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ATTACHMENT D

GRA, Incorporated

Economic Counsel to the Transportation Industry

September 30, 2005

Mr. Barry Molar, Manger, APP-500
Federal Aviation Administration
800 Independence Avenue, SW
Washington, DC 20591

Re: Benefit-Cost Analysis for Chicago O'Hare OMP-1

Dear Barry:

At your request, GRA reviewed an original benefit-cost analysis conducted by Ricondo Associates with respect to the above project at Chicago O'Hare Airport. As part of our review, we provided a paper which outlined an alternative method for calculating benefits for a project like the one at O'Hare. The supplemental methodology is consistent with Appendix C of "FAA Airport Benefit-Cost Analysis Guidance" (Office of Aviation Policy and Plans, Federal Aviation Administration, December 15, 1999).

The specific circumstances at O'Hare make use of the supplemental analysis possible. Specifically, for more than 30 years, a cap on operations existed at ORD. The FAA recently reinstated such a cap because of mounting delays both at ORD and due to the ripple effect of ORD delays on the rest of the national aviation system.[1] The City of Chicago has proposed building additional runway capacity at the airport, which is the subject of the benefit-cost analysis we were asked to examine. When this capacity is put into place, FAA's forecasts suggest that after a few years, the additional capacity will be exhausted and a new cap will be necessary at the airport. As a consequence, average expected delay in the future with the expansion will be about the same as it is today with the current cap. If delay benefits are the same, an important question is whether there are sufficient benefits from building additional capacity and serving additional flights.

[1] Notice of Proposed Rulemaking: Congestion and Delay Reduction at Chicago's O'Hare International Airport.

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The methodology we proposed is specific to the ORD circumstances, where delays are the same in both the base and scenario cases. Because carriers at Chicago have endorsed the proposed expansion plan, and have direct influence over the City's ability to build runways, we have also assumed that the majority of carriers believe they will be at least no worse off and perhaps better off as a result of the expansion. This assumption is necessary to calculate the benefits in the way suggested in our paper.

We have reviewed the materials submitted by the City's consultant (dated September 29th) and find that their final supplemental benefit-cost analysis is consistent with the methods we have suggested. While it should be noted that we were not asked to independently verify the values of parameters in the analysis, the findings appear to show robust benefit-cost ratios over a plausible range of parameter values.

If you have any further questions about this matter, please address them to the undersigned.

Best Regards,

Frank Berardino
President