

**Final Regulatory Flexibility Analysis**

**Consumer Rulemaking:  
Enhancing Airline Passenger Protections II**

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## Introduction and Summary

The U.S. Department of Transportation (DOT) is issuing a Final Rule to provide airline passengers with additional protections in the areas of airline service provision and consumer information. Some of the provisions in this Rule build on regulatory requirements adopted as part of the Final Rule on Enhancing Airline Passenger Protections (EAPP1), which was published in the Federal Register on December 30, 2009. Econometrica and its subcontractor, HDR Decision Economics, were tasked with developing a regulatory evaluation and small entity impact analysis for the requirements included in this Final Rule (“EAPP2”).

In the accompanying Final Regulatory Impact Analysis (RIA), we provide estimates of the benefits and costs for specific Rule provisions that add regulatory requirements in 11 areas:

Area #	Description
1	Expansion of tarmac delay contingency plan requirements and extension of EAPP1 Final Rule requirements to cover foreign carriers
2	Expanded tarmac delay reporting and application to foreign carriers
3	Establishment of minimum standards for customer service plans (CSPs) and extension of EAPP1 Final Rule requirements to cover foreign carriers
4	Application of requirement to post contracts of carriage, tarmac delay contingency plans and CSPs on websites to foreign carriers
5	Extension of EAPP1 Final Rule requirements for carriers to respond to consumer complaints to cover foreign carriers
6	Changes in denied boarding compensation (DBC) policy
7	Full-fare advertising and prohibition on opt-out provisions
8	Expanded requirements for disclosure of baggage and other optional fees
9	Prohibition on post-purchase price increases
10	Prompt passenger notification of flight status changes
11	Limitations on venue provisions in contracts of carriage.

The Regulatory Flexibility Act of 1980, as amended, requires Federal agencies to conduct a separate analysis of the economic impact of rules on small entities. The Regulatory Flexibility Act requires that Federal agencies take small entity’s particular concerns into account when developing, writing, publicizing, promulgating, and enforcing regulations. To this end, the Act requires that agencies detail how they have met these concerns by including a Regulatory Flexibility Analysis (RFA). The Final RFA must include the following five elements:

1. A succinct statement of the need for, and objectives of, the rule.
2. A summary of the significant issues raised by the public comments in response to the Initial Regulatory Flexibility Analysis (IRFA), a summary of the assessment of the agency of such issues, and a statement of any changes made in the proposed rule as a result of such comments.
3. A description and an estimate of the number of small entities to which the rule will apply or an explanation of why no such estimate is available.

4. A description of the projected reporting, recordkeeping, and other compliance requirements of the rule, including an estimate of the classes of small entities that will be subject to the requirement and the type of professional skills necessary for preparation of the report or record.
5. A description of the steps the agency has taken to minimize the significant adverse economic impact on small entities consistent with the stated objectives of applicable statutes, including a statement of the factual, policy, and legal reasons for selecting the alternative adopted in the final rule and why each of the other significant alternatives to the rule considered by the agency was rejected.

In this Final RFA, we provide the information on each of these five elements:

- In Section 1, we summarize the ways in which the newly adopted regulatory requirements will improve the air travel environment for consumers.
- Several trade associations and other groups provided comments in response to the Notice of Proposed Rulemaking (NPRM) on issues relating to small entities. Responses to each of these comments are provided in Section 2 below.
- Section 3 provides information on the types and numbers of small U.S. carriers, airports, travel agencies, and tour operators.
- A description of the Rule provisions and estimates of the per-firm costs for potentially affected small entities to comply with each of the applicable requirements is provided in Section 4.
- In Section 5, we summarize the steps that the Department took to minimize the costs of complying with these requirements for potentially affected small entities.

## 1. Need for the Rule

The Final Regulatory Impact Analysis (RIA) that accompanies the EAPP2 Final Rule indicates that the newly adopted regulatory requirements will improve the air travel environment for consumers in the following respects:

- ***Carrier Service:*** Several of the requirements will standardize or improve aspects of service provision for passengers who have already booked flights (such as Requirement Areas 9 and 10) and, in the case of tarmac delays (Requirement Area 1), who have already boarded the aircraft. In many of these areas, some carriers typically provide the level of service required, but others fall short of the potential requirement to a degree that the service provided is qualitatively different from that which would be reasonable for consumers to expect. Adopting regulations to address these issues will reduce the amount of time consumers lose to delays, move some of the time spent waiting to more

comfortable situations, and reduce uncertainty associated with air travel. There are also benefits to consumers at the time of purchase from limiting the frequency and consequences of possible service failures.

- ***Purchaser Information:*** Other requirements will improve the extent and presentation of information available to consumers who are in the process of making air travel purchase decisions. While online search tools provide potential customers with access to much more extensive information about carriers, flight times, and prices than was previously available, it is often difficult to determine the final price of the purchase being contemplated. Adopting additional requirements for the provision of information about flight pricing, fees, and likelihood of delays (Requirement Areas 2, 7, and 8) will reduce consumer search time and improve the chances that purchase decisions are made with sufficient information.
- ***Passenger Equity:*** Two types of possible requirements—those dealing with overbooking (Requirement Area 6) and limitations on venue provisions in contracts of carriage (Requirement Area 11)—primarily address carrier-passenger equity issues. Ensuring equitable treatment of involuntarily bumped passengers may reduce potential passenger reluctance to purchase consolidator or frequent flyer tickets for trips at busy air travel times. Eliminating restrictions on venue may prompt airlines to be more responsive to the complaints of unsatisfied passengers and avoid increased litigation exposure.

The Final RIA presents a provision-by-provision discussion of the needs that were identified and addressed by regulatory requirements in the Final Rule.

## 2. Comments on Rule Requirements Relating to Small Entities

Several trade associations and other groups provided comments in response to the NPRM on Rule issues relating to small entities. This section summarizes these comments and, where applicable, any changes made in response to them.

### ***Airports Council International-North America (ACI-NA), pp. 3-4***

ACI-NA opposes DOT's proposal to exclude "smaller carriers" from the requirement to provide this information:

These airlines serve more than 300 small and non-hub airports and, as stated earlier, the impact of delays and cancellations at smaller airports can have a greater adverse effect on the ability to make connections at the hubs and are more disruptive to passengers. To the passenger, the effects of delays are the same no matter which airline actually operates the flight. We question how DOT could justify not requiring airlines to provide this important information for passengers at approximately 70 percent of U.S. airports that exclusively are served by smaller aircraft.

The Rule does require small carriers that provide scheduled or nonscheduled passenger service with at least one aircraft originally designed to have 30 or more seats to comply with the

applicable provisions of the Rule. However, the Department has determined that requiring carriers which provide scheduled passenger or nonscheduled service exclusively with aircraft originally designed to have fewer than 30 seats would not provide appreciable benefits to consumers, relative to the cost of requiring these carriers to comply with the applicable provisions of the Rule. Similarly, the Department has determined that requiring carriers to coordinate tarmac contingency plans with airports that board fewer than 10,000 passengers annually would not provide appreciable benefits to consumers, relative to the cost of requiring these carriers to comply with the applicable provisions of the Rule.

***American Society of Travel Agents (ASTA), p. 15***

ASTA states that the Customer Service Plan rules and standards should apply equally to foreign air carriers and that there should be no exceptions based on aircraft size:

The scope issue raised in connection with foreign carrier compliance with the Customer Service Plans and other standards comes down to whether there is a rational basis for denying to travelers on foreign airlines the protections being mandated for US citizen airlines. We can think of none. And, again, original aircraft design for seat capacity should not be a factor. Consumer protection should not depend on such obscure and, from a consumer standpoint, unknowable facts about aircraft design. Simplicity in the scope of the rules will yield rewards for everyone in the form of avoided mistakes and, ultimately, be less costly to administer than a tiered and complex set of rules that vary by whether an airline has a single plane designed to fly with less or more than 30 seats.

The Rule requires covered U.S. and foreign carriers to comply with new requirements relating to customer service plans. However, the ASTA comment does not correctly characterize the size-based standard for determining whether a carrier is covered under these provisions. The Rule requirements are applicable to scheduled service flights operated by all U.S. and foreign carriers that provide such service with at least one aircraft originally designed to have 30 or more seats. The Department has determined that requiring carriers which provide scheduled passenger service exclusively with aircraft originally designed to have fewer than 30 seats would not provide appreciable benefits to consumers, relative to the cost of requiring these carriers to comply with the applicable provisions of the Rule.

***Air Transport Association of Canada (ATAC), p. 2***

ATAC does not believe that smaller carriers should have to provide reports to the Bureau of Transportation Statistics (BTS) on tarmac delays of 3 hours or more:

ATAC believes that requiring smaller air carriers, who lack the administrative resources that larger carriers generally have, to submit and retain Tarmac Delay Data is inappropriate and not justifiable by the added information to consumers in the small markets that such aircraft (<60 seat) serve.

In Section 4 below, we estimate that there will be about 15 tarmac delays annually involving aircraft operated by small carriers that would have to be reported to the BTS under the Rule

requirements. The data presented in Section 3 indicate that there are 12 small U.S. carriers in this category, 3 of which are wholly-owned subsidiaries of larger carriers.<sup>1</sup>

***National Air Carrier Association (NACA), p. 5***

The NACA comments indicated that its members were concerned about what DOT hopes to derive from smaller passenger carriers (those with 25 or fewer aircraft) reporting on-time data even if the data required would be less than what is in Part 234.

We don't believe any valuable information would be learned from reports from smaller carriers and would prefer DOT not require reports from these carriers. One compromise, however, may be requiring reports if a certain number of tarmac delays are incurred in a given month – perhaps 10 more. This could represent a statistically significant number for a smaller carrier. Forcing smaller carriers to submit data for a delay or two a month is a waste of the carriers' limited resources and would provide little information to DOT.

The Final Rule does require carriers with 25 or fewer aircraft to report a limited amount of data on flights that experience a 3-hour tarmac delay. However, the estimated costs per carrier for complying with this requirement are very low, as noted below in Section 5.

***Regional Airline Association (RAA), pp. 14 and 15***

The RAA comments question the NPRM proposals relating to changes in the denied boarding compensation (DBC) policy:

As RAA pointed out two years ago when the Department last raised DBC limits, “[r]egional airlines must adjust to the fact that their aircraft are the first to be put on ground holds and the last to be released, resulting in cancellations down line.” (RAA comments in Docket DOT-OST-2001-9325, dated January 22, 2008, at 2) The Department's decision two years ago to double the potential compensation for denied boarding while at the same time imposing those DBC amounts on aircraft with 30-60 seats was a double whammy on regional carriers, which are the only carriers that serve many small and mid-size communities. That decision reversed the Civil Aeronautics Board's (CAB) recognition that exemption of aircraft up to 60 seats was warranted by the “disproportionate size of the penalty relative to the typical short-haul fare” and because “the viability of the small-aircraft segment of the industry, which competes most directly with ground transportation, depends partly on its ability to minimize its costs, respond flexibly to consumer demand and maintain high load factors.”

RAA strongly objects to extension of the DBC rule to aircraft with fewer than 30 seats, for many of the reasons advanced in our January 22, 2008 comments in Docket DOT-OST-2001-9325.<sup>16</sup> Whether the Department extends the rule to flights with smaller aircraft, it must allow carriers to continue to analyze booking trends and permit “overselling” as a means of preserving service to small communities. Eliminating the

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<sup>1</sup> While an analysis of the impact on small foreign carriers is beyond the scope of this final RFA, the 2009 BTS T-100 data indicate that there is only one foreign carrier that operates passenger service to and from the United States exclusively with aircraft that have from 30 to 60 seats. This carrier is projected to have no more than a single reportable tarmac delay during the entire 10-year period from 2012 through 2021.

ability of carriers to oversell flights with smaller aircraft would threaten service to smaller communities as carriers would be unable to take the economic risk of operating with empty seats. Moreover, the risk of denied boardings on such aircraft is relatively low, since while regional carriers attempt to maintain high load factors, their load factors consistently lag behind those of carriers operating larger aircraft, suggesting that they are less likely overall to cause denied boardings.

The EAPP2 Rule provisions relating to DBC are applicable to all flights on aircraft with 30 or more seats but permits carriers to continue to oversell these flights. The Department determined that there would not be appreciable benefits to consumers from extending the applicability of the DBC requirements to cover flights on aircraft with fewer than 30 seats.

### 3. Types and Numbers of Affected Small Entities

This section describes the types and numbers of small entities in industry sectors that will be affected by the EAPP2 Rule provisions.

#### 3.1 Small U.S. Air Carriers

The Rule requirements for reporting tarmac delays, changes in the DBC policy, enhancements to EAPP1 Final Rule requirements for CSPs, full-fare advertising, and fee disclosure will apply to a number of small domestic carriers that provide passenger service using at least one aircraft with between 30 and 60 seats. In addition, the full-fare advertising and fee disclosure requirements will also apply to carriers providing passenger service exclusively with planes that have fewer than 30 seats. The Final RIA estimates the numbers of carriers in each of these groups as follows:

**Table 1 - Number of U.S. Carriers by Size Class, 2009**

Group	Seat Criterion	Total in 2009 T-100*	Charter-only**	Scheduled Service	Contract Carriers	Other
Large	> 60	49	16	33	15	18
Small	30 - 60	12	0	12	6	6
Very Small	< 30	38	10	28	1	27
<b>Total</b>		<b>99</b>	<b>26</b>	<b>73</b>	<b>22</b>	<b>51</b>

Note: 17 large carriers and 1 small carrier are reporting carriers.

\*Excludes carriers that were no longer operating independently by the end of 2010.

\*\*Six charters offered some scheduled service in 2009; all are very small Alaska or sightseeing tour carriers.

DOT defines small carriers based on the standard published in 14 CFR 399.73:

For the purposes of the Department's implementation of chapter 6 of title 5, United State Code (Regulatory Flexibility Act), a direct air carrier or foreign air carrier is a small business if it provides air transportation only with small aircraft

as defined in §298.3 of this chapter (up to 60 seats/18,000 pound payload capacity).

A maximum of 47 independently-owned small U.S. carriers provide scheduled passenger service exclusively with aircraft that seat no more than 60 passengers.<sup>2</sup> These small U.S. carriers will have to comply with the new requirements pertaining to full-fare advertising, disclosure of baggage and other fees, and prohibition on post-purchase price increases. Of these 47 small U.S. carriers, 9 provide scheduled passenger service with at least one aircraft with between 30 and 60 seats but none larger than 60 seats. These nine carriers will also have to comply with the new requirements relating to denied boarding compensation (DBC) and lengthy tarmac delays.

Of the 26 U.S. carriers that carry passengers primarily on nonscheduled (charter) flights, rather than on scheduled service flights, 10 do so exclusively with aircraft that have fewer than 30 seats.

Small foreign carriers that provide scheduled passenger service with at least one aircraft with between 30 and 60 seats will also have to comply with additional requirements relating to tarmac contingency plans, customer service plans, and responding to consumer complaints. Small domestic carriers are already required to comply with these requirements under the EAPP1 Final Rule.

### 3.2 Airports

Under one Rule provision in Requirement Area 1, covered carriers will be required to coordinate their tarmac contingency plans with small hub and non-hub airports (EAPP1 already requires coordination of these plans with large and medium hubs). The Department has decided not to require carrier coordination of these plans with commercial airports that have fewer than 10,000 passenger enplanements annually.

The Federal Aviation Administration (FAA) categorizes airports based on the number of passengers departing annually (“enplanements”):

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<sup>2</sup> Three of the twelve small carriers shown in Table 1 are wholly-owned subsidiaries of larger carriers. Table 1 divides carriers into “small” and “very small” groups because some Rule provisions apply only to carriers that operate at least one aircraft originally designed with 30 or more seats. However, carriers in both of these groups are potentially affected small entities for purposes of the Regulatory Flexibility Analysis.

**Table 2 - Passenger Enplanements by Size of Airport, 2009**

Category	Minimum % or # of Passengers	# of Airports	Passengers (millions)	% of Total	Average # of Passengers/Airport
Large Hub	>1% of total	29	491.7	69.3%	17.0 million
Medium Hub	>0.25% of total	37	138.0	19.4%	3.7 million
Small Hub	>0.05% of total	69	56.7	8.0%	821,000
Non-Hub	>10,000/year	250	22.9	3.2%	91,000
Other Commercial	>2,500/year	180	0.9	0.1%	5,000
<b>Total</b>		<b>565</b>	<b>710.1</b>	<b>100.0%</b>	<b>1.3 million</b>

Source: BTS T-100 Segment Database, 2009.

According to the BTS data, there were 180 commercial service airports with between 2,500 and 10,000 passenger enplanements in 2009; 91 of these were located in Alaska. The 2009 BTS T-100 data indicate that there were 240 airports with fewer than 2,500 passengers departing in 2009; 175 of these were located in Alaska.

Small Business Administration (SBA) size standards define privately-owned airports as small businesses if their annual revenues do not exceed \$7 million. Publicly-owned airports are categorized as small entities if they are owned by jurisdictions with fewer than 50,000 inhabitants. Of the 319 small hub and non-hub airports with more than 10,000 passenger enplanements in 2009, 50 met this classification, including 1 small hub airport (Burlington International Airport in Vermont).<sup>3</sup>

### 3.3 Travel Agencies and Tour Operators

While most regulation of the air transportation sector is concerned with carriers and airports, other sellers of air transportation must comply with Office of the Secretary of Transportation (OST) advertising regulations and guidelines. Along with carriers, travel agencies and tour operators are the primary entities that sell tickets for passenger air transportation. These sales sometimes are made on a standalone basis and sometimes as part of a package that may include accommodations, activities, and ground transportation.

Small travel agents and tour operators will need to comply with the Rule provisions in Requirement Area 7 that require display of full fares, including all government fees and taxes, in both online and print media advertising of air fares. Small travel agents and tour operators that offer online booking will need to comply with certain Rule provisions in Requirement Area 8, which require them to provide links to carrier or other sites that disclose baggage and other optional fees on flight selection pages and e-tickets. Some small tour operators will also be affected by the Rule provisions in Requirement Area 9 that prohibit ticket agents from unilaterally increasing the price charged for air travel after the purchase has been completed.

<sup>3</sup> Carriers are not required to coordinate their tarmac contingency plans with airports that have fewer than 10,000 passengers departing annually, so these smaller airports will not be affected by any of the Rule provisions.

Four large online travel agencies (OTAs)—Expedia, Orbitz, Priceline, and Travelocity—reportedly account for 96 percent of all online sales by travel intermediaries in the leisure travel market segment.<sup>4</sup> However, the travel agent and tour operator sectors consist primarily of small businesses with fewer than 20 employees per firm. A significant number of these small entities offer online booking of air transportation and travel packages. Offline travel agencies and tour operators book these services through global distribution system (GDS) operators and/or directly with carriers.

The numbers of large and small firms in these sectors were estimated from 2007 County Business Patterns data, as follows:

**Table 3 - Travel Agencies and Tour Operators, 2007**

	Total Firms	Large OTAs	Online Sales Capability	Offline Sales Only	20+ Employees	<20 Employees
Travel Agencies	11,803	4	2,003	9,796	626	11,177
Tour Operators	2,687	0	457	2,230	267	2,420

Sources: Bureau of the Census, *County Business Patterns, 2007*; PhoCusWright, *The Role and Value of the Global Distribution Systems in Travel Distribution, 2009*.

These employment-based thresholds are comparable to, but not identical with, the applicable SBA size standards, which designate travel agencies with no more than \$3.5 million in annual revenues and tour operators with no more than \$7.0 million as small businesses.

According to the 2007 Economic Census, there were 11,953 travel agencies operating for at least part of the year. The largest 220 of these had revenues in excess of \$5 million. There were also 216 firms with revenues in the \$2.5-5 million range. Approximately one-half (108) of these firms could be expected to have had revenues that exceeded \$3.5 million. Therefore, as many as 11,625 small firms in this sector will have to comply with the Rule requirements for full-fare advertising, disclosure of baggage and optional fees, and prohibitions on opt-outs and unilateral post-purchase increases in the price of air travel.

The 2007 Economic Census estimates that there were 2,814 tour operators in business for at least part of the year. The largest 55 of these had revenues in excess of \$10 million. There were also 78 firms with estimated revenues in the \$5-10 million range. Approximately one-half (39) firms of these firms could be expected to have had revenues that exceeded \$5 million. Therefore, as many as 2,720 small firms in this sector will have to comply with the Rule requirements for full-fare advertising, disclosure of baggage and optional fees, and prohibitions on opt-outs and unilateral post-purchase increases in the price of air travel.

Relative to the size-class distinctions used in the final RIA, applying the SBA size standards increases the estimated number of small businesses that would be affected by the new requirements. However, the estimated costs of compliance with these requirements are very low in relation to the average annual revenues of these (relatively larger) travel agencies and tour

<sup>4</sup> PhoCusWright, *The Role and Value of the Global Distribution Systems in Travel Distribution*, November 2009.

operators with 20 or more employees that are categorized as small firms under the SBA size standards.

#### 4. Nature and Impact of the Rule on Affected Small Entities

The Rule provisions include a new information collection requirement for domestic carriers that operate scheduled or nonscheduled passenger service using any aircraft with more than 30 passenger seats. These carriers will be required to report to the BTS and retain for 2 years the following information about any ground delay that lasts at least 3 hours:

- the length of the delay
- the precise cause of the delay
- the actions taken to minimize hardships for passengers
- whether the flight ultimately took off (in the case of a departure delay or diversion) or returned to the gate
- an explanation for any tarmac delay that exceeded 3 hours.

The Department plans to use the information to investigate instances of long delays on the ground and to identify any trends and patterns that may develop.

The final RIA estimates that non-reporting U.S. carriers would have had 43 tarmac delays of 3 hours or more in 2009 under the Rule requirements. Of these, 33 would have been delays associated with international flights. Based on their share of passengers reported in the 2009 BTS T-100 database, it would be reasonable to estimate that small carriers who do not already have to report 3-hour tarmac delays under existing regulatory requirements would have accounted for 15 of these delays in 2009.

Small carriers are expected to incur costs to comply with Rule provisions in Requirement Areas 1, 2, 6, 7, and 8. A description of these requirements and per-carrier estimates of compliance costs are as follows:

- **Requirement Area 1:** The Rule will require 12 small U.S. carriers (3 of which are wholly-owned subsidiaries of larger carriers) to coordinate their tarmac contingency plans with small hub and non-hub airports. Coordinating these plans is estimated to cost small U.S. carriers \$279 for each small hub airport and \$139 for each non-hub airport.
- **Requirement Area 2:** The final RIA estimates that it will cost non-reporting U.S. carriers an average of \$1,506 to set up tarmac delay reporting data collection and submission systems. Per-report costs are estimated at \$276 for each reportable delay.
- **Requirement Area 6:** The costs of complying with the Rule requirements for DBC cannot be separately estimated for small carriers because no firm-size specific employment data are available.

- **Requirement Area 7:** The final RIA estimates that it will cost small carriers about \$2,000 to display full fares in online price advertising. Average per-carrier costs to revise print media advertising are estimated to be \$132.
- **Requirement Area 8:** The final RIA estimates that it will cost small carriers about \$2,000 to provide consumers with the required disclosures of baggage and optional fees. Annual costs for updating these disclosures are estimated to be about \$400.

The 2012 compliance cost for a small carrier operating aircraft with between 30 and 60 seats is estimated to be less than \$17,000, with about \$1,000 in recurring annual costs to maintain compliance. The initial compliance cost for a small carrier that exclusively operates aircraft with fewer than 30 seats is estimated to be less than \$4,500.

Small carriers already have to comply with extensive reporting, recordkeeping, and compliance requirements under current Department regulations. It is reasonable to expect that these carriers already have staff members with the professional skills to meet the applicable Rule requirements.

Small privately-owned and municipal airports may incur costs as a result of carrier implementation of tarmac contingency plans:

- The final RIA estimates that coordinating each tarmac contingency plan with a non-hub airport will require 1 hour of carrier personnel time. All but one of the 50 small airports affected by this requirement is a non-hub facility. These airports serve an average of 6.6 carriers that would have to coordinate these plans with airport authorities. However, the final RIA does not quantify the costs to airport authorities of having carriers coordinate their tarmac contingency plans.
- The final RIA also does not assess the extent, if any, to which airports may incur additional costs as a result of planes returning to the gate to comply with tarmac contingency plan requirements. However, the affected airports may receive additional gate fees in these situations that could exceed the costs of any additional services that they must provide to carriers.

Small travel agents and tour operators will be required to comply with applicable Rule provisions in Requirement Areas 7 and 8. Some small tour operators are expected to incur additional costs to comply with the Rule provisions in Requirement Area 9:

- **Requirement Area 7:** The final RIA estimates that it will cost small travel agents and tour operators with online booking capability an average of \$1,000 to display full fares in online price advertising. Average per-firm costs to revise print media advertising are estimated to be \$132.
- **Requirement Area 8:** The final RIA estimates that it will cost small travel agents and tour operators with online booking capability an average of \$1,000 to provide consumers with the required disclosures of baggage and optional fees. Annual costs for updating

these disclosures are estimated to be about \$200 for small travel agents and tour operators.

- **Requirement Area 9:** The final RIA estimates that it will cost tour operators with online booking capability an average of \$1,000 to provide required pre-purchase disclosures online. Average per-firm costs for all small tour operators to develop printed pre-purchase disclosures are estimated to be \$132.

The 2012 compliance cost per firm for small travel agents and tour operators with online booking capability is estimated to be less than \$3,500, with no more than a few hundred dollars in recurring annual costs to maintain compliance. The initial compliance cost per firm for small travel agents and tour operators without online booking capability is estimated to be no more than a few hundred dollars in 2012. These firms will not incur recurring annual costs to maintain compliance.

Small travel agents and tour operators already utilize the services of website programmers and graphic designers to prepare online and print media advertising. It is reasonable to expect that these employees or contractors have the professional skills to meet the applicable Rule requirements.

## 5. Steps Taken to Minimize the Impact of the Rule on Affected Small Entities

In several instances, the Department tailored specific Rule provisions to minimize the impact on potentially affected small entities:

**Requirement Area 1:** Carriers that provide passenger service exclusively with aircraft which were originally designed with fewer than 30 seats do not have to comply with the Rule requirements for tarmac contingency plans. In addition, the Rule does not require carriers of any size to coordinate their plans with airports that enplane fewer than 10,000 passengers annually.

**Requirement Area 2:** Carriers that provide passenger service exclusively with aircraft which were originally designed with fewer than 30 seats do not have to provide information on tarmac delays of 3 hours or more to BTS.

**Requirement Area 3:** Carriers that provide scheduled passenger service exclusively with aircraft which were originally designed with fewer than 30 seats do not have to develop, monitor, and self-audit compliance with CSPs that meet the Rule requirements.

**Requirement Area 6:** The DBC requirements in the Rule do not apply to flights on aircraft with fewer than 30 seats.