

Interim Report on Airline Customer Service Commitment

Report AV-2000-102
June 27, 2000



Office of Inspector General

U.S. Department of
Transportation





**U.S. Department of
Transportation**

Office of the Secretary

The Inspector General

Office of Inspector General

Washington, DC 20590

June 27, 2000

The Honorable John McCain
Chairman
The Honorable Ernest Hollings
Ranking Minority Member
Committee on Commerce, Science,
and Transportation
United States Senate
Washington, DC

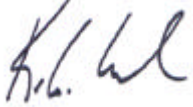
The Honorable Bud Shuster
Chairman
The Honorable James L. Oberstar
Ranking Minority Member
Committee on Transportation
and Infrastructure
House of Representatives
Washington, DC

Enclosed is our Interim Report on the Airline Customer Service Commitment, as required by The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century. As requested, we are reporting on the status of the Airlines' Customer Service Plans to carry out the Commitment and whether the Airlines modified their contracts of carriage to reflect all items in their Plans. Overall, the Airlines are at the 6-month point in implementing their Plans.

We will issue a final report by December 31, 2000, on the effectiveness of the Airlines' Plans to improve customer service. By December, the Airlines will have had a full year in which to fully implement their Plans.

We very much appreciate the cooperation received from the Air Transport Association and its member Airlines throughout this assessment. If I can answer any questions or be of further assistance, please contact me at (202) 366-1959 or my Acting Deputy, Todd J. Zinser, at (202) 366-6767.

Sincerely,

A handwritten signature in black ink, appearing to read "K. M. Mead". The signature is written in a cursive style with a large initial "K" and "M".

Kenneth M. Mead
Inspector General

Enclosure
Report No. AV-2000-102

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Introduction

Concerned over increasing complaints in air travel, compounded by the Detroit airport incident of January 1999, when hundreds of passengers were stuck in planes on snowbound runways for up to 8½ hours, Congress considered whether to enact a “passenger bill of rights.” Hearings were held in both the House and Senate to discuss the treatment of aviation passengers and specifically the “passenger bill of rights.”

Congress, the Department of Transportation (DOT), and the Air Transport Association (ATA)¹ agreed that, for the time being, legislation would not be necessary. Instead, ATA and its member Airlines² executed a document on June 17, 1999, known as the Airline Customer Service Commitment (the Commitment),³ to demonstrate the Airlines’ ongoing dedication to improving air travel. The Commitment includes 12 provisions. Each Airline would prepare a Customer Service Plan (Plan) implementing the Commitment.

In the Commitment, the Airlines agreed to have their Plans completed by September 15, 1999, and fully implemented by December 15, 1999. The Airlines also agreed to cooperate fully in any request from Congress for periodic review of compliance with the Commitment. It should be noted that the Air Transport Association and the Airlines cooperated fully with us during this review.

To ensure that ATA and the Airlines would live up to the Commitment, on December 10, 1999, Senator McCain, Chairman of the Senate Committee on Commerce, Science, and Transportation, asked DOT’s Office of Inspector General (OIG) to review the Plans and evaluate the extent to which each Airline met all

¹ The Air Transport Association is the trade association for America’s leading air carriers. Its members transport over 95 percent of all the passenger and cargo traffic in the United States.

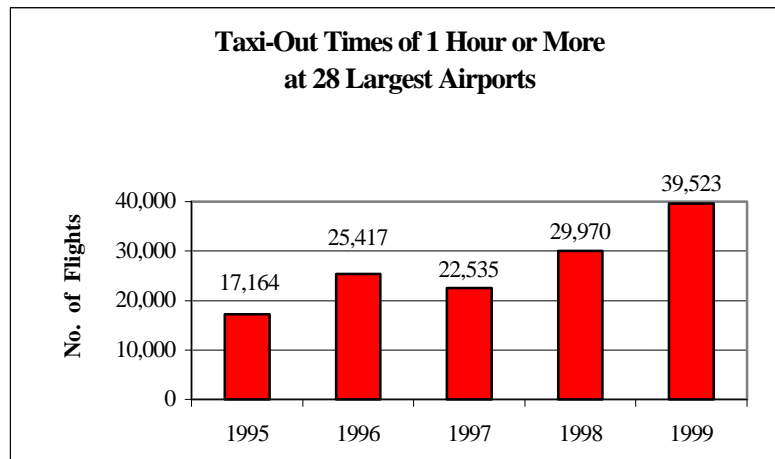
² For the purposes of this report, Airline or Airlines refers to the ATA member airlines; air carrier refers to airlines in general.

³ ATA signed the Commitment on behalf of 14 ATA member Airlines (Alaska Airlines, Aloha Airlines, American Airlines, American Trans Air, America West Airlines, Continental Airlines, Delta Air Lines, Hawaiian Airlines, Midwest Express Airlines, Northwest Airlines, Southwest Airlines, Trans World Airlines, United Airlines, and US Airways).

provisions under its Plan. Subsequently, Congress mandated such a review in The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Public Law 106-181, which gave the DOT Inspector General authority to monitor the implementation of the Commitment and the Airlines' Plans. The provisions under AIR-21 mirrored the Chairman's request, with one exception. Under AIR-21, the Inspector General's final report is to include a comparison of the customer service of ATA Airlines with non-ATA-member air carriers.

Increase in Flight Delays and Cancellations Fuel Customer Dissatisfaction

Air travel has doubled since 1980. With this growth has come growth in delays and cancellations, and customer dissatisfaction with air carrier customer service. Delays, as measured by the Federal Aviation Administration (FAA), have increased by over 50 percent in the last 5 years. Cancellations increased 68 percent, from 91,905 to 154,311 flights, between 1995 and 1999.⁴ Much of the delay time is occurring on the ground in the form of longer taxi-out and taxi-in times.⁵ At the 28 largest U.S. airports, the number of flights experiencing taxi-out times of 1 hour or more (situations in which the aircraft has left the gate and is waiting to take off) increased 130 percent between 1995 and 1999, from 17,164 to 39,523, as shown in the chart.



The 1999 DOT Air Travel Consumer Report disclosed that consumer complaints against U.S. air carriers more than doubled in 1999 over the prior year, from 7,980 to 17,381, with more than a 115 percent increase in the number of complaints relating to flight problems (delays, cancellations and missed connections). Complaints for the first 4 months of 2000 increased 74 percent (3,985 to 6,916) over complaints during the same period in 1999. However, DOT numbers are

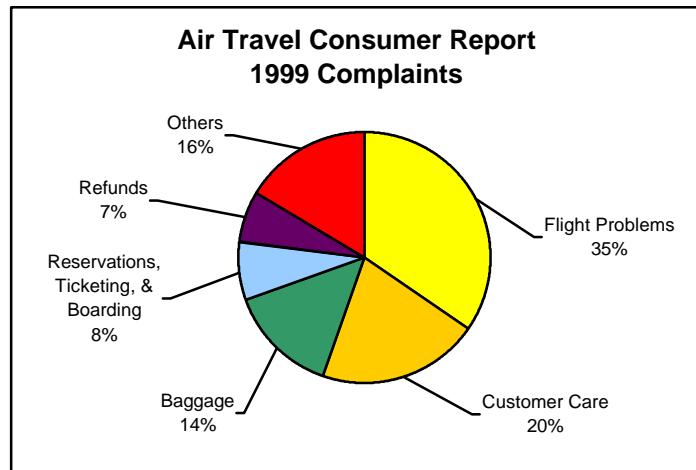
⁴ Information on delays and cancellations was developed in conjunction with our separate review of the sources and causes of flight delays and cancellations done at the request of the Senate Committee on Appropriations. The report on that review will be issued shortly.

⁵ Taxi-out time comprises the period between an aircraft departing the gate and taking off. Taxi-in time is the period between the aircraft landing and arriving at the gate.

significantly understated because, according to information available to DOT, the air carriers receive 100 to 400 complaints for every complaint filed with the DOT.

While a contributing factor to the increase in air traveler complaints is undoubtedly the ease of making a complaint to DOT via the Internet,⁶ the number of complaints and the increase during the first 4 months of 2000 cannot be ignored. They signal a high degree of consumer dissatisfaction with air carrier service that must be addressed.

Over the last several years, DOT has ranked flight problems as the number one air traveler complaint, with customer care⁷ and baggage complaints ranked as either number two or number three. As depicted by the chart, 1999 data show that these three types of complaints account for nearly 70 percent of all complaints received by DOT against U.S. air carriers.



Interim and Final Reports

This is an interim report. Overall, the Airlines are at the 6-month point in implementing their Plans. As requested, we are reporting on (1) the status of implementing the Commitment and the Airlines' Plans to carry out the Commitment, and (2) whether the Airlines modified their contracts of carriage⁸ to reflect all items in their Plans. See Exhibit A for a full discussion of the audit scope and methodology. Since this is an interim report, it does not include final results about how effectively the Airlines have implemented their Plans. Therefore, we have not identified specific Airlines by name in this interim report.

⁶ According to DOT's Consumer Protection Division, in 1999, one-quarter of the complaints received by DOT arrived electronically. In the 4 months from January through April 2000, over 45 percent of the complaints arrived electronically. Although some organizations have used a comparison of DOT 1998 and 1999 consumer complaint and air travel data to imply that the Airlines have not "lived up" to the commitments in their Plans, the data should not be relied on to measure the success or failure of the Airlines' Plans. The Airlines' Plans were not required to be implemented until December 15, 1999.

⁷ Complaints such as poor employee attitude, refusal to provide assistance, unsatisfactory seating, and unsatisfactory food service are categorized as Customer Care complaints.

⁸ A contract of carriage is the document air carriers use to specify legal obligations to passengers. Each air carrier must provide a copy of its contract of carriage free of charge, upon request. The contract of carriage is also available for public inspection at airport and city ticket offices.

This report contains an overview of our preliminary results, observations on the Airlines' systems to measure performance against their Plans, discussion of the Airlines' contracts of carriage in relation to their Plans, observations on DOT's capacity to enforce consumer protection rights, and discussion of the importance of customer service in the marketplace, both domestically and internationally. In addition, this report contains a detailed analysis of each of the 12 provisions of the Commitment, and, in the spirit of constructiveness, suggestions for improvement or steps the Airlines could take to strengthen implementation of the Commitment and their Plans.

We will issue a final report by December 31, 2000, on the effectiveness of the Airlines' Plans to improve customer service, including, as required by law, recommendations for improving accountability, enforcement, and protections afforded to commercial air passengers. By December 2000, the Airlines will have had a full year in which to fully implement their Plans.

The OIG is also reviewing the extent to which barriers exist to consumer access to comparative price and service information from independent sources on the purchase of air transportation, and the manner in which air carriers disclose information on overbooked flights to passengers or ticket agents. A separate report will be issued on this review later this summer.

Results

For the most part, the Airlines' commitment for better customer service was essentially a recommitment to place substantially greater emphasis on compliance with existing law, and Airline policies and procedures. The essence of the Commitment and Plans was to focus and re-emphasize attention and resources on customer service. The Airlines realized that improvements were needed in the way passengers were treated; and that good customer service begins with the successful execution of,

The Airlines Commit to:

1. Offer the lowest fare available
2. Notify customers of known delays, cancellations, and diversions
3. On-time baggage delivery
4. Support an increase in the baggage liability limit
5. Allow reservations to be held or canceled
6. Provide prompt ticket refunds
7. Properly accommodate disabled and special needs passengers
8. Meet customers' essential needs during long on-aircraft delays
9. Handle "bumped" passengers with fairness and consistency
10. Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration
11. Ensure good customer service from code-share partners
12. Be more responsive to customer complaints

The full text of the Airline Customer Service Commitment is in Exhibit B.

and continuous improvement to, existing customer service policies and procedures, programs and plans, as well as systems and technologies.

Two of the provisions in the Commitment were new policy. For example, one provision requires that Airlines either hold a telephone reservation without payment for 24 hours or cancel a paid reservation within 24 hours without penalty. Another provision supported an increase in the baggage liability limit from \$1,250 to \$2,500; this became effective January 18, 2000.

As for the remaining 10 provisions in the Commitment, the Airlines agreed to focus on better execution of customer service policies and procedures, many required by law or regulation, required under the Airlines' contracts of carriage, or part of Airline operating policy. A few of these provisions had subsets that provided new policies such as notifying customers *in a timely manner* of the best available information regarding known delays, cancellations and diversions; making every reasonable effort to return checked bags *within 24 hours*; issuing an annual report on frequent flyer redemption programs; and providing information regarding aircraft configuration (including seat size and pitch⁹).

Although certain factors in determining the overall quality of Airline customer service were not covered in the Commitment or the Airlines' Plans, the Airlines have implemented other initiatives to improve customer comfort and convenience.

⁹ Seat pitch is the distance from a point on one seat to the same point on the seat in front of it and is an indication of the amount of legroom between rows of seats.

These initiatives include things such as (1) reconfiguring airplanes to increase the room between rows of seats; (2) replacing overhead luggage compartments with larger, easier to use bins; (3) introducing airport kiosks to streamline the passenger check-in process; and (4) introducing new technologies to expedite the flow of passengers through security screening checkpoints. The Airlines responsible for the new initiatives estimate the cost for these new customer comfort and accessibility initiatives will exceed \$3 billion over the next few years. See Exhibit C for a full discussion on the Airlines' initiatives to improve customer service.

As agreed, the Airlines published their Plans by September 15, 1999. However, we found that not all the Plans were fully implemented by December 15, 1999, as required. The majority of Airlines were unable to meet the deadline because, due to the busy holiday travel season, training had not been completed for all their reservation, customer service, and sales personnel. Nonetheless, by March 1, 2000, according to the Airlines, their Plans were considered fully implemented.

In our initial observations and testing, we found the Airlines are making a clear and genuine effort at strengthening the attention paid to customer service, but bottom-line results to date are mixed, and the Airlines have a ways to go to restore customer confidence. The results include areas where the Airlines can improve upon disclosures provided passengers, such as fare and refund availability, and what to expect in the case of an extended on-board delay.

While the Commitment addresses such matters as improved communication with passengers, quoting the lowest available airfare, and timely return of misrouted or delayed baggage, the Commitment does not directly address underlying reasons for customer dissatisfaction, such as extensive flight delays, baggage not showing up on arrival, long check-in lines, and high fares in certain markets. In our opinion, until these areas also are effectively addressed by the Airlines, FAA, and others, there will continue to be discontent among air travelers.

Preliminary Results on Implementation of the Commitment and Plans Are Mixed

While we only recently began our testing of the Commitment and Plans, we have identified several areas that appear to be working well, as well as areas for improvement, as illustrated in the following examples. Each of the 12 provisions is discussed in detail beginning on page 15 of this report.

- **Offer the lowest fare available** - The Airlines agreed to offer, through their telephone reservation systems, the lowest fare available for which the customer is eligible. Six Airlines enhanced the provision by (1) offering the lowest fare

for reservations made at their city ticket offices and airport customer service counters, not just through the Airlines' telephone reservation systems; or (2) requiring their reservation agents to query the customer about the flexibility of their itinerary in terms of travel dates, airports and travel times to find the lowest fare available; or (3) notifying the customer through an on-hold message that lower fares may be available through other distribution sources and during different travel times.

Testing of this provision showed that Airline telephone agents were usually offering the lowest available fare for which we were eligible, but there were a sufficient number of exceptions to this that it is an area to which the Airlines should pay special attention. The problems we identified were not deliberate on the part of the Airlines; rather, they were due to employees not following established procedures.

- **Notify customers of known delays, cancellations, and diversions** - For the most part, we found the Airlines were making a significant effort, both at the airport and on-board aircraft, to improve communication with customers about delays and cancellations. These improvements include investments in various communication technologies and media as well as more frequent announcements to customers. However, we also found major room for improvement in the accuracy, reliability, and timeliness of the Airlines' communications to customers about the status of flights. For example, several Airlines pointed to the air traffic control system as the reason for delays, even in cases of extremely bad weather, crew unavailability, or maintenance problems.

Additionally, we found the Airlines are providing the consumer more in their Plans than in their contracts of carriage. For example, with one exception, the Airlines' Plans provide accommodations for passengers put in an overnight status due to cancellations or delays caused by Airline operations. However, only two Airlines provide for this in their contracts of carriage.

- **On-time baggage delivery** — Passengers expect to find their checked baggage upon arrival at their destination airports, but this provision actually deals with the delivery of misrouted or delayed baggage. The Airlines committed *to return the misrouted or delayed bag to the passenger "within 24 hours."* We have found examples where Airlines have invested in advanced baggage scanning technologies to facilitate the return of baggage or increased staff resources for processing claims. However, we found that the Airlines were not consistent in their Plans when defining what constituted "within 24 hours." For instance, some Airlines started the clock when a passenger filed a missing bag claim and others only after the bag arrived at the destination airport. Based on

our discussions with the Airlines, they have agreed to develop tracking systems to establish a baseline and monitor compliance with this provision.

- **Allow reservations to be held or canceled** — This is a new customer service commitment and allows the customer either to hold a telephone reservation without payment for 24 hours **or** to cancel a paid reservation without penalty for up to 24 hours. This provision should be very popular with passengers who book nonrefundable tickets, because it allows customers to check for lower fares and time to coordinate their travel without losing a quoted fare.

Our preliminary testing shows that, with a few exceptions, the Airlines were either holding the fare for 24 hours or refunding the full fare without penalty if the reservation was canceled within 24 hours. However, where a ticket purchase was required, we typically were not told by the reservation agents that we could receive a full refund if the reservation was canceled within 24 hours.

- **Provide prompt ticket refunds** - By agreeing to this provision, the Airlines have, in essence, agreed to comply with existing Federal regulations and requirements. The 7-day refund requirement for credit card purchases has been in effect for nearly 20 years and is governed by Federal regulations. The 20-day refund requirement for cash purchases was established and has been in effect for over 16 years. Our preliminary testing did not show compliance problems with this provision.
- **Properly accommodate disabled and special needs passengers** - This provision is all about disclosing policies and procedures for handling special needs passengers and for accommodating persons with disabilities. It does not require the Airlines to go beyond what is in the regulations for accommodating persons with disabilities or to improve the treatment of special needs passengers. Of the 12 provisions addressed in their Plans, we found the Airlines disclosed more detailed information to passengers on this provision than on any other. Between now and October 2000, we will assess how well the Airlines are complying with regulations for accommodating persons with disabilities. This process is not complete, and we are collecting views from groups representing the disabled, which we will consider in reaching a conclusion on whether this provision was effective.
- **Meet customers' essential needs during long on-aircraft delays** - We have found examples where Airlines have invested in air stairs for deplaning passengers when an aircraft is delayed on the ground but does not have access to a terminal gate; secured additional food and beverage supplies for service at the departure gates or on-board flights experiencing extended delays; or made

arrangements with medical consulting services to resolve medical emergencies that occurred on-board an aircraft.

However, during our initial visits to the Airlines, less than half had comprehensive customer service contingency plans in place for handling extended delays on-board aircraft at all the airports they served. Subsequent to our initial visits, the Airlines have all stated that comprehensive customer service contingency plans are in place for addressing delays, cancellations and diversions. Over the next several months, at the airports we visit, we will determine whether the (1) Airlines' customer service contingency plans are in place, (2) Airlines' customer service personnel are knowledgeable of contingency plan procedures, and (3) contingency plans have been coordinated with the local airport authorities and FAA.

This provision does not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. The provision uses general terms such as "food," "every reasonable effort," "for an extended period of time," or "emergency." These terms are not clearly defined and do not provide the passenger with a clear understanding of what to expect.

- **Handle "bumped" passengers with fairness and consistency** — In the air carrier industry, many customers make reservations and subsequently fail to travel, without notifying the air carrier. Consequently, air carriers overbook their scheduled flights, which means they take more reservations than there are seats. When more confirmed passengers than expected actually show up for a flight, it is "oversold," and the air carrier must seek out passengers who are willing to give up their seats for compensation before bumping anyone involuntarily. The requirement that the Airlines establish and disclose to the customer policies and procedures regarding denied boardings has been in effect for over 17 years. One critical element of disclosure is the Airlines' check-in time requirements that passengers must meet in order to avoid being "bumped." This is important because the last passenger to check in is generally the first to be denied a seat.

We found several inconsistencies and ambiguities between the check-in times identified in the Airlines' Plans, and on the Airlines' contracts of carriage, ticket jackets, or other written instruments, such as the customer's receipt and itinerary for electronic tickets. For example, in its contract of carriage, one Airline requires passengers to check in 10 minutes prior to the flight's scheduled departure, but on its customer's receipt and itinerary for electronic tickets, the check-in time states 20 minutes prior to the flight's scheduled

departure, making it unclear to the passengers which check-in time must be met in order to avoid losing their seats and being "bumped" from the flight.

We also found that, among the Airlines, check-in time requirements are different. (For example, one Airline requires that the passenger be at the gate at least 15 minutes before scheduled departure, while another Airline requires 20 minutes.) To avoid being bumped and to protect their rights to denied boarding compensation, passengers need to be aware of the check-in requirements for the Airline on which they are flying.

- **Be more responsive to customer complaints** - The provision requires the Airlines to respond to complaints within 60 days; it does not require resolution of the complaint within the 60-day period, nor that when resolved, the disposition will be satisfactory to the customer. Our preliminary testing of this provision found the Airlines were responding to written complaints in accordance with their internal policies, generally less than 60 days. In addition, the replies we reviewed were responsive to the customer complaint and not merely an acknowledgement that the complaint had been received. This is an area the Airlines appear to be taking seriously. However, we have only done limited testing to date, so it is too early to conclude whether or not this provision has been effectively implemented.

Airline Performance Measurement Systems and Non-Airline-Employee Training Are Needed

A major observation of our review, which is key to the success of the Customer Service Plans, is the need for each Airline to have a credible tracking system for compliance with each provision and the implementing Airline Plan, buttressed by performance goals and measures. We found that most of the Airlines did not have such a system in place, and we received assurances that such systems would be established. In our work between now and December, we intend to establish whether the Airlines have followed through on these assurances. The expectation, for example, is that each Airline will have in place a tracking system to ensure the lowest eligible fare is offered, that misrouted and delayed baggage is returned within 24 hours, that refunds are paid within the requisite timeframe, and that communication systems for advising passengers of flight status are working properly, and generating reliable and timely information.

The Airlines must also ensure that non-Airline employees that interact with passengers (such as skycaps, security screeners, baggage handlers, and wheelchair providers) are adequately trained on the Airlines' Plans' policies and procedures for customer service. Often non-Airline personnel are mistaken for Airline

employees; therefore, it is critical to the success of the Commitment and Plans for these personnel to be properly trained. When these personnel perform customer service functions covered directly by the Airlines' Commitment, the public cannot reasonably be expected to differentiate between those who work for the Airlines and those who do not. However, 5 of the 14 Airlines told us they did not intend to train non-Airline personnel on their Plans' procedures. This is unfortunate.

For example, it is critical that the Airlines ensure that non-Airline personnel performing passenger security screening service on behalf of the Airlines understand the Airlines' policies and procedures in their Plans for accommodating persons with disabilities. The Airlines' policies and procedures in their Plans are there to ensure compliance with the requirements of the Air Carrier Access Act of 1986, which is codified in Title 14 Code of Federal Regulations Part 382, Nondiscrimination on the Basis of Disability in Air Travel.

The Terms in the Airlines' Contracts of Carriage Can Be More Restrictive Than the Terms in Their Plans

The Commitment and the Airlines' Plans, while conveying promises of customer service standards, do not necessarily translate into legally enforceable passenger rights. Rather, each air carrier has an underlying contract of carriage which, under Federal regulations, provides the terms and conditions of passenger rights and air carrier liabilities. The contract of carriage is legally binding between the air carrier and the passenger and may be enforced.

Because of their clear enforceability, the Airlines' contracts of carriage have become an important issue in the customer service debate, and one of our objectives was to determine whether the Airlines modified their contracts of carriage to reflect all items in their Plans. Our results indicate that, in general, they have not. Although 1 Airline incorporated its Plan in its entirety into the contract of carriage, 3 Airlines (as of April 20, 2000) have not changed their contracts of carriage at all since they agreed to the Commitment, and the remaining 10 Airlines have changed their contracts of carriage to some extent. This means that the provisions for returning misrouted baggage within 24 hours and holding a reservation for 24 hours without payment are not in some contracts of carriage.

At present, it remains uncertain whether an Airline's Plan is binding and enforceable on the Airline. In fact, one Airline, in its Plan, has stated that the Plan does not create contractual or legal rights. To resolve this question, the Airlines *could* incorporate their Plans in their contracts of carriage. However, based on our results thus far, we are concerned that, without direction to the contrary, this

would leave open the possibility that the contracts of carriage may be more restrictive to the consumer than envisioned in the Commitment or the Plans. In some cases, we found the modifications made to the contracts of carriage included restrictions not found in the Plans. For example:

- One Airline, in its Plan, states that it would accommodate passengers required to stay overnight for delays and cancellations caused by the Airline's operations. However, in its contract of carriage the terms are more limited--the Airline provides accommodations if the passenger is diverted to another airport and put in an overnight status at the other airport.
- One Airline, in modifying its contract of carriage to implement the provision to hold a reservation without payment for 24 hours, limited the benefit to passengers *calling* from within the United States for *travel* within the United States. However, the Commitment does not make this distinction.
- One Airline's Plan committed to deliver delayed checked baggage *before midnight of the day of the passenger's arrival* at his final destination. However, the Airline's contract of carriage states that the Airline "would make every effort to return the delayed checked baggage *within 24 hours of the passenger's arrival* at the destination airport."

These examples illustrate that the enforceable contract between the Airlines and their passengers may be less advantageous to the passengers than the provisions found in the Airlines' Plans. To adequately protect the consumer, the Airlines need to ensure that changes to the contracts of carriage fully reflect the benefits afforded by their Plans and the Airlines' commitment to customer service.

Implications for DOT's Capacity to Oversee and Enforce Air Carrier Customers' Rights

The Airline Deregulation Act of 1978 phased out the Federal Government's control over airfares and routes served, relying instead on competitive market forces to determine the price of domestic air service as well as where air carriers fly. In doing so, however, Congress authorized DOT to oversee and enforce air travel consumer protection requirements, some of which are covered by the Commitments and the Airlines' contracts of carriage. These include denied boarding compensation rules, rules governing the accommodation of disabled air travelers, ticket refund provisions, and baggage liability requirements. This mission is carried out by the Office of the Assistant General Counsel for Aviation Enforcement and Proceedings, including its Aviation Consumer Protection Division. This office is also responsible for enforcing other aviation economic

requirements, such as those proscribing unauthorized operations, those requiring the reporting of traffic and financial information, and legal issues that arise regarding air carrier fitness determinations.

DOT, in preparing and justifying budget requests for this office, and Congress, in reviewing those requests, should look closely at this office's capacity to fulfill its mission and be responsive in a timely way to consumer complaints. In 1985, this office had a staff of 40; in 1995, it was down to 20; and by 2000, it had a staff of 17 to oversee and enforce aviation consumer protection rules as well as carry out its other responsibilities.

In fact, resources dedicated to the Aviation Enforcement Office are inversely proportionate to its workload. Staffing has declined by more than half during a period when the office's workload has been expanding: air traffic more than doubled, complaints increased from 7,665 in 1997 to 20,495¹⁰ in 1999, additional requirements were established (such as the Air Carrier Access Act and the Aviation Disaster Family Assistance Act), and recently, the Commitment emerged as an important element in protecting passenger rights. An issue that office will face soon is whether policies contained in the Commitment and the Airlines' implementing plans are enforceable if they are not also contained in the Airlines' contracts of carriage.

We believe there is cause for concern whether the oversight and enforcement expectations for the Office of Aviation Enforcement and Proceedings significantly exceed the office's capacity to handle the workload in a responsive manner.

Customer Service Can Be an Area of Competition Among the Air Carriers

Customer service is likely to become more of a competitive force as air carriers strengthen and implement plans to provide better service. In fact, several Airlines have recently taken steps to improve customer comfort and convenience, such as: reconfiguring airplanes to increase the room between rows of seats; replacing overhead luggage compartments with larger, easier to use bins; introducing airport kiosks to streamline the passenger check-in process; and introducing new technologies to expedite the flow of passengers through security screening checkpoints. Over time, where there is competition in the air markets served, measures such as these should serve as a catalyst for other Airlines to introduce initiatives to improve their customer service in order to remain competitive.

¹⁰ Total number of aviation consumer complaints filed with DOT for the entire industry (U.S. air carriers, foreign air carriers, tour operators, etc.).

The recently proposed merger of United Airlines with US Airways and other potential mergers in response, raise questions about air carrier service. In the short run, merging air carriers may encounter many of the same service difficulties experienced by the railroad industry in recent mergers between large railroads with extensive route networks. The acquisition of the Southern Pacific by the Union Pacific and the purchase and division of Conrail by the Norfolk Southern and CSX generated large outpourings of complaints by railroad customers over a dramatic deterioration of rail service. Customers, particularly those with limited or no other options for rail service, complained about extensive problems with delays and the failure of their railroad to provide requested service. This occurred, in part, because the merging railroads had not adequately planned for or committed sufficient resources to the integration of their operations.

In the longer run, if the number of actual *or potential* competitors in air markets declines, there is likely to be less competitive pressure on the remaining air carriers to continue to offer improved service amenities or introduce additional ones. The Airlines' contracts of carriage, which contain legally enforceable terms, will become more important if an environment develops where there is less competitive pressure to maintain or improve customer service.

Customer Service Complaints Are Not Limited to U.S. Carriers

U.S. air carrier passengers are not alone in voicing their frustrations about customer service. In the European Union, more people than ever are flying, yet the European Parliament and national administrations are receiving a constant stream of complaints from citizens who are disappointed in the air service received. Last January, in a move to strengthen passenger rights, the Directorate-General for Energy and Transport of the European Commission issued a request for comments on an "Air Passenger Rights" proposal. This proposal, among other things, included consideration of provisions to compensate passengers for excessive delays. The Commission is considering either a voluntary approach with the air carriers or new regulations to extend passenger rights.

The Airlines here as well as those in Europe have an opportunity to improve customer service on their own initiative. First, they must be committed to customer service. Second, they will need to integrate the Plans throughout their operations. Third, they will need to continuously improve on their existing customer service policies and procedures, programs and plans, and systems and technologies.

Analysis of Each Provision, Including Suggestions for Improvement

The following description and analysis of each provision in the Commitment is based on our visits to the Headquarters of the Airlines; review of the Airlines' Plans, implementing policies and procedures, and contracts of carriage; and Federal regulations pertinent to selected provisions in the Plans. The analysis is also based on our preliminary observations and tests of the Airlines' customer service operations at several airports nationwide, and testing of implementing procedures for selected provisions in the Plans at corporate facilities (e.g., testing Airline compliance with ticket refund requirements). A significant issue in some cases is the difference between what was promised in the Plans and what was provided in the contracts of carriage. We are continuing to test the effectiveness of the Commitment and will report our results in our final report.

1 - Offer the Lowest Fare Available

What Was Promised - The Airlines committed to offer the lowest fare available for which the customer is eligible on the Airline's telephone reservation system for the date, flight and class of service requested. The Airlines, for the most part, considered this a pre-existing operating policy, which was part of the reservation agents' training curriculum before the Commitment. This provision gives assurances that the Airlines will offer the consumer the lowest fare available through their telephone reservation systems for the date, flight, and class of service requested.

What Was Not Promised - The Airlines did not commit to guaranteeing the customer that the quoted fare is the lowest fare the Airline has to offer. There may be lower fares available through the Airlines' Internet sites that are not available through the Airlines' telephone reservation systems. Also, the Airlines did not commit to always offer the lowest fare for reservations made or tickets purchased at the Airlines' airport customer service counters or city ticket offices. Further, the Airlines did not commit to disclose that there may be lower fares available through other distribution outlets, making it incumbent on the customer to know that lower price alternatives may be available.

What the Airlines' Plans Provide - In all the Plans, the Airlines agree to offer, through their telephone reservation systems, the lowest fare available for which the customer is eligible. However, six Airlines enhanced the provision by (1) offering the lowest fare for reservations made at their city ticket offices and airport customer service counters, not just through the Airlines' telephone

reservation systems; or (2) requiring their reservation agents to query the customer about the flexibility of their itinerary in terms of travel dates, airports and travel times to find the lowest fare available; or (3) notifying the customer through an on-hold message that lower fares may be available through other distribution sources and during different travel times. Also, six of the Airlines have modified their contracts of carriage to include this provision.

Complaint Data Reported by DOT - According to DOT's Air Travel Consumer Report, the number of complaints relating to fares increased nearly 100 percent in 1999 over the prior year, from 345 to 683. In the first 4 months of 2000, fare complaints increased 116 percent over the same period in 1999, from 164 to 354. However, over the last several years, DOT has ranked fare complaints among the bottom 4 complaint categories out of 11 categories reported.

Preliminary Observations - Our limited testing of this provision found that the Airlines' telephone reservation agents usually offered us the lowest fare available for which we were eligible. In cases where we were not offered the lowest fare, it was due to employees not following established procedures. There were a sufficient number of cases in which the lowest fare was not offered to warrant that the Airlines pay special attention to this area. The Airlines would have identified this problem had internal testing and performance measurement systems been in place. Our testing in this area is ongoing and will continue through October 2000. At that time, we will have determined the extent of the problem and verified whether the Airlines took effective corrective action.

Suggestions for Improvement - The Airlines that have not already done so should consider affirmatively informing the customer that lower fares may be available if the customer has a flexible schedule, or through other Airline distribution systems.

2 - Notify Customers of Known Delays, Cancellations and Diversions

What Was Promised - The Airlines committed to notify customers at the airport and on-board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations, and diversions. In addition, each Airline would establish and implement policies for accommodating passengers delayed overnight. A clear and concise statement of Airlines' policies in these respects would also be made available to customers.

This provision is encompassed by either pre-existing operating policies or a pre-existing Federal regulation. *All of the Airlines' pre-existing operating policies* required notifying customers at the airport and on-board an affected aircraft of the best available information regarding known delays, cancellations, and diversions. "In a timely manner" was included in the provision so that the Airlines would be obligated to notify passengers **more frequently** about known delays, cancellations, and diversions.

The requirement that the Airlines must establish and publish policies for accommodating passengers delayed overnight is governed under Title 14 Code of Federal Regulations (CFR) Part 253, Notice of Terms of Contract of Carriage. Part 253 requires that all air carriers' contracts of carriage disclose to the consumer the rights of the carrier and limitations concerning delays or failure to perform service. Part 253 also requires these policies be made available to customers on an air carrier ticket or other written instrument, such as an air carrier ticket jacket.

The air carriers' contracts of carriage, under Rule 240 of the Domestic General Rules Tariff No. DGR-1, Failure to Operate on Schedule or Failure to Carry, outline the carrier's obligations to its passengers in the event of schedule irregularities such as delays, missed connections, diversions or cancellations. Under Rule 240, all air carriers will allow the passenger to travel on an alternate carrier at no additional expense to the passenger if the cause of the cancellation or delay was within the control of the air carrier. Under the same scenario, the air carriers will also refund any unused refundable and nonrefundable tickets.

Some Airlines go further in their contracts of carriage and agree to provide accommodations (lodgings, meals and transportation) if a flight is diverted to an unscheduled airport and the passengers' delay at such airport is expected to exceed 4 hours between the hours of 10:00 p.m. to 6:00 a.m. Two Airlines go even further and state they will accommodate passengers delayed overnight if the cancellation or delay resulted from the Airlines' operations, and the last actual flight of the day was canceled or the delay exceeds 4 hours and extends into the period 10:00 p.m. to 6:00 a.m.

What Was Not Promised - The Airlines did not commit to notifying customers, prior to their arrival at the airport, of known delays, cancellations, and diversions. The Airlines also did not commit to providing accommodations for passengers delayed overnight regardless of the reason for the delay. Further, the provision does not require the Airlines to establish goals for reducing the number of delays and cancellations, which are the largest source of air traveler dissatisfaction.

What the Airlines' Plans Provide - In their Plans, the Airlines all agree to notify passengers of delays and cancellations and to establish policies for when they will

accommodate passengers delayed overnight. Seven Airlines specify in their Plans that they will notify customers at the airport and on-board an affected aircraft, every 15 to 20 minutes, of the best available information regarding known delays, cancellations, and diversions. Also, six of the Airlines post flight status information on their Internet sites and provide real-time flight information through their flight status information systems by dialing a toll-free telephone number. Six Airlines have procedures in place to contact passengers at their home, work, pager, or cellular telephone number about known delays and cancellations.

However, in the Airlines' contracts of carriage, when a delay or cancellation occurs, the Airlines will rebook the passenger, without charge, on their next flight out. If rebooking the passenger on one of their own flights is not practical or possible, the Airlines will rebook the passenger, without charge, on another air carrier, or offer the passenger a full refund for the unused portion of the ticket, even for a nonrefundable ticket. Also, during delays at the airport, seven Airlines will accommodate their passengers with different types of amenities, such as a snack voucher, telephone card, or discount on future travel, depending on the extent of the delay, generally in excess of 1½ to 2 hours.

When a flight delay or cancellation creates an overnight stay for the passenger, all Airlines' Plans, except one, stated they will provide food, lodging or transportation, if the cause of the delay was within their control. This goes beyond the explicit terms in their contracts of carriage, and the Airlines define what is meant by within their control.

Complaint Data Reported by DOT - Over the last 2 years, DOT's Air Travel Consumer Report has ranked flight problems (delays, cancellations and missed connections) as the number 1 complaint out of 11 complaint categories reported. Complaints relating to flight problems more than doubled in 1999 over the prior year, from 2,552 to 7,129. In the first 4 months of 2000, again ranking as the number one air traveler complaint, flight problem complaints increased more than 80 percent compared to the same period in 1999, from 1,546 to 2,842.

For 1999, DOT reports¹¹ that the Airlines showed an increase in the number of delays over the prior year, from 1,935,479 to 2,076,443. DOT also reports that for 1999 the Airlines showed an increase in the number of canceled flights over the prior year, from 144,509 to 154,311, with a rate of cancellations per total flight operations going from 2.68 percent to 2.79 percent over this same period.

¹¹ DOT's reports of flight delays are based on statistics filed with DOT on a monthly basis by U.S. Airlines that have at least 1 percent of the total domestic scheduled-service passenger revenues.

Preliminary Observations — Since the Plans were implemented, we found the Airlines have made a clear and substantial effort to communicate delays and cancellations,¹² but the information being communicated is frequently inaccurate, incomplete or unreliable. We also found that several of the Airlines have invested in new technologies to improve customer service on the ground, such as the customer information display systems (40-inch diagonal screens) located at gate and boarding areas that provide passengers with information about aircraft type, meal service, ticketing procedures, planned boarding times by row number, on-board entertainment, and schedule irregularities. Further, seven of the Airlines have procedures in place to notify customers at the airport and on-board an affected aircraft, every 15 to 20 minutes, of the best available information regarding known delays, cancellations and diversions.

However, simply communicating is not sufficient if the information is not accurate. We found that the Airlines continue to be faced with the challenge of improving their lines of communication, both internally and with FAA, and streamlining the flow of accurate and reliable information to passengers during schedule irregularities. Although there are clearly improvements in the Airlines' efforts to keep passengers informed, we found that information being provided about known delays and cancellations at airport check-in counters and in the boarding areas was frequently inaccurate, incomplete, or unreliable. For example, during our initial testing we found:

- Some Airlines repeatedly blamed their delay or cancellation entirely on FAA's air traffic control system when, in fact, the delay was due to severe weather or an Airline schedule irregularity (mechanical problems with the aircraft or flight crew shortages).
- Flight monitors and gate displays in the boarding areas showed the flights as on-time although, at the time of the flight, it was evident there would be a delay because (1) there was no aircraft at the gate, or (2) the flight was scheduled to leave in 5 minutes and passenger boarding had not begun. During some of our tests, when queried, the gate agent told us the flight was scheduled to leave on-time when, in fact, we knew from FAA air traffic control that it was delayed.
- Delays in some instances were known by the Airlines up to 4 hours prior to departure but were not communicated to the passengers until after the aircraft had been boarded and pushed away from the gate. At that time, the captain

¹² Our work to determine whether the Airlines notify passengers in a timely manner when their flight is diverted to another location is not yet complete.

announced that the flight would be delayed 1 or 2 hours due to severe weather conditions at the destination airport.

We also found a disconnect between what the Airlines specified in their Plans and what is in their contracts of carriage. With one exception, all the Plans specify that the Airlines will provide accommodations for passengers put in an overnight status due to Airline operations. However only two Airlines explicitly provide for this in their contracts of carriage. Most Airlines' contracts of carriage only provide for accommodations if the passenger is diverted to another airport and put in an overnight status at that other airport. It is unclear if the passengers' rights to the services provided in the Airlines' Plans are enforceable if those rights are not specified in the Airlines' contracts of carriage.

Suggestions for Improvement —

- The Airlines should consider clarifying the customers' rights when put in an overnight situation due to delays, cancellations, or diversions by making the contracts of carriage consistent with their Plans. In doing so, we would urge the Airlines not to back off accommodations made in their Plans. The reason we surface this issue is that at least one Airline, in its Plan, has stated that the Plan does not create contractual or legal rights.
- The Airlines need to improve the lines of communication and streamline the flow of accurate and reliable information between (1) FAA and the Airlines' Operations Control Centers, and (2) the Airlines' Operations Control Centers and the frontline personnel in Airport Customer Service, Flight Operations, and In-Flight Service.
- The Airlines that have not already done so should consider implementing a system that contacts passengers prior to arriving at the airport when a known, lengthy flight delay exists or a flight has been canceled.

Both the Airlines and FAA must move beyond finger-pointing, and work towards greater cooperation in identifying and addressing the causes of flight delays and cancellations. There often are multiple causes of delays and cancellations. Whereas weather was a major source of delays and cancellations, in 1999 as well as in prior years, it alone is not responsible for the sizable increases in 1999. Nor can FAA's management of air traffic be seen as the only cause of delays and cancellations, since bad weather and the air carriers also play a role with respect to growing air traffic and scheduling practices.

Our current audit on delays and cancellations found that FAA, in coordination with the major air carriers, needs to establish a common system for tracking

delays, cancellations, and associated causes. In terms of tracking delays and cancellations, FAA and the air carriers have made progress in the last several months. Now, both FAA and the air carriers need to move forward and establish a common framework for documenting and identifying the *causes* of delays and cancellations. The need for this was recently demonstrated by a lengthy delay at a major U.S. airport when some passengers were on-board aircraft from 4 to 8 hours. FAA and the Airline have different views on what happened and why. This illustrates the need for better communications and systems for documenting the cause of delays.

3 - On-Time Baggage Delivery

What Was Promised — The Airlines committed to make every reasonable effort to return checked bags within 24 hours and attempt to contact any customer whose unclaimed, checked luggage contains a name and address or telephone number. This is considered a pre-existing operating policy and applies to checked baggage that has been delayed or misrouted by the Airlines, resulting in a passenger arriving at his or her destination without a bag. Although it is not explicitly stated in the provision, the intent of the provision is that the Airlines will make every reasonable effort to return checked bags *to the customer* within 24 hours.

What Was Not Promised — The Airlines did not commit to improve on-time baggage delivery, but rather to return the misrouted or delayed bag to the passenger within 24 hours. This provision also does not define at what point in time the “24 hour” clock starts ticking.

What the Airlines’ Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. Five of the Airlines provide a toll-free telephone number for the customer to call to learn the status of lost, delayed, damaged, or pilfered baggage. Also, six of the Airlines provide an overnight kit containing essential toiletry and personal items, or an interim allowance up to \$25, to customers for bags not returned within 24 hours. In their Plans, seven of the Airlines remind customers to place their name, address and telephone number both outside and inside the bag to facilitate locating a misrouted or delayed bag.

Complaint Data Reported by DOT - According to DOT complaint data, mishandled baggage¹³ is a major source of air traveler dissatisfaction. Over the last 2 years, DOT's Air Travel Consumer Report ranked baggage complaints as the third complaint category out of 11 categories being reported. The number of complaints relating to baggage more than doubled in 1999 over the prior year,

¹³ DOT defines mishandled baggage as checked baggage that has been lost, delayed, damaged or pilfered.

from 1,431 to 2,913. In the first 4 months of 2000, baggage complaints increased by more than 66 percent over the same period in 1999, from 738 to 1,231.

In its Air Travel Consumer Report, DOT reports that for 1999 the Airlines showed a 2 percent increase in the number of passenger reports of mishandled baggage over the prior year, from 2,484,841 to 2,537,018, with an average of 5.08 claims filed per 1,000 passengers. The first 4 months of 2000 show an 8 percent decrease in the number of passenger reports of mishandled baggage over the same period in the prior year, from 886,734 to 811,755, with an average of 4.49 claims filed per 1,000 passengers. These data are self-reported by the Airlines and are not verified by DOT.

Preliminary Observations - The Airlines note that the vast majority of passengers and their checked baggage arrive at their destination together. Before the Commitment, the Airlines were, and still are, using WorldTracer to assist in the recovery of misrouted passenger baggage, allowing information exchange within a given air carrier as well as among air carriers worldwide. WorldTracer maintains a large worldwide database of on-hand and forwarded baggage information and has a sophisticated matching mechanism based on external and internal baggage characteristics. WorldTracer is used by approximately 300 companies worldwide.

Two Airlines have made additional investments in state-of-the-art baggage scanners to more accurately track bag transfer information between airports in order to match the bag tag number with anyone who has reported a bag missing. Several Airlines told us they increased staffing to track and process claims. Our December 2000 report will determine whether the investments in new technologies and additional staffing are having a material impact on the number of mishandled bags or materially assist in the rapid recovery of misrouted or delayed passenger baggage.

In our initial review of the Airlines' Plans for implementing this provision, we found that the Airlines had not uniformly defined what constituted within 24 hours. In other words, 24 hours from when? We found different interpretations among the Airlines of when the clock starts, ranging from when the passenger arrived at his or her destination, to when the misrouted bag was found. We also found that the majority of Airlines did not have a system in place for tracking what they considered to be their 24-hour window. As a result, the Airlines could not ensure they were in compliance with the provision.

We discussed our concerns about the ambiguity of "within 24 hours" with the Airlines. Based on those discussions, the Airlines have committed to address our concerns by defining "within 24 hours" and developing systems for tracking

compliance with the provision. One Airline revised its Plan to “return unclaimed and lost checked baggage to customers within 24 hours of receipt of a customer’s claim.” Also, several of the Airlines have modified their contracts of carriage to indicate they will make every reasonable effort to return checked bags within 24 hours and will attempt to contact any customer whose unclaimed checked baggage contains a name and address or telephone number.

Suggestions for Improvement - The Airlines should consider committing to returning unclaimed and lost checked baggage to customers within 24 hours of receipt of a customer’s claim. The filing of a claim is when a customer would reasonably expect the 24 hours to begin. In addition, the Airlines should fulfill their promise to implement systems for tracking compliance with the 24-hour requirement. Also, those Airlines that have not already done so should consider providing a toll-free telephone number for customers to call to check on the status of their bags.

4 - Support an Increase in the Baggage Liability Limit

What Was Promised - The Airlines would petition the Department of Transportation within 30 days (of June 17, 1999) to consider an increase in the current baggage liability limit.

The permissible limitations of air carrier liability for loss, damage or delay in the carriage of passenger baggage in domestic air transportation are set forth in 14 CFR 254, Domestic Baggage Liability. The regulation applies to both charter and scheduled service, and has been in effect for over 20 years. Although the Airlines’ petition to DOT was voluntary, the petition was in response to an earlier DOT rulemaking to increase the baggage liability limit to compensate for inflation. The baggage liability limit was last amended in 1984.

In July 1999, the ATA, on behalf of the Airlines, petitioned DOT to increase the baggage liability limit, from \$1,250 to \$2,500 per passenger, for lost, damaged, or delayed baggage. DOT issued its final rulemaking, effective January 18, 2000, increasing the baggage liability limit to \$2,500. The final rule also requires periodic adjustments in the baggage liability limit based on the Consumer Price Index.

Also, under 14 CFR 253, Notice of Terms of Contract of Carriage, the air carriers are required to make available to customers on their tickets or other written instrument, such as the ticket jacket, limits on the air carriers' liability for loss,

damage, or delay of baggage. This requirement applies to all scheduled direct air carrier operations in interstate and overseas air transportation.

What Was Not Promised - The provision does not require the Airlines to pay more than the liability limit established by DOT, currently \$2,500 per passenger, even if the passenger's lost baggage is worth more than \$2,500. However, neither the provision nor DOT regulations prevent the Airlines from paying more than the \$2,500, if they so choose.

What the Airlines' Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. The Airlines stated that ATA, on their behalf, filed documents with DOT supporting an increase in the baggage liability limit. Also, eight of the Airlines' Plans went further by disclosing: (1) what items were excluded from liability (e.g. cameras), (2) availability of additional excess valuation insurance for checked baggage, or (3) the maximum liability limit per checked bag on international flights (not to exceed \$640 per bag). The baggage liability limit for international travel is established by international law and protocols.

Complaint Data Reported by DOT - Over the last 2 years, DOT's Air Travel Consumer Report has ranked baggage complaints as the third complaint category out of 11 categories being reported. Baggage liability limit complaints submitted to DOT are included in the baggage category, and represent nearly 25 percent of the total in 1999 (685 of the 2,913 complaints received by DOT). In the first 4 months of 2000, baggage liability limit complaints were nearly half the 1999 year-end total, 325 versus 685.

Preliminary Observations - At this time in our review, it is too early to establish pay-out trends or establish the extent to which the increase in the baggage liability limit will benefit customers whose claims for lost baggage exceed the prior limit of \$1,250. However, in our limited testing of passenger claims for lost baggage, we have found an increase in the number of payments over \$1,250 since the \$2,500 baggage liability limit went into effect.

Also, not all of the Airlines have revised their Plans, contracts of carriage, or tickets or other written instruments, such as the customer's receipt and itinerary for electronic tickets, to reflect the increased baggage liability limit of \$2,500.

Suggestions for Improvement - The Airlines should inform customers, through their tickets or other written instruments, such as the customer's receipt and itinerary for electronic tickets, of the new \$2,500 limit on the Airlines' liability for lost, damaged, or delayed baggage.

5 - Allow Reservations to Be Held or Canceled

What Was Promised - The Airlines committed to allow the customer either to hold a telephone reservation without payment for 24 hours **or** (at the election of the carrier) to cancel a reservation without penalty for up to 24 hours, in order to give customers an opportunity to check for lower fares through other distribution systems, such as travel agents or the Internet. This is a new customer service commitment provided to Airline customers. This provision basically applies to nonrefundable tickets, since refundable tickets can always be canceled without penalty.

What Was Not Promised - The terms of this provision apply only to reservations made over the Airlines' telephone reservation systems. Airlines are not required to extend this provision to reservations made through other distribution methods such as travel agents, city ticket offices or the Internet. Airlines are also not required to notify the consumer of this new policy.

What the Airlines' Plans Provide - Eight Airlines have elected to hold a reservation at the quoted fare, without payment, for 24 hours. Five Airlines require the customer to pay for the ticket, but will provide a full refund without penalty if the travel is canceled within 24 hours of the reservation. One carrier allows the customer to use either method, but the passenger must make the choice when placing the reservation. Four Airlines have extended the provision to cover reservations made through alternate methods such as city ticket offices or their Internet sites and all four Airlines have directed their telephone reservation agents to notify customers this option is available. In addition, one Airline's Plan states the customer will not be allowed to re-use a discount certificate used to purchase the ticket, and that it will not waive frequent flyer redeposit fees or refund upgrade fees if the purchase is canceled.

Complaint Data Reported by DOT - This is a new service provided by the air carriers; therefore, there are no historical complaint data in this area. DOT should start tracking complaints regarding this new customer service commitment.

Preliminary Observations - This new commitment should be very popular with passengers who book nonrefundable tickets, because it not only allows customers to check for lower fares, but also allows them time to coordinate their travel without losing a quoted fare.

The five Airlines requiring customers to pay for the ticket have incorporated this provision into their contracts of carriage. In addition, two Airlines that elected to hold a reservation for 24 hours at the quoted fare without payment also incorporated this into their contracts of carriage.

Our limited testing of this provision found that, with a few exceptions, the Airlines were following their prescribed procedures and are either holding the fare for 24 hours or refunding the full fare without penalty if the reservation was canceled within 24 hours. However, at the Airlines tested to date where a purchase was required, we typically were not told we could receive a full refund if we canceled within 24 hours. Our results are not conclusive because we have not tested all Airlines. Over the next several months, we will make reservations or purchase tickets for nonrefundable fares, depending on the Airline's specific procedure, and determine whether the Airlines are complying with this provision.

Suggestions for Improvement — The Airlines, especially those requiring that the ticket be purchased, should consider affirmatively notifying customers that they may cancel the reservation within 24 hours and receive a full refund without penalty. The customer should not have to ask if this option is available.

6 - Provide Prompt Ticket Refunds

What Was Promised — The Airlines committed to issue refunds for eligible tickets within 7 days for credit card purchases and 20 days for cash purchases.

The promised actions are already required under pre-existing Federal regulations. The 7-day refund requirement for credit card purchases is imposed under Regulation Z of the Board of Governors of the Federal Reserve System (12 CFR 226), implementing the requirements of the Consumer Credit Protection Act, as amended. Regulation Z has been in effect for nearly 20 years. The 20-day refund requirement for cash purchases (which includes checks) was established under a DOT consent order and has been in effect for over 16 years. Further, under 14 CFR 253, Notice of Terms of Contract of Carriage, a passenger is not bound by any terms restricting refunds of the ticket price or imposing monetary penalties on passengers unless the passenger receives conspicuous written notice of the significant features of those terms on or with the ticket. Generally, the air carriers provide written notice to the passenger with the ticket.

What Was Not Promised — It is important to recognize that, except when a nonrefundable ticket is purchased under the new 24-hour provision, the Airlines did not commit to make a class of fares, namely nonrefundable tickets, refundable. They committed to comply with Federal regulations and requirements governing the time frames for processing refunds.

What the Airlines' Plans Provide — In their Plans, the Airlines state that they will issue refunds for eligible tickets within 7 days for credit card purchases and

20 days for cash purchases. The provision states that the Airlines will submit the refund within 7 days to the credit card companies. Seven of the Airlines' Plans disclosed their ticket refund policies, including refunds for lost tickets. Also, seven Airlines, in their Plans, provided a toll-free telephone number for customers to obtain refunds for electronic tickets or to check on the status of their refunds. Conversely, three Airlines require a call, at the customer's expense, to check on the status of a refund.

Complaint Data Reported by DOT — Over the last 2 years, DOT's Air Travel Consumer Report ranked refund complaints as the fifth highest complaint category out of the 11 categories being reported. Complaints relating to ticket refunds increased in 1999 over the prior year, from 749 to 1,352. In 1999, refund complaints represented over 6 percent of all air traveler complaints received by DOT. In the first 4 months of 2000, ticket refund complaints increased nearly 30 percent over the same period in 1999, from 325 to 422.

Preliminary Observations — We found that the majority of Airlines amended their contracts of carriage to include the requirement to issue refunds for eligible tickets within 7 days for credit card purchases and 20 days for cash purchases. We have not completed our testing at all Airlines, but our preliminary testing found that the Airlines are providing eligible ticket refunds within required time frames. Our testing at the Airlines' corporate facilities is ongoing and we will report our results in the final report.

Suggestions for Improvement — At this time, we have no suggestions for improving the Airlines' implementation of this provision.

7 - Properly Accommodate Disabled and Special Needs Passengers

What Was Promised - The Airlines committed to disclose their policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner. In reviewing and analyzing this provision, we are being assisted by the Paralyzed Veterans of America and the National Council on Disability.

This provision is governed under a pre-existing Federal regulation and binding under the Airlines' contracts of carriage. *The requirements for accommodating persons with disabilities* are found in the Air Carrier Access Act of 1986 and codified in 14 CFR Part 382, Nondiscrimination on the Basis of Disability in Air Travel. Part 382 prohibits discrimination against passengers with disabilities by

air carriers providing air transportation services. The following are some of the major provisions of Part 382.

- A person may not be refused transportation on the basis of disability or be required to have an attendant or produce a medical certificate, except in certain limited circumstances, such as a person who, because of a mental disability, is unable to comprehend or respond appropriately to safety instructions from the flight crew.
- Air carriers must provide assistance (including personnel and equipment) for passengers with disabilities to enplane, deplane and transition to connecting flights.
- Airport terminals and air carrier reservations centers must have Telecommunications Devices for the Deaf (TDD) telephones for persons with hearing or speech impairments.
- Passengers with vision or hearing impairments must be provided timely access to the same information given to other passengers at the airport or on the aircraft concerning gate assignments, delayed flights, and safety.
- Air carriers must accept wheelchairs as checked baggage, and cannot require passengers to sign liability waivers for them (except for pre-existing damage).
- Air carriers must make available a specially-trained Complaints Resolution Official if a dispute arises.
- Air carriers must work closely with airport authorities to improve on airport accessibility for people with disabilities.

Each air carrier, including its domestic code-share partners, must have a DOT-approved program for carrying out the requirements in Part 382 that includes, among other things, schedules for training air carrier and contract personnel.

The policies for handling special needs passengers, such as unaccompanied minors, are found in the Airlines' contracts of carriage. The Airlines' contracts of carriage outline their obligations and liabilities to the parents or guardians of unaccompanied minors. The Airlines set age restrictions on who they accept for transportation as an unaccompanied minor. Most air carriers charge a service fee, in addition to the cost of the ticket, for accepting transportation of an unaccompanied minor.

What Was Not Promised — This provision is all about disclosing policies and procedures for handling special needs passengers and for accommodating persons with disabilities. It does not require the Airlines to go beyond what is in the regulations for accommodating the disabled or in their contracts of carriage for handling special needs passengers.

What the Airlines' Plans Provide - The Airlines are consistent in offering what the provision requires. Twelve of the Airlines' Plans include detailed descriptions of their policies and procedures for special needs passengers and the disabled. This includes details on what passengers need to do prior to arrival at the airport, once at the airport, and on-board the aircraft. Several of the Airlines make reference to their brochures on “Tips for Young Travelers” and “Tips for Travelers with Disabilities,” while one Airline included the brochures in its Plan. For customers with hearing impairments, a few of the Airlines provide a TDD toll-free number for making inquiries and reservations, and for filing a complaint.

Complaint Data Reported by DOT - For 1999, DOT's Air Travel Consumer Report shows the number of civil rights complaints by air travelers with disabilities increased more than 50 percent in 1999 over the prior year, from 374 to 595. In the first 4 months of 2000, civil rights complaints by air travelers with disabilities nearly doubled compared to the same period in 1999, from 142 to 278.

Preliminary Observations — Of the 12 provisions, we found the Airlines disclosed more detailed information to passengers on this provision than on any other. All the Airlines had policies and procedures for accommodating the disabled and handling unaccompanied minors. Most relay this information to passengers, through brochures and their reservation agents.

The Airlines' policies and procedures for accommodating persons with disabilities include, but are not limited to, (1) assistance with boarding and deplaning; (2) accommodation of special seating and meal requests; (3) accommodation of requirements of passengers traveling with service animals; (4) transportation of wheelchairs and similar devices; (5) sensitivity training; and (6) complaint resolution.

The Airlines' policies and procedures for handling unaccompanied minors include, but are not limited to, (1) the service fees charged by the Airlines; (2) age requirements for children traveling alone, generally ages 5 to 14; (3) parent and guardian responsibilities, at the originating and destination airports; and (4) Airline responsibilities including supervision and controls of minors, accountability of minors including documented hand-off from one employee to

another, and positive identification of authorized parents or guardian meeting the child at destination.

The majority of the Airlines have modified their contracts of carriage to outline their obligations and liability limits for handling unaccompanied minors and accommodating persons with disabilities. Also, one Airline has published in its Plan, but not in its contract of carriage, the applicable service fee for accepting unaccompanied minors, while six Airlines have published the applicable service fee in their contracts of carriage, but not in their Plans. One Airline does not charge a service fee for accepting unaccompanied minors.

The air carrier industry appears to be taking positive steps to improve service to persons with disabilities. For example, in November 1999, the ATA and the Regional Airline Association held a 2-day seminar to discuss how to better meet the needs of passengers with disabilities. In addition, one Airline formed an advisory board for passengers with disabilities, with members from several organizations representing the disabled. A couple of the Airlines have published Braille and large print brochures for customers with vision impairment outlining travel-related needs for persons with disabilities.

Between now and October 2000, we will assess how well the Airlines are complying with regulations for accommodating persons with disabilities. We are being assisted by the Paralyzed Veterans of America in surveying the level of customer service afforded its members by the Airlines. Also, with the assistance of the National Council on Disability, we will expand our survey to include other groups representing disabled and special needs passengers. We will consider their views in reaching our conclusion as to whether this provision was effective.

Suggestions for Improvement — We have not collected sufficient data to conclude at this time whether the Airlines' disclosure practices for handling special needs passengers and accommodating the disabled are more effective than in the past.

8 - Meet Customers' Essential Needs During Long On-Aircraft Delays

What Was Promised - The Airlines committed to make every reasonable effort to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns. Each carrier would prepare contingency plans to address

such circumstances and would work with other carriers and the airport to share facilities and make gates available in an emergency. The Airlines, for the most part, considered this to be a pre-existing operating policy, which has been part of the Airlines' policy since before the Commitment.

What Was Not Promised - The provision does not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. The provision uses general terms such as “food,” “every reasonable effort,” “for an extended period of time,” or “emergency.” These terms are not clearly defined and do not provide the passenger with a clear understanding of what to expect. Also, the provision does not require the Airlines to establish goals for reducing the number of long on-board delays.

What the Airlines' Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. However, only two Airlines provided clear and concise procedures on how they would accommodate their passengers during a long delay on an aircraft. Only one Airline had in its Plan a commitment to return the aircraft to the gate when extended departure delays occurred. Also, less than half of the Airlines' Plans stated whether contingency plans were in place to handle extended on-board delays, and only two Airlines' Plans stated their contingency plans were coordinated with the airport authorities.

Complaint Data Reported by DOT — Over the last 2 years, DOT's Air Travel Consumer Report has ranked flight problems (delays, cancellations and missed connections) as the number 1 complaint out of 11 complaint categories reported. Delays (a subcategory under flight problems) represented over 35 percent (2,591 of 7,129) of the flight problem complaints DOT received in 1999, with 5 percent (131 of 2,591) relating to long on-board aircraft delays. For the first 4 months of 2000, 4 percent of the complaints continue to relate to long on-board delays (37 of 966).

Preliminary Observations - Accommodating passengers during on-aircraft delays is a major customer service challenge faced by the Airlines. Overall, the number of flights experiencing taxi-out times of 1 hour or more (situations in which the aircraft has left the gate and is waiting to take off) increased 130 percent (from 17,164 to 39,523) at the 28 largest U.S. airports between 1995 and 1999. Of even greater concern for passengers is the number of flights with taxi-out times of 2, 3, and 4 hours, which increased at even a faster pace, i.e., 186, 216, and 251 percent, respectively, between 1995 and 1999. This means that passengers were experiencing more long on-board delays. The Airlines' goal should be to ensure passengers experience the least amount of inconvenience, discomfort, or dissatisfaction during these on-board delays. In our opinion, the ability to achieve

this challenge will depend on the Airlines working together and in cooperation with the FAA and the Nation's airports. It will also be key to measuring the success of their Plans.

We have found examples where Airlines have invested in air stairs for deplaning passengers when an aircraft is delayed on the ground but does not have access to a terminal gate; secured additional food and beverage supplies for service at the departure gate or on-board flights experiencing extended delays; or made arrangements with medical consulting services to resolve medical emergencies that occurred on-board an aircraft. We also found that 5 of the 14 Airlines have modified, to some extent, their contracts of carriage to accommodate passengers during extended on-aircraft delays.

However, during our initial visits, less than half of the Airlines had comprehensive customer service contingency plans in place, at all the airports served, for handling delays due to severe weather or Airline service irregularities (e.g., unscheduled equipment maintenance or crew shortages). Following our initial visit, the Airlines stated that they now have comprehensive customer service contingency plans in place for addressing delays due to severe weather, air traffic control equipment failures, and Airline service irregularities. Over the next several months, at the airports we visit, we will determine whether the (1) Airlines' customer service contingency plans are in place, (2) Airlines' customer service personnel are knowledgeable of contingency plan procedures, and (3) contingency plans have been coordinated with the local airport authorities and FAA.

We are also in the process of placing a passenger comment form on the OIG Internet site. This will allow passengers to provide us with their comments on whether, among other things, their essential needs were met during extended on-board delays. At this time, we do not have sufficient data to conclude that the Airlines are making every reasonable effort to meet passengers' essential needs during extended on-board delays.

Suggestions for Improvement — The Airlines should consider clarifying, in their Plans, what is meant by food, every reasonable effort, for an extended period of time, and emergency, so passengers will know what they can expect during extended on-board delays, and ensure that comprehensive customer service contingency plans are in place and that they are coordinated with the local airport authorities and FAA.

9 - Handle “Bumped” Passengers With Fairness and Consistency

What Was Promised - The Airlines committed to disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked¹⁴ if, within the usual and ordinary scope of such employee’s work, the information is available to the Airline employee to whom the request is directed. Each Airline will also establish and disclose to the customer policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations.

This provision is covered under pre-existing Federal regulations. Although disclosing to a passenger, upon request, whether a specific flight is overbooked could be considered a new policy, public disclosure of deliberate overbooking and boarding procedures has been a requirement for over 17 years under 14 CFR 250, Oversales. Under Part 250, air carriers are required to display a “Notice-Overbooking of Flights” at each airport check-in counter. The air carriers are also required to print the “notice” on the ticket, ticket jacket, or a separate piece of paper accompanying the passenger’s ticket.

The requirements that air carriers establish and disclose to the customer policies and procedures for managing the inability to board all passengers with confirmed reservations are also governed by 14 CFR 250. Under Part 250, air carriers are required to ask passengers who are not in a hurry to give up their seats voluntarily in exchange for compensation. Passengers “bumped” unwillingly are also entitled to compensation, except when the passenger has not met air carrier check-in rules or the air carrier arranges for the passenger to get to his or her destination within 1 hour of the passenger’s original flight. Part 250 also requires the air carrier to give all passengers who are involuntarily denied boarding a written statement explaining the terms, conditions, and limitations of denied boarding compensation, and describing the air carrier's boarding priority rules and criteria.

Compensation: Part 250 requires the air carriers to seek out passengers who are willing to give up their seats for compensation before bumping anyone involuntarily. However, Part 250 does not say how much compensation the air carrier has to give volunteers. This means that the air carriers may negotiate with their passengers for a mutually acceptable amount of money, or perhaps a free trip or other benefits.

¹⁴ In the air carrier industry, many customers make reservations and subsequently fail to travel, without notifying the air carrier. Consequently, air carriers overbook their scheduled flights. Overbooked means there are more reservations than there are seats. Overbooking is not illegal, and the air carriers overbook their flights to a certain extent in order to compensate for “no-shows.” In a separate review, OIG is reviewing the air carrier practice of overbooking flights, and we plan to report our results later this summer.

Part 250 requires that passengers who are bumped involuntarily receive an on-the-spot payment of denied boarding compensation. The amount depends on the price of their ticket and the length of the delay. Passengers always get to keep their original ticket and use it on another flight. Or, if passengers choose to make their own arrangements, they can request a refund for the ticket on the flight for which they were denied boarding. The denied boarding compensation is essentially a payment *over and above* the price of the ticket. Part 250 provides:

- If a passenger is bumped involuntarily and the air carrier arranges substitute transportation that is scheduled to get the passenger to his or her final destination within 1 hour of the original scheduled arrival time, no compensation is required.
- If the air carrier arranges substitute transportation that is scheduled to arrive at the passenger's destination between 1 and 2 hours after the original arrival time (between 1 and 4 hours on international flights), the air carrier must pay the passenger an amount equal to the one-way fare to the passenger's final destination, with a \$200 maximum.
- If the substitute transportation is scheduled to arrive at the passenger's destination more than 2 hours later (4 hours internationally), or if the air carrier does not make any substitute travel arrangements for the passenger, the compensation is doubled (200 percent of the amount equal to the one-way fare to the passenger's final destination, with a \$400 maximum).

Denial of Compensation: The air carrier can deny compensation if the passenger does not: (1) have a confirmed reservation; (2) meet the deadline for purchasing a ticket, normally 30 minutes before the flight; or (3) fully comply with the air carrier's check-in requirements. Passengers who miss the ticketing or check-in deadline may lose their reservation and the right to compensation if the flight is oversold. Part 250 requires that the air carriers publish and disclose their check-in requirements in their contracts of carriage.

What Was Not Promised - The provision only requires the Airlines to disclose whether a flight was *overbooked*; it does not require the Airlines to disclose to a passenger, upon request, whether a flight is *oversold* and, if so, by how much. *An oversold flight occurs when more confirmed passengers than expected actually show up for the flight and check in on time, thus leaving one or more confirmed passengers without a seat.* This puts the Airline in a denied boarding situation that can create frustration among the passengers.

What the Airlines' Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. There is little, if any, difference between the policy for handling "bumped" passengers in their Plans and what is required by Part 250. This is due to the fact that the Airlines' policies are structured around the minimum requirements in Part 250.

Ten Airlines have published, in their Plans, their: (1) denied boarding procedures and compensation policies for passengers who volunteer to give up their seats, (2) denied boarding procedures and compensation policies for passengers that are "bumped," and (3) check-in requirements for domestic and international flights that the passenger must meet in order to avoid being "bumped" from the flight.

Two Airlines also published "helpful hints" for the customers to consider to reduce the risk of being "bumped," such as arriving early for airport check-in. Passengers will be denied boarding based on reverse order of check-in (last to check in is the first to be denied boarding), even if the passengers meet the Airline's minimum check-in time requirement. One Airline, in its Plan, states: "Normally, the passengers who are subjected to a possible oversell are those who arrive at the airport within 30 minutes prior to departure."

Complaint Data Reported by DOT - For 1999, DOT's Air Travel Consumer Report ranked oversale (denied boarding) complaints by air travelers seventh out of 11 categories reported. The number of oversale complaints increased more than 50 percent in 1999 over the prior year, from 504 to 786. In the first 4 months of 2000, oversale complaints increased more than 60 percent over the same period in 1999, from 208 to 344.

In its Air Travel Consumer Report, DOT reports that for 1999 the rate of involuntary denied boardings was the same as the prior year, .88 per 10,000 passengers. The first 3 months of 2000 show that involuntary denied boardings slightly increased over 1999 year-end, from .88 to .90 per 10,000 passengers. These data are self-reported by the Airlines and are not verified by DOT.

Preliminary Observations - We found that all the Airlines' contracts of carriage disclose policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations. However, we also found several inconsistencies and ambiguities between the check-in times identified in the Airlines' Plans, and on the Airlines' contracts of carriage, ticket jackets, or other written instruments, such as the customer's receipt and itinerary for electronic tickets. For example, in its contract of carriage, one Airline requires passengers to check in 10 minutes prior to the flight's scheduled departure, but on its customer's receipt and itinerary for

electronic tickets, the check-in time states 20 minutes prior to the flight's scheduled departure, making it unclear to the passengers which check-in time must be met in order to avoid losing their seats and being "bumped" from the flight.

In another example, one Airline specifies in its Plan that passengers must be checked-in at *either* the ticket or gate counter 20 minutes prior to scheduled departure time. However, the check-in requirement listed on the Airline's ticket jackets states that reservations are subject to cancellation when passengers present themselves *at the departure gate* less than 20 minutes prior to scheduled departure. Without clear policy statements, passengers are left to wonder what check-in time to follow.

We also found that passengers need to be aware that each Airline's check-in time requirement can be different and unique to its operations because we found that, among the Airlines, check-in time requirements are different. For example, one Airline requires that passengers be at the gate at least 15 minutes before scheduled departure, while another Airline requires 20 minutes. To avoid being bumped and to protect their rights to denied boarding compensation, passengers need to be aware of the check-in requirements for the Airline on which they are flying.

At this time, we have not collected sufficient data to conclude whether the Airlines' (1) practices for disclosing to a passenger, upon request, whether the flight is overbooked are more effective than in the past, and (2) are in compliance with Part 250 requirements for oversold flights. We will be focusing our tests on whether the Airlines are complying with their check-in time requirements for "bumping" passengers. Our observations and tests at airports nationwide are ongoing, and we will report our results in the final report.

Suggestions for Improvement — Each Airline needs to ensure it is consistent in the check-in time requirements identified in its Plan, ticket jackets, contract of carriage, and other written instruments, such as the customer's receipt and itinerary for electronic tickets.

10-Disclose Travel Itinerary, Cancellation Policies, Frequent Flyer Rules, and Aircraft Configuration

What Was Promised — The Airlines committed to disclose to the customer: (1) any change of aircraft on a single flight with the same flight number; (2) cancellation policies involving failures to use each flight segment coupon; (3) rules, restrictions and an annual report on frequent flyer program redemptions;

and (4) upon request, information regarding aircraft configuration, including seat size and pitch. Seat pitch is the distance from a point on one seat to the same point on the seat in front of it and is an indication of the amount of legroom between rows of seats.

The commitment to publish an annual report on frequent flyer award redemptions is new, but only requires the Airlines to report the total awards redeemed. The remaining portions of this provision are encompassed by pre-existing Federal regulations, the Airlines' contracts of carriage, or pre-existing operating policies.

Title 14 CFR Part 258, Disclosure of Change of Gauge Services, requires the air carriers to disclose to passengers, traveling on a single flight number, if they will be required to change planes during the flight (commonly referred to as a "change of gauge"). Part 258 requires the air carriers to inform the consumer that there is a change of gauge in the booked itinerary at the time the reservation is made. Some passengers, such as persons with disabilities or who otherwise are not disposed to make a connection, prefer to book on flights without a change of aircraft. However, passengers could incorrectly assume that if they are traveling on a single flight number they will not be required to change planes. Single flight numbers are typically used for a domestic and international flight (e.g., San Francisco to New York to London).

The requirement for disclosing cancellation policies involving failure to use each flight segment coupon is found in the Airlines' contracts of carriage as required by 14 CFR 253.5. According to their contracts of carriage, the Airlines, with one exception, will cancel continuing and return reservations without notice if the customer fails to board any leg of a flight on which the customer holds a reservation.

To illustrate, a passenger originating a roundtrip itinerary at Washington's Dulles International Airport destined for Los Angeles via St. Louis gets off the plane in St. Louis and does not board the flight to Los Angeles. A day or so later, the passenger checks in at St. Louis for the return to Washington Dulles. The passenger has 2 unused coupons – St. Louis to Los Angeles and Los Angeles to St. Louis. A passenger might wish to do this if the roundtrip fare to Los Angeles were cheaper than the roundtrip fare to St. Louis. Under the Airlines' policy as stated in the contracts of carriage, the Airlines will cancel the passenger's reservation for the return trip, once the passenger did not board the St. Louis to Los Angeles flight.

Passengers can be put in this situation even if their original intention was to board all flights. For example, a passenger originating a roundtrip itinerary in San Francisco destined for Charlottesville, Virginia, via Washington Dulles might

choose to drive to Charlottesville, when upon arrival at Dulles he or she finds the connecting flight is delayed several hours. If the passenger drives to Charlottesville and does not secure the Airline's concurrence that this is an acceptable deviation, the return reservation may be canceled.

The disclosure of rules and restrictions for the frequent flyer programs and information regarding aircraft configuration, including seat size and pitch when requested by the customer, are pre-existing operating policies of the Airlines.

What Was Not Promised — The provision for an annual report on frequent flyer program redemptions does not require each Airline to make public the number of seats redeemable on each flight, or the percentage of frequent flyer tickets awarded and made available in the Airline's top origin and destination market.

What the Airlines' Plans Provide — In their Plans, the Airlines agree to disclose to customers the items required by the provision. In the Plans, the Airlines restated the commitment for disclosure of change of gauge and their cancellation policies. Also, 11 Airlines stated in their Plans that new frequent flyer program members will receive pamphlets with the rules and restrictions, along with an annual report with redemption information. Two Airlines stated that they will provide redemption information in their annual submission to the Securities and Exchange Commission (10K report), which will be made available to the public. One Airline does not have a frequent flyer program.

Two Airlines provided aircraft configuration, seat size, and seat pitch in the Plans, and this information can also be found on these Airlines' Internet sites and through their representatives. At least two Airlines have reconfigured their fleets to add more legroom per coach seat, with one Airline expanding its seat pitch (legroom) in coach cabins from the present industry standard of 31 and 32 inches to a predominant level of 34 and 35 inches.

Complaint Data Reported by DOT — DOT does not have a separate category to track complaints related to this provision. However, the number of complaints relating to frequent flyer issues increased in 1999 over the prior year, from 241 to 382. In 1999, complaints about frequent flyer issues represented about 2 percent of all air traveler complaints received by DOT. In the first 4 months of 2000, frequent flyer complaints still represented about 2 percent of all air traveler complaints received by DOT. Complaints DOT received regarding nondisclosure of change of gauge totaled 5 in 1998, 10 in 1999, and 7 for the first 4 months of 2000. These totals represent less than 1 percent of the complaints received by DOT.

Preliminary Observations — It is too early to provide detailed observations on this provision because we have only recently started our testing for this provision. However, our preliminary testing found that a change of gauge was usually disclosed, with only a few exceptions. In addition, several reservation agents were unfamiliar with the term seat "pitch," and were therefore unable to tell us the seat pitch on our flight when requested. "Pitch" is the term used in the Commitment and the Airlines' Plans made available to the public. That is why we used this term when querying the reservation agents.

In addition, we found that 7 of the 14 Airlines amended their contracts of carriage to include the requirements for disclosure of change of gauge flights, cancellation policies involving failure to use each flight coupon, frequent flyer program information, or aircraft configuration information.

Suggestions for Improvement — The Airlines should consider more comprehensive reporting of frequent flyer redemption information in their frequent flyer literature and annual reports, such as the percentage of successful redemptions and frequent flyer seats made available in the Airlines' top origin and destination markets. This type of information would enable consumers to make more informed decisions about the comparative value of frequent flyer programs.

11-Ensure Good Customer Service From Code-Share Partners

What Was Promised — The Airlines committed to ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies. The Airlines frequently handle functions like reservations, ticketing, ticket refunds, frequent flyer programs, and complaint handling for their domestic code-share partners.

What Was Not Promised — With the exception of accommodating persons with disabilities,¹⁵ the terms of this provision do not extend to foreign code-share and alliance partners.

What the Airlines' Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. The majority of the Airlines' Plans simply state what was in the provision (one Airline does not have code-share partners). The Airlines require their domestic code-share partners that are wholly owned subsidiaries to adopt their customer service plans. In their Plans, four Airlines

¹⁵ On June 1, 2000, the Secretary notified foreign air carriers serving the United States that they are now subject to the Air Carrier Access Act, which protects passengers with disabilities. The Secretary stated "This new provision ensures that people with disabilities will have the same protections when flying on foreign carriers to and from the United States that they have enjoyed on U.S. airlines."

stated they are working with their international code-share partners to ensure they understand the provisions in the Commitment and to encourage them to implement the same or similar provisions.

Complaint Data Reported by DOT — DOT does not report complaint data on a code-share partner basis. However, DOT does report on the number of complaints against foreign air carriers. In 1999, complaints against foreign air carriers increased nearly 80 percent over the prior year, from 1,001 to 1,795. In the first 4 months of 2000, complaints by air travelers against foreign air carriers more than doubled compared to the same period in 1999, from 330 to 738. However, the DOT report does not break out foreign carrier flights that were operating as code-share flights for a U.S. carrier and foreign carrier flights that were not.

Preliminary Observations — Four Airlines modified their contracts of carriage, to some extent, incorporating the provision to ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies.

In our discussions with representatives from the Regional Airline Association, we were advised that the majority of its members, due to size and limitations of their aircraft, are exempt from some of the requirements found in the Air Carrier Access Act of 1986. For example, because of the smaller aircraft used by its member air carriers (many with less than 19 seats), boarding assistance to individuals with disabilities is not required.

To date, our observations and tests have focused primarily on the Airlines who are direct signatories to the Commitment. We sequenced our work in this manner because the Airlines frequently handle functions like reservations, ticketing, ticket refunds, frequent flyer programs, and complaint handling, for their domestic code-share partners.

Suggestions for Improvement — At this time we have no suggestions for improving the Airlines' implementation of this provision.

12-Be More Responsive to Customer Complaints

What Was Promised — The Airlines committed to assigning a Customer Service Representative responsible for handling passenger complaints and ensuring that all written complaints are responded to within 60 days.

We consider this a pre-existing operating policy: all Airlines already had staff designated to handle complaints (and compliments) and the majority of Airlines had internal policies requiring substantive responses to complaints in less than

60 days. However, under 14 CFR 382, Nondiscrimination on the Basis of Disability in Air Travel, the air carriers are required to make a dispositive written response to a written complaint alleging a violation of a provision of Part 382 within 30 days of its receipt.

What Was Not Promised - The provision requires the Airlines to be responsive to complaints within 60 days; it does not require resolution of the complaint within the 60-day period, nor that when resolved, the disposition will be satisfactory to the customer. The provision also does not require a response within 60 days to complaints received in other than written form, such as by telephone.

What the Airlines' Plans Provide — The majority of the Airlines committed to responding to complaints in less than 60 days, while the others only committed to the 60-day rule. One Airline's Plan committed to a response time as low as 10 to 14 days. Most Airlines, in their Plans, will accept a complaint by letter, fax, electronic mail or telephone, and will respond to all complaints, whether written or oral, within 60 days or less.

Complaint Data Reported by DOT — DOT does not have a specific category for reporting customer complaints regarding nonresponsive or untimely replies by an Airline.

Preliminary Observations — The internal policies of 12 Airlines required a response in 10 to 45 working days. Six Airlines amended their contracts of carriage to include the requirement to be more responsive to customer complaints. Our preliminary testing of this provision found the Airlines were responding to written complaints in accordance with their internal policies. In addition, the replies we reviewed were responsive to the customer complaint and not merely an acknowledgement that the complaint had been received. However, a substantive response to a customer does not mean the resolution is always in favor of the customer or that the customer will be satisfied with the response. We did identify a few problems with complaint tracking systems, which we brought to the Airlines' attention. This is an area the Airlines appear to be taking seriously. However, we have only done limited testing to date, so it is too early to conclude whether or not this provision has been effectively implemented.

Suggestions for Improvement — At this time, we have no suggestions for improving the Airlines' implementation of this provision.

Objectives, Scope and Methodology, and Prior Coverage

OBJECTIVES

To help assure Congress that ATA and the Airlines were adhering to the terms of the Airline Customer Service Commitment, the Chairman of the Senate Committee on Commerce, Science, and Transportation, in a December 10, 1999 letter, asked DOT's Office of Inspector General to (1) monitor the implementation of the Airlines' Plans and evaluate the extent to which each Airline has met all provisions under its Plan, and (2) provide the Commerce Committee an interim report by June 15, 2000, and a final report by December 31, 2000. For the interim report, the Chairman asked us to include a status on the completion, publication, and implementation of the Commitment and the individual Airlines' Plans to carry out the Commitment. We were also asked to report on whether each Airline has modified its contract of carriage to reflect all items in its Plan.¹

Our audit objectives are as stated in the Chairman's letter, and to that end we focused on the following areas: (1) the extent to which the Airlines had developed and published individual Plans to meet the requirements of the Commitment, (2) the Airlines' methodologies for implementing their Plans that would allow for successful execution of the Plans, (3) the initial accomplishments of the Plans by the Airlines, and (4) the extent to which each Airline modified its contract of carriage to reflect the items in its individual Plan.

SCOPE AND METHODOLOGY

This is an interim report, so we have not completed testing of all 12 provisions of the Commitment for each Airline. Our audit work for this report was conducted between November 1999 and June 2000 in accordance with Government Auditing Standards as prescribed by the Comptroller General of the United States. During the course of this audit phase, we met with and obtained data from officials within DOT's Office of the Assistant General Counsel for Aviation Enforcement and Proceedings, Bureau of Transportation Statistics, and FAA's Air Traffic Control System Command Center.

¹ The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Public Law 106-181, reiterated the requirement of the December 10, 1999 letter with one exception. For the final report, we would also make a comparison between the customer service provided by the ATA Airlines and a representative sampling of non-ATA airlines, to allow consumers to make decisions as to the relative quality of air transportation provided by each group of airlines.

In addition, we met with and obtained data from executives of ATA as well as Airline officials representing key operating departments involved in the implementation of the Airline Customer Service Commitment. To gain an understanding of each carrier's operations, we made visits to their corporate headquarters and other key facilities. Finally, we consulted with a private organization for aviation consumer rights, two advocacy groups representing disabled passengers, and several groups representing the air carrier industry to solicit their feedback on the Commitment and the individual Plans.

During this effort, we reviewed Airline policies and procedures before and after implementation of the Commitment. This allowed us to evaluate what impact the formal Commitment had on the Airlines' customer service. We also reviewed each of the 14 Airlines' Plans and contracts of carriage to determine whether the provisions of the Commitment have been incorporated into these documents.

We developed and pre-tested protocols to test each of the 12 provisions in the Commitment. To date, we have visited 25 domestic airports for the purpose of observing and testing the individual Airline's Plans that are in place. Our observations and testing included determining: (1) if the Airlines had notified customers of known delays and cancellations in a timely manner, (2) how long it was taking the Airlines to process claims of misrouted or delayed baggage and to deliver baggage to passengers at their final destination, (3) how passengers' essential needs were being taken care of during long delays in airport and on-board aircraft, and (4) whether "bumped" passengers were being processed with fairness and consistency to include whether cancellation policies were disclosed to passengers. Our observations and testing will continue through October 2000 at more airports and Airline corporate facilities, and the results will be presented in our final report.

PRIOR COVERAGE

On September 10, 1999, the General Accounting Office (GAO) issued its report, Aviation: Comparison of Airline "Customer Service Commitment" With Contracts of Carriage and Federal Law, to Senator Wyden. GAO's review consisted of a comparison between the current contracts of carriage for 10 major carriers with ATA's Commitment and Federal statutes and regulations. GAO concluded that ATA's Commitment extends the Airlines' commitment beyond the current contracts of carriage by either adding new provisions or augmenting existing terms. At the time of the GAO review, Airline officials indicated they were considering revisions to their contracts of carriage to reflect some provisions of their Customer Service Plans.

There has been no prior audit coverage in this area by the Department of Transportation's Office of Inspector General.

AIRLINE CUSTOMER SERVICE COMMITMENT June 17, 1999

The member carriers of the Air Transport Association (ATA) are committed to providing the best level of service to our customers. In recent months, there has been an increasing recognition of the need to improve airline passenger service. As a result, the ATA carriers, working with Members of Congress, have developed an Airline Customer Service Commitment, and each carrier will develop its individual Customer Service Plan to demonstrate our ongoing dedication to improving air travel.

The ATA carriers hereby commit to:

- Offer the lowest fare available
Each airline will offer the lowest fare available for which the customer is eligible on the airline's telephone reservation system for the date, flight and class of service requested.
- Notify customers of known delays, cancellations and diversions
Each airline will notify customers at the airport and on board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations and diversions. In addition, each airline will establish and implement policies for accommodating passengers delayed overnight. A clear and concise statement of airlines' policies in these respects will also be made available to customers.
- On-time baggage delivery
Each airline will make every reasonable effort to return checked bags within 24 hours and will attempt to contact any customer whose unclaimed, checked luggage contains a name and address or telephone number.
- Support an increase in the baggage liability limit
The airlines will petition the Department of Transportation within 30 days to consider an increase in the current baggage liability limit. [Since 1984, DOT rules provide baggage liability of \$1250.]
- Allow reservations to be held or canceled
Each airline will allow the customer either to hold a telephone reservation without payment for 24 hours or (at the election of the carrier) to cancel a reservation without penalty for up to 24 hours, in order to give customers an opportunity to check for lower fares through other distribution systems, such as travel agents or the Internet.
- Provide prompt ticket refunds
Each airline will issue refunds for eligible tickets within 7 days for credit card purchases and 20 days for cash purchases.
- Properly accommodate disabled and special needs passengers
Each airline will disclose its policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner.

- Meet customers' essential needs during long on-aircraft delays
The airlines will make every reasonable effort to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns. Each carrier will prepare contingency plans to address such circumstances and will work with other carriers and the airport to share facilities and make gates available in an emergency.
- Handle "bumped" passengers with fairness and consistency
Each airline will disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked, if, within the usual and ordinary scope of such employee's work, the information is available to the airline employee to whom the request is directed. Each airline will also establish and disclose to the customer policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration
Each airline will disclose to the customer:
 - (i) any change of aircraft on a single flight with the same flight number;
 - (ii) cancellation policies involving failures to use each flight segment coupon;
 - (iii) rules, restrictions and an annual report on frequent flyer program redemptions; and
 - (iv) upon request, information regarding aircraft configuration, including seat size and pitch.
- Ensure good customer service from code-share partners
Each airline will ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies.
- Be more responsive to customer complaints
Each airline will assign a Customer Service Representative responsible for handling passenger complaints and ensuring that all written complaints are responded to within 60 days.

Each airline will develop and implement a Customer Service Plan for meeting its obligations under the Airline Customer Service Commitment. Customer Service Plans will be completed and published within 90 days and will be fully implemented within 6 months.

Airline implementation will include training for airline reservation, customer service and sales personnel to enhance awareness of the responsibilities involved in implementation of the Customer Service Commitment and Plans.

The Airlines will publish and make available their Customer Service Plans:

- (i) on airline Internet web sites;
- (ii) at airports and ticket offices (upon request); and
- (iii) to travel and reservation agents.

Upon completion and publication of the Customer Service Plans, the Airlines will notify and provide copies to Congress and the Department of Transportation. The Airlines expect and will cooperate fully in any request from Congress for periodic review of compliance with the Customer Service Commitment.

Signed June 17, 1999

Carol B. Hallett

Carol B. Hallett
President and Chief Executive Officer
Air Transport Association of America, Inc.

On behalf of,

Alaska Airlines
Aloha Airlines
America West Airlines
American Airlines
American Trans Air
Continental Airlines
Delta Air Lines
Hawaiian Airlines
Midwest Express Airlines
Northwest Airlines
Southwest Airlines
Trans World Airlines
United Airlines
US Airways

Other Airline Initiatives Enhancing Customer Service

Although certain factors in determining the overall quality of Airline customer service were not covered in the Commitment or the Airlines' Plans, the Airlines have implemented other initiatives to improve customer comfort and convenience. These initiatives include things such as (1) reconfiguring airplanes to increase legroom in coach seating; (2) introducing new technologies to expedite the flow of passengers through security screening checkpoints; (3) testing new technologies to reduce turnaround time at gates; and (4) expanding aircraft overhead bin space for carry-on baggage. The Airlines responsible for the new initiatives estimate the cost for these new customer comfort and accessibility initiatives will exceed \$3 billion over the next few years. For example:

- At least two Airlines have reconfigured their fleets to add more legroom per coach seat. At a cost of \$70 million, one Airline has removed thousands of coach seats on its entire fleet of more than 700 aircraft, using the space to provide more room for passengers throughout its coach cabin. It will expand the living space in its coach cabins from the present industry standard of 31 and 32 inches to a predominant level of 34 and 35 inches of space, with some reaching as much as 36 inches. The Airline has also invested \$400 million for new seats and new aircraft interiors. Although not quite as extensive, the other Airline added up to 5 inches more legroom per seat in the first 6 to 11 rows in coach cabins throughout its entire fleet.
- Another Airline has decided to install additional bathrooms, at a cost of \$36 million, in most of its long-range aircraft, responding to complaints by customers and flight attendants. The Airline explained its decision was prompted mostly by reports from its flight attendants of long bathroom lines in coach and passengers frequently blocked in the plane's single aisle by service carts.
- Another Airline has invested over \$2 billion on new technology to improve customer service on the ground. Technologies such as the customer information display systems (40-inch diagonal screens) located at gate and boarding areas will provide information about aircraft type, meal service, ticketing procedures, planned boarding times by row number, on-board entertainment, and irregularities in service. Also, this Airline has installed, at

several major airports it serves a two-stage security system designed to decrease passenger-processing time at security checkpoints.

- Another Airline is introducing a device that could further reduce turnaround time at airport gates. In February 2000, the Airline began testing a dual boarding bridge for enplaning and deplaning passengers. Enplaning and deplaning can be the most time-consuming part of the turnaround of flight, so the Airline sees the new boarding gate as a way to shave precious minutes.
- Two other Airlines are renovating their aircraft to expand the overhead bin space to alleviate the carry-on baggage crunch. The bins are being made deeper to accommodate more bags per bin. By expanding overhead bin space, the Airlines expect to see improvements in on-time departures and ease of boarding.