States of independence

The regional aviation market in the US accounts for half of its nation’s scheduled passenger flights. *Regional International* looks at what is being done to safeguard the industry.

Regional airlines in the US provide an essential service to the country’s communities and are key to the nation’s air travel system. They provide half of scheduled passenger flights across the US, flying to 470 communities which make up three quarter of passenger airports in the US.

While regional airlines are less well known than the major and low-cost carriers, most US passengers have flown with regionals as mainline carriers rely on the smaller operators for feed. The regional airlines are also often the link between smaller communities and the air service network across the country. Passengers flying across the US may book their trip on one of the major airlines, such as United, but the smaller, regional carriers often do the flying.

Tough conditions

The US regional aviation industry is going through a rocky ride and has experienced tough market conditions over the last five years. The mainline operators have been forced to tighten costs and be more stringent when enforcing new contracts and some of the big airlines are phasing out the smaller regional jets and cutting low traffic regional routes. Delta, the largest operator of 50-seat aircraft among US airlines, closed regional carrier Comair on September 29, 2012.

Trans States Airlines

Trans States Airlines is the fifth largest independent (privately held) regional airline in the US. Founded in 1982 as Resort Air, the company has positioned itself to be a quality regional feeder airline for United Airlines and US Airways.

- annual passengers: over 2.1m
- daily flights: over 150 flights to 39 cities
- employees: 650 aviation professionals nationwide
- fleet: 26 regional jets

The volatile price of jet fuel – in late 2012 the price of jet fuel hit an all-time high of US$3.08 per gallon – is doing little to ease the situation and ageing aircraft are adding to the industry’s woes by racking up high maintenance bills.

The 50-seat jets are under particular scrutiny with Delta reducing the number of 50-seat jets that it flies from almost 350 to 125 or less in the next several years, a key reason for closing down Comair. The high cost of fuel is encouraging airlines to scrap or sell the smaller jets and propeller planes.

Airline mergers

The flurry of airline mergers in recent years – Delta’s union with Northwest and, most recently, Southwest with AirTran – is also impacting the regional market. Roger Cohen, president of the Regional Airline Association, says: “This has reduced the number of regional choices for passengers. There are (nearly) 500 communities in this country that rely exclusively on regional airlines for their service. Any one of them ... is at risk of losing (some), if not all of its connectivity to the global marketplace in this environment.”

Passengers flying across the US may book their trip on one of the major airlines, but the regional carriers often do the flying.

### Regional airlines

- provide more than 13,000 flights every day;
- operate more than 50 per cent of the nation’s commercial schedule;
- transport 160m passengers annually;
- make up 40 per cent of the US commercial passenger fleet;
- serve 631 communities across the country; and
- in 486 of those communities – 77 per cent of the US – regional airlines provide the only scheduled service.

### YE3Q2012

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Source: OAG Form41 and Commuter INET
While times are certainly not easy for the US regional market, experts believe that this sector could not just survive but prosper by returning to its roots, flying independently and providing service to smaller markets that are being left behind by larger airlines. “As communities see a loss of service or shift of service, it creates an opportunity for regional carriers to begin to operate on their own, independently, between those communities, which is really how the industry started,” Cohen says.

### Industry statistics 1980 – YE3Q2012

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<td>Fleet flying hours (thousands)</td>
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<td>5,211</td>
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Source: OAG Form41 and Commuter iNET

As the largest independently held regional airline in the US, Air Wisconsin Airlines Corporation performs flying services for US Airways, and ground handling services for United.

Air Wisconsin operates as US Airways Express and is the largest privately-owned regional airline in the US. Founded in 1965, the airline schedules nearly 500 departures per day to 26 states and three Canadian provinces.

With service to approximately 70 cities throughout North America, Air Wisconsin carries nearly six million passengers a year.

In addition to the flying services Air Wisconsin provides while operating 71 CRJ regional jets as US Airways Express, the airline is also a ground-handler for United Express in United’s Washington Dulles International hub and several other cities throughout the country.

Jim Rankin, Air Wisconsin president, replies to RI questions on the regional aviation market in the US.

1) What are Air Wisconsin’s priorities for 2013?
   It is vital that we assist major airlines in executing their recent relaxation of pilot scope clauses, continue to find ways to cost-effectively manage our aircraft and build on our goal of operational excellence.

2) What are the most significant challenges the airline industry faces this year?
   The fragile state of the US and global economies and how the FAA implements sequestration budget reductions.

3) What are your thoughts on the need to motivate and encourage the next generation of pilots and mechanics, particularly with regards to the new 1,500 flight minimum rule, effective from 1 August?
   The airline industry offers a fast-paced work environment with changing conditions from one flight to the next. It takes many people with hands-on responsibility to push an aircraft off the gate on time with trained and rested crew members, a properly maintained aircraft and all of the passengers and their baggage security screened and on the airplane – it’s true team work at its best. The airline industry allows individuals the ability to reap immediate satisfaction in the role they play. Once you have stepped into this kind of working environment, it is hard to imagine that a different industry could offer these kinds of dynamic opportunities.
US market

Firm foundations

Despite challenging market conditions Roger Cohen, president RAA, is confident that the US regional aviation industry can look forward to a secure future.

Roger Cohen, president RAA, is resolutely optimistic about the future of the US regional aviation industry. “Yes, there has been a significant amount of shifting on the ground. Commair was lost last year, oil prices jumped all around again and there was a lot of uncertainty about future government funding,” he concedes. “But there are a number of positive signs in the industry generally. The mainline airline business is looking more sustainable and profitable which is giving stability to regional airlines. There is a better economic foundation to build on generally and good things will result from that.”

Cohen adds weight to his positive take on the US aviation market by pointing out that orders for new aircraft are on the increase and passenger service among airlines continues to improve. “Airlines are successfully addressing the challenges that they face. I am very encouraged that we may be moving to a new golden age in the US aviation industry. Through all the turmoil it has faced the sector has maintained its cornerstone role in the US economy.”

At the RAA safety, as ever, is its main focus. Cohen explains: “The industry is safer than it has ever been. However, we are not resting on our laurels and continue to do everything possible to ensure that air travel continues to be as safe as it possibly can be.”

This priority on safety is illustrated at this year’s RAA convention in Montreal. The lead researcher from Washington State University’s Sleep Science Center will present the results of a multi-year study into pilot fatigue. “This is the first study of fatigue in multi-segment operations” explains Cohen. “The results will provide great insight into fatigue for the worldwide aviation community.”

Another focus for the RAA is the shortage of aviation professionals set to impact the industry. “This could impair the future growth of the US aviation industry,” explains Cohen. “The RAA has worked hard to ensure that this problem is recognised. Virtually every major US media outlet has highlighted this issue and everyone, from airlines to manufacturers to government, now recognises that the lack of aviation professionals is a serious cause for concern. The big question is how we work together to address it.”

“Students from all over the world come to learn to fly in the US, often at the cost of their governments. We need similar support from the US Government. It will take focus and creativity and energy to stem the decline and get uptake,” he advises.

Cohen says that the planned closure or reduction in operating hours of a number of air traffic control towers, due to the Federal Aviation Administration’s (FAA’s) planned US$600m budget sequestration, is also of concern. Towers at 89 passenger air service airports could be closed with a further 54 additional airports potentially having their control tower hours of operations reduced. The RAA is working with the FAA to identify and mitigate the potential impact on scheduled air services.

“We are using our seat at the table with FAA decision makers to ensure that the closures have as little as possible or no disruption at all on service. Every day hundreds of thousands of passengers need to go through the Transport Security Administration when they’re crossing borders. This is a significant concern going forwards,” explains Cohen.

“There’s a case for saying that the US Government is being penny wise and pound foolish and the public will be the losers. The cutbacks lead to uncertainty which is never good in the airline business – the most regulated deregulated business in the world.”

Cohen adds that taxation of the airline industry is out of kilter with other sectors. “It’s taxed at a higher rate than cigarettes and alcohol. It cannot be viewed any longer as a piggy bank.”

The Regional Airline Association

With safety as its highest priority, RAA represents North American regional airlines and the manufacturers of products and services supporting the regional airline industry, before the Congress, DOT, FAA and other federal agencies.

The association’s 31 member airlines and 280 associate members represent the sector’s key decision makers.