

HUGHES AIR WEST

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HUGHES AIR CORP.

July, 1971

Eureka—Los Angeles Non-stops to Start

Daily non-stop jet service between Los Angeles and Arcata/Eureka with one-stop thru plane service to Eugene will be inaugurated by Hughes Air West Oct. 24.

The service will be the first of its kind for either community. It follows approval by the Civil Aeronautics Board in June of a request by the company for authority to operate non-stop between Arcata/Eureka and Los Angeles. Authority between Arcata/Eureka and Eugene was previously held.

The once daily round-trip service will reduce travel time nearly one hour and eliminate changing planes at San Francisco.

The existing frequency of flights will continue at the current level.

Records Management Program Initiated

The monumental task of initiating a records management program has been undertaken by **Ray Roy**, manager of mail and office services.

With the assistance of **Truman Ng** and **Pat Cortez**, Roy has been working since January organizing records that date back to the West Coast, Bonanza and Pacific days.

He has introduced a numbering system for records. Each box of records is classified and can be retrieved swiftly and efficiently on request.

Roy said, "a records management program can decrease cost of records preservation and can transform business records into a valuable asset. Business records are worth money and replacement is expensive, if they can be replaced at all."

The records management program will ultimately free 60-70 per cent of valuable
(Continued Page 4)

Stephenson Named Marketing V-P

The board of directors of Hughes Air West has announced the appointment of **Russell V. Stephenson Jr.** as vice president of marketing for the airline.

Stephenson, an 18-year veteran of the air transportation industry, most recently was president, chief executive officer and member of the board of directors of Mohawk Airlines, Inc. in Utica, N.Y.



Russell Stephenson

August Scheduled As Courtesy Month

August will be courtesy month for Hughes Air West employees.

To prepare for it all employees will undergo special courtesy training during July.

"We feel employees do a generally good job of being courteous," **Don Ohler**, courtesy month chairman and reservations administrator, said. "What we are doing now is to give everyone an extra chance to show their fellow employees and especially Hughes Air West's passengers and vendors that we have a very friendly and courteous airline."

To emphasize the importance of the
(Continued Page 8)

He will be based at the regional airline's corporate offices in San Mateo, and report directly to **Irving Tague**, general manager.

Stephenson, 50, joined Mohawk in 1953 as director of employee relations. He subsequently held the posts of personnel director and vice president, customer service vice president, sales and service vice president, sales vice president and senior vice president of marketing.

He was named executive vice president and a member of the board of directors for the New York-based regional carrier in 1967, president in 1968 and chief executive officer two years later.

Before joining Mohawk, he served as director of music at Punahou Academy in Honolulu, a graduate assistant at Northwestern and music director in the New York Public School System in Ithaca, N.Y.

Stephenson received a bachelor's degree in education in 1946 and a master's degree in music in 1949, both from Northwestern University. He served in the U.S. Air Force from 1942 to 1946, achieving the rank of lieutenant colonel.

He currently is a director of the Associated Industries of New York State, Inc.; the Empire State Chamber of Commerce; and the Bank of Utica. He also is a member of The Wings Club, New York; and the National Aviation Club, Washington, D.C.

Stephenson was a founding director of Discover America, Inc., a national organization that encourages U.S. travel by American citizens; and a former member of the governor's business advisory committee for New York State.

Overhaul Certificate Granted by Government

Complete overhaul of any DC-9 jet or F-27 Fairchild propjet now for the first time can be performed by Hughes Air West in Phoenix.

The Federal Aviation Administration has designated the airline's maintenance base as a certified repair station for those types of aircraft — the only one of its kind in the West.

It means that the regional carrier can accept outside contracts for any type of work on either aircraft from private and corporate owners, including other airlines, said **Bob Jorgensen**, staff vice president of maintenance and engineering.

"Our facility was inspected by the FAA and certified to perform maintenance work ranging from rotatable refurbishment to complete overhaul on DC-9s or F-27s," he said.

Employee Library Service Begins

A new library of nearly 50 books on a variety of professional and technical subjects is available to Hughes Air West employees.

The books can be borrowed via COMAIL for 14 days. Requests should be in writing to **Cheryl Gibson**, administrator of the library in Phoenix.

Among the selection is the 18-volume Alexander Hamilton Institute "Modern Business" series and the 15-volume National Foremen's Institute "Complete Management Library." Other books include such subjects as aeroscience, motivation, first aid and memory isometrics.

A complete list of the library books available for loan can be obtained from the training department.

HUGHES AIR WEST

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families of Hughes Air West
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Ken Jensen, editor

American-Western Merger Would be 'Disasterous'

The merger of American and Western Airlines would have a "disastrous effect on Hughes Air West unless a transfer of certain Western routes to Hughes Air West is granted, **Irving Tague**, general manager, told a Civil Aeronautics Board hearing on the proposed merger.

The route transfer would enable Hughes Air West to compete with the resulting merged carrier that would be the largest airline in the free world.

"Without the realignment of route structures that we are proposing, the results would be disastrous to Hughes Air West," he said.

As part of his testimony, Tague reviewed the recent past history of the company, recalling the extreme difficulties following the merger in 1968 that created Air West, Inc. He said most of the problems created by that merger are now solved, but that some remain.

"The first stage of rehabilitation of Hughes Air West — control and stabilization of operations, cost reductions, and correction of unproductive low fare policies — is now virtually complete. The second stage — market development — still lies ahead."

He said that because market development has not yet been fully accomplished, introducing a giant carrier such as American into the routes on which this company and Western are competitive, future growth of Hughes Air West would be severely hampered.

"The thousands of passengers who have become exposed to American's service from Los Angeles to such points as New York and Chicago would be more likely, because of American's greater identity, to select American rather than Hughes Air West between such markets as Los Angeles and Las Vegas and Salt Lake City," he said.

Busiest Week

The week ending June 20 was the busiest seven-day period of the year. During those seven days 59,472 travelers boarded Hughes Air West aircraft.

The busiest period until that week was the week ending April 4, when 57,848 passengers were boarded.

Hughes Air West will undertake a major competitive effort in 1972 in the markets that it is in competition with Western. Tague said the result of that effort should capture 40 per cent of the available market and mean an additional \$9.5 million in operating revenues by 1975.

"However," he said, "if we are subjected to the combined competitive force of a merged American and Western, we will not realize a dime."

The combined financial, advertising and marketing strength of the merged carrier would overwhelm Hughes Air West, Tague said.

The new airline would be 24.3 times larger than Hughes Air West in terms of revenue passenger miles. It would be 14.2 larger in total assets and in the number of employees.

In marketing, the number of salesmen of the new carrier would increase substantially. A salesman for the merged carrier could offer a travel agent a very wide variety of destinations rather than just a few as our salesmen can do. The big carrier creates for itself a "one-stop-shopping" aura. The combined carrier would have 13 city ticket offices in Los Angeles alone. A small carrier like Hughes Air West has only one.

The overwhelming public exposure potential of the merged carrier would be almost 20 times greater than Hughes Air West. For the year ended Sept. 30, 1970, American and Western spent almost \$165 million for advertising and sales promotion. Hughes Air West spent \$8.4 in the same period.

"We are in no financial position to withstand this kind of competitive shock. We would be placed in the position of having virtually all of our competition in interstate markets with the two largest carriers in the free world — American, the largest, and United," Tague said.



WINNING TRIO – Ken Jensen, Rick Aspartarte and Harvey Kyllonen, (left to right) are happy as they discuss the first-place award presented the company by the In-Plant Printing Management Association. The three were responsible for production of the winning publication.

Station Managers to Meet; Idaho Governor to Speak

The second annual Hughes Air West station managers' meeting will be held July 18-20 at Boise's Downtowner Motel.

Nearly 150 station management personnel and their wives will attend the three-day event.

Idaho Gov. Cecil Andrus will be the guest speaker at a Tuesday evening dinner.

Among the discussion topics will be employe motivation, training and professionalism. Emphasis at this year's meeting will be on innovations for more efficient passenger handling. The methods currently used at the Seattle station will be

evaluated and adapted where possible at other stations. (See story page 6.)

Also on the program will be an analysis of the performance to date of the computerized reservation system.

Company personnel participating in the meetings in addition to station managers will be **Ed Altman**, vice president of operations; **Art Brennan**, staff vice president of industrial relations; **Bob Bauter**, director of security; **Arch Miller**, director of reservations and passenger systems; **Mike Wilson**, director of revenue accounting; and **Jim Martin**, director of scheduling.

Company Publication Wins National Award

The company's employe newsletter, Hughes Air West, finished first out of 197 entries in a national competition for publications of its type.

The award cited the publication for its "high degree of printing technology and craftsmanship."

The In-Plant Printing Management Association presented the award to **Harvey Kyllonen**, print shop manager, at the association's annual convention in Chicago in June. Judges were from the Rochester Institute of Technology.

Entries came from companies in the United States and Canada that have their own printing facilities.

The entry submitted by Hughes Air West was the April/May "Guadalajara" issue. It was entered in the 8½x 11 inch, single color classification.

Kyllonen oversaw production of the newsletter. **Rick Aspartarte**, lead press operator, was the printer. **Ken Jensen**, editor of the publication, was responsible for layout and design.

Scoreboard

HUGHES AIR WEST TRAFFIC

	June		
	June '71	June '70	% Change
PAX	243,661	254,137	-4
RPM	78.7 mil.	77.8 mil.	+1
Load Factor	46.2%	46.2%	
Cargo Ton Miles	620,885	461,824	+34
Cargo Ton Brd.	1,802	1,497	+20
On-time	79%	87.5%	
PAX Density*	34.8	33.3	4.5

YEAR TO DATE

	1971	1970	% change
PAX	1.4 mil.	1.3 mil.	+1.8
RPM	462.7 mil.	419.4 mil.	+10.3
Load Factor	46%	43.2%	
Cargo Ton Miles	3.6 mil.	2.8 mil.	+24.3
Cargo Ton Brd.	10,189	9,036	+12.7
On-time	87.6%	87.6%	
PAX Density*	33.7	29.6	+13.8

*PAX density is the average number of passengers traveling one revenue mile.

Fleming, Parker Named Outstanding Employees

Fran Fleming and Wayne Parker have been named the company's outstanding employees for May.

Each received a \$250 cash award and became eligible for the annual award of \$500, a week's time off and trip passes anywhere in the world.

Mrs. Fleming is a clerk in the San Francisco maintenance department. Letters of nomination praised her for dependability and quality and quantity of work. Keeping an office in the hangar with all the men has given Mrs. Fleming the reputation of "den mother." Fellow workers describe her as a "good sport." She has served as a clerk in the maintenance department since 1966, when she joined the company.

Parker is a senior crew scheduler in Seattle. He was nominated on the basis of his outstanding working relationship with fellow employees, consistently high level of performance and eagerness to cooperate. Parker joined the airline in 1965 as a station agent in Pullman.



Francis Fleming



Wayne Parker

Records Management

(From page 1)

floor space now taken up by file cabinets. Since desks can be put where file cabinets once were, departments will have more working room.

The records service, located at a company warehouse in San Bruno, adjacent to the San Francisco International Airport, will be divided into three areas. These are day-to-day records; retention records, that can be destroyed after a specified period of time, such as vouchers, and records of accounts receivable and accounts payable, and vital documents that will be kept permanently.

When completed in 1972, the records service will have all vital corporate documents and historical material on microfilm, replacing the originals. Vital documents will include personnel records, CAB tariffs and flight records. Microfilm is easier to store and is more permanent than paper.

Employees Get Cash for Suggestions

Two more employees have been given cash awards as the result of suggestions they made under the company's suggestion award program.

Paul Molkenbuhr, San Francisco ramp agent, received \$75 for designing a new type of baggage cart barrier. He suggested replacing the existing 5 by 5 inch wooden barrier with a permanent concrete platform. The position of the wooden barrier, installed to prevent baggage carts from striking the bag conveyor belt, sometimes caused agents to trip while handling bags.

The new platform will eliminate this

by causing agents to step onto the platform instead of over the barrier.

Emilio Ordonez, inspector in the maintenance department at Las Vegas, was awarded \$25 for contributing information to a company survey on packaging materials for spare aircraft parts. He determined that a different type plastic wrapping material would help eliminate moisture damage to parts that lie on storage shelves for a long period.

To date, 10 employees have won \$525 under the suggestion award program.

Accounting Department Appoints Three

Three persons have changed positions in the revenue accounting department in San Mateo.

They are Alan Erickson, Barbara Easton, and Jay Kramer.

Erickson, former manager of refunds, is now manager of ticket sales reports. He has been with the company since 1963.

Mrs. Easton replaces Erickson as manager of refunds. She joined the airline in 1955 and previously served as senior accounting clerk of passenger interline accounting.

Kramer has been named manager of cargo accounting. He joined the company in 1968 and formerly served as manager of payroll.

We Get Letters...

From a Protestant minister delayed on his flight home to Richland, Wash., commendations to hostess **Bonnie Starr** who "created such a happy and cordial atmosphere that her flight was the outstanding one in my years of flying on various air lines."

From a Los Angeles businessman who suddenly discovered his wallet was missing, went to the Hughes Air West desk and three minutes later had the wallet with his money in hand. "You can imagine this was a very pleasant experience and I think more highly of Hughes Air West as a result."

From the president of a Nebraska diving school who runs tours into Mexico via Tucson: "We were plagued with problems which could have ruined our trip and would have except for your gracious people at Tucson... a generous pat on the back to **Charles Campbell** (chief station agent, Tucson) who was easily the most helpful airline employe I've encountered in all my years of travel."

From a corporation executive: "I wish to commend your Portland agent, **Opal Morgan**, for her outstanding concern for Hughes Air West passengers... She made a special effort to assist me."

From a Tucson construction executive who after he was in flight to Los Angeles remembered he had left his car in the loading zone in front of the Hughes Air West terminal. "I called the reservation office in Tucson, explained the situation and a very courteous young lady promised to contact the airport and have the car taken care of... When we got back to Tucson, the keys had been delivered to the counter and there was no problem."

From a Vancouver passenger agent whose handicapped father and mother flew to Santa Ana. "Both my parents have done a considerable amount of flying and they feel no other airline has matched the service and thoughtfulness of Hughes Air West... You should be very proud of the spontaneous actions of your staff."

From a Pasco newspaperman who thanks Hughes Air West for the courtesy and extra service given in carrying his invalid mother on and off the plane. "I shall not soon forget such consideration and kindness."

From a Concord, Calif. real estate salesman: "We felt the hostesses were especially friendly and helpful and even the captain strolled back for a few words... You are to be complimented for having people of this caliber in your service."

From a corporation executive who compliments our Las Vegas office for the way they handle the flights of corporate officials: "In every instance your people are most cooperative and friendly."

From a Pasadena architect who was impressed with the "courteous, cheerful and above all efficient service" extended by the hostesses on his flight. "It is a welcome relief to witness a hostess that not only knows when to serve, but also how to serve."

From an interline couple who had to rush to Salt Lake City due to the death of a relative: They reported that the man who booked them was "one of the sharpest agents we have encountered."

From the attorney general of Utah who describes a hostess on his flight from Salt Lake City to Los Angeles as "one of the most pleasant, thoughtful young ladies I have encountered in my traveling experience."

Market Planning Expansion Told

Three persons have been added to the marketing planning group.

They are Charles "Skip" Clemens, Richard Flora and Lynne Manning. All are based in San Mateo.

Clemens, 26, joined the company as manager-market planning, assuming responsibility for maintenance and utilization of the sales quota system. He also handles research and analysis of competitive markets in Oregon, Northern California and Mexico.

He has a B.S. degree in political science from the University of Oregon and a masters degree in business administration from University of Southern California.

Flora, 27, joined the airline as manager-market research. He is responsible for developing market research methods relating to customer profiles. He is involved in research and analysis of competitive markets in Southern California.

Flora has a B.S. degree in marketing and a masters degree in marketing-logistics from University of Southern California.

Miss Manning, 25, a four-year veteran of Hughes Air West, transferred from the corporate planning department to the marketing planning group. She has previously served in the refunds, statistics and the research and development departments.

TBM Contest Won By Seattle Res

The Seattle reservation office won the reservation department's ticket-by-mail (TBM) contest held last month.

The competition was based on the amount of TBM revenue the individual reservation offices accumulated and the percentage increase of business at city ticket offices (CTO) within each office's district because of referrals by reservation agents. The contest was designed to take passenger pressure away from busy airport ticket counters.

During June the Seattle office had \$91,721 in TBM sales.

Long Lines Dwindle With SEA-TAC Plan

Long lines of passengers waiting for ticketing and check in have been partly eliminated at the new Hughes Air West facilities at Seattle-Tacoma International Airport.

Several new programs, brought about in conjunction with the airline's April 25 move from Boeing Field to Sea-Tac, were initiated to speed up boarding time for passengers.

The new facilities are designed to separate the passenger who is about to board from the passenger who is inquiring about future ticketing and travel information.

The gate is now equipped to allow full ticketing activities by two agents. All passengers, confirmed or not confirmed, even standby, can be ticketed at the gate. According to **Bob Schultz**, Seattle station manager, "approximately 60 per cent of our ticketing is done at the gate."

The ticket counter has been furnished like a travel agency and is operating to provide advance travel arrangements and ticketing. Passengers with long itineraries are asked to have a seat in a comfortable chair beside a large mahogany desk.

Although it has been temporarily discontinued due to airport construction, curbside check in with a ground hostess eliminated luggage handling difficulties. Schultz said, "because of the many compliments from passengers, we can only assume they like this system."

There is a well-furnished 60-seat holding area for passenger comfort prior to boarding. The aircraft is boarded earlier to allow coffee service prior to departure and a "welcome aboard" announcement by gate personnel.

Jack Mills Appointed

Jack R. Mills is the new station manager at Wenatchee, Wash. He replaces **Gary Hoopes**, who requested to be relocated to Boise.

Mills joined the company in 1959 as a station agent at Sacramento, Calif. Since then, he has held station agent positions at San Francisco and Portland.



THE CREW'S WELCOME — Capt. Dave Hinson (left) and Capt. Glen Woods welcomed the passengers on a special flight for retarded children at Palmdale in June. The kids had many questions about the aircraft and flight that the crew answered. The flight was in conjunction with the dedication of the new Palmdale Air Terminal.

Special Flight Hosts School Children

Thirty-five excited youngsters and their teachers from a retarded children's school in Lancaster, Calif. were treated to a scenic flight around Antelope Valley last month aboard a Hughes Air West F-27 propjet.

For many it was their first airplane ride.

Pilot **Dave Hinson**, supervisor of flight training, and co-pilot **Glen Woods**, flight instructor, explained to their wide-eyed

passengers the mechanical operation of the aircraft and pointed out familiar landmarks.

Hostess **Marsha Gillespie** distributed reassurement (as needed), and balloons and photographs of an F-27.

The special half-hour goodwill flight took place during dedication of the new Palmdale Air Terminal. More than 700 persons attended the event.

Thieves Take Cash, Equipment

Thieves took more than \$215 in office machinery and radio equipment from the Hughes Air West office at the Corvallis, Ore. airport May 26.

Bob Meals, station manager, said the

thieves broke a window to the office to gain entry.

The same thieves took more than \$500 worth of office machinery, recording, radio and oxygen equipment from the offices of the airport director.

Palmdale Flights Are Scheduled

Hughes Air West will be the first U.S. scheduled carrier to operate from Palmdale Air Terminal — destined to become the world's largest intercontinental airport by the 1980s.

Scheduled flights will begin Sept. 1 through the new \$500,000 facility, located at Air Force Plant 42.

It will serve as an interim passenger terminal until an 18,000-acre adjacent site is developed as the Palmdale Intercontinental Airport at an expected cost of \$900 million.

The new facility was dedicated June 29 by Los Angeles and Palmdale city and civic officials. George Galvin, director of public affairs, participated in the dedication.

"We are moving to Palmdale because it will become one of the most modern facilities of its kind in the world and it's in the best location to accommodate all passenger needs at Lancaster and Palmdale in the foreseeable future," said Ed Altman, vice president of operations.

The company currently operates 18 flights a week through William J. Fox Airfield in Lancaster, linking Los Angeles International and Kern County Airport in Inyokern. These F-27 propjet flights will be moved from Fox Airfield to the Palmdale facility.

Clarence Fields, station manager for Hughes Air West at Lancaster, will be reassigned to the new Palmdale terminal.

CAB Seeks Subsidy

The Civil Aeronautics Board has asked Congress to appropriate \$49.5 million in fiscal year 1972, that began July 1, for subsidy payments to local service airlines.

In its request to the transportation subcommittee of the Senate Appropriations Committee, CAB said the \$49.5 million was based on projections of needs made in 1971 and were subject to change as the nation's fiscal posture changes.

The request must be approved by the Senate and the House of Representatives and then by the President before the funds are available to the carriers.

Ground Serviceman Gets Degree, Refund

Robert S. Bolton — with an assist from Hughes Air West's educational refund program — has received a B.S. degree in business administration. He is the first employe to complete his education under the program, which began in February, 1971.

Bolton, while combining college and a full-time job at Hughes Air West, was refunded 85 per cent of his expenses.

A ground serviceman in Portland, Bolton, 27, was graduated from Portland State last month. It took him eight years at a rate of 10-15 units a quarter to

complete requirements for graduation.

Bolton started with Hughes Air West in 1968 as a cleaner and then moved to ground serviceman.

The educational refund plan is available to all Hughes Air West employes continuing their education in qualified areas. It is designed to encourage employes to learn new skills relating to their employment.

Refunds are made for the cost of registration fees, tuition and books up to a maximum of \$300 a year.

Portland, Yakima and Pullman Take Honors

Portland station and maintenance personnel continue to dominate the class A station on-time competition by winning the May on-time trophy.

It was Portland's fourth consecutive win. Only 1.3 per cent, or nine out of 677 flights during the month were delayed at the station.

Yakima and Pullman won class B and C honors, respectively, and both stations

did it with perfect records. Yakima handled 370 flights while Pullman handled 294 during the month, each without a delay.

It was the second time for both stations to win the monthly award. Santa Ana and Sacramento have each taken class B honors once. North Bend is the only other C station to come out on top. It has been in that position twice.

Employes Celebrate Service Anniversaries

These employes celebrated service anniversaries in June.

Twenty-Five Years

San Francisco — F. E. Long, inspector; and C. F. Parker, dispatcher.

Twenty Years

Las Vegas — W. M. Eidson, captain. San Francisco — D. D. Murphy, captain. Seattle — L. R. Olbu, flight operations.

Fifteen Years

Las Vegas — J. Bell, cleaner. Phoenix — D. J. Worley, captain.

Ten Years

San Francisco — J. E. Boge, accounting clerk; A. L. Herigstad, assistant dispatcher; L. Proctor, crew scheduler.

Five years

Apple Valley — J. J. Nelson, chief sta-

tion agent. Los Angeles — N. Artolachipe, teletype operator; C. A. Atkinson, ground hostess; D. A. Howard, reservation agent. Phoenix — J. A. Barido, transcription operator; F. L. Berifiend, cleaner; S. P. Blum, station agent; C. R. Brems, clerk; E. F. Dever, stock clerk; A. J. Griffin, cleaner; G. H. Hackbart, flight operations; P. V. Hess, flight operations; B. J. Johnson, stock clerk; P. D. Joos, mechanic; R. L. Lemons, mechanic; W. H. Lewis, cleaner; J. Marsh, cleaner; P. E. May, station agent; C. P. McCurry, flight operations; R. A. Mohr, station agent; M. E. Nelson, secretary; S. M. Ogle, reservation agent; H. M. Schulte, clerk typist. San Jose — Larry Costello, station agent. San Francisco — Rick Bartole, station agent; D. S. Childs, reservation agent; Marie Shoemaker, reservation agent; Sylvia Townley, hostess; M. K. Williams, regional stations manager. Seattle — E. M. Jensen, reservation agent; R. B. Steele, station agent.

Courtesy Month

(From page 1)

month, several special programs were announced. A "Mr. Courtesy" will be selected. (Those with Miss or Mrs. in front of their names are also eligible.) The person selected will receive \$100. All employees are eligible to nominate candidates or to receive the prize. Nominations should be supported with reasons for the selection. They should be submitted to **Wayne Wiggins**, director of personnel, by Aug. 27.

In addition, the company's suggestion award committee will make a special award for the best idea on how to improve courtesy within the company. They should be submitted to Wiggins by Aug. 27.

Employees in sales, reservations, stations, hostess and flight departments — the departments with on-going training programs — began their courtesy training earlier this month. All other employees will attend a one-hour courtesy training session during the last two weeks of this month.

The training will concentrate on people-to-people relationships, both to employees and passengers; appearance; telephone procedures; and the company's overall courtesy image.

Vegas Designated As Port-of-Entry

Las Vegas has been designated an international port-of-entry by the U.S. Bureau of customs.

The new facility will provide customs clearance for commercial and private aircraft as well as passengers, baggage and cargo. It will be located at the Hughes executive aircraft terminal, McCarran International Airport.

Siberian Charters

Alaska Airlines began its second year of operating charter flights into the Soviet Union.

Last year the carrier became the first non-Communist airline to fly tourists to Siberia. Its charter program this year calls for 12 flights from Anchorage to Leningrad and Khabarovsk.

My Fellow Employees:

During August, Hughes Air West will hold its first United States Savings Bond drive. I urge you to consider the high value of this program as a convenient method of accumulating a savings nest egg.

The benefits of the plan are these: automatic payroll deductions insure a continued savings program; when held to maturity, the bonds pay 5½ per cent interest, more than most banks and savings and loan companies pay; your savings are protected if the bonds are lost or stolen; your bonds are quickly converted into cash in the event of an emergency; and the interest paid is not subject to state and local income tax.

This is a safe and easy way to save. I hope you will take full advantage of it.

*Irving Tague
General Manager*

Savings Bond Drive to be Held

Hughes Air West employees have a chance to start and maintain a convenient savings program through U.S. Savings Bonds.

The company is planning a corporate savings bond drive during the month of August. Voluntary sign-ups will be taken from Aug. 16 to Sept. 1.

U.S. Savings bonds are both an excellent way of saving and supporting the government. They are a safe investment and now pay 5½ per cent interest when held to maturity of only five years and 10 months. With the new bonus interest rate on savings bonds held to maturity, the return on the investment is better than ever, **Wayne Wiggins**, personnel director and bond drive chairman, said.

U.S. Savings Bonds are not subject to state and local income taxes and no fed-

eral income tax need be paid until the bonds are redeemed.

Bonds have another advantage that is likely to grow in importance in the months ahead — a guaranteed rate of return. A bank or savings and loan can adjust the interest it pays every quarter to keep in line with what the institution is receiving on its loans.

The bonds can be purchased through payroll deductions. These can be as low as 50 cents per pay period. This payroll savings plan offers a painless and automatic means of accumulating a substantial backlog of savings, Wiggins said.

Savings bond enrollment cards and information slips will be available through all department heads, managers and supervisors, prior to the beginning of the drive.

San Jose-Phoenix Flights Requested

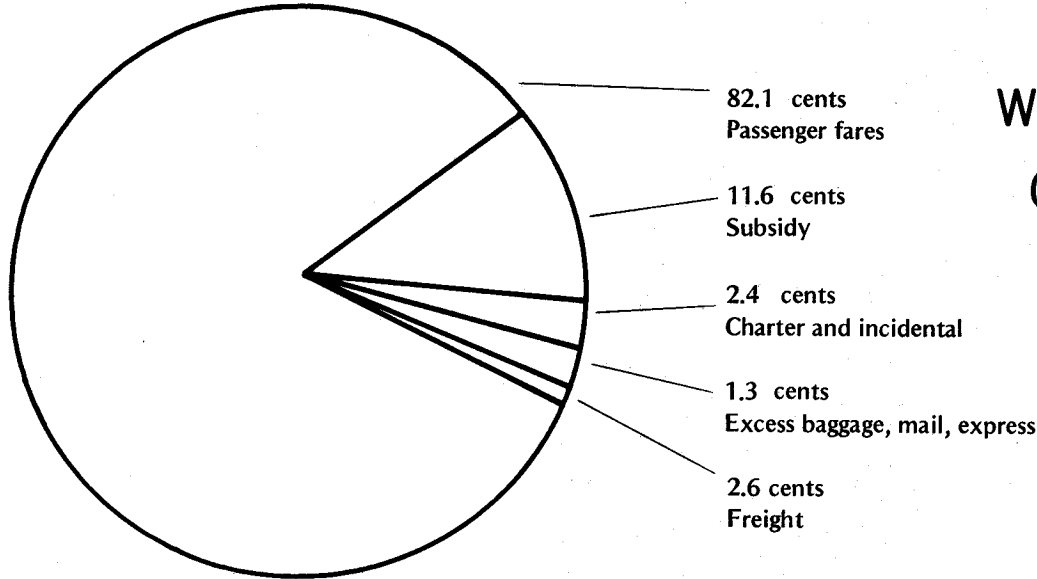
Hughes Air West has asked the Civil Aeronautics Board for authority to operate non-stop flights between San Jose and Phoenix.

The company told the board that elimination of the required intermediate

stop at Las Vegas would reduce travel time between Phoenix and San Jose by 50 minutes.

The CAB was also told that approval of the request would cut the airline's annual subsidy requirement by \$69,500.

The Story of the Company's Dollar



Where it Comes From

The main source of revenue for Hughes Air West is from passenger revenue. The greatest expense is employe salaries and benefits.

More than 82 per cent of all revenue comes from passenger fares. In that group, 62.5 per cent of the revenue is from full fare travelers; 5.6 from military and youth fares; 5.5 from family plan and children; 1.2 from group fares; 2.9 from jet commuters and 4.4 from other classifications.

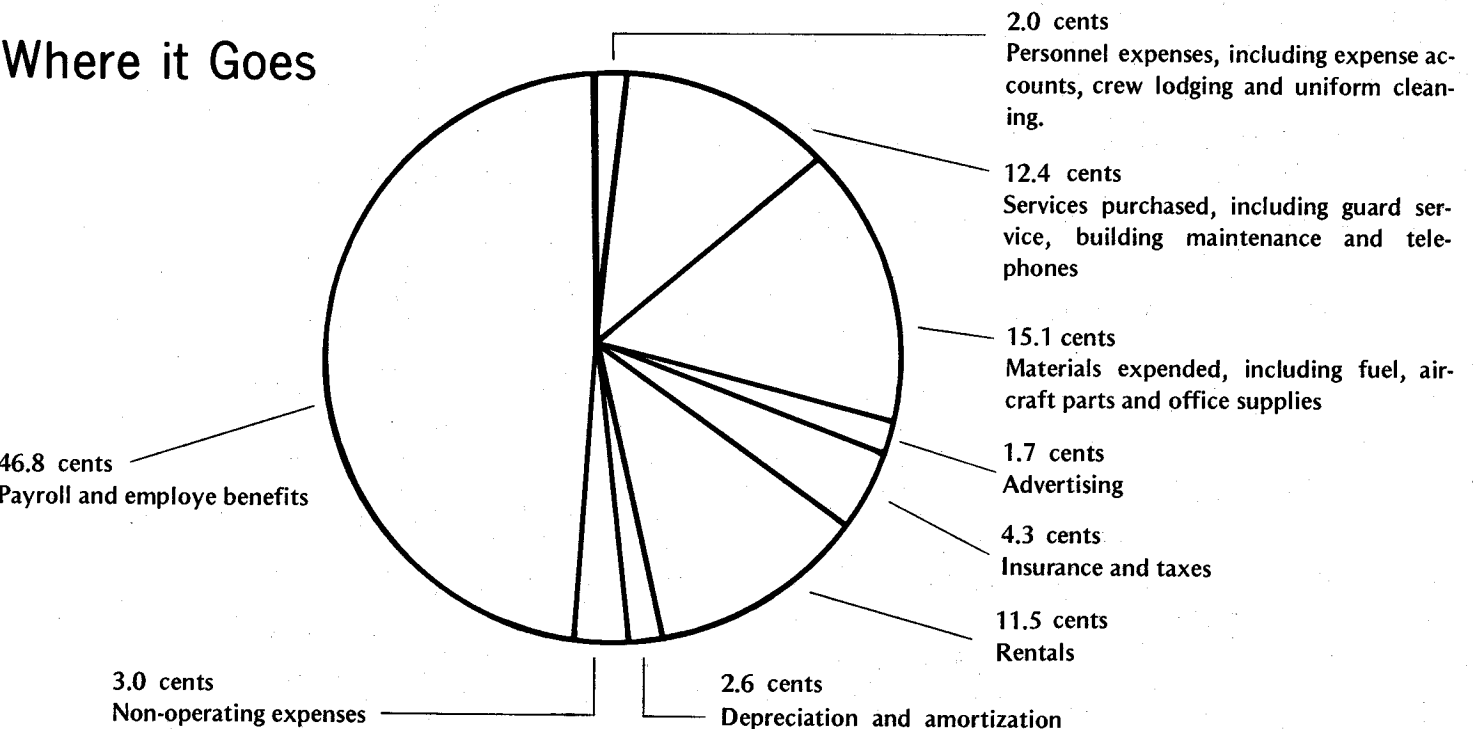
Cargo accounts for 3.9 per cent of the revenue. It includes: freight, 2.6; excess baggage, .2; mail, .9; and express, .2.

Charter and incidental sales (including liquor) account for 2.4 per cent.

Subsidy totals 11.6 per cent of the total revenue of the company.

In the expense category, employe salaries and benefits, including withholding taxes, amount to nearly half the total operating expense of the company. The second largest classification is for materials expended. This includes aircraft parts, fuel and office supplies.

Where it Goes





A critical view on uneconomic air service

Somebody Has To Pay For It

By **SECOR D. BROWNE**
Chairman, Civil Aeronautics Board

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BYOND the pattern of the trunk carriers, in what might be called the "twilight zone" of the air transportation system, lie hundreds of small but nevertheless important communities which are actively seeking to preserve or obtain direct air service. Proportionately, their need is even greater than that of our larger cities because local transportation facilities are often inferior or unavailable, and these citizens are farther removed from the mainstream sources of supply.

In the State of Wyoming, for example, Frontier Airlines provides service to eight cities. Aside from Western Airlines, which serves three points in that State, Frontier's service is about the only means of transportation outside of the private automobile. This situation is far from unique. It can be found in almost all areas of the country—North, East, South and West — where the local service airlines operate. While the specific circumstances may differ from the geographic area of the country to the next, the basic problem, hooking up the outlying points in an economically sound way, remains constant.

The ability to transport people and products by air is an important national asset. It should not be denied citizens who live outside the great metropolitan areas for whatever reason: Logistical, legal or economic. It behooves all of us charged with responsibility for air commerce to see that every effort is made to preserve the totality of the system — that no point or service leg goes by the boards as a matter of default. Nonetheless, there is increasing pressure to curtail the services to the smaller outlying communities. Much of this is manifested in the recent trend of local service carriers suspending service at marginal points in favor of air taxi operators — our so-called third-level carriers.

Unfortunately, many of these requests for overflight or outright deletion of a point by the local service carriers are based on extreme financial pressures, and therefore are expedient in nature. The locals have moved into larger equipment which, in a number of cases, cannot be handled by our smaller airports. The exigencies of short-term cash needs within this carrier group have largely robbed them of the luxury of long-term planning. Many of the recent requests for service cutbacks come to the Board based on the particular carrier's attempt to continue operations, not from the conclusion that, after all avenues have been explored, the city or town in question should not have air service.

A quick look at the figures for the industry focuses clearly on the problem. In four short years, the industry almost doubled its revenue passenger miles (from 3,468 million to 6,312 million) and its operating revenues (from \$293 million to \$576 million), but suffered a reversal in net profit of \$67 million!

There is one underlying fact which must be recognized by all the parties involved: uneconomic air service is uneconomic air service. Somebody has got to pay for it. Once that fact is accepted, we can turn our attention to defining the limits of what is uneconomic, correctly assess what

must be maintained in the public interest, and begin to assign the burden of meeting any deficit to the various beneficiaries: the Government for what is within the scope of national priorities, the air carriers for what is in the interest of their individual systems, and the States and local communities for whatever their particular benefits.

If subsidy is going to continue to be a useful tool to "maintain and continue the development of air transportation to the extent and of the character and quality required for the commerce of the United States, the Postal Service, and the National defense" (Sec. 406, Federal Aviation Act), then it must be brought back into some form of rational alignment with the costs of such service.

It is one thing to assure maximum public benefit for every subsidy dollar. It is another to be "penny wise and pound foolish." Subsidy is paid essentially to maintain needed air services to those communities where the traffic generated is not sufficient to produce enough revenue at reasonable fares and under prudent carrier management to cover the cost of operating modern aircraft to and from those communities.

Since transportation, particularly air transportation, has become such a critical factor in community growth and development, local and State bodies should involve themselves more deeply in third-level operations. We have numerous cases where the communities, acting in their own self-interest, have recognized this fact. They should serve as an example to all communities faced with loss of their certificated air service.

The local service carriers themselves are in a position to do much toward continuation of a viable service pattern. But a management team becomes singularly ineffective when it must devote its entire day to worrying about yesterday's bills, much less next week's. I am convinced from many meetings within this group that their willingness and expertise can be put to much good result — if only they were free to think for a minute.

I believe that statement is true for all segments of the industry whether it be management, labor or the financial backer, but it is impossible to think clearly, in long-range terms, when all your collective energies are devoted to daily survival.

The Civil Aeronautics Board is charged by the Congress with the "encouragement and development of an air-transportation system properly adapted to the present and future needs of foreign and domestic commerce" and to "foster sound economic conditions in such transportation" through "the production of adequate, economical, and efficient services by air carriers at reasonable charges." (Section 102, 72 Stat. 740, 49 U.S.C. 1302). That objective is becoming harder and harder to meet. But nowhere is it more difficult to achieve than in the maintenance of air carrier service to marginal traffic points.

We have made significant progress during the past year but there still remains a great deal of work to be done to assure the continued and vitally necessary success of our local service airlines.

LOCAL SERVICE AIRLINES

Comparison of Enplaned Passenger Journeys
1969 - 1970

Carrier	1969	1970	Mileage Increase
Allegheny	268	285	17
Frontier	377	391	14
Hughes Air West	263	284	21
Mohawk	239	250	11
North Central	188	215	27
Ozark	247	275	28
Piedmont	266	277	11
Southern	258	294	36
Texas Int'l.	254	299	45
Average	261	283	22

LOCAL SERVICE AIRLINES

Number of Aircraft Operated
Beginning and End of 1970

Carrier	Beginning	End	Increase
Allegheny	66	71	5
Frontier	43	45	2
Hughes Air West	56	46	(10)
Mohawk	41	40	(1)
North Central	46	48	2
Ozark	35	38	3
Piedmont	50	47	(3)
Southern	34	37	3
Texas Int'l.	40	43	3
Totals	411	415	4

LOCAL SERVICE AIRLINES

Comparison of Passenger Revenues
(Cents Per Revenue Mile)
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	244.79	287.37	42.58
Frontier	219.45	234.42	14.97
Hughes Air West	183.26	245.39	62.13
Mohawk	253.81	268.40	14.59
North Central	247.17	288.32	41.15
Ozark	253.78	257.55	3.77
Piedmont	235.64	257.38	21.74
Southern	190.75	199.88	9.13
Texas Int'l.	193.77	209.81	16.04
Average	225.40	254.17	28.77

LOCAL SERVICE AIRLINES

Comparison of Average Passenger Loads
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	29.6	34.2	4.6
Frontier	32.5	33.4	0.9
Hughes Air West	24.6	31.5	6.9
Mohawk	28.0	28.4	0.4
North Central	26.4	30.2	3.8
Ozark	30.2	31.0	0.8
Piedmont	28.8	31.0	2.2
Southern	26.7	26.8	1.1
Texas Int'l.	24.4	27.0	2.6
Average	28.0	31.0	3.0

LOCAL SERVICE AIRLINES

Comparison of Aircraft Departures
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	262,148	259,724	(0.9)
Frontier	193,190	189,635	(1.8)
Hughes Air West	199,661	164,813	(17.5)
Mohawk	153,272	125,507	(18.1)
North Central	210,527	217,454	3.3
Ozark	143,124	144,101	0.7
Piedmont	166,408	186,345	12.0
Southern	111,467	123,139	10.5
Texas Int'l.	154,322	153,409	(0.6)
Totals	1,594,119	1,564,127	(1.9)

LOCAL SERVICE AIRLINES

Comparison of Total Commercial Revenues
(Cents Per Revenue Mile)
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	264.99	310.23	45.24
Frontier	249.42	264.65	15.23
Hughes Air West	198.26	265.36	67.10
Mohawk	276.56	266.07	19.51
North Central	278.95	325.28	46.33
Ozark	279.98	293.82	13.84
Piedmont	256.42	280.45	24.03
Southern	233.37	241.72	8.35
Texas Int'l.	212.54	231.21	18.67
Average	249.39	282.08	32.69

LOCAL SERVICE AIRLINES

Comparison of Available Seat Miles (000) Flown
1969 - 1970

Carrier	1969	1970	% Increase
Allegheny	3,160,035	3,902,929	23.5
Frontier	2,178,773	2,424,267	11.3
Hughes Air West	2,035,219	2,006,186	(1.4)
Mohawk	1,370,259	1,237,690	(9.7)
North Central	1,543,707	1,810,326	17.3
Ozark	1,266,096	1,550,503	22.5
Piedmont	1,273,761	1,680,585	31.9
Southern	862,388	1,228,374	42.4
Texas Int'l.	1,320,363	1,543,444	16.9
Totals	15,010,601	17,384,304	15.8

LOCAL SERVICE AIRLINES

Comparison of Passengers Enplaned
Per Departure
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	18.8	22.8	4.0
Frontier	13.6	14.5	0.9
Hughes Air West	15.3	19.3	4.0
Mohawk	17.7	18.6	0.9
North Central	15.4	17.3	1.9
Ozark	16.3	17.1	0.8
Piedmont	13.4	14.6	1.2
Southern	13.1	13.8	0.7
Texas Int'l.	14.1	14.6	0.5
Average	15.5	17.3	1.8

LOCAL SERVICE AIRLINES

Comparison of Break Even Needs
(Cents Per Revenue Mile)
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	0.91	(16.06)	16.97
Frontier	20.54	19.17	1.37
Hughes Air West	75.37	55.55	19.82
Mohawk	6.21	31.78	(25.57)
North Central	15.69	(6.75)	22.44
Ozark	20.63	10.71	9.92
Piedmont	8.25	3.14	5.11
Southern	21.48	34.00	(12.52)
Texas Int'l.	30.45	33.94	(3.49)
Average	22.52	14.86	7.66

LOCAL SERVICE AIRLINES

Comparison of Total Operating Expenses
(Cents Per Revenue Mile)
1969 - 1970

Carrier	1969	1970	Decrease
Allegheny	79.69	76.28	3.41
Frontier	78.25	76.38	1.87
Hughes Air West	109.36	95.88	13.48
Mohawk	95.26	103.03	(7.77)
North Central	100.22	92.99	7.23
Ozark	92.30	86.08	6.22
Piedmont	87.11	82.99	4.12
Southern	94.61	92.71	1.90
Texas Int'l.	95.72	90.01	5.71
Average	90.49	86.14	4.35

LOCAL SERVICE AIRLINES

Comparison of Revenue Miles Flown
1969 - 1970

Carrier	1969	1970	% Increase
Allegheny	44,643,708	49,348,364	10.5
Frontier	30,442,132	32,189,915	5.7
Hughes Air West	32,648,770	28,649,655	(12.2)
Mohawk	23,200,698	20,560,044	(11.4)
North Central	23,090,850	26,690,720	15.6
Ozark	19,146,677	21,862,441	14.2
Piedmont	20,619,787	24,323,419	18.0
Southern	14,678,680	18,579,579	26.6
Texas Int'l.	22,679,969	24,732,436	9.0
Totals	231,151,271	246,936,573	6.8

LOCAL SERVICE AIRLINES

Comparison of Average Revenue Per Enplaned Passenger (\$)
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	22.13	23.97	1.84
Frontier	26.15	27.92	1.77
Hughes Air West	19.67	22.29	2.62
Mohawk	21.76	23.69	1.93
North Central	17.76	20.77	3.01
Ozark	20.82	23.34	2.52
Piedmont	21.83	23.22	1.39
Southern	20.33	23.36	3.03
Texas Int'l.	20.37	23.39	3.02
Average	21.22	23.48	2.26

LOCAL SERVICE AIRLINES

Comparison of Passenger Load Factors (%)
1969 - 1970

Carrier	1969	1970	Point Increase
Allegheny	41.8	43.2	1.4
Frontier	45.4	44.3	(1.1)
Hughes Air West	39.4	45.0	5.6
Mohawk	47.4	47.1	(0.3)
North Central	39.5	44.5	5.0
Ozark	45.7	43.7	(2.0)
Piedmont	46.6	44.9	(1.7)
Southern	43.8	40.6	(3.2)
Texas Int'l.	41.9	43.3	1.4
Average	43.1	44.0	0.9

LOCAL SERVICE AIRLINES

Comparison of Average Over-All Ton Loads
1969 - 1970

Carrier	1969	1970	Ton Increase
Allegheny	3.34	3.86	0.52
Frontier	3.45	3.72	0.27
Hughes Air West	2.50	3.35	0.85
Mohawk	2.97	3.18	0.21
North Central	2.94	3.43	0.49
Ozark	3.26	3.54	0.28
Piedmont	3.04	3.42	0.38
Southern	2.69	2.97	0.28
Texas Int'l.	2.54	2.95	0.41
Average	3.00	3.45	0.45

LOCAL SERVICE AIRLINES

Comparison of Yield Per Passenger Mile (¢)
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	8.27	8.43	0.16
Frontier	7.26	7.38	0.12
Hughes Air West	7.49	7.88	0.39
Mohawk	9.16	9.57	0.41
North Central	9.51	9.89	0.38
Ozark	8.44	8.63	0.19
Piedmont	8.25	8.40	0.15
Southern	8.66	8.62	(0.04)
Texas Int'l.	8.11	7.87	(0.24)
Average	8.25	8.44	0.19

LOCAL SERVICE AIRLINES

Comparison of Total Commercial Revenue
Per Departure (\$)
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	451	589	138
Frontier	393	449	56
Hughes Air West	324	461	137
Mohawk	419	485	66
North Central	306	399	93
Ozark	375	446	71
Piedmont	318	366	48
Southern	307	365	58
Texas Int'l.	312	373	61
Average	362	445	83

LOCAL SERVICE AIRLINES

Comparison of Over-All Ton Load Factors (%)
1969 - 1970

Carrier	1969	1970	Point Increase
Allegheny	38.1	38.4	0.3
Frontier	38.5	39.0	0.5
Hughes Air West	31.8	38.2	6.4
Mohawk	42.4	44.7	2.3
North Central	32.3	38.5	6.2
Ozark	41.7	47.0	5.3
Piedmont	43.7	42.9	(0.8)
Southern	38.0	36.6	(1.4)
Texas Int'l.	34.4	37.0	2.6
Average	37.4	39.7	2.3

LOCAL SERVICE AIRLINES

Comparison of Total Operating Expenses
(Cents Per Available Ton Mile)
1969 - 1970

Carrier	1969	1970	Increase
Allegheny	30.36	29.31	(1.05)
Frontier	30.12	29.77	(0.35)
Hughes Air West	34.75	36.65	1.90
Mohawk	40.35	46.03	5.68
North Central	32.39	35.82	3.43
Ozark	38.50	40.48	1.98
Piedmont	38.09	35.64	(2.45)
Southern	35.97	33.95	(2.02)
Texas Int'l.	32.95	33.33	0.38
Average	35.84	34.22	0.38

Statistics include figures reported by Mohawk during a lengthy strike and figures reflecting new route awards granted some carriers.



Sen. Howard Cannon

A Brief History Of the Regional Airline Industry

(The following excerpts review the 25-year history of regional carriers. They are from a keynote speech by Sen. Howard Cannon (D-Nev.), chairman of the Senate aviation subcommittee, presented May 13, 1971 at the ALTA meeting hosted by Hughes Air West in Guadalajara, Mexico.)

"I am delighted to be with you today, for several reasons. One and maybe the first reason is that it was in 1946 that the Civil Aeronautics Board created the local service airlines so that you are really celebrating as an industry your silver anniversary—25 years. You are to be congratulated and you should be proud which I am sure you are.

"The Board, 25 years ago, visualized what they called an entirely new type of service, structured to meet the needs of the smaller communities and to fly relatively short hauls or hops. The Board stated that greater efforts than normal would be necessary in this particular end of the air transport business to develop traffic from the points involved. You now serve over 460 cities, 289 of which receive their only air service from your association members. Last year you flew 26 million passengers more than 7 billion miles and that doubled what you were doing only 5 years ago.

"Your industry is showing a remarkable growth for which you certainly deserve congratulations, but unfortunately the cost of operations, the expenses for everything, labor, aircraft, everything that goes to make an airline run is also increasing, and I am afraid in some areas a little faster than the other kind of growth we have. As has been said in other places you now have the seats, but you desperately need the bottoms to put in them.

"You have run through the DC numbers from 3 to 9 and I am sure that is not the end.

"It took you 13 years to fly the first billion passenger miles, 5 years to fly the second billion and only 2 to fly the third. In

other words, you are now growing at the rate of about one billion passenger miles each year.

"You employ 27,000 people, you pay them \$297 million dollars and you paid the federal government \$53 million in 1970 for federal transportation taxes.

"You serve 450 active military bases, 85 of which are entirely dependent upon you. Mail and cargo now comprise 10 per cent of your total ton miles carried and 7 per cent of your total commercial revenues. Your fleet of aircraft and your employees are a real, substantial national defense asset.

"I am pleased to note that you are still concentrating on what this part of the industry was created for and that is to serve our smaller communities. 53 per cent of the airports you serve are serving towns of 100,000 people or less, while only 9 per cent of your total airports served reached cities of over one million.

"I am normally optimistic and while I know that you are having your troubles today, and as you know we in Congress are attempting to help as much as we can, I believe that your growth as represented over your first 25 years will continue. I am sure that working on all possible economies and with future aircraft improving in efficiency, together with an economy that will someday start to expand again, you will find yourselves operating in the black.

"While I know of no particular aircraft coming in the future for the local service carriers that can benefit your operational problems such as the DC-3 jump to the DC-9 did by dropping your break-even load factor from 90 per cent to 30 per cent, such aircraft will eventually show up in your inventories.

"With the Board hopefully more understanding in the field of route strengthening and on your other problems, I am confident that at one of your future meetings such as this one you will have much more to brag about."