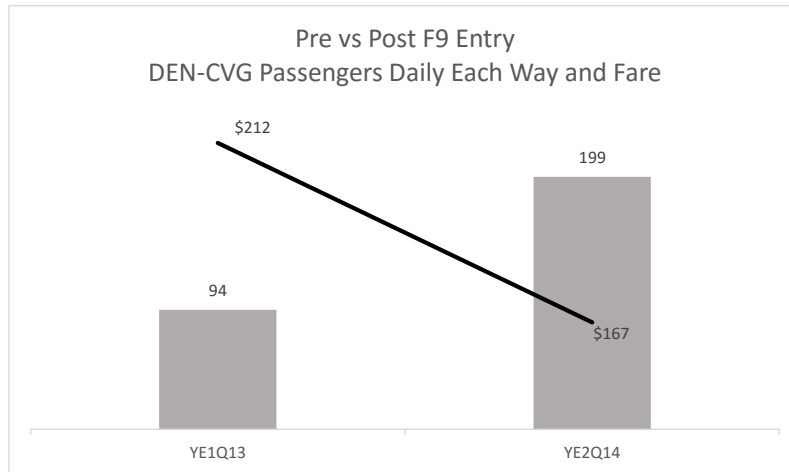


Figure 3

Finally, Frontier entered the Miami-Chicago O’Hare (MIA-ORD) market in December 2014. Despite the presence of other ultra-low fare carriers at alternate airports at both ends of the route, Frontier’s presence, nevertheless, stimulated the market. By the year ending 3Q15, less than a full year after Frontier’s entry to that market, traffic had increased 33% with an average fare reduction of \$37 (18%).

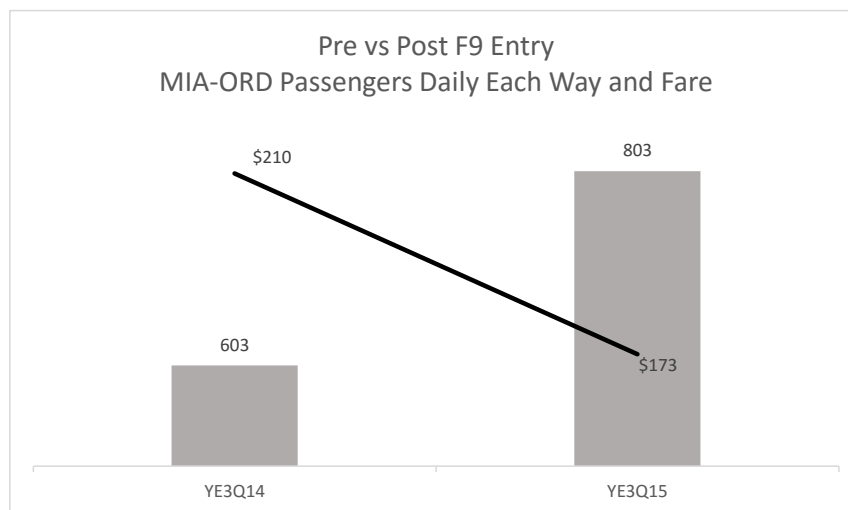


Figure 4

Frontier believes that its participation in the U.S.-Cuba market will similarly stimulate that market. The appeal of Frontier’s Low Fares Done Right<sup>®</sup> has proven strong across all geographic regions and time periods, resulting in a Frontier scheduled system

2015 load factor of 88.4%. We expect similar stimulation and resulting load factors on the proposed Cuba routes.

#### **IV. Why Miami (MIA)?**

It appears that the largest population eligible to travel to Cuba are those permitted to do so to visit “close relatives” there (31 C.F.R. § 515.561). Thus, the population most likely to desire transportation to Cuba are Cuban-Americans, who are most likely to have close relatives in Cuba. According to the 2010 U.S. Census, there were 1,785,547 people surveyed who self-identified as being of Cuban descent. Sixty-seven percent of that total, *i.e.*, 1,178,461 resided in Florida. No other state had even five percent of that population (California came the closest at 4.96%, while 42 states, including D.C. had less than 1% of the total). According to the same source, 55% of the total Cuban American population live in Miami-Dade County, where Miami International Airport is located. Offering service where the population that is most likely to desire it lives will ensure the most successful operation and best use of the limited frequencies authorized in the MOU, in particular to Havana.

Frontier is the only domestic ULCC operating at Miami International Airport and as such, is ideally suited to be awarded frequencies in this proceeding. As the following chart shows, the population of Cuban Americans living in Miami-Dade County is over ten (10) times higher than even the Cuban American population in the county with the second largest population, its neighbor, Broward County (see Figure 5). This makes Miami International Airport the most important airport for the award and utilization of the frequencies to Cuba and why Frontier has proposed that eighty percent (80%) of the frequencies it is requesting be operated between Miami and Cuba. Because the dominant

carrier in Miami is a legacy airline, often having fares substantially higher than Frontier’s, Frontier’s participation in this market will provide deserved choice to customers traveling between Miami and Cuba and much needed competition. Moreover, service from MIA to HAV would allow direct, one-stop and connecting travel at Frontier’s ultra-low cost fares from from numerous other cities, including New York, Chicago, Atlanta and Philadelphia.

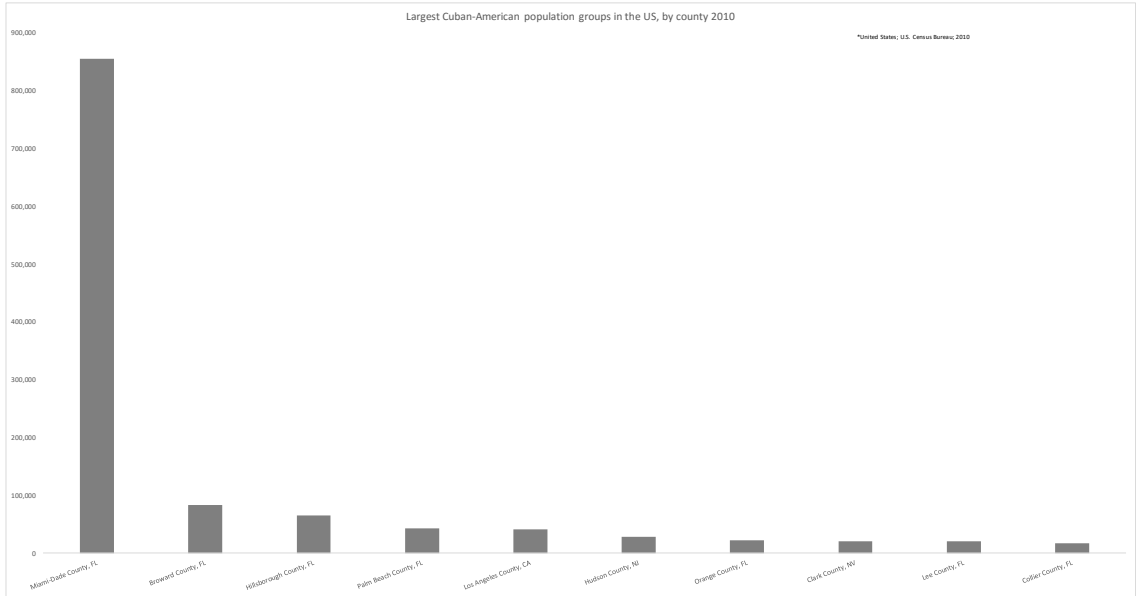


Figure 5

**V. Why Denver (DEN)?**

While the desirability to operate to HAV from MIA, as discussed above, is self-evident, it must be appreciated that there are many other across the country that will desire to travel to Cuba. Service from DEN would provide carriage at ultra-low fares to HAV from fourteen (14) cities across the central and western United States, including same plane one-stop service to San Francisco (SFO). Frontier’s depth of DEN service and strong western low fare brand would truly open Cuba to the western United States.

**VI. Order of Preference**

Frontier presents its requests for frequencies in Exhibit A in the order of its preferences. In connection with that prioritization, Frontier submits the following:

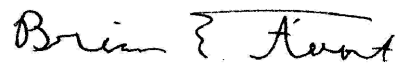


1. With regard to DEN-HAV, Frontier requires two (2) HAV frequencies so that a MIA-HAV service can be operated (as shown in Exhibit A as flights F9 1505 and F9 1508). For operational efficiency and cost minimization, the flight crew arriving in Havana from Denver would operate an evening departure to Miami and the crew on the arrival in Havana from Miami would operate the next morning's departure to Denver. Without this, Frontier would find it cost prohibitive to offer Denver-Havana service.
2. With regard to ATL-HAV, Frontier would likely pursue this if a minimum frequency of three (3) acceptable days per week were granted, provided that it includes at least one (1) HAV frequency on each of those days (it would be paired with a non-HAV point).
3. With regard to ORD-SCU, Frontier would likely pursue this if a minimum frequency of four (4) days per week were granted provided that another Cuba route is granted for other days of the week to pair with it.
4. With regard to PHL-CMW, Frontier would likely pursue this if a minimum frequency of three (3) acceptable days per week were granted.
5. With regard to PHL-SNU, Frontier would likely pursue this if a minimum frequency of three (3) acceptable days per week were granted.

## **VII. Backup Awards**

If Frontier is not granted the frequencies that it is seeking to operate to/from HAV in this proceeding, then Frontier respectfully requests that if and to the extent that any such frequencies become available at any near future date, they be granted to Frontier.

Respectfully submitted



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Counsel for Frontier Airlines, Inc.

March 2, 2016

EXHIBIT A

Frontier intends to operate the flights specified herein using its modern and fuel-efficient fleet of Airbus A320 and A320neo aircraft. Each has between 180 and 186 seats (see Exhibit D). While offering a single class of services, Frontier does offer four (4) rows (24 seats) on each aircraft of “Stretch” seating, providing customers with at least five (5) inches of additional leg room.

All of the proposed service will operate year round, *i.e.*, no seasonal flights are presently anticipated.

Frontier does not offer cargo services.

N.B. All times specified are local.

- A. Utilizing two (2) daily frequencies to/from José Marti International Airport (HAV), Frontier proposes to operate the following flights commencing on October 6, 2016 and operating year round:

<b>DEN-HAV</b>					
	<b>Daily</b>	<b>F9 1500</b>		<b>Daily</b>	<b>F9 1501</b>
	DEN	23:59		HAV	07:30
	MIA (arrival)	05:55		MIA (arrival)	08:45
	MIA (departure)	07:45		MIA (departure)	10:15
	HAV	09:00		DEN	12:45
Elapsed	MIA-HAV	1:15		HAV-MIA	1:15
	DEN-HAV	7:01		HAV-DEN	7:15
	<i>N.B. Aircraft continues as Flight F9 1507 (below, right)</i>				
	<b>Daily</b>	<b>F9 1506</b>		<b>Daily</b>	<b>F9 1507</b>
	SFO	18:25		Havana	10:00
	DEN (arrival)	22:00		DEN (arrival)	12:30
	DEN (departure)	23:59		DEN (departure)	14:15
	HAV	05:55+1		SFO	16:10
Elapsed	DEN-HAV	3:56		HAV-DEN	4:30
	SFO-HAV	8:30		HAV-SFO	9:10
	<i>N.B. Aircraft continues as Flight F9 1501 (above, right)</i>			<i>N.B. Aircraft continues as Flight F9 1506 (left)</i>	

- B. Utilizing two (2) daily frequencies to/from José Martí International Airport (HAV), Frontier proposes to operate the following flights commencing on October 6, 2016 and operating year round:

<b>ATL-HAV</b>					
	<b>Daily</b>	<b>F9 1504</b>		<b>Daily</b>	<b>F9 1505</b>
	ATL	08:10		HAV	18:00
	MIA (arrival)	10:15		MIA (arrival)	19:15
	MIA (departure)	11:05		MIA (departure)	20:55
	HAV	12:20		ATL	23:00
Elapsed	MIA-HAV	1:15		HAV-MIA	1:15
	ATL-HAV	4:10		HAV-ATL	5:00
	<i>N.B. Aircraft continues as Flight F9 1509 (below, right)</i>				
	<b>Daily</b>	<b>F9 1508</b>		<b>Daily</b>	<b>F9 1509</b>
	MIA	15:45		HAV	13:05
	HAV	17:00		MIA	14:20
Elapsed	MIA-HAV	1:15		HAV-MIA	1:15
	<i>N.B. Aircraft continues as Flight F9 1505 (above right)</i>			<i>N.B. Aircraft continues as Flight F9 1508 (left)</i>	

- C. Utilizing one (1) daily frequency to/from Antonio Maceo Airport (SCU), Frontier proposes to operate the following flights commencing on October 27, 2016 and operating year round:

<b>ORD-SCU</b>					
	<b>Daily</b>	<b>F9 1502</b>		<b>Daily</b>	<b>F9 1503</b>
	ORD	06:00		SCU	13:25
	MIA (arrival)	10:15		MIA (arrival)	15:05
	MIA (departure)	11:00		MIA (departure)	16:35
	SCU	12:40		Chicago	19:00
Elapsed	MIA-SCU	1:40		SCU-MIA	1:40
	ORD-SCU	5:40		SCU-ORD	6:35

- D. Utilizing one (1) frequency on Monday, Wednesday, Friday and Saturday to/from Ignacio Agramonte International Airport (CMW), Frontier proposes to operate the following flights commencing on December 15, 2016 and operating year round:

<b>PHL-CMW</b>					
	<b>MoWeFrSa</b>	<b>F9 1510</b>		<b>MoWeFrSa</b>	<b>F9 1511</b>
	PHL	11:40		CMW	17:40
	MIA (arrival)	14:35		MIA (arrival)	19:15
	MIA (departure)	15:20		MIA (departure)	20:45
	CMW	16:55		PHL	23:40
Elapsed	MIA-CMW	1:35		CMW-MIA	1:35
	PHL-CMW	5:15		CMW-PHL	6:00

- E. Utilizing one (1) frequency on Tuesday, Thursday and Sunday to/from Abel Santamaría Airport (SNU), Frontier proposes to operate the following flight commencing on December 15, 2016 and operating year round:

<b>PHL-SNU</b>					
	<b>TuThSu</b>	<b>F9 1512</b>		<b>TuThSu</b>	<b>F9 1513</b>
	PHL	11:40		SNU	17:35
	MIA (arrival)	14:35		MIA (arrival)	18:50
	MIA (departure)	15:20		MIA (departure)	20:45
	SNU	16:35		PHL	23:40
Elapsed	MIA-SNU	1:15		SNU-MIA	1:15
	PHL-SNU	4:55		SNU-PHL	6:05

- F. Utilizing two (2) frequencies on Saturday to/from Juan Gualberto Gómez Airport (VRA), Frontier proposes to operate the following flights commencing on January 7, 2017 and operating year round:

<b>ORD-VRA</b>					
	<b>Saturday</b>	<b>F9 1520</b>		<b>Saturday</b>	<b>F9 1521</b>
	ORD	14:40		VRA	20:05
	VRA	19:10		ORD	23:00
Elapsed	ORD-VRA	3:30		VRA-ORD	3:55
<b>PHL-VRA</b>					
	<b>Saturday</b>	<b>F9 1522</b>		<b>Saturday</b>	<b>F9 1523</b>
	PHL	12:10		VRA	16:40
	VRA	15:50		PHL	20:00
Elapsed	PHL-VRA	3:40		VRA-PHL	3:20

## EXHIBIT B

Current route map for Frontier Airlines, Inc., including all routes presently offered for sale.



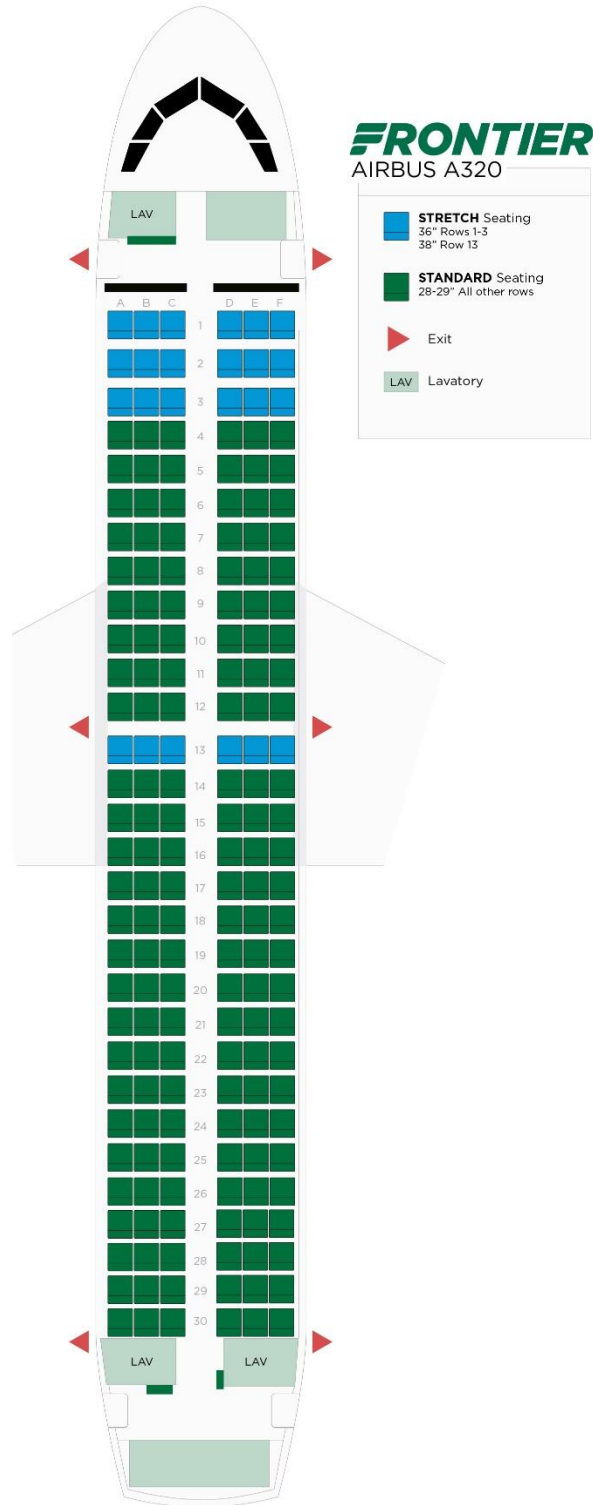
# EXHIBIT C

Frontier Airlines, Inc.'s proposed route map for U.S.-Cuba flights.



# EXHIBIT D

The following is a seating diagram of Frontier's A320 aircraft.



## CERTIFICATE OF SERVICE

I, Brian E. Foont, certify that on March 2, 2016, I caused a copy of the Application of Frontier Airlines, Inc. For Frequency Allocations to operate flights pursuant to the 2016 U.S.-Cuba Frequency Allocation Proceeding (Order 2016-2-12) to be served upon the U.S. Department of Transportation via the electronic submission capability available through the Dockets FDMS Internet site (<http://www.regulations.gov>) and via e-mail to [Brett.Kruger@dot.gov](mailto:Brett.Kruger@dot.gov).

A handwritten signature in cursive script that reads "Brian E. Foont". The signature is written in black ink and is positioned above a horizontal line.

Brian E. Foont