from the front office

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On operations and engineering

Q. Have the FH-227s been sold?

A. Two FH-227 aircraft have been sold and delivered. The remaining seven aircraft are for sale. There is much interest currently being shown for these aircraft and the outlook for sale appears to be quite good.

Q. Are we getting additional equipment?

A. We expect to continue acquisition of 737 aircraft as necessary to meet anticipated increases in passenger and cargo traffic. As traffic grows and economics dictate, some YS-11 flights will be operated with 737 aircraft.

However, there is no viable jet aircraft presently available which can economically and operationally replace our entire YS-11 service. Piedmont is currently working with government representatives and manufacturers to establish a program that will produce a twin engine jet YS-11 replacement by 1980.

Q. Our scheduling seems to be a source of problems with customers. What can we do to ease this?

A. Piedmont has historically attempted to provide each community with as frequent service as feasible. However, as a matter of practicality, 100 per cent of the travelling public can never be completely satisfied with any carrier's schedules. Piedmont will continue to provide as frequent service level as possible, consistent with prudent economic justification. As traffic warrants, service will be upgraded to the higher comfort levels of jet aircraft. As a general rule Piedmont provides more frequent schedules to cities on its system than do all the other regional airlines.

Q. How has our fleet changed to reflect the recession and increased fuel costs?

A. Fleet changes incorporated due to the recession and rising costs of operation (fuel, labor and material) has partly mainfested itself in cessation of FH-227 operations. This type aircraft, because of its low passenger capacity, is the least capable of providing a breakeven operation. Although the FH-227 consumes the least fuel per aircraft mile, it is practically identical to the 737 when compared on a seat-mile consumption basis.

Q. How is the fuel price problem going to affect us in the future?

A. At our present level of consumption each 1¢ per gallon increase in fuel costs amounts to about $700,000 per year. For the whole airline industry it is estimated to be about $1 billion.

From this you can see that we simply cannot stand much, if any more fuel cost increases without substantial fare increases. Of course, higher fares generally drive some business away. Accordingly, we must do all we can to see that aviation fuel prices do not increase further, especially since automotive and other fuel prices have not increased as much. We will also continue our fuel conservation program which has saved almost three million gallons this year.

Q. How significant are our corporate and other outside maintenance services?

A. This area of Piedmont's corporate structure contributes substantially to the Company's financial stability. In fact, for the first five months of 1975, it realized a quarter million dollars gross profit on gross sales of one and three quarter million dollars. Ours is among the largest and most fully-equipped facilities of this type in the United States.

Q. How does Piedmont compare with other airlines regarding on-time performance, reliability, safety and operational cost?

A. Piedmont consistently compares favorably with other carriers in all operational statistics. During the second quarter of 1975, we experienced an average of 91 per cent on time origination and an 80 per cent on time termination for all flights. This record is exceptional when consideration is given to the frequent stops we have to make on many of our flights.

Dispatch reliability of Piedmont's operation has averaged better than 98.6 per cent for the past three years. This is exceeded by only one other local service carrier.

The most recently available operating cost statistics for domestic Boeing 737 operators show Piedmont at $2.04 per revenue mile while United and Western, other domestic 737 operators, are at $2.88 and $2.14, respectively. This, too, is exceptional considering Piedmont's stage length is only 228 miles. This is 69 miles shorter than United and 88 miles shorter than Western. Frontier operates 737s at $1.92 per mile or 6 percent less than Piedmont. Their stage length is 50 per cent greater.

Q. What is in the future regarding new equipment to help short-haul airlines overcome the challenges that face us?

A. The Boeing 737 will be with us a long time. There does not appear to be anything on the horizon that can surpass it for medium range operation. As traffic grows and if our route program is successful we may need 727-200s.

The YS-11 will need a replacement by 1980. Several overseas designs have been examined and even flown. These aircraft include the Dutch F-28, the French Mercure and Falcon, the German VFW-614 and the Russian YAK-40. The Canadians have a four engine Dash-7 STOL turbo-propeller design in flight test now. All of these designs are potential candidates. All, except the YAK-40, have one common feature —they cost too much—$4 to $6 million by 1980. Our Company is currently working with the federal government to devise a joint government-civil project that will produce a 30 to 50 passenger twin jet YS-11 replacement that will also meet all government requirements as a derivative of an optimum civil air transport. We expect that by the first of the year this program could be started. Some experts estimate that the costs will be about half to two-thirds the overseas models.

On personnel

Q. How long will the furloughs last?

A. We anticipate no longer than spring, 1976. We will, of course, have to watch our traffic growth and cost control and when these offset our furloughs, we will start rehiring. The economy, labor costs and fuel costs will be the major determinants.

Q. Did we consider any alternative to furloughs?

A. Yes. The first effort was to stop hiring, to let attrition work, then we used the voluntary time off effort, which was very successful. However, when fuel costs continued upward and the recession deepened, we had to take the more drastic step of releasing permanent employees as a last resort for cost control.

Q. What is the status of Piedmont's profit sharing plan?

A. It has been replaced by a much more lucrative pension plan. Funds originally contributed by the Company to that plan will be distributed to employees who were eligible in 1956 under the terms of the plan unless sooner terminated. The funds in the plan are administered by a bank trustee.

Q. Will the new Pension Reform Act require any changes in our pension plan?

A. With all of the improvements that have been made over the years Piedmont's pension plan already meets or exceeds all of the benefit requirements of the new pension law. Some minor technical language changes will be required but these will not alter the benefits provisions.

Q. Who owns Piedmont?

A. Stockholders. There were 7,773 on record as of June 30, 1975. Company officers and directors own about 9.21 per cent. There are about 450 employee stockholders.

Q. How is the airline related to Piedmont Aviation?

A. It is the largest division of Piedmont Aviation, Incorporated, with about 3,000 employees out of 3,500 and revenues of $148 million out of a total of $165 million. Other divisions include the General Aviation Division, Piedmont Fabricators, Piedmont Piper Sales, Central Piedmont Aero, Piedmont Manassas Aero, Air Service and Piedmont Aerospace Institute.

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The McDonnell Douglas YC-15

Newest of the new planes

AMST is a new kind of airplane. It is also an acronym within an acronym.

The full and proper name of this new kind of plane is Advanced Medium STOL Transport. The "S" in AMST stands for short takeoff and landing.

A research project, the AMST is a current example of the Air Force's "try-before-buy" policy and it could ultimately lead to production of a versatile new civil transport plane capable of operating from short runways.

Two companies are building prototypes of the AMST.

The McDonnell Douglas YC-15, shown at left, is a high wing, T-tail, four engine plane designed with high-lift technology devices, including externally blown flaps. The externally blown flap system is an arrangement which lowers wing flaps directly into the engine exhaust, increasing the aerodynamic lift on the entire wing.

The YC-15 has four Pratt & Whitney JT8D-17 turbofan engines mounted below the wing. Each engine develops 16,000 pounds of thrust.

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