

What's Up

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FAA

Norman Mineta, the Secretary of the Department of Transportation, has asked the FAA to delay the conclusion and release of its Performance Based Organization for air traffic until the appointment of a chief operating officer, according to a former top government official. Although the FAA said that it “does not have any first-hand knowledge of people opposing the PBO,” the source said FAA research officials are resisting efforts to transfer the WAAS and LAAS programs into the PBO “even though these are the cornerstones of future air traffic technology.” Mineta feels that the FAA’s air traffic operation supervising its own safety is a bad idea. The source noted that there is “no one surveilling safety except air traffic itself.”

(Aviation Daily, June 27)

The agency has dropped, at least for the time being, the En Route Automation Modernization program. After the FAA had selected Lockheed Martin on a sole-source basis to update host computers, Raytheon objected, leading to the dispute process. The result will have the FAA “further define its requirements” for the ERAM, valued at hundreds of millions of dollars.

(Aviation Daily, June 20)

A coalition of airline pilot unions, representing 26,000 pilots at major American airlines, has requested Congress to investigate what it referred to as a delay by the FAA in stipulating new regulations on flight and duty times. Although the FAA began working to change those regulations to better address pilot fatigue in December, 1995, the coalition said that the agency “. . . has yet to do so.” Coalition of Airline Pilots Association Chairman Bob Miller said, “We are glad the FAA has finally decided to enforce a 1985 rule governing the flight and duty time of pilots. But in order for this enforcement to represent a true stepping stone toward preventing pilot fatigue, the FAA must deliver on its commitment of a broader, more comprehensive review of outdated flight and duty time standards.”

(Aviation Daily, June 4)

The FAA has given the green light to the Airport Movement Area Safety (AMASS) program, which has been years in the making as an effort to help prevent runway collisions. The pace of the program had brought numerous criticisms from the Air Transport Association which enthusiastically greeted the decision for “full funding for AMASS at the 34 airports with operational readiness by September 2002” AMASS provides air traffic controllers with visual and aural alerts of potential runway accidents by processing surveillance data from the Airport Surface Detection Equipment Model 3 system, airport surveillance radar, and the terminal automation system.

(Aviation Daily, May 30)

Industry

Boeing's Commercial Airplane Group's President and CEO, Alan Mulally, said that the proposed Sonic Cruiser looks very viable. At the company's Technology Summit in Paris, a day before the opening of the Paris Air Show, Mulally said the biggest challenge was "the recurring cost of making the airplane," not the basic airplane configuration or engines. Mulally said Boeing will consult with airlines prior to launch, but wants to wait with signing contracts until more important design decisions have been made.

(Aviation Daily, June 20)

According to analysts and consultants, a third tier of airline carriers using turboprop aircraft could be on the horizon, as the costs of leasing or buying such aircraft falls while the cost of operating regional jets rises. Tulinda Larsen, VP of AvSolutions, predicts the role of turboprops will largely depend upon whether major airlines continue to consolidate. "As there's continued consolidation...the feeders will get even larger and that will leave a gap with a need for turboprop operations" mainly in the 30-seat range. Morten Beyer, CEO of Morten Beyer & Agnew, said that as turboprop prices drop to the \$2.5-\$3 million range and lease rates go to around \$25,000 per month, "an opportunity will exist to establish new direct nonstop turboprop flights" between cities where an RJ would be uneconomical.

(Aviation Daily, June 4)

The United States and Poland have initialed a phased open-skies agreement after two days of talks in Washington, with the expectation of the pact's signing in mid-June. Poland's willingness to agree to open skies with the U.S. before its entrance into the European Union might be a catalyst for other EU-aspiring nations to complete bilaterals with the U.S. The European Commission's case pending against eight EU members that liberalized bilaterals with the U.S. after the date that the EC maintains it gained competence for aviation relationships entered into by member states should be ruled on late this year.

(Aviation Daily, June 4)

The alliance between American Airlines and British Airways, first announced five years ago, is being revitalized at the highest levels. While industry observers have seen the two carriers as "dating again," DOT Secretary Norman Mineta plans to meet with American CEO Don Carty and BA CEO Rod Eddington on June 11 in Washington. The two airline heads are expected to follow this meeting with others in Brussels and London.

(Aviation Daily, May 23)

Air Tran

The airline's parent company announced that it will retire the four remaining B-737-200s in its fleet during this year's third quarter in an effort to simplify its fleet and reduce costs. The move occurs as the airline, launch customer for the B-717-200, receives new 717s at a rate of at least one per month through 2003.

(Business Wire, June 25)

The airline's CEO Joe Leonard expects AirTran to become a major airline, by reaching \$1 billion in annual revenues, by the end of next year. AirTran posted revenues of nearly \$625 million last year, but anticipates the leap to major status because of a growing fleet and network.

(Aviation Daily, June 4)

CEO Joe Leonard, while still hopeful of acquiring slots at Washington National to launch a second hub, says the carrier has a list of possible focus cities if it cannot acquire the DCA slots. Leonard said a selection from the list, which includes Philadelphia and Pittsburgh, would be announced in three or four months if the DCA effort fails.

(Aviation Daily, May 24)

Alaska Airlines

The DOT has approved the carrier's application to launch daily service in September to Washington's National Airport. Of the six pairs of slots available at National for non-stop flights of more than 1,250 miles, the two that went to Alaska Airlines became available when American Airlines took over TWA, which had been flying nonstop between Washington and Los Angeles. Alaska plans to fly between Seattle and D.C. with the 172-seat B-737-900 aircraft.

(Business Wire, June 22)

American West

The airline will launch two daily roundtrip flights between Phoenix and Raleigh-Durham on October 28. The new service will feature both Airbus A319 and A320 aircraft. "Raleigh-Durham's fast growing and dynamic economy make it an excellent expansion destination for America West on the East Coast," said C.A. Howlett, senior vice president, public affairs. "The Raleigh-Durham area has excellent air service throughout the East, but currently lacks sufficient service to the West."

(PRNewswire, June 28)

CEO William Franke said that he doesn't expect his airline to be bought by another carrier because its cost structure would make an acquisition problematic. "If you apply a larger airline's cost to us, it sucks all the profitability out of America West. I don't think the airline is a logical acquisition target." Franke also said wage and benefit proposals submitted by the pilot union, which would bring them closer to equity with other, more established carriers, would cause America West to go broke "in a matter of months."

(Aviation Daily, May 31)

American

The Allied Pilots Association and TWA's Air Line Pilots Association merger committees failed to agree on seniority integration and have decided to undergo facilitation, beginning on July 13 with mediator Rolf Valtin. APA spokesman Gregg Overmen said the TWA proposal of the prior week placed about 160 TWA pilots behind those hired at American before March 9. He said, "APA is obviously disappointed that their most recent proposal represents a substantial step backward." Overman also noted that TWA ALPA's proposals so far "have not accurately reflected the respective marketplace positions occupied by American Airlines and TWA at the time of the acquisition."

(Aviation Daily, June 20)

American and its Allied Pilots Association will open contract talks on July 19. An earlier survey of members revealed that working conditions were the least satisfactory area of the contract, followed by scope issues with a "near universal desire" to ensure that all jets greater than 50 seats be flown by American pilots.

(Aviation Daily, June 18)

The National Mediation Board declared a 30-day cooling off period between the airline and its flight attendants, which would end at a minute past midnight on July 1. The action prevented a threatened walkout by the airline's 23,000 flight attendants, whose union had rejected an offer of binding arbitration from the NMB on May 30. Union president John Ward said that differences on salary, minimum pay, and health and life insurance issues have left a gap of \$200 million between the union and American.

(Reuters, May 31)



American Eagle

The regional affiliate of American Airlines began flying between Charlotte and Chicago O'Hare last week. The carrier is offering five daily roundtrips aboard Embraer RJs.

(Aviation Daily, June 18)

The regional affiliate of American Airlines will launch nonstop regional jet service between Raleigh/Durham, N.C. and New York LaGuardia on July 2. The new service will include four round trips using the 37-seat Embraer ERJ-135 aircraft. In coming months, American Eagle will begin flying from RDU to Boston and Philadelphia (beginning August 20), Newark (September 5), and Washington National (September 17).

(PRNewswire, May 29)

American Trans Air

The airline's parent Amtran approved a deal with its chairman, founder, and majority shareholder, George Mikelsons, to take the company private. The deal will allow Mikelsons to purchase 28 percent of the outstanding shares of common stock he does not already own for \$23 per share.

(Aviation Daily, June 20)

The carrier plans to introduce two daily round-trip flights from Chicago Midway to Miami and from Miami to San Juan, Puerto Rico on November 16. The announcement was made in conjunction with the unveiling of ATA's new B-737-800 aircraft earlier in the day.

(PRNewswire, May 31)

Atlantic Coast Jet

The carrier last week initiated regional jet service between Newark and Boston with four nonstop roundtrips, utilizing 32-seat Fairchild 328JETs. On June 21, the airline plans to add four more nonstop flights.

(Aviation Daily, June 20)

Comair

The regional carrier has tentatively scheduled the resumption of service to 51 cities by the end of July. Spokeswoman Meghan Glynn said that ramp-up will be gradual and will take several months because of employee retraining and "meticulous aircraft safety checks." She added that the company wants to return to most of its pre-strike cities by December.

(Aviation Daily, June 29)

Analysts see the airline's strike resulting in Comair no longer being the only player in Delta's Midwest operation. They also feel that Comair will survive as long as Delta opts to support it. Liquidating the company, for which Delta paid close to \$2 billion, will mean a one-time write-off, but ABM AMRO analyst Ray Neidl emphasized that "Comair becomes a less viable entity as long as the strike goes on . . ."

(Aviation Daily, May 31)

Continental

The airline has reaffirmed its commitment to fly nonstop between Newark and Hong Kong despite United's plans to discontinue service on the route later this summer. Continental expects to gain some traffic that was flying United, and sees the departure of its rival from the route as "... a welcome rationalization." United had revealed earlier in the week that it would stop serving Hong Kong from New York JFK, citing a poor worldwide economy and little traffic feed that led to weak bookings.

(Aviation Daily, June 28)

Continental, Transbrasil, and Interbrasil Star, the regional code-share partner of Transbrasil, have applied to the DOT for authority to code share in the U.S. - Brazil/Argentina market, competing with American/TAM and United/Varig. Contemplated service would include flights by Continental Express and would have the Transbrasil code on Continental flights from Newark and Houston to Sao Paulo and from Newark to Belo Horizonte via Rio de Janeiro, as well as on service between Miami and Cleveland, Houston, and Newark and between Honolulu, Los Angeles, and San Francisco. Transbrasil and Interbrasil would display Continental's code on flights from Brasilia, Rio de Janeiro, and Sao Paulo to Miami, New York, and Washington and between Brazil and Buenos Aires.

(Aviation Daily, June 22)

The carrier plans to inaugurate daily nonstop service between Houston and Amsterdam next year. The new service will start May 1 utilizing the B-767-400ER aircraft with 35 business- and 200 economy-class seats.

(Aviation Daily, June 20)

The airline takes delivery of its first B-737-900 tomorrow. The new aircraft, with 149 coach and 18 first class seats, will serve various routes, starting with service from Houston to Cancun, Cozumel, Chicago O'Hare, Dallas/Fort Worth, Denver, New Orleans, and Orlando.

(PRNewswire, May 30)

The Air Line Pilots Association and the Independent Association of Continental Pilots finalized a merger pact which goes into effect on June 1. At that time all representational rights will transfer to ALPA. Continental pilots and flight instructors voted April 12 in favor of the merger.

(Aviation Daily, May 23)

Continental Express

The regional carrier has started twice-daily service between Cleveland and Greenville/Spartanburg, S.C. with Embraer ERJ-135s. Continental Express has also begun nonstop flights between Cleveland and Atlantic City with ERJ-145s.

(Aviation Daily, June 20)

The regional carrier will begin flying nonstop between White Plains, N.Y. and Washington National on September 6. The new service will consist of four daily flights in the 37-passenger Embraer ERJ-135 regional jet, and will complement the current five daily trips between White Plains and Cleveland.

(Aviation Daily, May 22)

Delta

The airline will remove ten B-727s from its fleet by the end of the year. "High fuel prices, the slowing economy, and the higher costs of maintaining older aircraft have led to our decision to reduce capacity by removing these aircraft," said Frederick W. Reid, Delta's president and chief operating officer. The carrier plans to retire its 72 B-727s by 2005.

(Associated Press, June 29)

The airline will start flying nonstop between New York JFK and New Orleans on September 1. The new service will consist of two daily flights operated with MD-88 aircraft.

(PRNewswire, June 4)

On June 1 Delta will start flying from Boston to London Gatwick. The new daily nonstop will operate with B-767-300ER aircraft. The date also marks the inauguration of Oakland's only nonstop service to Atlanta, as Delta begins twice-daily flights featuring B-757 aircraft.

(PRNewswire, June 1)

Delta will start daily, nonstop service from New York JFK to Tel Aviv on June 1. The carrier will use MD-11 aircraft on the route.

(PRNewswire, May 31)

Starting July 7, Delta will offer nonstop service between Washington National and Nassau, Bahamas. The new service, which will be flown in a B-737-800, will be the only nonstop between the two cities.

(Aviation Daily, May 25)

Express Airlines I

The airline this summer plans to upgrade the aircraft service between Appleton, Wis., and Minneapolis/St. Paul. Starting Aug. 1, two of the five flights will operate with the airline's new Canadair Regional Jets, replacing a Saab 340 turboprop and an Avro RJ-85. The three remaining flights from Minneapolis will continue to be operated with the Saab 340s.

(Aviation Daily, May 30)

Frontier

The carrier added two Airbus A319s to its fleet, and will use them to add permanent and seasonal frequencies to existing markets. Initially, Frontier will operate the planes between Denver and Dallas/Fort Worth, Los Angeles, Phoenix, and Seattle. The airline plans to have 37-45 Airbus A320 family aircraft by January, 2005.

(Aviation Daily, June 22)

Hawaiian Airlines

The company plans to expand service to the West Coast with daily nonstop flights from Kahalui, Maui to Seattle starting next February. Hawaiian will use B-767-300ER wide-body aircraft for the new service.

(Aviation Daily, June 22)

Horizon Air

The carrier, as North American launch customer for the Bombardier CRJ-700, has taken delivery of the first of 70 of the new aircraft. The plane, billed as "the world's quietest commercially operated jet aircraft," is powered by two GE CF34-8C1 engines and has a range of 2,283 miles.

(Aviation Daily, May 24)

JetBlue

The airline placed firm orders for 30 Airbus A320s, options for five aircraft, and purchase rights for 13 more. CEO David Neeleman said the company may accelerate deliveries to 12 planes annually from the currently scheduled ten through 2008. The new order brings JetBlue's fleet order to a total of up to 131 A320s, with a combined value of \$6.5 billion.

(Aviation Daily, June 19)

JetBlue will add an additional unannounced city this year to its network, but is planning more destinations by next year's second quarter. CEO David Neeleman said the carrier also expects to boost frequencies in existing markets in the fourth quarter.

(Aviation Daily, June 18)

The low-fare carrier has named Long Beach Airport near Los Angeles as its second base of operations in a planned step "to relieve the pressure" from its New York JFK home operation. JetBlue plans to launch 27 daily departures from Long Beach to as many as 15 cities over the next two years, starting with two daily roundtrips to JFK on August 29. Among cities the airline is considering for service are Boston, Chicago, Dallas, and Washington.

(Aviation Daily, May 24)

JetBlue will begin serving New Orleans from New York JFK with two daily flights on July 25. Currently, the carrier operates 76 daily flights with a fleet of 14 Airbus A320s.

(Aviation Daily, May 22)

Midway Airlines

The carrier plans to expand service from its Raleigh/Durham hub on July 1 with more capacity to Florida and New Orleans. Midway will add two daily flights to Miami, Orlando, and Tampa; add one daily flight to Ft. Lauderdale and Jacksonville; and upgrade the two daily flights to New Orleans and West Palm Beach to a larger B-737-700. The airline will also start new nonstop service to Dayton, Ohio with the 50-seat Canadair Regional Jet; add a daily flight to Hartford and Louisville; and reduce service to New York LaGuardia from nine to six daily flights.

(Aviation Daily, May 24)

Midwest Express

The airline has laid off 250 employees and plans further reductions through attrition, spokeswoman Lisa Bailey said. The actions are in keeping with an earlier pledge by the company to cut costs. On July 1, Midwest Express will discontinue Grand Rapids-New York LaGuardia service to fly to Milwaukee and Kansas City from LaGuardia. In mid-June, the carrier will start a fourth roundtrip from Milwaukee to both Atlanta and Philadelphia.

(Aviation Daily, June 1)

National Airlines

A U.S. Bankruptcy Court in Nevada gave the airline permission to pursue an agreement with aircraft lessor International Lease Finance Corporation to help reorganization. But ILFC was emphatic in stating that it was only acting as a facilitator for a potential third-party investor. National hopes to submit an outline of its restructuring plan to the court by the end of July.

(Aviation Daily, June 28)

Carl Icahn has withdrawn his \$181.5 million offer to purchase bankrupt National Airlines after it was rejected by the carrier's board. Icahn had proposed \$22.5 million in cash, \$43 million owed to passengers, and \$200 million in operating funds, but National's board refused to present it to the bankruptcy judge overseeing its reorganization.

(Aviation Daily, June 26)

The Las Vegas-based carrier has been talking with financier Carl Icahn about a deal to bail it out of bankruptcy, according to a spokesman for National. Icahn has wanted to control an airline and use his website as a distribution channel for tickets since losing access to discounted TWA tickets after that carrier's bankruptcy filing and purchase by American Airlines. On June 1 in Las Vegas, National asked a judge to force casino operator Harrah's Entertainment, Inc. to extend a \$16 million letter of credit that would allow it to get paid immediately when it makes credit card ticket sales.

(Reuters, June 2)

Northwest

Chief Executive Richard Anderson said that workforce reductions will occur as the airline lessens service in the face of weaker demand. He told reporters at the annual shareholder meeting that any reductions would come through retirements and attrition. "Inevitably it will result in reductions because part of what we will be looking at is pulling down flying," Anderson said.

(Reuters, June 28)

Northwest signed a multi-year cargo alliance with DHL to operate new service from Cincinnati to Asia. Under the deal, Northwest will start flights on July 16 with two newly acquired B-747-200 freighters, and DHL will have priority access to block capacity. With the new service from Cincinnati, DHL will offer package delivery to Bangkok, Beijing, Hong Kong, Kuala Lumpur, Manila, Osaka, Shanghai, Seoul, Singapore, Taipei, and Tokyo.

(Aviation Daily, June 28)

The airline last week withdrew its bid to take a controlling stake in Mesaba. The move did not surprise some analysts, who said the deal had dragged on too long and that Northwest was never really serious about it. CIBC World Markets analyst Julius Maldutis said he believes that "the Delta-Comair imbroglio has demonstrated that there are clear risks to owning a commuter carrier."

(Aviation Daily, June 18)

The airline will start new nonstop service from its Memphis hub to Baltimore/Washington on September 1. The one daily flight in a DC-9 will be in addition to four dailies from BWI to Minneapolis/St. Paul and eight nonstops from BWI to Detroit.

(Aviation Daily, June 4)

Northwest and its regional affiliate Northwest AirlinK announced new twice-daily regional jet service between Providence, R.I. and its Minneapolis/St. Paul hub. The new service, which will start on August 13, will utilize the 50-seat Canadair Regional Jet.

(PRNewswire, May 30)

Pan Am

The state of Maryland has approved a two-year contract with Boston-Maine Airways, an affiliate of Pan American Airways, to operate service to Baltimore from Cumberland and Hagerstown. Under its regional assistance program, an essential air service program of the state, Maryland will pay on a biweekly prorated basis for three daily weekday and two daily weekend roundtrips to Baltimore from Cumberland via Hagerstown. Pan Am, which plans to use 19-seat Jetstream 31 aircraft, will start the service sometime between September and December. US Airways has reduced service at the two cities, where it offers connections to Pittsburgh.

(Aviation Daily, June 19)

SkyWest

The carrier announced a major expansion at Salt Lake City on behalf of Delta, a development made possible by the acquisition of five Canadair Regional Jets that had been sold from Comair's fleet. SkyWest plans to increase service to Albuquerque, Austin, Calgary, Cody, Wyo., Grand Junction, Colo., Omaha, Rapid City, Tucson, and West Yellowstone, Mont. The company has long-term growth plans to increase its Delta Connection fleet of 15 Canadair Regional Jets to 46 by the end of 2003.

(Aviation Daily, June 4)

Southwest

The carrier has announced the addition of new daily nonstop and direct flights to key cities starting this fall. One new flight will be started between Oakland and New Orleans, Hartford/Springfield and Tampa Bay, and San Antonio and both Raleigh-Durham and San Diego, and two between West Palm Beach and both Indianapolis and Louisville. A flight will be added to existing service between Orlando and both Hartford/Springfield and Louisville, Tampa Bay and both Indianapolis and Louisville, Burbank and San Jose, Indianapolis and Orlando, Fort Lauderdale and New Orleans, and Columbus and Phoenix.

(PRNewswire, June 28)

The airline revealed that Norfolk, Va. will be the next new destination in its network. Norfolk is Southwest's second new city this year after West Palm Beach, and indicates the airline's focus on the mid-Atlantic region following eight years of success in Baltimore/Washington.

(Aviation Daily, May 25)

Spirit Airlines

The carrier will inaugurate service from Atlantic City to Chicago O'Hare with connecting service to Los Angeles on July 2. Spirit has also announced that it will be starting up service to West Palm Beach in November.

(PRNewswire, June 29)

United

The airline's new business jet subsidiary will not use a Hawker 800 business jet during the FAA certification process as originally planned and will use a smaller Embraer jet than originally thought. In the revised plan submitted to the DOT, Biz Jet Services, the corporate shuttle and charter unit, will lease one EMB-135 business jet with 30 seats starting in August. Revenue flights are still planned to begin in November.

(Aviation Daily, June 28)

Biz Jet, the wholly owned subsidiary of United, unveiled its first aircraft orders at the Paris Air Show. In a deal with Dassault, Biz Jet signed firm orders for 30 Falcon 2000s or 2000EXs and ten Falcon 900EXs, and options for 50 Falcon 2000EXs and ten Falcon 900EXs. Soon thereafter, the company announced a deal with Gulfstream for firm orders for seven Gulfstream IV-SPs and five Gulfstream Vs and options for nine GIV-SPs and 14 GV-SPs.

(Aviation Daily, June 20)

UAL Corp. has divided its Biz Jet firm into three parts under the umbrella holding company called United Biz Jet Holdings, Inc. Biz Jet Services, Inc. will be the Part 121 operation providing corporate shuttle and on-demand charter service using larger business jets; Biz Jet Charter, Inc. will also provide on-demand charters, but with smaller planes under Part 135; and Biz Jet Fractional, Inc. will provide fractional ownership of business jets.

(Aviation Daily, June 18)

The airline's recent debt rating downgrade by Moody's was downplayed in public, while employees heard a different story. Chief Financial Officer Jack Brace said, "While our problems reflect those of the industry, United's financial situation still is very serious, and it's clear that we must take additional cost-cutting actions."

(Aviation Daily, June 4)

Moody's Investors Service cut United's debt rating to junk status a day after lowering its ratings on US Airways because of questions surrounding the proposed merger and poor operating results. The lowering of United's rating was prompted by an "expectation of weak operating cash flow in the near term" and "longer-term impact of a high cost structure resulting from recent wage agreements." Moody's also believes that the merger will not be obtained under its current terms, based on the continued delays.

(Aviation Daily, May 31)