

PIEDMONITOR

Piedmont Aviation, Inc.

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Editorial

A tribute to YOU

Piedmont's success cannot be measured totally in terms of dollars. A balanced balance sheet must include the contributions and accomplishments of the employees who produce the bottom line.

1979 will go into the books as our very best year. It closes a dramatic decade for us.

In looking back we found the final *Piedmonitor* of 1969 featured Mayor Daley and a brass band welcoming us to Midway. In his VFR column of that issue Turby expressed his pride in all the Piedmont folks on hand for Chicago's introduction to our Company. They were the "Mr. Piedmont's in their many communities," Turby said. Could any of them have known, at the close of 1969, that our cities and towns would grow like they have grown? Would any one of them have believed that, in just ten years, Charleston and Miami and Pittsburgh and Boston and Denver and Tampa and Dallas/Ft. Worth would be our towns?

The '70s started with record breaking passenger traffic. On January 4, 1970 you put more passengers aboard our flights than you ever had. The all-time daily high set back then was 10,725. In comparison, this year's record day was nearly double. Another reminder comes with the load factors for January 4, 1970 — 73.18 percent for jets and 61.12 percent for the Martins. Remember those spacious, gracious Martin 404s? They were retired on the first Valentine's Day of the decade.

Ten years ago every station had its own res center. It was 1971 when we introduced our "new" centralized and computerized reservations system. And next year we'll start off the '80s with a second one, in Nashville.

We can and should be as proud as the proverbial peacocks of what we've accomplished.

In looking ahead to a new decade that's less than two weeks away we see more unknowns than knowns. But among the unquestionable assets we know we have to help us face the changes and meet the challenges are these . . .

- . . . We're a good team with a proven track record in excellent field position to capitalize on the best that's yet to come,
- . . . Our pride in our past will sustain our enthusiasm for the '80s,
- . . . Good service sincerely given is needed and appreciated,
- . . . It will take a total team effort to maintain and improve our reputation for providing the best service for our customers,
- . . . Piedmont's success reflects honor on each of us because we produce our prosperity.

It is with grateful hearts that we close out the '70s and great anticipation that we approach the '80s.

Thank-you, as Tiny Tim said, "each and every one."

Industry notes

Industry slowdown predicted

The Federal Aviation Administration is predicting a slowdown in the rapid growth of the U. S. aviation industry and says the next 12 years will see only a modest rise.

In a 12-year forecast presented to an aviation conference, the FAA said it expects 541 million persons to fly on U. S. air carriers in 1991, up from an estimated 317.7 million this year.

This represents an annual growth rate of 4.5 percent over the last five years and a 19.1 percent jump in the 12 months that ended September 30.

Expanded route structures and improved general economic conditions combined in the 1974-1979 period to generate more air travel, according to the study. It also said the dramatic change this year over 1978 reflects the immediate effects of airline deregulation. The air carrier growth rates projected for 1979 to 1991 are more modest, the report said.

The commuter carriers will more than double their passenger traffic in the period, from an estimated 9.9 million this year to 20.3 million in 1991, the report predicted.

The report also said the number of general aviation aircraft will increase from the current 193,000 to 303,800 in the 12 years, growing at a slightly lower rate than in the last five years.

Earnings cut in half

The airline industry in general has not had anywhere near the successful year which Piedmont has noted. Industry earnings in the first nine months of 1979 were down \$580 million, or 50 percent from the same period last year, despite a 13.5 percent gain in traffic. The Air Transport Association attributed the drop primarily to the soaring costs of jet fuel — up 72 percent this year. According to Dr. George W. James, senior vice president—economics and finance of the ATA, airline net earnings declined about \$60 million in the first quarter, another \$70 million in the second quarter and an estimated \$450 million in the third quarter — the industry's worst financial quarter since the 1975 recession.

Icelandic changes its name

Icelandic Airlines has changed its name to Icelandair. The change is a result of plans made after the 1973 merger of Icelandic and Icelandair, a domestic Iceland and Iceland-Europe carrier.

The company said the new name was chosen because it is better known among the Europeans who make up a large part of the two carriers' total market and because it has a more contemporary ring.

DC-3 era ends

The venerable old workhorse of the piston-engined cargo and passenger transport fleet, the DC-3, will not be given another lease on commercial life, the Federal Aviation Administration has decided.

Now more than 40 years old, the twin-engined DC-3 is a veteran of World War II military service in all of the armies of the world, including the USSR. After the war, it was a mainstay of short-haul passenger and cargo transport services in the U.S. and overseas. Piedmont flew DC-3s from 1948 to 1963.

The latest proposal to revive the DC-3 was an application to replace the two reciprocating engines with three turbopropeller engines and install a third turboprop in the nose.

FAA, at first receptive to the idea, has now decided that this proposal "raised serious safety questions that could be resolved only by complete recertification of the airplane."

This means that a three-engine DC-3 would be treated as a brand new airplane and have to meet the same safety standards as other new transports applying for an FAA-type certificate.

The FAA decision in effect kills the prospects for a three-engine DC-3 prop jet, since recertification is neither practical nor feasible. FAA said, "The DC-3 was designed to airworthiness standards in effect four decades ago, and extensive redesign of the airplane would be required to meet current certification requirements."

Merger now up to Carter

The Civil Aeronautics Board has approved and sent to President Carter for review the bid by Pan Am to take over National Airlines in one of the largest mergers in airline history.

The CAB order was sent to the President in late October. It will become effective December 29, or five days after the President notifies the Board that he will not disapprove the transfer of National's route certificate, which excluded Miami-London, to Pan Am.

The merger's beginnings date back to 1978 and includes efforts by two other airlines, Texas International and Eastern. Eastern dropped out after an unfavorable CAB ruling, and Texas International ended its efforts when it agreed to sell its stock to Pan Am.

Defederalization would save tax dollars

At a time of rising transportation costs because of soaring fuel prices and inflation, the nation's airlines have urged Congressional action that would "defederalize" more than 70 airports and make possible an annual \$1 billion reduction in air travel passenger taxes.

The legislation, endorsed by the Senate Commerce Committee without a negative vote, provides additional funds for air transportation safety, curtails Federal intervention at major and medium hub airports, and carries a recommendation to reduce the current 8 percent passenger ticket tax to 2 percent, the Air Transport Association said.

Congressional advocates of the airport defederalization bill have pointed to the fact that by the end of the current fiscal year on September 30, 1980, the Aviation Trust Fund will have a surplus of more than \$3 billion as a result of the exorbitant passenger ticket tax. This surplus could grow to \$9 billion in five years.

The legislation would modify and extend the Airport and Airways Development Act, first voted in 1970, for another five years.

At present, Federal assistance to large and medium local airports accounts for 10 percent of total funding requirements, with the remainder derived from landing fees charged to users and from other airport revenues, such as parking and concessions.

Congressional hearings have shown that this Federal payment has brought with it complex regulatory activity and bureaucratic red tape which have added unnecessary cost and delay to many airport improvement projects.

The bill recognizes that the money the 70 airports formerly received from the Federal government will, in the future, be obtained through revised fees and charges for necessary airport improvement projects.

The following table shows the proposed tax savings in states currently served by Piedmont:

Proposed tax savings to airline passengers

	1978 Passengers Enplaned	Annual Tax Reduction	Five Year Tax Reduction
	1/ (000)	2/ \$(000)	3/ \$(000)
State			
Colorado	9,570	44,213	221,067
District of Columbia	7,828	36,165	180,827
Florida	16,904	78,096	390,482
Georgia	18,922	87,420	437,098
Illinois	22,300	103,026	515,130
Kentucky	1,435	6,630	33,149
Maryland	1,581	7,304	36,521
Massachusetts	6,095	28,159	140,795
New Jersey	3,941	18,207	91,037
New York	18,617	86,011	430,053
North Carolina	3,512	16,225	81,127
Ohio	8,102	37,431	187,156
Pennsylvania	9,628	44,481	222,407
South Carolina	1,304	6,025	30,122
Tennessee	4,534	20,947	104,735
Texas	17,805	82,259	411,296
Virginia	2,155	9,956	49,781
West Virginia	528	2,439	12,197

1/ Passenger enplanements expressed in thousands and based on Civil Aeronautics Board figures as of December 31, 1978.

2/ Tax reduction resulting from proposed decrease in the passenger ticket tax from 8 percent to 2 percent based on average fare of \$77.00.

3/ Annual savings projected for a five-year period assuming no traffic growth.