

Airline Delays and Consumer Issues



Statement of James C. May
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Air Transport Association of America, Inc. (ATA)
before the
Subcommittee on Aviation
of the
House Committee on Transportation and Infrastructure

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AIR TRANSPORT ASSOCIATION

INTRODUCTION

It is safe to say that the U.S. airline industry is in a recovery period from the extreme downturn experienced between 2001 and 2005, when the industry sustained over \$35 billion in net losses. In 2006 the industry earned \$3 billion net profit, and we project a \$5 billion net profit for 2007. Airline employment is on the rise, as is capital spending, which is good news for airlines and their shareholders, employees and the many local economies that depend on a healthy airline industry to drive commercial activity, jobs and tourism.

The industry also is achieving new levels of efficiency. In 2006, U.S. airlines carried 12 percent more passengers and 23 percent more cargo than in 2000, but did so using 3.5 percent less fuel. And between 1975 and 2006, the number of people in the U.S. exposed to significant noise fell 94 percent. From a fare standpoint, consumers continue to benefit from deregulation. From 2000 to 2006, average domestic yield – a reflection of airline fares – fell 10.8 percent, compared to a 17.1 percent increase in the Consumer Price Index and a staggering 118.7 percent increase in the average price of fuel.

We stated previously that on-time performance is a crucial factor in determining whether an airline fails or succeeds because it is closely linked to customer satisfaction.¹ The Department of Transportation (DOT) Inspector General (IG) also has reiterated this fundamental point. Consequently, customer satisfaction is one of the key motivations our member airlines have to complete flights as scheduled. A complementary motivation is to maintain operational efficiency and integrity. In addition to disgruntled passengers, failing to complete flights on time leads to increased operating and labor costs, system disruption and cancellations. For these reasons, we are very concerned about the delay situation that developed this summer, particularly in the heavily traveled northeast corridor, and we and our members are working hard with the Federal Aviation Administration (FAA), affected airports and other stakeholders to find and implement long-lasting solutions. We believe airspace and airport capacity can be enhanced in the near-term through a variety of operational measures to meet capacity demands.

As discussed below, airline flights are the end product of a dynamic system made up of the services provided by airlines, air traffic control (ATC) and airports. The operations of these three key players are interdependent and together affect the timeliness of airline flights. Any discussion of delay causes and solutions must consider the role of all three system participants as well as the critical “X factor,” weather. The complexity of this system cannot be overstated. On a typical day, U.S. airlines operate 31,000 flights² using more than 7,600 aircraft flying to hundreds of airports across the country and in more than 70 countries. Overall, this past summer FAA ATC centers handled some 45,000 Instrument Flight Rule (IFR) departures a day, including business jet, charter, air taxi, commercial passenger and cargo, military and general aviation operations. The skies are busy and the mix of airplanes that must be handled by ATC adds further complexity.

¹ Statement of James C. May before the House Aviation Subcommittee Concerning Aviation Customer Issues, April 20, 2007.

² In 2006, U.S. airlines carried over two million passengers and 55,000 tons of cargo per day.

A delay solution that focuses on just one participant necessarily will ignore the problems of the other two that contribute to delays and, while perhaps offering short-term relief, not solve the real problem. Congress should resist calls to force airlines to reduce flights or impose economic measures to curb passenger demand simply because such measures offer an expedient, temporary fix. Doing so would ignore serious problems that limit airspace capacity and efficiency, reduce operational productivity in terminal areas, and that cause available airport capacity to go unused, *all of which contribute to delays*. Furthermore, economic measures to curb demand would have very real adverse impacts on consumers, small communities and the economy. For these reasons, before economic measures are considered, efforts to reduce delays should focus on near-term measures to better utilize available airspace and airport capacity, and to expand capacity over the long term, to meet passenger demand.

The long onboard delays that occurred late last year and earlier this year were unacceptable and clearly mistakes were made. These events revealed gaps in airline planning and decision-making procedures. Since then, our members have made changes to their contingency plans and operating procedures to address these problems. In addition, the DOT IG has reviewed specific delay events, as well as carrier contingency plans, internal policies and procedures for dealing with long onboard delays. We look forward to the IG's recommendations and the additional guidance his report will provide.

Finally, safety cannot be overlooked or taken for granted. Airlines will always place the safety of their passengers and crew members first. The same is true for air traffic controllers and airport operators.

DELAYS

Delays Have Multiple Causes

Airlines operate complex systems in a dynamic environment that, to a large extent, they do not control. Airlines rely on both the Federal Aviation Administration (FAA) Air Traffic Organization to provide air traffic control (ATC) services, and airports to provide landing and terminal services. The ATC system, upon which airlines rely heavily, is particularly complex. There are several types of ATC facilities. These include the ATC towers, Terminal Radar Approach Control (TRACON) facilities, Air Route Traffic Control Centers, also known as en route centers, Flight Service Stations, and the Air Traffic Control System Command Center.

Tower personnel control airborne aircraft and ground movements of aircraft and vehicles transiting to and from runways, taxiways, ramps, and during takeoffs and landings. TRACONs control aircraft in a 30-50 mile radius from the airport and from the surface up to 11,000 feet. TRACONs typically handle more than one airport including both air carrier and general aviation. For example, the New York TRACON handles 15 airports and all of the traffic approaching and departing from the entire New York-metro area. The en route centers issue clearances and instructions for airborne aircraft and provide services to aircraft at many small airports without ATC towers. Their job is to keep track of aircraft while they are en route or during the high-altitude cruise phase of their flights.

A key facility, the Air Traffic Control System Command Center, oversees the total National Airspace System (NAS). One of the command center's priorities is to anticipate situations that will create bottlenecks or other constraints in the system, and then to respond with a management plan for air traffic transiting constrained airspace. For example, if bad weather develops or a runway is closed for repairs, the command center will manage the number of flight operations into and out of the affected area or airport.

Finally, aircraft separation standards vary according to circumstances. When aircraft are cruising at high speeds in en route airspace, the standard is five miles of horizontal radar separation or 1,000 feet of vertical separation. When aircraft are moving at much slower speeds as they depart or approach the airport terminal area, the standard is three miles of horizontal radar separation.

The Department of Transportation has recognized the complexity of airline flights and the closely linked nature of flight operations to the delivery of ATC and airport services. DOT's monthly *Air Travel Consumer Report* breaks down causes of delays into five categories: air carrier, extreme weather, NAS, security and late arriving aircraft. Furthermore, the NAS category is defined as follows: "delays and cancellations attributable to the national aviation system refer to a broad set of conditions – non-extreme weather conditions, airport operations, heavy traffic volume, air traffic control, etc." This broad definition of the NAS category underscores the interconnected and dynamic nature of the air transportation system and the difficulty associated with determining delay causes.

Weather also has been recognized as perhaps the single most significant factor causing delays. It is the X factor because of its unpredictability. Together, extreme weather and the NAS accounted for approximately 56 percent of all delays in the first half of 2007.³

One way to conceptualize the issue is to approach it as a matter of supply and demand. Delays occur when demand – flight operations – exceeds the supply of airspace and/or airport capacity.⁴ Because the system is dynamic and interconnected, with all of the various supply and demand components affecting each other and the final on-time outcome, all of the system components and attributes must be considered when addressing questions about delay causes and solutions.

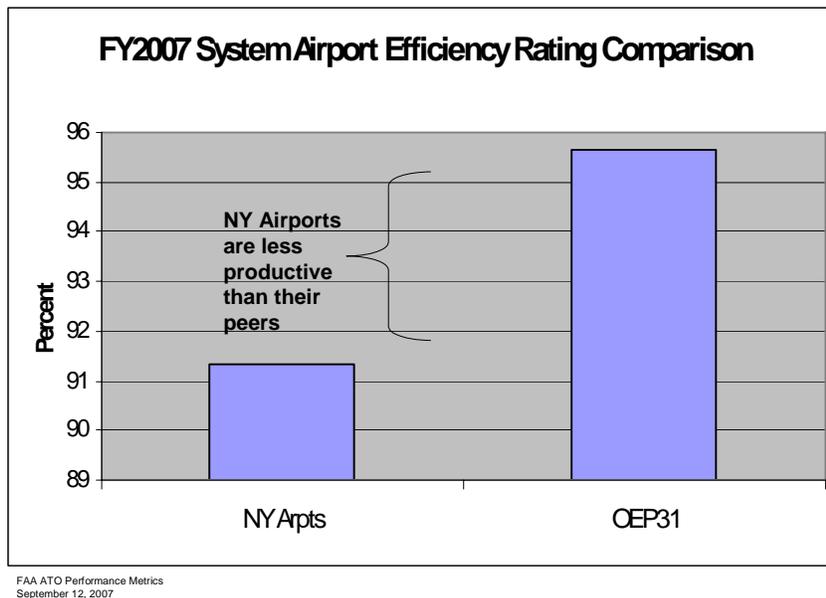
On the supply (capacity) side, several factors contribute to the current delay picture:

- **The ATC system is inadequate.** As this Committee well knows, we are relying on 1950s technology to operate the world's most complex and active aviation system. It is remarkably safe, but it is not efficient. Our ground-based radar system must be replaced by a modern, satellite-based system that will allow more planes in the system with even greater safety and operational efficiency.

³ Bureau of Transportation Statistics.

⁴ From a purely economic efficiency standpoint, a modest level of delay means that the system is operating at or near full capacity and that scarce resources are not being wasted. It would be economically inefficient, for example, to operate at a level that eliminates the possibility of weather-related delays because the cost to do so – limiting flights to the level that could operate in bad weather conditions – would be too high for airlines and their customers.

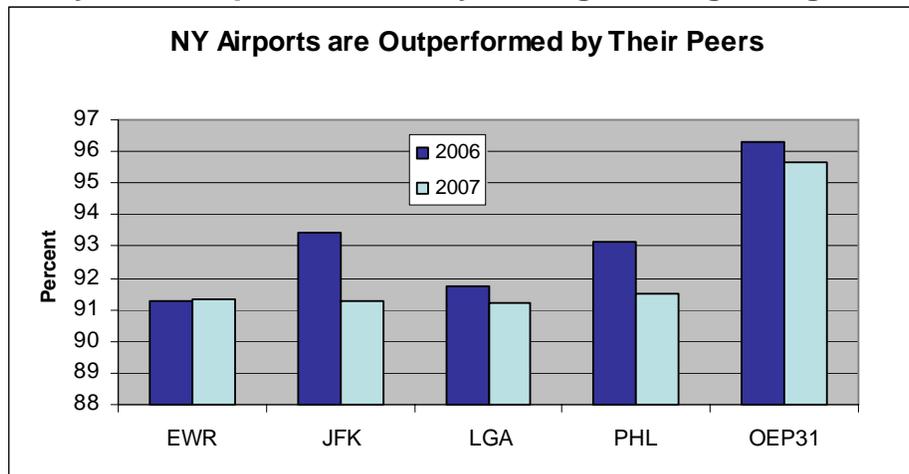
- ATC productivity has declined.** This factor has received little attention, but it is a key driver of delays in the New York area. FAA data demonstrate that the System Airport Efficiency Rate (SAER) – which measures how well airports handle the number of aircraft operations they say they can accommodate – declined measurably for the three New York area airports in 2007 compared to 2006. This is a very troubling statistic that warrants scrutiny and explanation. Understanding the reasons for this drop in productivity may lead to immediate capacity improvements.



Note: OEP airports are commercial U.S. airports with significant activity. These airports serve major metropolitan areas and also serve as hubs for airline operations. More than 70 percent of passengers move through these airports. The OEP has been expanded from 31 to 35 airports. Delays at the OEP 35 airports have a ripple effect to other locations.

Looking at the three primary commercial New York City airports and Philadelphia, JFK, in particular, is down just over 4 percentage points. For the OEP 31 airports, this productivity measure declined only 1 percent in 2007 compared to 2006.

System Airport Efficiency Rating Through August



FAA ATO Performance Metrics
September 12, 2007

- **Outdated airspace designs.** In many regions, the airspace designs in place also are outdated. This is particularly true for the New York, New Jersey, Philadelphia airport sector. For reasons that escape understanding, it took FAA more than ten years to develop a new airspace design for this sector. Once fully implemented, the redesigned is projected to reduce delays in the New York/Philadelphia region by 20 percent – assuming it survives legal challenges and political opposition, notwithstanding the fact 600,000 fewer people will be impacted by noise from aircraft operations.
- **Airport capacity is underutilized.** At some airports around the country, informal runway-use restrictions have been established to mitigate noise impacts from airport operations. Once established, they are extremely difficult to dislodge even though they are informal arrangements between airports and communities. A good example is Fort Lauderdale International Airport (FLL), where jet traffic was almost entirely restricted to just one of three available runways for many years. When delays at FLL became problematic in 2005, local communities vigorously opposed efforts by the FAA and the airport to use the available capacity to relieve congestion and delays. In other cases, airport capacity goes untapped because of resistance to a variety of operating procedures, **such as converging runway operations, simultaneous parallel operations, land and hold short operations, simultaneous departure runway use and other commonly used procedures in place at airports around the country.** At JFK, all of these factors are present – runway utilization is limited and capacity-enhancing operational measures have not been fully employed. Consequently, the available airport capacity is underutilized.

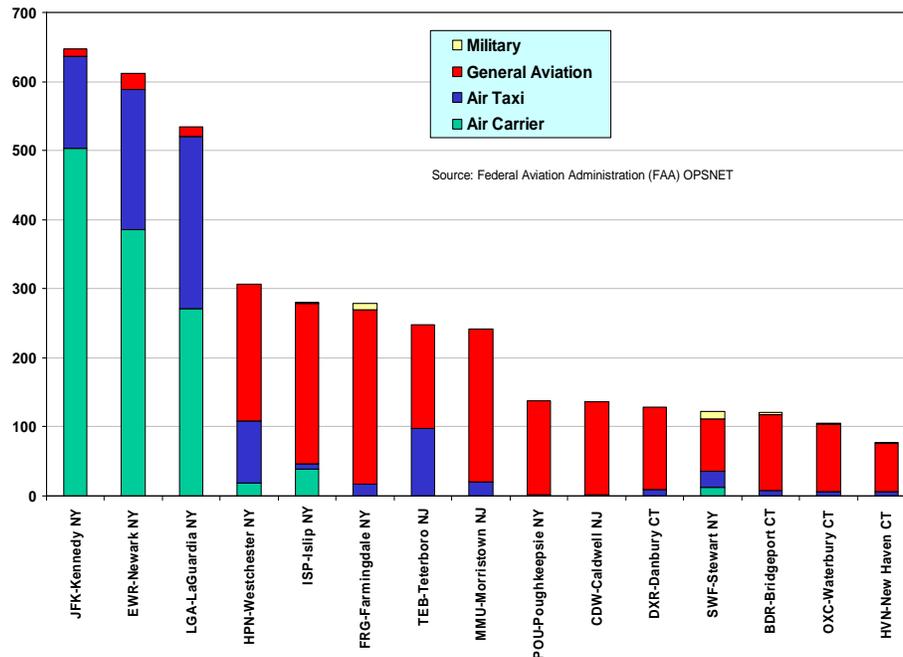
- **Airport development is difficult at best.** Constructing new airports and expanding existing airports is difficult at best, even where clearly needed. It is highly unlikely, for example that any of the three New York City area airports can be expanded, notwithstanding the obvious demand for commercial airline and business/private aviation services in the region. Environmental, political and community opposition to airport development abounds, as reflected by the vocal opposition to the NY/NJ/PHL airspace redesign plan.

On the demand side, the volume of all air traffic – both commercial and private – affects on-time performance of scheduled airlines, as does the complexity of the traffic mix and competitive scheduling by airlines. These factors are best illustrated by looking at the New York City region.

- **The NYC area has diverse and complex traffic.** In July of this year, the New York TRACON handled on average just under 4,000 daily departures from 15 airports.⁵ That traffic included scheduled airline flights (passenger and cargo), charter airline and air taxi flights, general aviation flights and military flights. This volume and mix of traffic, which affects scheduled airline operations in several ways (although the impact is difficult to quantify) is illustrated in the chart below broken down by airport.

Activity in the New York TRACON is Diverse

Daily Departures in July 2007

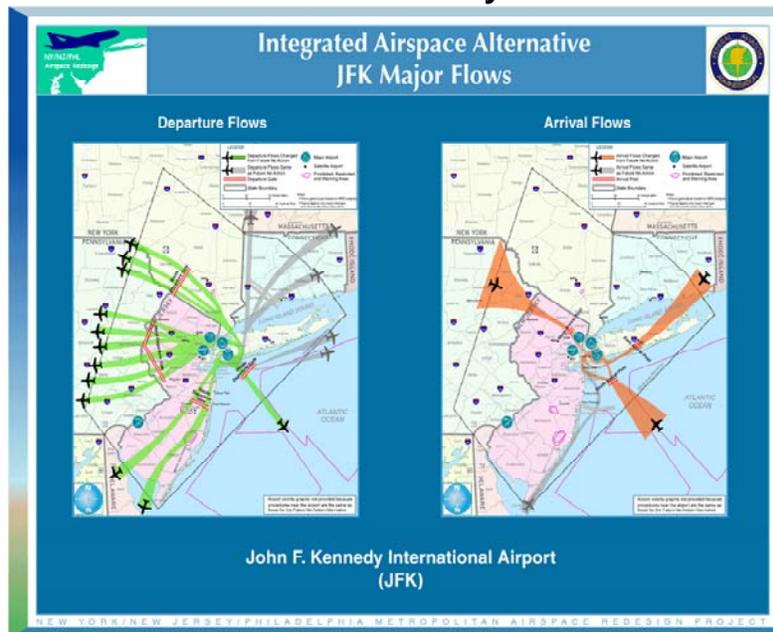


Because New York TRACON traffic is heavy and complex, scheduled airlines must adhere to very limited approach and departure routes that constrain their access to the

⁵ See illustration at p. 19.

three major commercial airports, as the FAA's airspace redesign effort has made clear, because of the need to separate traffic. Consequently, finding a gap in the overhead traffic for a departing commercial aircraft can be difficult. Controllers also must handle aircraft of differing capabilities, speeds and sizes, and monitor those aircraft in the TRACON airspace that aren't being directly controlled. Transiting traffic also must be controlled and/or monitored. All of these factors affect controller decision-making on spacing which, in turn, affects the arrival and departure of scheduled airlines.

Airspace Redesign Will Improve Traffic Flow and Reduce Delays

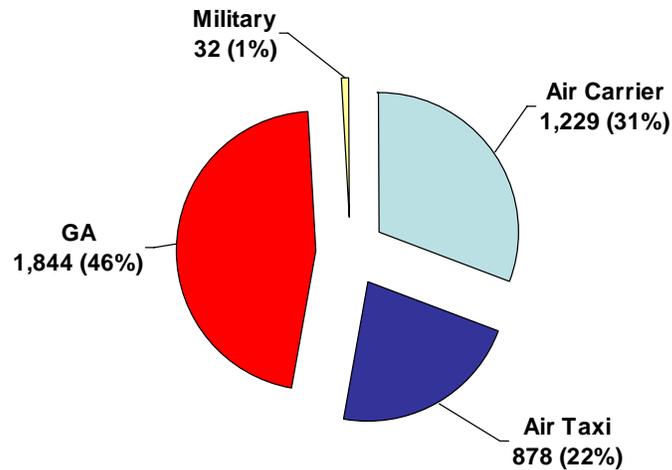


- **Commercial operations account for only 53 percent of NY total activity.** As the chart that follows shows, demand for airspace in the New York TRACON is not dominated by scheduled airlines. According to FAA data for July 2007, air carrier and air taxi (primarily regional airline) operations combined accounted for just 53 percent of the New York City activity.

This data underscores the point that the all traffic in the ATC system is impacting air carrier schedule integrity.

Commercial* Ops are ~53 percent of NYC-Area TOTAL Activity

3,983 Daily Departures (incl. 2,107 Commercial) in July 2007



Source: Federal Aviation Administration (FAA) OPSNET

* Air Carrier + Air Taxi

- **Airline scheduling is competitive and responsive to customer demand.** Airline deregulation was intended to unleash competition to drive a variety of services and unshackle fares from bureaucratic control. It is an understatement to say that these goals have been realized. Adjusted for inflation, fares are roughly half of what they were in 1978, while the cost of cars, drugs, stamps, college tuition and gas have surged. This boon for consumers is a direct result of fierce competition between airlines. It should surprise no one that at an airport like JFK, which is not dominated by one or two airlines and is located in the most important U.S. O & D destination for business travel as well as leisure travel, airline scheduling is both responsive to passenger preferences and competitive. Surveys reveal that passengers, particularly business passengers, demand frequent service. For this reason, at the three largest New York airports, as throughout their systems, airlines schedule flights accordingly. If a flight can be operated to drive corporate profitability, one airline will not lightly cede that potential to another airline. It is the traveling public who has benefited from this competition.

In this context, the role of right-sizing aircraft to meet demand and eliminate money-losing operations in the industry's recent recovery from the prolonged downturn sparked by 9/11, SARS and sustained high fuel prices, cannot be overlooked. Planes are flying at high load factors, as this chart for JFK illustrates.

JFK Flights are Full

<u>Market</u>	<u>Flights/Day</u>	<u>Avg. Load Factor</u>
Los Angeles (LAX)	23	81.6
Boston (BOS)	22	74.6
San Francisco (SFO)	19	79.3
Buffalo (BUF)	15	78.8
Orlando (MCO)	14	82.5
Raleigh/Durham (RDU)	14	68.6
Fort Lauderdale (FLL)	13	80.8
Washington-Dulles (IAD)	13	67.9
San Juan (SJU)	12	80.2
Chicago O'Hare (ORD)	12	72.5
Las Vegas (LAS)	12	86.8

Load Factors on JFK Spokes With 10 or More Flights/Day

Data based on January-May 2007 Load Factors and Jul-07 Schedule

Source: T100 and APGDat schedules

Moreover, many communities enjoy scheduled service on modern jet aircraft to key commercial centers because of the integration of regional jets into the commercial fleet. Just a few years ago, regional jets were heralded for the improved service they would bring to communities dissatisfied with limited service on turbo-prop aircraft. Without these aircraft, many communities would still be underserved because they cannot support mainline operations. Airlines have added service from New York to a number of smaller communities, as well as larger ones, since 2000.

Competition has Increased Service to Small Communities

Airports Added (20)

Akron/Canton, OH	Asheville, NC
Bridgeport, CT	Burbank, CA
Des Moines, IA	Lexington, KY
Little Rock, AR	Long Beach, CA
Madison, WI	Newport News, VA
NW Arkansas, AR	Oakland, CA
Oklahoma City, OK	Ontario, CA
Ponce, PR	Roanoke, VA
Sacramento, CA	St. Petersburg, FL
Tulsa, OK	Wilmington, NC

Airports Dropped (8)

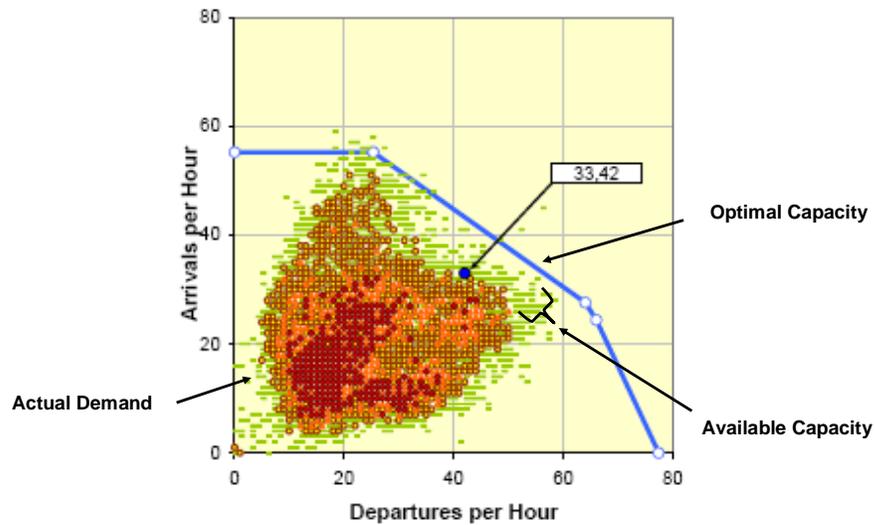
Atlantic City, NJ
Detroit City, MI
Elmira, NY
Harrisburg, PA
Melbourne, FL
Plattsburgh, NY
Poughkeepsie, NY
Worcester, MA

Airlines Have Added 20 Domestic NYC* Spokes Since 2000
Adds and Drops from Jul-00 to Jul-07

* EWR/JFK/LGA/HPN/ISP/SWF

- According to FAA, JFK is nearing capacity.** FAA data illustrates that scheduling at JFK does not exceed the airport's stated capacity. FAA has determined the safe capacity of each airport and published that information in the Airport Capacity Benchmark Report. From that starting point, on a daily basis (and sometime more frequently) the FAA determines the optimal aircraft acceptance rate, taking into account various factors like runway configuration, terminal airspace influence and weather conditions. As the chart below clearly shows, JFK is nearing, but has not reached, its published capacity. While scheduled operations clearly have increased significantly at JFK, capacity remains available.

JFK is Nearing its Capacity

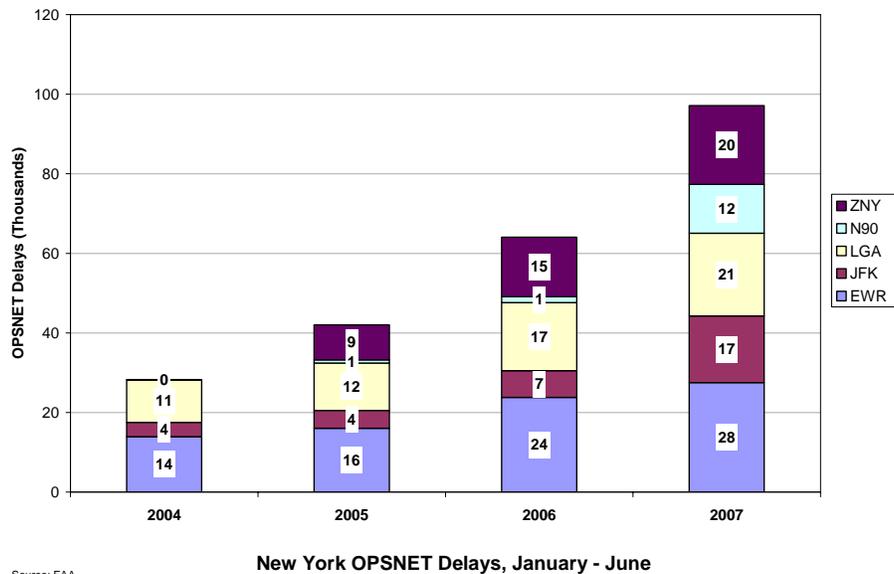


Airport Capacity Benchmark Report 2004

What is Causing the Increase in Delays At JFK and in the NY Area?

No one factor can be said to have caused the increase in delays experienced in 2007. FAA OPSNET data shows that delays have increased at the New York TRACON (abbreviated N90) and En Route Center (abbreviated ZNY) as well as at the three commercial airports, as the chart that follows demonstrates.

NY TRACON and Center Delays are Up Significantly



The easy response to delays is to say that scheduled airline operations are the cause, but that response overlooks the many other factors discussed above, especially the capacity supply factors. ATA and its members are particularly concerned about the inability of the FAA to deliver services at published levels.

In sum, multiple factors are at play in the New York region, all of which affect air carrier on-time performance. In particular, ATC productivity at the three primary air carrier airports, and very likely other airports in the New York TRACON, is not meeting expectations. Why this is the case must be understood and measures implemented to correct it should be a priority. Limiting operations through demand management measures will only mask the problems that otherwise could be resolved to enhance capacity.

The Solution: Relentlessly Eliminate Capacity Limitations

Given the complex and intertwined nature of the factors influencing on-time performance in the Northeast, and recognizing that additional airspace and ground capacity is available, the right solution is to realize that untapped airspace and airport capacity. The FAA, working with all stakeholders – scheduled airlines, business aviation, controllers, airports and air taxis – must be relentless in identifying unused capacity and then implementing measures and procedures that will safely expand capacity. All such measures should be implemented before considering economic measures to dampen demand and thereby distort the marketplace for air transportation services.

In our view, the most important step that FAA can take to initiate this process and achieve success is to appoint a single individual – a “czar” – to be responsible for this initiative. This person must be singularly tasked and be given the authority to make necessary changes to FAA policies and procedures to drive untapped capacity to the surface where it can be used. Our members are committed to participate in such a process with other stakeholders and to provide the necessary resources to be a catalyst for change.

To this end, ATA and its members have provided several recommendations to DOT and FAA to consider, and have suggested a number of issues that should be explored, all of which could lead to reducing delays by increasing airspace and airport capacity. In addition, ATA and its members participate on a variety of industry working groups and task forces looking at operational measures that could be implemented to reduce delays. Some of the ideas ATA has recommended for JFK and the Northeast include:

- Accelerate implementation of the NY/NJ Airspace Redesign Project
- Address the drop in throughput, which may call for a review of final-approach spacing standards and practices
- Utilize multiple runways, including converging runway operations where appropriate
- Assign scheduled operations a higher priority than other system users
- Improve surface management (traffic flows between runways and gates)
- Expand use of RNAV procedures
- Eliminate miles-in-trail departure restrictions to airports greater than 500 miles away
- Expanded use of low-altitude arrival and departure routes (capping and tunneling)
- Realign/relocate arrival, departure and overflight routes to avoid conflicts that drive inefficient routings
- Create new routes where practical
- Install Omni Directional Airport Lighting on selected runways to aid arrivals in hazy conditions

We do not claim to know all of the measures and procedures that could be implemented to reduce delays, but we believe these measures warrant immediate and serious consideration.

Economic Measures to Stifle Demand Will Harm Consumers and the Economy

Some have called for economic measures to be superimposed on air carriers to raise the cost of flying to the New York area, thereby arbitrarily stifling passenger (and shipping) demand. Demand management measures, such as congestion fees, will harm consumers and the local New York economy and not solve the underlying challenge of expanding capacity to meet demand.

The most obvious problem is that this kind of market intrusion by the government would lead to significantly higher fares for consumers and force airlines to concentrate service on their most profitable markets and feeder service for international flights. Small communities with limited service to New York City, the largest commercial and business center in the United States, will be hardest hit because profits on those routes are thin, at best.

Economic measures also will penalize New York City area passengers, shippers and small businesses, in particular. Commercial air service is a key driver of the economy in the New York City area, and the growth in air travel that New York City has enjoyed since July 2000 has benefited the local economy.

NYC* Has Enjoyed Growth in Air Travel Via More Service

	<u>Jul-00</u>	<u>Jul-07</u>	<u>Change</u>
Airlines	80	84	+ 4
Airline Flights per Day**	1,766	1,888	+ 122
Airports Served – Domestic	95	107	+ 12
Airports Served – International	95	127	+ 32
Countries Served (incl. USA)	64	72	+ 8
	<u>2000</u>	<u>2006</u>	<u>Change</u>
Local Passengers per Day**	90,533	104,673	+ 14,139
Total Passengers per Day**	124,130	143,072	+ 18,942

* EWR/JFK/LGA/HPN/ISP/SWF

** Outbound only

According to a study conducted by the Port Authority of New York and New Jersey, the regional airport system in New York accounted for nearly 279,000 jobs, \$13.1 billion in wages and \$37.1 billion in sales or economic activity in 2004. Investment by the Port Authority and its partners at the airports between 2000 and 2004 generated 14,500 jobs, \$724 million in wages and \$2.4 billion in sales or economic activity.⁶ If growth is curtailed, the service industries that depend on business travelers and tourism – hotels, taxis, restaurants and entertainment – will suffer directly. Making air transportation significantly more expensive will have an adverse ripple effect on the entire regional economy.

Perhaps more importantly, economic measures to stifle demand will not lead to a solution of the underlying problem – the need for additional airspace and airport capacity to meet the growing demand for air transportation services in the New York City region. Where, as here, the fundamental problem is inadequate airspace and airport capacity, the primary role of economic measures should be to create incentives to increase supply, not depress demand. However, more than enough capital is available to the Port Authority of New York and New Jersey, and other airport sponsors, for infrastructure development, and Congress will fund (at least in the first instance) the development and implementation of the FAA’s Next Generation (NextGen) ATC system. Ultimately, NextGen costs will be borne by system users. Economic measures, if

⁶ *The Economic Impact of the Aviation Industry on the New York-New Jersey Metropolitan Region*, Port Authority of New York and New Jersey (October 2005).

imposed, will merely result in a windfall for the entity imposing such measures at the expense of consumers and the local economy. Indeed, restricting demand promotes economically inefficiency and ultimately will impose tremendous social costs that exceed the costs imposed by delays.

CUSTOMER SERVICE

Good Customer Service is in Each Airline's Self Interest

Customer service is one of the market forces over which airlines compete. This is particularly true today, when air travel has become commoditized because of consumer expectations for low fares and pricing transparency allowed by the Internet. Consequently, customer service is one important way for airlines to differentiate themselves and their services. This kind of competition is precisely what Congress envisioned when it deregulated the airline industry. Airlines understand and embrace this paradigm.

As we have noted previously, good customer service and on-time performance ensure repeat business, and that is the goal for all airlines because it leads to commercial success. On the other hand, poor service drives customers away and, ultimately, leads to failure. No airline is in business to fail.

It should surprise no one, however, that in delivering a service as complex and decentralized as passenger air transportation, service consistency will vary over time. Indeed, the inherently cyclical nature of commercial aviation virtually guarantees that customer service will be subject to swings as the industry goes through up cycles and down cycles and carriers necessarily attempt to balance investment in equipment, staffing levels, new products, markets and service levels with the dynamics of changing passenger demand, price competition, security and safety needs, and a variety of regulatory burdens. Nothing illustrates this situation better than carrier self-help efforts following the drop-off in traffic following 9/11. Airplanes were parked, employment levels were slashed, and investment in equipment and infrastructure was deferred, all while maintaining the highest level of safety. Some contend that airlines cut back staffing too far and failed to bring back employees fast enough and that this has contributed to the customer service situation experienced today. Undoubtedly there is some truth to that observation, but there is no magic formula for these kinds of decisions, and only the only real way to know if staffing decisions are good or bad is how they look in hindsight.

Carriers recognize that increased staffing levels will improve customer service and have begun hiring. As the DOT Bureau of Transportation Statistics (BTS) reported recently,⁷ U.S. scheduled passenger airlines employed 2.6 percent more workers in July 2007 than in July 2006, the sixth consecutive year-over-year increase in full-time equivalent employee (FTE) levels for the scheduled passenger carriers. BTS also reported that network airlines, a group that includes most of the industry's largest passenger carriers, reported more FTEs than the prior year for the third consecutive month after having reduced FTEs continuously since 9/11. As the airline industry's recovery continues, conditions will support increased hiring and that, in turn, will benefit

⁷ September 18, 2007

consumers. On the other hand, carriers can be expected to move cautiously to maintain control over their costs.

At the end of the day, however, passengers are most concerned about delays and cancellations. Thus, the key to improved customer service ultimately lies with a modernized air traffic control system that can handle the volume of traffic the flying and shipping public demands.

Carriers Have Taken Action

Since the long onboard delay events of last winter and early spring, carriers have taken action to be better prepared to deal with long onboard delays and meet the essential needs of their customers. For example, internal policies and procedures for monitoring delays and ensuring that a timely decision is made to offer passengers a chance to deplane have been revised and updated; some carriers have announced firm time frames when passengers will be offered an opportunity to deplane and others have precise internal policies to drive timely decisions; plans to ensure water and other provisions will be supplied if needed have been reviewed and updated; airport coordination plans and strategies have been reviewed and revised as appropriate; customer contact procedures and strategies have been updated, particularly with respect to early decisions to cancel flights; staffing plans have been reviewed and revised to better assist passengers at airports impacted by delays and cancellations; and systems have been implemented to better manage flight diversions to avoid overloading secondary airports. These examples illustrate the types of adjustments carriers have made to better respond to events that cause long onboard delays.

Additionally, carriers have done a number of things in recent years to make the reservation and airport experience as easy and smooth as possible. Airlines have spent millions of dollars on computer systems, reservations and check-in systems, online systems and employee training – all to make it easier for passengers to purchase tickets, print boarding passes and obtain special services. They do this not only to differentiate themselves from their competitors, but also because making it easier for passengers to access their flights and services drives customer satisfaction and drives operational efficiency for the airline. This, in turn, drives down costs and frees up resources for growth, capital spending and further product enhancements.

Online check-in is a good example. Many airlines have deployed this service, which allows passengers to print their boarding passes at home or work and to bypass traditional airport passenger processing. This benefits passengers and airlines alike, reducing the passenger's time at the airport, easing crowded airport lobbies, and allowing gate agents and customer service representatives to focus on passengers who need personal assistance.

Airlines also have begun introducing Spanish-language check-in kiosks, and many airlines are adding check-in kiosks throughout their systems as e-ticketing becomes more prevalent. New terminals are being constructed, such as those at JFK for both American and JetBlue, and aircraft interiors are being refurbished with new seats and entertainment systems.

ATA member airlines also have instituted a variety of other measures and systems to improve customer service, such as automated voice and Internet messaging about delays and schedule

changes, automated re-booking systems when forecasts lead airlines to proactively cancel flights in advance of extreme weather conditions, and re-booking hotlines.

These examples should make it clear that airlines recognize the importance of continuing to improve service for their customers.

Carriers Propose Improved Information about the Impact of Delays

One issue identified in the hearings held in April of this year was that the data collected and reported by BTS does not capture tarmac delays if a flight returns to a gate and is cancelled or rescheduled. It also became apparent that delay data associated with diversions is not captured. In response to a notice and public meeting on this issue, ATA proposed that BTS revise its data collection form to capture the total delay time passengers experience when a flight returns to the gate. ATA also is preparing a proposal for BTS to capture total delay time associated with diverted flights. ATA and its members look forward to working collaboratively with BTS to close this data gap.

The Inspector General Report on Long Onboard Delays

The DOT Inspector General is in the process of finalizing a report to DOT Secretary Peters concerning the December 2006 and February 2007 long onboard delay events experienced by American and JetBlue passengers specifically, and carrier plans to deal with long onboard delays generally. Although not issued at the time this statement is being submitted, we expect it to be issued by the time of the hearing.

Among other things, we expect the IG report to clarify that American met its commitment to meet its customers' essential needs, contrary to numerous reports and assertions to the contrary. We expect the IG to make a similar finding with respect to JetBlue, although JetBlue was not a signatory to the Commitment since it joined ATA after the Commitment was established.

We also expect the IG to make recommendations with respect to how airlines handle long onboard delays. ATA looks forward to the report and will work with its members to review the recommendations and the guidance they offer.

Among the expected recommendations is that airlines should set firm time limits on delay durations before deplaning passengers. As we testified in April, imposing an arbitrary time frame to deplane passengers will have numerous unintended consequences that are likely to increase cancellations and cause even greater delays for passengers trying to reach their final destinations. Furthermore, there are many practical and safety reasons why such a requirement makes little sense.

For these reasons, our members believe a more flexible approach makes more sense. Thus, some of our members have identified specific time frames in their customer commitments, while others have established internal policies and procedures to ensure that delayed flights are monitored and timely decisions are made to hold or cancel a flight.

CONCLUSION

The single most important measure for reducing delays and the high level of passenger frustration delays cause is to increase airspace capacity as quickly as possible, particularly at the New York City area airports. Delays result from multiple causes in a very complex, inter-connected system of air traffic control, airlines and airports. Forcing airlines to reduce schedules directly or by imposing so-called demand management measures will not solve the underlying infrastructure problem that drives delays. Congress should resist calls to force airlines to reduce flights or impose economic measures to curb passenger demand simply because this approach is expedient. Stifling demand will have serious adverse consequences for consumers, the local New York City economy and numerous small communities that would see service reduced or eliminated.

As with any other service industry, airlines recognize that good customer service is critical to commercial success. Airline success at delivering consistently good customer service has been impacted by an ATC system that is incapable of handling reasonable and expected growth by all aviation sectors, not just commercial airlines. Airline customer service also has been impacted by the process of right-sizing staffing as the industry recovers from the very deep downturn that occurred after 9/11. Employment growth to meet customer needs is being assisted by the industry's improving financial health and stability. ATA member airlines remain committed to improving customer service and operating the safest airlines in the world.

The New York TRACON Controls 15 Airports

