SMALL AIRLINES PUSH FOR MORE ACCESS AT NEW YORK AIRPORTS

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Virgin America Inc. and four other small carriers are pressing federal regulators to change "slot management" practices at New York's three big airports to boost competition in the largest U.S. air market, said Virgin America Chief Executive David Cush.

His San Francisco-based discount carrier and the other four filed a letter on Tuesday urging the chiefs of the Federal Aviation Administration and the U.S. Transportation Department to move ahead with proposals to make it easier for small carriers to obtain slots -- takeoff and landing appointments -- at the three congested airports.

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The push highlights the growth ambitions and challenges for the eight-year-old carrier at a time when years of consolidation has left the U.S. market dominated by a quartet of giants: American Airlines Group Inc., United Continental Holdings Inc., Delta Air Lines Inc., and Southwest Airlines Co.

The FAA in January began soliciting feedback on plans to amend current rules governing slots at John F. Kennedy International Airport, La Guardia Airport and Newark Liberty International Airport. Those rules are slated to expire next October.

Mr. Cush said only new service and competition at the New York airports will create lower fare options. Most of the slots there are controlled by American, United and Delta, which received many of them years ago at no cost.

Tuesday's letter was also signed by executives of Frontier Airlines Inc., Allegiant Travel Co.'s Allegiant Air, Spirit Airlines Inc., and Alaska Air Group Inc.'s Alaska Airlines. Representatives of Frontier, Allegiant, and Spirit confirmed their participation. Alaska Airlines couldn't immediately be reached.

Virgin America's "biggest concern is expanding," Mr. Cush said. "We have no mechanism to expand in the New York airports because the slots are controlled by the Big Three" and JetBlue Airways Corp., a budget airline based at Kennedy Airport. "There is no mechanism for us to get slots."

American said it makes "good and appropriate use of our slots, which benefits the airline, consumers and the communities we serve." Delta said its annual slot utilization rate at La Guardia is 94% and at JFK it is 90%, and that it would like to obtain more slots to increase service for its customers. United wasn't immediately available for comment.

Budget carriers such as Virgin America have gained some access. Regulators required Delta and US Airways to sell some slots at each airport as part of a 2011 swap that gave Delta more rights at La Guardia in return for letting US Airways increase flights at Reagan National Airport near Washington, D.C.

And when the government let American and US Airways merge in late 2013, the new American had to divest slots at La Guardia and Reagan National. Virgin American got to buy or lease limited number of slots at both airports, although the going rate for a pair of slots was about US$5 million.

Mr. Cush said he favors proposed rules that would require airlines to use their slots 80% of the time, or those rights would revert to the government. He said he prefers the FAA's idea of establishing a transparent secondary market where smaller carriers could acquire slots. And he would like the government to allocate additional to new entrants to promote competition.

It is unclear when the FAA and the DOT will make their decisions. A spokeswoman said the FAA is continuing to review comments and doesn't have a timeline for a final rule.

Mr. Cush, a longtime executive at American before moving to Virgin America in 2007, said small airlines also struggle with an inability to get gate space at busy airports. He said his airline has just one gate at Chicago's O'Hare International Airport and can't get any more, making expansion impossible.

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