

Phoenix maintenance facility to 'spread its wings' in 1978

A \$7.9 million expansion of our Phoenix maintenance facility is expected to begin early next year.

Design development is underway. Schematics—initial structural diagrams—were completed July 18.

The Phoenix city council approved financing of the project in June. The facility is owned by the city and leased to us.

"The expansion will enable us to handle the demands of our growing fleet and greatly relieve the current cramped conditions," according to Russell V. Stephenson, general manager.

Two years of planning and negotiations by three vice presidents—Edwin N. Altman, operations, Harry W. Swenson, finance, and Arthur M. Taylor, legal—have gone into the project.

Added floor space will total more than 108,500 square feet—the equivalent of 2¼ football fields.

The hangar will be extended 70 feet on the east and west sides to accommodate our 727s. The extensions will be higher than the present structure to allow for jacking up of the trijets for major maintenance.

Much of the 727 maintenance now must be completed out-

side since the present hangar is inadequate.

Other major expansion includes:

- New ground and flight training facilities (15,000 square feet) to be built in the courtyard on the east side between the office building and the hangar. This will include our DC-9 simulator now in the Continental Airlines training facilities in Los Angeles.

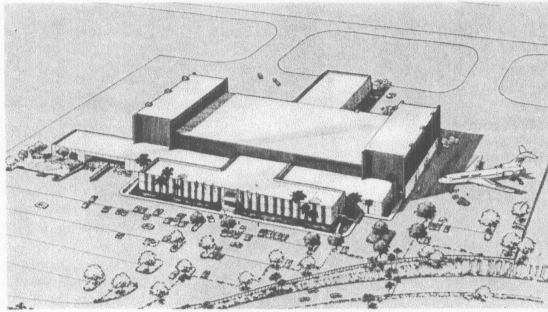
- Expansion of the supply department (23,000 square feet), including spare engine storage and a receiving dock, in the similar area on the west side.

- A 34,000 square foot extension on the south end of the hangar (toward the runways) to accommodate shops from other locations at Sky Harbor International Airport.

- Apron extension, fuel storage relocation and expansion, and additional auto parking.

Construction is expected to take about 18 months, according to Altman.

The present facility—the only one of its kind in Arizona—was built by the city in 1967 for one of our predecessor airlines, Bonanza.



FAA changes our operating specs—fewer C checks

The Federal Aviation Administration has authorized us to extend the time between major maintenance inspections on our DC-9 aircraft.

The change in our operating specifications, issued June 8, says that the major structural and systems inspections—called "C checks"—have to be conducted only once a year instead of the previous 2,000 operating hours (about every 8½ months).

The FAA said that such an extension would not compromise the fleet's airworthiness.

It based its findings on data it studied from previous inspections which showed that our maintenance program, coupled with the reliability of the DC-9, would allow for the increase in hours between C checks.

Eastern Airlines is the only other U.S. airline with FAA authorization to perform the checks only once a year.

"This extension gives us an additional 600 to 800 hours of flying time annually on each DC-9," said Bill Drechsler, maintenance and engineering staff vice president.

More importantly, the change will allow for more orderly long-range scheduling of C checks, and therefore more efficient programming of other work.

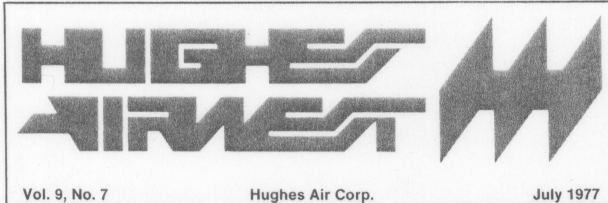
"This will enable us to free our manpower to concentrate on other maintenance functions, including aircraft standardization and improvements—from engineering refinements to cleaning and exterior painting," Drechsler said.

C checks—which take four to five days on each aircraft—involve inspection, testing and repair, as needed, (Continued on next page)

At presstime...

The company is endorsing the second draft of the Cannon-Kennedy Senate bill on regulatory reform of the airline industry.

It contains many of the changes previously backed by Hughes Airwest. (See article below)



One of three airline endorsements

Our 'fresh approach' to regulatory reform

The future, the airline industry, Congress, the traveling public and the Civil Aeronautics Board are all wrapped up in regulations. This has been debated openly and privately for the past two years inside and outside the airline industry.

It still is being debated. We have not heard the last of it, nor have other industries.

Senator Howard Cannon of Nevada—chairman of the Senate Commerce Aviation Subcommittee and co-author of a legislative reform proposal now in the Senate hopper—has observed that those who have long practical experience in the airline business are urging caution on regulatory reform. Those who have never operated in the industry want massive and radical reform.

The real question is "how far to go?". There is disagreement on what should be reformed. However, there is unanimous agreement against total economic deregulation.

Keep in mind that the current regulations helped create the world's best and most comprehensive air transportation system. About 80 per cent of all intercity traffic on public carriers in the U.S. is carried by scheduled airlines. They weave together some 58,000 pairs of cities with 13,000 flights a day.

Our fares are lower, our services are better and our safety record is superior to any other air transport system in the world. No one disputes this.

Then why clamor for regulatory reform? If it works, why fix it? Why invent a cure for a disease that doesn't exist?

At Hughes Airwest, we decided to take a new look—a fresh approach—one that wasn't hampered by piston-

Editor's note: Only three airlines—United, Frontier and Hughes Airwest—have endorsed the need for regulatory reform of the industry.

The following are major portions of a speech on the company's position on this subject, presented to the San Francisco Rotary Club on June 21 by Russell V. Stephenson, general manager.

driven traditions or preconceived notions. We carefully studied and evaluated the current regulatory restrictions as they affected the public, our passengers and our company. We concluded that the current regulations are working—but not as well as they might.

Symptoms are beginning to show that are reminiscent of the railroads. These can be checked if action is taken soon. New patterns of air service have developed as a result of changing economic patterns throughout the country and jet technology, but competitive opportunities have lagged because of regulations that are 40 years old in an industry noted for change of pace.

These regulations are piston-driven in a jet age era. They need some overhauling to meet the pace of the current transport world and the traveling public.

There are parts that have become complicated, difficult and expensive.

For example, last year we inaugurated service between Reno and Portland and between Reno and Seattle. Between the time of our application and its approval by the CAB, the regulatory lag was seven years.

In another case, we want to provide the first single-plane service between several cities on our system and the cities of Albuquerque, El Paso, Houston, New Orleans and San Antonio. The application was made one year

ago. As of today, there has been no action.

Another example: we want to pro-

vide air service between Spokane and Vancouver—a route authorized by a US-Canadian bilateral agreement that was concluded three years ago. We're still waiting for a hearing date.

We also have applied to compete against Western Airlines in the largest monopoly route in the country—Las Vegas and Phoenix to Minneapolis.

(Continued on back page)

Long-sought nonstops begin



Spokane civic leaders cut the ribbon July 1 on our first competitive nonstop flight to Los Angeles. From left are: Rhonda Miller, Seattle flight attendant; Terry Ashton, planning vice president, who headed the company delegation; Harry M. Larned, county commissioner; Mayor David H. Rogers; M. J. Carter, chamber of commerce past president; and Robin Van Autreve, Seattle flight attendant. The civic leaders also represent the Spokane Parties, a group formed this year to secure improved air service for the Inland Empire. Later, the company hosted a civic luncheon for 100 city, county and chamber officials and travel agents from throughout the area.



Front row (from left): **Tim Bryant** (LAS), Walnut, Calif.; **Rick Morton** (PHX), Phoenix; **Barbara Muldoon** (LAS), Las Vegas; **David Bryan** (SEA), Cayman Islands; **Jeff Tidwell** (PHX), Tempe, Ariz.; and **Gary Rackley** (SEA), Seattle.

Middle row: **Carmen Bland** (LAS), Los Angeles; **Robin Schlander** (PHX), Phoenix; **Diane Oden** (SEA), Coos Bay, Ore.; **Barbara Sirvatka** (LAS), Saratoga, Calif.; **Kathy Burke** (LAS), Long Beach, Calif.; **Elda Mejia** (LAS), Los Angeles; and **Lynn Williams** (PHX), Phoenix.

Back row: **Vicki Gibbs** (LAS), Los Altos, Calif.; **Sandy Mundy** (LAS), Phoenix; **Holly East** (LAS), Monterey; **Jeannette Broderick** (LAS), Newport Beach, Calif.; **Becky Nelson** (PHX), Phoenix; **Cathy Niece** (PHX), Phoenix; **Valerie Laven** (LAS), Honolulu; **Danniel Vickery** (PHX), Phoenix; and **Shannon Merrill** (LAS), Las Vegas.

48 flight attendant graduates report to domiciles

Forty flight attendants were graduated in ceremonies a week apart in July.

On July 6 (left photo), 22 were pinned by Terry Ashton, planning vice president, who also addressed the group. They received their diplomas from Lee Pitt, public relations staff vice president. Holly East was class valedictorian.

On July 13 (right photo), 18 were pinned by Gloria Evans, Las Vegas flight attendant, who was a class instructor. They received their diplomas from Woody Reynolds, inflight services senior director. Rick Gostyla, market development senior director, addressed the class. Debra Cuva was valedictorian.

Skip Clemens, inflight services system director, was master of ceremonies for both events. Also participating were: Tom Bennis, flight attendant training manager; Carol Gagnard, customer service instructor; and Carol Wade, San Francisco flight attendant and training coordinator.

SERVICE ANNIVERSARIES

THIRTY YEARS

EUGENE—**Ed LeShane**, station manager. SAN JOSE—**Robert Meals**, chief station agent. SAN FRANCISCO—**Dean Barnette**, captain. **Robert Castle**, maintenance technician. SEATTLE—**Donald Peters**, captain. LAS VEGAS—**Lester Ferguson**, check captain. PHOENIX—**Delbert Snyder**, lead hangar maintenance technician. BOISE—**Milton Points**, maintenance technician.

TWENTY-FIVE YEARS

LAS VEGAS—**Herb Chesney**, station manager. **John Boyle**, **Gordon Brown** and **Campbell McKellar**, captains. SEATTLE—**George Pomeroy** and **William Smith**, captains.

TWENTY YEARS

REDMOND—**Leslie Hart**, chief station agent. PHOENIX—**Frank Smith**, lead quality control technician. SAN FRANCISCO—**Kip Wharton**, sales & service vice president.

FIFTEEN YEARS

SAN FRANCISCO—**Esther Meier**, senior accounting clerk. **Orpha Swift**, intermediate accounting clerk. **Judith Williams**, flight attendant. PORTLAND—**James Stever**, lead maintenance technician. KALISPELL—**Dennis Gilbertson**, station agent. EUREKA—**Jim**

C checks

(Continued from front page)

all the aircraft's operating systems and structural parts.

Ten years ago, these major inspections were required every 600 to 800 hours.

Wells, station manager. EUGENE—**Paul Wycoff**, station agent.

TEN YEARS

PHOENIX—**Floyd Deckert**, ground flight instructor. **LaVonnie Timm**, **Patricia Barr**, **Pamela Ehlers** and **Virginia Musa**, flight attendants. **Thomas Butts**, instruments & avionics services technician. **James Ryan**, ground communications technician. **Gerald Curran** and **Evan Davies**, station agents. **Marcia Peterson** and **Nancy Flora**, telephone sales agents. **Michael Mikles**, chief station agent. LAS VEGAS—**Jerry Stiles**, lead maintenance technician. **Robert Hutchison**, station agent. **Annette Horwitz**, ticket agent. SEAT-

(Continued on next page)

Revenue passenger miles up 22.6 per cent

June passenger boardings set new all-time record—up 17.4 per cent

We flew more passengers in June than in any other month in our history.

Boardings at the 56 airports totaled 397,957, up 17.4 per cent from 339,118 in June, 1976.

The previous all-time monthly high was 394,537 passengers in March of this year.

The miles flown by passengers last month gained 22.6 per cent to 160,565,900 from 130,930,300—our third highest monthly level, after March and April of this year.



On the stairs, from the top: **Ron Lindsay** (SEA), Los Angeles; **Lauretta Hargis** (LAS), Los Angeles; **Lorraine Miemiec** (LAS), Long Island, N.Y.; **Dessa Bokides** (LAS), Stockton; **Kris Pustina** (SEA), Tempe, Ariz.; **Linda Clarke** (SEA), Tempe, Ariz.; **Wanda Hanson** (SEA), Moberge, S.D.; **Debra Cuva** (LAS), Tempe, Ariz.; **Moreen Kiyota** (LAS), Madison, Wis.; and **David Guillermo** (LAS), Las Vegas.

In front (from left): **Peter Norris** (SEA), San Mateo; **Gloria Evans**, Las Vegas flight attendant who instructed the class; **Kathy Jue** (LAS), Oakland; **Maureen Kane** (LAS), Tempe, Ariz.; **Virginia Denny** (SEA), Modesto, Calif.; **Suzanne Ansel** (LAS), Phoenix; **Donna Ullman** (SEA), Sepulveda, Calif.; **Bonita Williamson** (SEA), Phoenix; **Steve Ziegler** (SEA), Phoenix; and **Polly Jannarone**, Las Vegas flight attendant assistant manager, and **Elinor Keating**, flight attendant administration coordinator, who also took the class.

TRANSITION

WELCOME ABOARD

Scottie Glenwright, purchasing supervisor, San Francisco. **Irvin Jones**, sales representative, San Jose. **Cheryle Williams**, flight attendant assistant manager, Seattle. **Betty Petrone**, transcription operator, San Francisco.

HEIR FARE

To **Karen** and **Claus Assaturian**, station agent, Bakersfield: a girl, **Megan Beth**, 7 lbs.; July 17.

To the **Fawcetts**, **Janice**, flight attendant, and **Al**, station agent, Las Vegas: a boy, **Aaron Arthur**, 6 lbs., 9 oz.; July 3.

To the **Bruces**, **Sherie**, flight attendant, and **David**, station agent, Las Vegas: a boy, **Joshua Jonathan**, 6 lbs., 14 oz.; June 7.

To **Gene** and **Yvonne Erickson**, telephone sales agent, Seattle: a boy, **Ryan Mitchell**, 7 lbs. 8 oz.; Feb. 23.

Susan Parissi, secretary, properties & facilities, San Francisco. **David Woodrell**, **Steven Gant**, **Stephen Paine**, **Douglas Barrett**, **Steven Aertker** and **Gary Reilman**, first officers, Saudi Arabia. **Marlin Mauler**, analyst, hangar maintenance, Phoenix. **Jean Vanhie**, programmer, Phoenix. **Arlene Ovsiaik**, programmer trainee, Phoenix. Credit Union, Phoenix: **Joseph Briggs**, assistant manager. Credit Union, San Francisco: **Marta Conat**, manager, Seattle branch.

PROMOTIONS

William Adams to maintenance representative foreman, Saudi Arabia. **Wendell Strifling** to assistant maintenance supervisor, Saudi Arabia. **Marilyn Anderson** to executive secretary, station administration, San Francisco. **Billy Droke** to check pilot, Saudi Arabia. **Terry Moulder** to lead component overhaul technician, Phoenix. **Michael Christine** and **Douglas Beyer** to pilots, Saudi Arabia. **Wiley Parker** to quality control supervisor, Phoenix.

FINANCIAL RESULTS

	June '77*	June '76*	% Change
Operating revenue—scheduled	\$19,594	\$16,237	+ 20.7
—charter	296	273	+ 8.4
Operating expense—scheduled	18,773	15,543	+ 20.8
—charter	310	213	+ 45.5
Operating earnings	807	754	
Non-operating earnings (loss)	(467)	(243)	
Provision for taxes	21	184	
Net earnings	319	327	
	Year-to-date*		
Operating revenue—scheduled	\$114,923	\$94,758	+ 21.3
—charter	3,109	1,192	+160.8
Operating expense—scheduled	110,500	93,369	+ 18.3
—charter	2,965	959	+209.2
Operating earnings	4,567	1,622	
Non-operating earnings (loss)	(2,600)	(1,263)	
Provision for taxes	120	184	
Net earnings	1,847	175	

* All data in thousands (add 000).

TRAFFIC SCOREBOARD

	June '77	June '76	% Change
Passengers	397,957	339,118	+ 17.4
Revenue passenger miles	160.6 mil.	130.9 mil.	+ 22.6
Available seat miles	306.5 mil.	233.2 mil.	+ 31.4
Load factor	52.4%	56.1%	
Passenger density	48.9	49.6	- 1.4
Average trip miles	403.5	386.1	+ 4.5
Charter passengers	5,117	9,601	- 46.7
Charter miles flown	46,562	48,983	- 4.9
Cargo ton miles	878,781	730,380	+ 20.3
Cargo tons boarded	1,972	1,749	+ 12.8
On-time performance	84.5%	87.8%	
	Year-to-date		
Passengers	2,260,558	1,940,639	+ 16.5
Revenue passenger miles	957.1 mil.	799.0 mil.	+ 19.8
Available seat miles	1,805 bil.	1,451 bil.	+ 24.4
Load factor	53.0%	55.1%	
Passenger density	49.3	48.4	+ 1.9
Average trip miles	423.4	411.7	+ 2.8
Charter passengers	73,169	28,055	+160.8
Charter miles flown	511,548	212,717	+140.5
Cargo ton miles	4,842 mil.	4,319 mil.	+ 12.1
Cargo tons boarded	11,129	10,381	+ 7.2
On-time performance	83.2%	85.7%	

vanced 12.8 per cent to 1,972 from 1,749, while cargo ton miles increased 20.3 per cent to 878,781 from 730,380—also our third highest monthly level, after December 1975 and 1976.

Year-to-date

Passenger boardings during the first six months of 1977 jumped 16.5 per cent to 2,260,558 from 1,940,639, while the miles they flew increased 19.8 per cent to 957,120,800 from 798,967,500.

The average passenger trip was lengthened 2.8 per cent to 423.4 miles from 411.7, while density gained 1.9 per cent to 49.3 passengers from 48.4.

Available seat miles were increased 24.4 per cent to 1,805,367,000 from 1,451,323,700. Average load factor dipped to 53.0 per cent from 55.1.

Station records

Two cities—Redding and Redmond—reported setting all-time boarding records in June.

Four stations said it was their best June ever in boardings—Chico, Kalispell, Las Vegas and Twin Falls.

JUNE 727 PERFORMANCE

Scheduled Service*	June	Year to date
Passenger boardings	15,009	97,588
Load factor	34.5%	52.5%
Density	53.5	81.3
Average trip miles	666	868
* YEG-YYC-LAS-LAX-PSP		
Charter Service		
Passenger boardings	1,689	24,513
Charter miles flown	19,305	233,365
Average trip miles	1,110	1,094

Two San Francisco flight attendants earn 'Top Banana' trophy

Two San Francisco flight attendants are the latest employes to receive the "Top Banana" award. They are:

- Renee Folks; and
- Christel (Schemainski) Anderson.

They were awarded the trophies for mention in five complimentary letters from customers. A total of 11 employes have received the award since the beginning of the year.

The "Top Banana" pin for the first compliment has been received by 95 more employes. The total now is 637 employes, or more than 15 per cent of the entire workforce.

The new recipients are:

Rose Andrews, Jo Marie Bell, Sammie Belliston, Christine Bickelmann, Connie Bis-

sell, Carol Bradshaw, Suzanne Branch, Bruce Bridwell, Eugenia Camgros, Faye Campbell, Roosevelt Carter, Jean Caselli, David Caton, Kathleen Collins.

Max Davis, Wayne Deselms, Vern Dicken, Patricia Dightman, Sandra Elliot, James Embury, Brooke Finn, Peggy Garrison, Burton Gilman, Nancy Gerardi, Lewis Gruber, Marti Gruffin, Charlene Guidry.

Paul Hahn, Pamela Harlan, Robert Haskin, JoAnn Henson, Dale Hofman, Linda Hughling, Ellenore Humphreys, Barbara Ingle, Janet Johnson.

Danita Kelly, Pricilla Koury, John Kozma, Tina Kratzer, Sue Ann Krummer, Brenda Lawson, Jenni Leabo, Kay Marshall, Carl Mauck, Anne McEntegart, Betty McFadden, Joseph Miller, Robyn Miller, Linda Moore.

Darilyn Nakamura, David Nichols, Carol Nigut, Richard Obrien, Ruth Ong, Bonnie Overton, Pamela Page, Howard Parker, Pamela Perryman, Jill Persyn, Sharon Peterson, Kathy Piper.

Ricardo Quesada, Ana Rasmussen, Connie Reed, Royce Rhine, Dyane Rigas, Suzanne Roberts, Mildred Robertson, Donald Rock, Ida Rodriguez.

Jamie Serino, Ruth Smith, Carol Sordo, Bobbi Stancliff, Cheryl Stephenson, Beatrice Stevens, Bud Stokes, Jack Stoops, Dorothy Straw, Connie Stuart, Glenn Sullivan, Barbara Summey.

Catherine Thayer, Margaret Thompson, Caren Tichenor, Maureen Vieck-Geyman, Paulette Vigil, Mary Waddell, Susan Wall, Chuck Ward, Barbara Warner, Laurie Wilson, Connie Withington, Beverly Zelis.

Cedar City and Page service ends August 12

We will suspend service at Cedar City and Page on Aug. 12.

The Civil Aeronautics Board sustained its January decision allowing the suspensions after the two cities and Utah and Arizona governmental agencies petitioned the board, asking it to reconsider its decision or specifics of its order.

Our suspensions are conditioned on continued service by a commuter, Sky West Aviation. In its final decision, the board made that stipulation tougher by increasing the minimum amount of service the two cities must receive in order for our suspensions to continue.

We began flying to Cedar City in 1958 and Page in 1959. Current service is with F-27s, with direct flights to Salt Lake City, Grand Canyon and Phoenix.

Trapezoidal module fabric decorates new DC-9 interiors

The latest addition to our fleet—the first of 10 DC-9-30s purchased from Eastern Airlines—has some of the interior look of our 727 flagships.

The aircraft entered scheduled service on July 23 following modification in Phoenix. Its cabin fabrics consist of bright trapezoidal modules, the same materials that compliment our three 727s.

The fabrics will be used on all of the new jets as they are delivered and modified. Other aircraft in our fleet will receive the new look on an "attrition basis," according to Tom Meushaw, production control director, as current supplies are used up and aircraft need complete change.

The design principally decorates the seats and galley curtains.

'Arches' and 'Top Banana' team up to give away 1.5 million gliders to kids

McDonalds and Hughes Airwest "went bananas" together in June and July.

The restaurant chain gave away about 1.5 million styrofoam Hughes Airwest "Top Banana" gliders in eight cities to anyone who bought one of their new banana milk shakes.

The joint promotion, supported by television commercials, was conducted in Boise, Kalispell, Las Vegas, Phoenix, Portland, San Diego, Tucson and Twin Falls.

In a similar promotion in selected California cities, Lyon's Restaurants is giving away a three-day trip to Las Vegas, via Hughes Airwest.

ANNIVERSARIES

(Continued from previous page)

TL—Clinton Jarrett, avionics technician. Sylvia Murillo and Marie Miller, telephone sales agents. SAN FRANCISCO—Janice Sedlemeyer, senior accounting clerk. Monty Coleman, chief telephone sales agent. Terry Ashton, planning vice president. Carolyn Williams, senior accounting clerk. LOS ANGELES—John Bishop, ticket agent.

IN MEMORIAM

Harry Barnes, retired wheel and brake shop supervisor, Phoenix; May 24. He retired in 1971 after more than 30 years with the company. He was 71.

Susan Sellers, flight attendant, Phoenix; July 12. She joined the company in 1969. She was 32.

Sylvester McDonnell, father of Francis McDonnell, cleaner, Orange County; June 27.

María Gonzales, mother of Vangie Casillas, flight attendant, Phoenix; July 13.

Elizabeth Brown, mother of Gordon Brown, station agent, Sacramento; July 18.

Nevada display cosponsored at Edmonton's Klondike festivities



"Spotlight on Transportation" was the theme for exhibits at Klondike Days festivities in Edmonton which was officially opened by Dr. Hugh Horner, Alberta Deputy Premier and Minister of Transportation (cutting the traditional ribbon). Hughes Airwest and Nevada cosponsored an exhibit to promote tourism to Nevada during the 12-day event which was expected to attract 800,000 visitors. Participating in the official opening on July 20 were (from left) Nevada Governor Mike O'Callaghan, Gillian Campbell serving as Klondike Kate, Edmonton Exhibition Board President Ted Mildon, Dr. Horner, General Manager Russell V. Stephenson, and Edmonton Mayor Terry Cavanagh.

Christmas in July

For those who start making their December plans in July, following is the schedule for 1977 Employee Club regional Christmas parties:

- Seattle—Saturday, Dec. 3;
- Las Vegas—Friday, Dec. 9;
- Phoenix—Saturday, Dec. 10;
- San Francisco—Saturday, Dec. 10.

The clubs tried to avoid scheduling two parties on one night, for those who wished to attend more than one. However, the conflict between Phoenix and San Francisco was unavoidable this year because of difficulty in finding facilities on other nights.

Genie Wise, telephone sales agent. PORTLAND—Sharon Harvey, ticket agent. Kelly Mann, station agent. RENO—David Lang, station agent. ONTARIO—Sam Ferry, station agent.

FIVE YEARS

SEATTLE—James Gernhart, station agent. Patricia Dightman, flight attendant. PHOENIX—Early Strong, cleaner. Louis Landry, supply analyst. Kathleen Neary, flight attendant. Donald Rock, ticket agent. SAN JOSE—Timothy Trickett, station agent. ORANGE COUNTY—Mark Wozniak, station agent. John Hansen, ticket agent. George Smith, maintenance technician. BOISE—Robert Brooks, ticket agent. YAKIMA—Randall Miles, station agent. GRAND CANYON—Merle Michael, station agent. LAS VEGAS—Robert Coleman, ticket agent. Vecincia Grassi, flight attendant. SPOKANE—Steven McCray, ticket agent. LOS ANGELES—Joseph Franklin, station agent. John Friedrich, ticket agent. SAN FRANCISCO—Cathy Dollarhide, Renata Pagliaro, Martha Policastro and Richard Wilson, flight attendants. Tom Bennis, flight attendant training manager. Douglas Lane, avionics technician.

Authority card will get air freight there, too

Employee travel benefits include air freight, too.

Seattle gets branch office of San Francisco credit union

The San Francisco Employees Credit Union has opened a full-service branch in Seattle.

The office is in the Western Building, next to the flight attendant training room on the second floor. Office hours are 8:30 a.m. to 4:30 p.m., except noon to 1 p.m.

Branch manager is Marta Conat, who has eight years of credit union experience in the Seattle area, most recently with Arden Mayfair.

The branch phone is 433-3031. A recording service has been installed for messages during non-business hours.

Holders of Travel Authority Cards (employee, spouses and parents) can ship up to 100 pounds to any Hughes Airwest city for \$4 domestically and \$6 international (plus tax and any applicable fees).

Bob Donahue, cargo and military sales director, said shipments must be personal and non-commercial. Examples of items that do not qualify include those for resale or which are part of a business, shipments for friends or others who do not qualify, or items which are being returned to a store or other business.

Tariff restrictions on air freight apply to employee shipments. Details on the employee air freight program are in master manual section 15:05.

Employees are encouraged to inform their parents of this program and to also caution them as to its restrictions.

TRAVEL BARGAINS

The Racquet Club Ranch, Tucson, is offering a 50% discount through Sept. Includes casita unit and unlimited tennis. For details, call Patty Snyder or Joe Gulotta collect: (602) 326-3431.

Airline Employee Tours, Inc., has 70 interline tour programs worldwide. Parents and retirees eligible for many. For detailed brochure, call toll-free 800-223-6722.

Granada Royale Homotels in the Phoenix and Tucson areas offer a 50% discount through Aug. Includes two-room suite, kitchenette, hot breakfasts and two hours of free cocktails each evening.

September is "Airline Employee Month" at the Mana Kai-Maui. They offer 1-2 bedroom apartments (4 to 6 people) for \$35-\$50/day, including car; hotel rooms (1-2 people), \$17.50/day, without car. For details and brochure, call toll-free 800-525-2025.

Two hotels in Mexico are giving special rates through 12/15. Hotel Presidente, La Paz: 226 pesos/single; 275/double (approx. \$10.27 & \$12.50). Los Tules, Puerto Vallarta: 50% disc. on regular rates of \$36/double, \$31/single. Write hotels at least two weeks in advance for availability.

Freedom will encourage innovation

(Continued from front page)

We're still waiting to be heard, though this application is of relatively recent date.

Every application must be accompanied by a myriad of exacting data that covers such things as detailed economic analysis, diversion statistics and route integration. The costs for these studies and exhibits have reached \$100,000 and more per application. Some of these exhibits resemble a Sears Roebuck catalog in thickness.

Overcoming a huge potential capital shortage is another problem. The airline industry's 3.6 per cent return on total capital is last on *Forbes Magazine's*

"... There is unanimous agreement against total economic deregulation ..."

zine's latest survey listing the financial returns of 30 industries over a five-year period. It's even worse than railroads.

Meanwhile, \$65 billion will be needed by 1990 for fleet replacement and modest growth. These statistics don't promote the confidence of traditional lenders who have grown wary of capital-intensive borrowers.

In addition, inflation has taken its toll in our industry. The price of goods and services has increased 70 percent since 1970. Fares and rates have only risen half that amount.

We have had recent productivity gains with the introduction of wide-bodied aircraft. But, inflation remains persistent. The inadequate 3.6 per cent rate of return reflects the gap between productivity and controlled fare increases on one hand, and skyrocketing costs on the other.

The CAB sets a rate of return of up to 12.6 per cent as reasonable, but it seems to find regulatory disallowances to make that rate virtually impossible to attain except for an occasional year.

As businessmen, you know that there is one area that can be influenced—the market place. We believe that government influence—regulations

—can be reduced by allowing the free forces of the market place to have greater flexibility, with what amounts to limited but effective regulation. Free forces will produce better decisions than any government agency under most circumstances.

That is why Hughes Airwest has broken ranks with most other airlines and is supporting the need for changes in the Federal Aviation Act of 1938. Only two other airlines are supporting both the philosophy and enactment of reform legislation.

We believe improvements can be made in four areas: market entry and exit; regulatory procedures; pricing; and protection of small-city service.

There is a need to promote more competition in the market place. This can be done with automatic market-entry provisions that are time-phased to permit airline preparation for added competition.

However, route franchises should be continued in the public interest. They help preserve and improve the scheduled system, prevent carriers from jumping into and out of markets for short-term gains, and give some assurance of the industry's stability to the financial community.

Changes in regulation can permit the entry of new airlines in the market place, provided they demonstrate they are fit, willing and financially able to provide the service. More freedom will encourage innovation and greater efficiency.

"... Free forces will produce better decisions than any government agency ..."

While we endorse automatic freedom of entry provisions, we also endorse the need for freedom of exit. We should be able to terminate unprofitable service in a reasonable period of time. Small communities can be protected with special subsidized programs through existing carriers or a new class of smaller commuter carriers, with a time-phased program to

provide reasonable continuity.

Regulatory proceedings also need reform. They need speeding up with time limitations on decisions. Thirty to 90 days are among the limits proposed for CAB processes.

There are some types of cases that should not require lengthy formal hearing and massive exhibits that can be replaced with oral arguments. Such reform can be accomplished without compromising due process of law for the carriers or the public.

"... We can compete effectively with other carriers who may enter our markets ..."

An airline should have greater flexibility in pricing its product within a "zone of reasonableness." We should be able to reduce or increase fares within certain limits without interference from the CAB.

At the present time, there are artificial constraints. Virtually every airline has the same fares as every other between the same two points, by government regulation. The market place should determine those constraints.

The zone of reasonableness can be a certain percentage above and below the prices of the previous year. Fares could be up to 10 per cent higher to account for inflation, and up to 35 per cent lower, without CAB control.

The fourth reform effort we support has to do with the way to sustain service to geographically-remote cities and/or cities with low traffic. Some cities will require government subsidy for the foreseeable future if Congress decides they merit service.

We support the concept that the CAB should determine, with each city, the nature of air service required, and put it up for bid, together with the subsidy that will be paid. Any airline—large, medium or small—could bid.

For cities that show promise of growth and the potential of not requiring subsidy, we favor a marketing program—jointly with the community, the airline currently providing service, and with CAB approval. This program would provide a stipulated level of subsidy for three years—a level that would adequately support the marketing program—followed by a CAB decision as to the future of the program. The current subsidy program is based on operating cost factors and encourages minimum service levels. We believe a subsidy program based on a marketing effort might bear fruit in some cities.

It is our view that we can compete effectively with other carriers who may enter our markets—provided we, too, are given corresponding opportunity to expand into additional markets. Such opportunities will make us more viable and will increase our revenues and profitability.

One of the frustrations for Hughes Airwest is that nearly 10 per cent of our annual revenues are on the block

in route cases. In all likelihood, we will have competition on these heretofore-protected routes.

Yet we have been unable to get even a hearing on some of our applications for routes which are poorly served and which would give us at least a fighting chance for a quid pro quo to offset added competition.

We believe the key to the success of regulatory reform is that the change be a gradual, phased transition. We believe evolution, not revolution, is critical to the success of the proposed changes.

All airlines are not the same. The resources of Hughes Airwest cannot be pitted on a one-to-one basis against Western or United. These airlines are eight to 20 times larger depending on the unit of comparison. There are a number of safeguards that can be provided without prejudice to the traveling public.

Together with these safeguards, there must be a transition period to enable medium-sized trunks and regional airlines, especially, to prepare for these major changes. The transition from a regulated to a more market-oriented system must be gradual.

One other caveat must be considered by the Administration as it works with reform legislation and the energy program: additional competition and free-market force effectiveness are not compatible with an inflexible program of commercial airplane fuel supply.

There must be harmony between the two: reduced fuel requirements—on which the airlines have a superb record since 1973—and increased competition resulting in more passengers flying more airlines. The conflict cannot be shrugged off, as some Administration forces have done.

Change from the present regulatory environment to a competitive system will be difficult. Reform will not be a panacea for all things for all people. But it's an important first step to develop long-term benefits and overcome current problems.

In summary, Hughes Airwest favors regulatory reform. We believe the industry can be stronger provided a time-phased program is used to enable airlines to adequately plan and prepare for the changes. There are some legislative proposals that we do not support and believe would harm the industry. Time does not permit exploration of these.

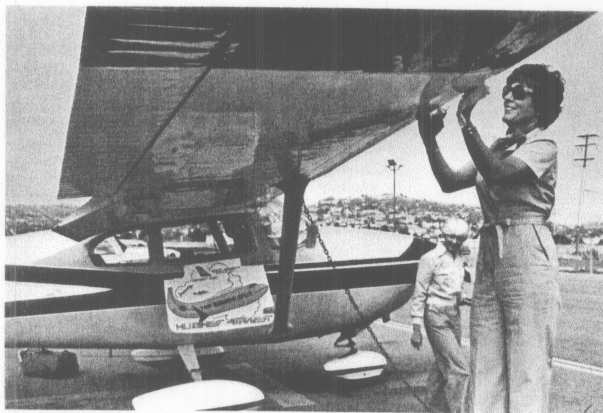
"... The industry should not have to be blasted out of a state of inertia ..."

We believe that controls should be in the hands of the CAB to prevent predatory practices of any kind. The most effective controls are likely to be the indirect kind: financial institutions and the equity market; organized labor's reticence; management discretion and judgement with the entrepreneurial process that has been the hallmark of the industry; and direct control by CAB "guidance" reflected in written orders.

Some of my contemporaries at airline helms have taken extreme negative positions with regard to reform. They have ignored the inevitable. They are assuming the worst and are not giving credit to this industry for the resilience it has shown in the past 40 years.

Hughes Airwest believes we should do all we can to guide the process of reform along the lines that will improve the industry. We should not have to be blasted out of a state of inertia.

We would rather set our own tracks than become part of the Amtrack program—to be constructive about our industry rather than tradition-bound.



Top Banana Split

Ellie Cansdale did a bit of last-minute polishing on the "Top Banana Split" before taking off July 1 in the 30th annual Powder Puff Derby, a four-day all-woman transcontinental air competition. The wife of 30-year retired Capt. Bob Cansdale and mother of flight attendant Carol Cansdale, Seattle, was co-pilot of the Cessna 182 Skyland. The pilot, Phyllis Baer, wife of a Pan Am pilot, also is shown. The route was from Palm Springs to Tampa. Points were accumulated in proficiency contests between stops. Out of 128 aircraft, the "Split" came in 88th. It was the first derby for both women. Cansdale was the Seattle chief pilot's secretary, in 1965-68, when she met her husband, who taught her how to fly. She reported that their aircraft was one of the most frequently photographed enroute, because of its name and art.

HUGHES AIRWEST
International Airport
San Francisco, Calif. 94128

29820-1040-060 CA SFO

THOMAS J BAILEY
2073 GREENWOOD
SAN CARLOS CA 94070

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