

EXECUTIVE SUMMARY
TARMAC III WEBINAR: MARCH 29, 2011

INTRODUCTION

- **DOT released new data in March 2011 in an attempt to maintain public support for its tarmac rule, in the face of skyrocketing cancellation numbers caused by the three-hour limit and DOT's heavy-handed enforcement strategy.**
- The data purports to show a negligible increase in cancellations after two-hour taxi times and a significant decrease in cancellations on bad weather dates. In comparison, systemwide cancellations rose 17% excluding winter weather and 27% including winter storms.
- **DOT does not disclose key differences in their sample set for 2010 vs. the set they used for 2009.**
- **When expressed as a percentage of scheduled flights, DOT's numbers clearly show:**
 - **Including only weather, airspace and inbound diversions, cancellation rates rose 25% post-rule, in line with systemwide data; and**
 - **When all cancellations are included, the rate increased 42%.**
- DOT has steadfastly refused to collect tarmac cancellation data from airlines. The reason is now clear. The rule increases cancellation rates.
- **DOT should focus on the objective - eliminating long tarmac delays without collateral cancellations - and not play politics with the American public.**
- The problem with DOT's domestic three-hour approach is that thunderstorms and winter de-icing have caused hundreds of flights to be delayed between three and four hours annually. Many of these flights are needlessly cancelled now. DOT should focus on the problem - four, five and six hour tarmac delays - and admit their current approach needs adjustment.

KEY STATEMENTS

1. DOT claims that the three-hour tarmac rule and associated fines do not cause flight cancellations. First, they claim cancellations after two-hour taxi times rose from 224 to 230 flights between May and October 2009 vs. 2010, and six flights “does not reflect a cancellation problem.” Second, they claim airline cancellations on days with weather or congestion problems dropped from 8,696 flights between May and October 2009 to 7,120 flights in 2010.
2. DOT makes fundamental analysis errors by skewing and not fully disclosing changes in sample sizes. In particular, using two-hour taxi times to measure cancellations is wrong. Extreme fines caused a 47% drop in two-hour taxi times post-rule. Using the presence of these flights to measure cancellations without adjustment for rate is statistically incorrect.
3. The cancellation rate of flights on the tarmac at the two-hour mark doubled post-rule.
4. DOT states that flight cancellations during inclement weather and congestion dropped from 8,696 flights between May and October 2009 to 7,120 between May and October 2010.
 - a. To measure cancellations, DOT only includes flights scheduled to and from airports with more than one two-hour taxi delay on a given day.
 - b. Extreme fines mean the number of airport/days when more than one two-hour taxi occurred dropped from 405 in 2009 to 249 in 2010.
 - c. The total unique flights scheduled to and from these airports on these days dropped from 274,646 in 2009 to 177,399 in 2010, a 37% drop.
 - d. The cancellation rate therefore increased from 3.2% (8,696/274,646) in 2009 to 4.0% (7,120/177,399) in 2010 using DOT’s methodology of including weather and airspace cancellations.
 - e. Including all cancellations reported at the airport/days above, the cancellation rate increased from 3.6% to 5.1% in 2010.**
 - f. DOT states this methodology controls for airline-controllable factors, so the increase can be directly tied to the rule.
 - g. In computing its numbers, DOT arbitrarily rejects thousands of flight cancellations with cancellation codes reported other than weather and airspace. This is wrong. DOT has always included these now-excluded codes in other data sets (e.g. 20% of the 230 2-hr taxi cancellations cited in 2010 carried the rejected codes).

5. DOT presents no alternative cause or evidence to show that the 26% jump in the systemwide cancellation rate since the rule became effective is *not* caused by factors related to the tarmac rule.
6. Adjustments to the rule and enforcement strategy are needed.
 - a. **Small communities.** A fine of \$27,500 per passenger forces airlines to protect larger aircraft over smaller regional jets and turboprops. As a result, cancellations due to the rule disproportionately impact smaller communities. Airports with 100,000 annual enplanements saw four times the cancellation increase on average as major hubs.
 - b. **Passenger inconvenience.** Re-booking passengers after cancellations adds on average between 15 and 20 hours of travel time per passenger. Business is disrupted and vacations ruined.
 - c. **Public harm.** The cost of flight cancellations, business disruption and lost productivity amounts to billions of dollars.
7. The three-hour standard and the extreme fines threatened by DOT created this problem. The question now is how to continue the progress in ending tarmac delays without the extreme collateral damage of cancellations.
 - a. **Enforcement and fines.** DOT's heavy-handed \$27,500 per passenger threats are a key driver of cancellations. We have repeatedly called for a transparent, graduated fine structure that does not penalize small communities at the expense of larger markets. The fine should be meaningful but not force disproportionate cancellations relative to actual risk of long tarmac delays.
 - b. **Four-hour standard.** DOT's own Regulatory Impact Analysis showed that a four-hour standard would have higher public benefits. A four-hour standard would have a much lower impact on the hundreds of flights delayed due to thunderstorms or de-icing queues each year.

Recommendations

1. **Whenever citing data, DOT should provide a percentage or sample size to validate their claims.**
2. DOT should introduce a fifth cancellation code for tarmac-related events, clarify enforcement standards, flatten the fine to level the small community playing field and work collaboratively with industry to address cancellations.
3. DOT should review whether the three-hour standard is appropriate given its impact on flight cancellations. A four-hour standard would prevent egregious tarmac incidents while avoiding the mass cancellations due to severe weather and de-icing observed since May 2010.

Table One: Cancellation Rates on days with Two or more 2hr tarmac delays, May-Oct 2010 vs. 2009

	All Cancellations (All Causes)			DOT Causes
	2010	2009	Change	Change
Atlanta	5.0%	2.0%	150%	208%
Chicago	7.0%	3.7%	89%	118%
Dallas	14.4%	6.0%	140%	175%
Detroit	7.1%	3.5%	103%	91%
Minneapolis	3.8%	1.4%	171%	78%
SYSTEM	5.1%	3.6%	42%	25%

DOT Causes include weather, airspace and inbound diversion cancellations only. Airports include Atlanta (ATL), Chicago (MDW and ORD), Dallas (DFW), Detroit (DTW), and Minneapolis (MSP). Systemwide includes all airports reported by carriers to BTS during the applicable period.

Table Two: Systemwide Cancellation Rates All Available Days (May-Jan), All Airports

	All Cancellations (All Causes)			DOT Causes
	2010	2009	Change	Change
SYSTEM	1.7%	1.3%	26%	31%

DOT Causes include weather, airspace and inbound diversion cancellations only. Airports include Atlanta (ATL), Chicago (MDW and ORD), Dallas (DFW), Detroit (DTW), and Minneapolis (MSP). Systemwide includes all airports reported by carriers to BTS during the applicable period.