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91-89 ADEQUACY OF AIR SERVICE

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HEARING

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BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION
AND AERONAUTICS

OF THE

COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE
HOUSE OF REPRESENTATIVES

NINETY-FIRST CONGRESS

FIRST SESSION

ON

H.R. 2671

A BILL TO AMEND THE FEDERAL AVIATION ACT OF 1958
TO REQUIRE THE CIVIL AERONAUTICS BOARD TO EN-
FORCE THE DUTY IMPOSED ON EACH CARRIER TO
PROVIDE ADEQUATE SERVICES IN CONNECTION WITH
THE TRANSPORTATION AUTHORIZED BY ITS CERTIFI-
CATE OF PUBLIC CONVENIENCE AND NECESSITY, AND
FOR OTHER PURPOSES

MARCH 5, 1969

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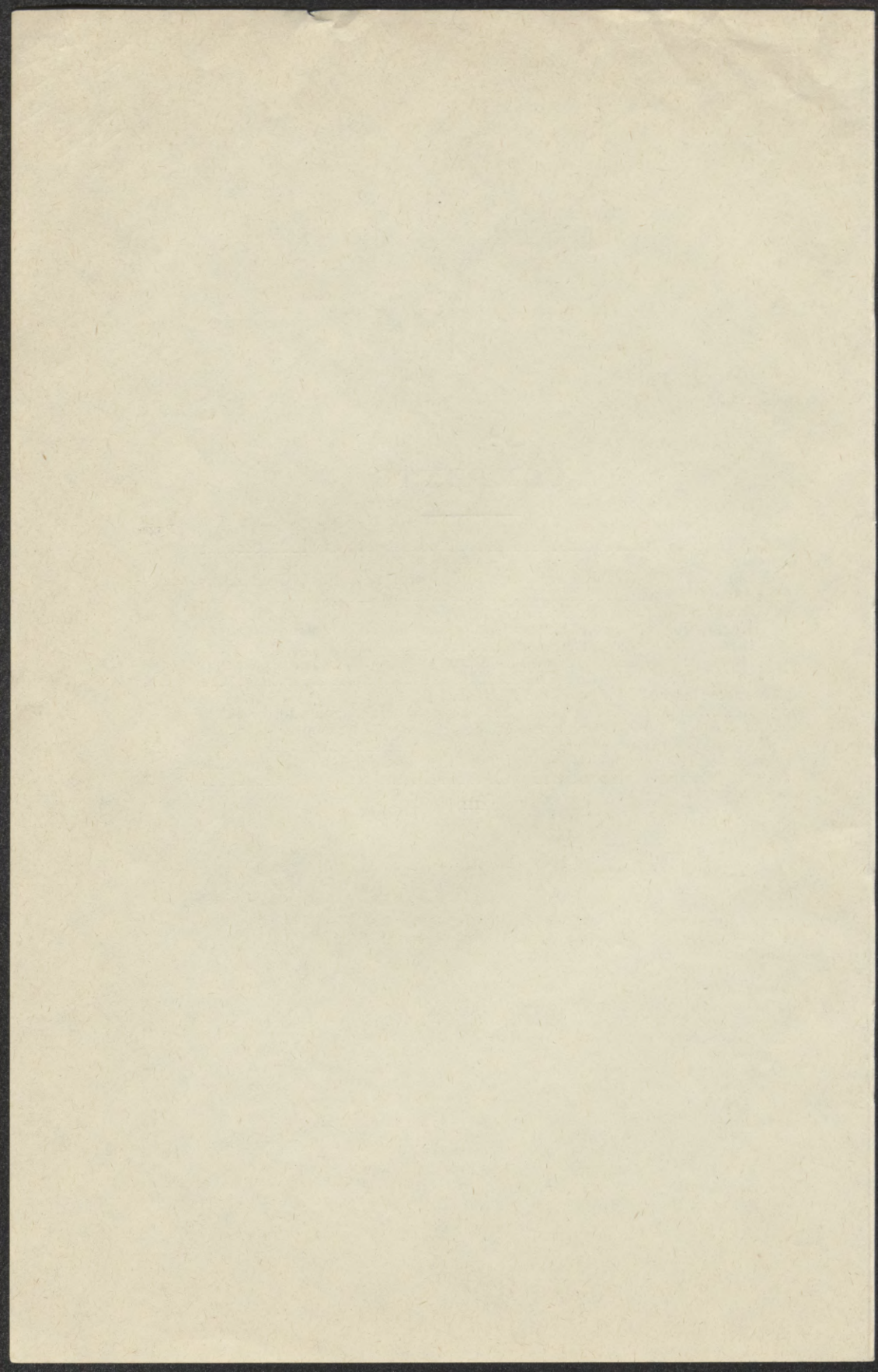
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ADEQUACY OF AIR SERVICE

WEDNESDAY, MARCH 5, 1969

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION AND AERONAUTICS,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The subcommittee met at 10 o'clock a.m., pursuant to notice, in room 2325, Rayburn House Office Building, Hon. Samuel N. Friedel (chairman of the subcommittee) presiding.

Mr. FRIEDEL. The subcommittee will please be in order.

Today we have asked for the appearance of the Civil Aeronautics Board on the subject of adequacy of air service. I have introduced H.R. 2671, which would require the CAB to enforce the duty imposed on each carrier to provide adequate service in accordance with its certificate.

(The text of H.R. 2671 follows:)

[H.R. 2671, 91st Cong., first sess., introduced by Mr. Friedel on January 9, 1969]

A BILL To amend the Federal Aviation Act of 1958 to require the Civil Aeronautics Board to enforce the duty imposed on each carrier to provide adequate services in connection with the transportation authorized by its certificate of public convenience and necessity, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1002 of the Federal Aviation Act of 1958 (49 U.S.C. 1482) is amended by adding at the end thereof the following new subsection:

"Surveillance and Enforcement of Adequate Service

"(j) (1) In exercising and performing its duties with respect to maintaining adequate levels of air service for the public convenience and necessity, and notwithstanding the provisions of section 401(a)(4) or any other provisions of this Act, the Board shall maintain a continuing surveillance over the adequacy of service provided by air carriers pursuant to the requirements of section 404(a) of this Act by, from time to time, establishing standards and tests to determine minimum levels of air carrier service to be provided between each pair of cities in the United States receiving scheduled service from a certificated air carrier, taking into account the periodic reports available from other governmental departments including those furnished by the Department of Commerce, of indicators susceptible for use in determining the potential air market between each such pair of cities in the United States. The Board shall use the standards and tests established by it to periodically, but not less than once each year, determine the adequacy of air service provided by the certificated airlines between each pair of cities in the United States certificated to receive scheduled airline service. The Board shall, within a reasonable time after its periodic review, issue a notice of deficiency in the form of an order to show cause to each air carrier providing service between pairs of cities where the Board determines it to be less than that which is necessary to provide adequate service.

"(2) Each air carrier receiving a notice of deficiency shall, within the time specified by the Civil Aeronautics Board, correct the deficiency cited, or notify the Board of its reasons for inability or refusal to conform. In the event the air

carrier does not correct the deficiency cited, parties of interest shall have the right to reply and comment on the air carrier's reason for its inability or refusal to conform. The Board may thereafter revise or rescind its notice of deficiency, or it may hold a public hearing upon the issues raised by the original or revised notice of deficiency. The Board shall issue such order and take such action (including the revocation of any certificate to engage in air transportation issued under this Act), as may be necessary to insure the maintenance of adequate air service to all points designated in any such certificate. In said proceedings it shall be the right of any person or body with a substantial interest to become a party to the proceedings and to submit evidence in favor of or against the adequacy of the level of air service.

"(3) Notwithstanding any provision of this section, the Board shall, upon its own order, or promptly upon motion of any State, city, or other public agency or public body, institute an investigation to determine whether the public interest requires the authorization of new, additional, or improved service between any two or more cities, and upon determination that the public convenience and necessity requires authorization of new, additional, or improved service, shall, subject to the other provisions of this Act, issue such certificate or order and take such other action as may be necessary to insure adequate and efficient air service between such cities for the present and future needs of air commerce."

(b) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the heading

"Sec. 1002. Complaints to an investigations by the Administrator and the Board."

is amended by adding at the end thereof the following new item:

"(j) Surveillance and enforcement of adequate air service."

SEC. 2. (a) Subchapter III of chapter 3 of title 13, United States Code, relating to the collection and publication of statistics, is amended by adding at the end thereof the following new section:

"§ 104. Report relating to air transportation services

"The Secretary shall undertake and produce in the Bureau or by contract with a private organization, a periodically updated report, of the community-of-interest indicators between each city or area in the United States and each other city or area in the United States designated by the Civil Aeronautics Board on the certificates of public convenience and necessity of the United States scheduled air carriers. These periodic reports will be in such form and include such data as will assist the Civil Aeronautics Board, the communities, the air carriers, and others in determining the potential air transportation needs, including the character, frequency and times at which air service is needed, for each city or area designated by the Civil Aeronautics Board on the certificates of public convenience and necessity of the scheduled United States air carriers.

"The Civil Aeronautics Board, and others interested in these reports, shall advise the Bureau, upon the Bureau's request or otherwise, from time to time, as to the nature of the facts, data, statistics and information which will be pertinent and helpful for the above purpose.

"Such report shall be revised periodically, quarterly if possible, but in no case less than annually, and shall within a reasonable time after the end of each period, be forwarded by the Secretary to the Civil Aeronautics Board for use as a guide in determining the adequacy of air service between each city or area in the United States, and each other city or area in the United States designated to receive air carrier service. Copies of said report shall be made available to the public through the Office of the Superintendent of Documents if the demand warrants it, and in any event it shall be available for public inspection at the office of the Bureau. Copies of the report, or any portion thereof shall be furnished to those who request it upon the payment of such reasonable charges as the Bureau may from time to time establish. Such copies shall be admissible as evidence to establish any of the facts or opinions contained therein, in Federal courts and before Federal administrative agencies, including the Civil Aeronautics Board. The information obtained from this report may be used by the Department of Commerce for information and guideline purposes for such other activities as it sees fit."

(b) The analysis of chapter 3 of title 13 of the United States Code, immediately preceding section 41, is amended by adding at the end thereof the following new item:

"104. Report relating to air transportation services."

Mr. FRIEDEL. For the purposes of today's hearings we need not concern ourselves directly with this bill. However, I am not at all reluctant to state that those concerned with service at Friendship International have been and will continue to be diligent in pursuing adequate service to and from that airport.

With growing impatience I am concerned with the imbalance of service at Friendship. We have cajoled, implored, begged and threatened the air carriers for some years. Without mentioning specific carriers by name, I do question their managerial judgment in scheduling outbound flights from Baltimore without a comparable balance of inbound flights. It should not come as a great surprise to carriers to learn that businesses and persons situated in Baltimore are interested in round trips.

As chairman of the Transportation and Aeronautics Subcommittee I wish to make it abundantly clear that my interests and efforts in adequate air service have been and will be just as vigorous for all communities. Baltimore doesn't stand alone.

I am looking forward to the testimony of the CAB and I want them to set forth for the record the major and minor communities that suffer along with less than adequate air service. There is little—if any—justification for second- or third-class air transportation at this point in our economic and technological achievement. Erratic scheduling is a disservice to the communities involved and produces nothing but ill will for the carriers involved.

I have an additional statement that I would like to include in the record at this point.

(The statement referred to follows:)

STATEMENT OF HON. SAMUEL N. FRIEDEL, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MARYLAND

On January 9, 1969, I introduced H.R. 2671, a bill to amend the Federal Aviation Act of 1958 to require the Civil Aeronautics Board to enforce the duty imposed on each carrier to provide adequate services in connection with the Transportation authorized by its certificate of public convenience. This would be accomplished by amending sec. 1002 of that Act (49 U.S.C. 1482) by adding at the end thereof a new subsection dealing with "Surveillance and Enforcement of Adequate Service".

I cannot urge you too strongly to give favorable consideration to this legislation to insure that all our citizens have adequate airline service available to them.

As was the case in an earlier day in this country in relation to railroad service, so today proper air service is indispensable for the development of an American city and its metropolitan area. Particularly where two or more cities are located close to each other or are otherwise fundamentally in a competitive situation, their air service may exercise a determining influence over their relative development. This crucial significance of air service to the modern city was recognized at least as early as January, 1935, when the 74th Congress' first session received the report of the Federal Aviation Commission, which had been appointed the previous summer by President Roosevelt. Thus, recommendation No. 4 of the Commission was as follows:

"(4) There should be a close and continuous governmental control of the financial aid having to be given to air lines. Certificates of convenience and necessity should be issued under proper safeguards and specifications. *Provision should be made to specify a minimum quality of service and a frequency of schedule on airlines.*"

Aviation as an industry is the number one form of public passenger transportation between cities at home and transports 3 out of every 4 persons traveling overseas.

Most observers and analysts of the industry believe that airlines are only at the beginning of their usefulness to the economic life of the Nation. Successful man-

agers and leaders of business, government, education, law, social work, philosophy and the arts are finding increasing need for the fastest transportation available.

However, there is a growing concern about the deterioration of scheduled air service to many cities, accompanied by insufficient attention to this problem by the Civil Aeronautics Board. The deterioration of air service is primarily based on a serious conflict of interest between the certificated airlines program of economic expansion and the public convenience and necessity requirements of the many communities across the nation.

The dependence of the smaller cities on the local air carriers has been intensified by several developments. First, trunk airline carriers have been ousted from more than 165 cities, usually at the request of the local service carriers. In addition, train service has decreased precipitously. Railroad passenger miles decreased from more than 30 billion in 1949 to less than 13 billion passenger miles in 1966. During that period the number of revenue passengers traveling on local service air carriers increased from 678,000 to 15,547,000.

In those places where single local service carriers have a monopoly, the cities' economic future is increasingly subject to the power of the air carrier to give or withhold air service. As the local service carriers seek to serve the larger cities, they devote less of their resources to serve the smaller cities.

Cities divorced from the service of the most modern transportation carriers fall from the mainstream of society and lose their economic importance. One only needs to recall the great problems created in the river towns when the steamer was replaced by the railroad and motor car. The principal ingredients of that problem are identical to the problem our Nation faces with air travel today. But the CAB now has the benefit of past experience to guide it in the present decision. History need not be repeated here.

During the early years of the airline industry, the matter of adequacy of service generally took care of itself as a result of the competition between carriers seeking to obtain a foothold in desirable markets. Today, however, the record shows that certified competition has not and will not insure adequate service for all the markets in this country.

At the present time the CAB is not sufficiently staffed to insure that adequate service is provided. They wait until there are so many complaints from a particular area they can no longer ignore the problem. Then their investigations take too much time and it is often years before hearings are scheduled on the complaints.

I believe this is the wrong method to insure adequate air transportation and that the CAB should take the initiative in determining if air service meets the needs of the majority of our citizens in all sections of the country.

I submit that H.R. 2671 will prove to be a most useful tool to come to grips with this problem. I urge the Committee to act on it promptly and favorably.

Mr. FRIEDEL. It is now my pleasure to introduce Chairman John H. Crooker, Jr., of the Civil Aeronautics Board.

STATEMENT OF HON. JOHN H. CROOKER, JR., CHAIRMAN, CIVIL AERONAUTICS BOARD; ACCOMPANIED BY JOHN W. DREGGE, DIRECTOR OF COMMUNITY AND CONGRESSIONAL RELATIONS, A. M. ANDREWS, DIRECTOR, BUREAU OF OPERATING RIGHTS, AND ALFRED KREBS, CHIEF, LEGISLATION SECTION, OFFICE OF GENERAL COUNSEL

Mr. CROOKER. I am glad to have this opportunity to discuss with you the adequacy of air service.

I can assure you that, despite the impressive improvements in our national air transportation system over the past years, the Board is not complacent about adequacy-of-service questions. In judging those questions, however, the Board believes it important to recognize that the traveling public now receives the benefit of service from a national air transportation system that has become the world's best. Since the Board was created in 1938, when air transportation was placed under

economic regulation, we have progressed from a small DC-3 fleet, with limited passenger capacity and a relatively short cruising range, to the large, longer range and more efficient jets. In 1938, the airlines operated a total of 254 aircraft in domestic and international operations, of which less than one-half were 21-passenger DC-3's, the most modern aircraft at that time. Thirty years later, by the beginning of 1968, the U.S. carriers operated almost 2,500 multiengine aircraft with 1,336 of them being the modern day jets. In 1938, there were some 1,300,000 passengers, and last year there were 141,400,000. In terms of revenue passenger miles, the traffic of 1968 was approximately 200 times greater than the traffic of 1938. The number of points in the 48 contiguous States receiving scheduled air service in 1938 was 182; in 1968 it was 524.

Throughout this period of growth, the domestic air carriers have been under an affirmative duty imposed by section 404 of the Federal Aviation Act to provide "adequate service" to the cities served by them. Though the carriers' statutory obligation has remained unchanged, the quality of service which the Board will accept as "adequate" has not. As new aircraft have been developed, the Board has upgraded the standards of convenient and comfortable service which it believes cities are entitled to receive. For the "adequate service" standard is not fixed and rigid, but depends on the facts and circumstances in a given case. Adequate service has been said by the Supreme Court to be a relative term "calling for such facilities as might be fairly demanded, regard being had, among other things, to the size of the place, the extent of the demand for transportation, to cost of furnishing the additional accommodations asked for, and to all other facts which would have a bearing on the question of convenience and cost" (*Atlantic Coast Line v. Wharton*, 207 U.S. 328, 335). Thus, the Board can properly evaluate the adequacy of service to an individual community only by appraising all the facts and circumstances affecting the service and its use by the public at a particular time.

Moreover, the Board may not compel an air carrier to provide improved or new services to a given community without full evidentiary hearing and without according the carrier the procedures guaranteed to it by the Administrative Procedure Act. The Board must find on the record that the service is inadequate, and determine what additional services the carrier should be compelled to provide to remedy the deficiency. This necessarily involves a consideration of such questions as whether new single plane or connecting service should be ordered, as well as the number of flights required and their timing, permissible number of intermediate stops, the class of service to be provided; that is, coach or first class, the equipment to be used, and the effects such changes in the carriers' pattern would have on the communities. All of these factors, in turn, must be considered in terms of economic feasibility of the additional and improved service to be ordered. It is obvious why such proceedings would be complex, time consuming, costly and burdensome on the communities, the carriers and the Board.

It might be helpful if I reviewed rather briefly the Board's handling of adequacy problems. From 1938 through the mid-1950's, the Board largely relied upon the interplay of competitive forces to assure service adequacy. This was, of course, consistent with the basic

philosophy of the act. By the late 1950's, most of the major and many of the smaller markets had two or more competitors. Up through the late 1950's, as today, the Board's experience was that improved service for individual cities could be stimulated best by the spur of new competition, rather than by formal attempts to force the incumbent carrier to increase its service.

For several years beginning in the late 1950's, however, the situation changed both from an economic and operational standpoint. The carriers were faced with the necessity of doubling, tripling, and even quadrupling their capital investment to replace their fleets of piston aircraft with aircraft offering greater speed and capacity. At the same time, there was a decline both in traffic growth and in the carriers' earnings. In these circumstances, it became clear that the authorization of additional competitive services to insure adequate service could no longer be relied upon as much as it had in the past.

Despite the competitive service pattern which the Board had established, there were still communities which had legitimate service complaints which the carriers were unwilling to satisfy on a voluntary basis. Consequently, the Board resorted to use of its statutory power under section 404(a) to investigate the adequacy of air service at certain communities with a view to ordering such improvements as appeared warranted by the formal record compiled in the hearing process. During the late 1950's, the Board instituted four such proceedings. One proceeding dealt with the adequacy of service at Fort Worth (*Fort Worth Investigation*, 27 C.A.B. 260); another with service at Toledo (*Toledo Adequacy of Service Investigation*, 30 C.A.B. 169, *aff'd*, *Capital Airlines v. C.A.B.*, 281 F. 2d 48); the third with Flint-Grand Rapids (*Flint-Grand Rapids Adequacy of Service Investigation*, 30 C.A.B. 1120); and the fourth with Baltimore (*Washington-Baltimore Adequacy of Service Investigation*, 30 C.A.B. 1215, *aff'd*, *National Airlines v. C.A.B.*, 300 F. 2d 711).

Our experience with those cases was frustrating, to say the least. All four proceedings were protracted; they were costly to the communities, the carriers, and the Board; and even upon their completion the Board was able to order only those minimum services for which it could find record support. In the *Baltimore* case, the Board was able to direct the airlines to provide new services. But in the *Toledo* and *Flint-Grand Rapids* cases, although Capital was ordered to increase or improve its service, the Board was obliged to suspend its order in one case because of the carrier's financial difficulties; and the carrier was later merged out of existence. In the *Fort Worth* case, the Board's requirement that American Airlines improve its service never became effective since the Board suspended it pending the ultimate resolution of the Dallas-Fort Worth airport problem.

From this experience it became apparent that the Board should explore other possible avenues for dealing with adequacy questions rather than attempting to proceed in the ordinary case by way of formal evidentiary proceedings. Accordingly, in 1961, we decided to create a new staff office and give full-time responsibility to a senior staff member to assist the communities in obtaining from the carriers those service improvements which they appear to need and desire. I am sure that you know Col. John Dregge, the Director of our Office of Community and Congressional Relations, and are familiar with his excellent work.

At the time this new office was created, the Board circulated to the carriers and the communities, and to the Congress, a letter expressing, in part, its view that during the trunkline transition from piston to jet service many changes in the existing pattern of air service might take place, and that service disputes between carriers and communities could be best resolved through discussion and negotiation rather than formal lengthy adequacy-of-service proceedings. The services of the Office of Community and Congressional Relations were offered to assist communities in obtaining improvements in air service which they believed were warranted.

Since its creation, our Office of Community and Congressional Relations has assisted many communities in their efforts to obtain needed new or additional air service. It has worked closely with more than 200 communities in solving their problems with the carriers. Both the communities and the carriers have been most cooperative, and we think that a great deal has been accomplished.

It may be helpful to the committee to give specific examples of the manner in which the Board's use of informal conference procedures has served to dispense with the necessity of formal adequacy-of-service proceedings, and to accomplish on an informal basis at least as much as could have been done through formal proceedings. Two of these cases involved Oakland, Calif., and Baltimore, Md.

In the case of Oakland, due to its satellite characteristics with San Francisco, the amount of air service through its own airport was practically nonexistent. The representatives of the community had filed a formal adequacy complaint, completely documented as to the alleged service deficiencies and the required remedies. The carriers were apparently unwilling to provide the service. The prospect of a long and bitterly fought formal adequacy case seemed to be the only solution. However, shortly after the establishment of the Office of Community and Congressional Relations, Mr. Dregge undertook to mediate and alleviate the Oakland problem. To make a long story short, direct air service was provided to Oakland's own airport and the public response was such that the air carriers continued to increase the number of frequencies and improve the character of services being provided. As a result, the city of Oakland withdrew its adequacy-of-service petition.

The Baltimore case differed in certain respects from the Oakland case, but the end result was the same. As I indicated, the Board had held a lengthy proceeding concerning Baltimore and, as a result, ordered certain carriers to provide additional service in a number of markets. However, the resulting service pattern still left Baltimore unsatisfied. A conference was held between the Office of Community and Congressional Relations, the carriers, and representatives of the city of Baltimore. Again, without filling the record with unnecessary detail, plans were reached by the air carriers which were satisfactory to Baltimore and the Office of Community and Congressional Relations, and the city withdrew its complaint.

The Office of Community and Congressional Relations has continued its good work. In 1967-68, after consultations between Mr. Dregge and civic airline representatives: (1) Grand Rapids obtained improved services from United to New York and new service from North Central to Toronto; (2) TWA upgraded its service to Louisville and Eastern began offering that community all-cargo flights; and (3) Northeast

agreed to reinstitute some flights to New Bedford which it had cancelled. Also, following Mr. Dregge's efforts: (4) Delta instituted jet service to Shreveport, and provided Shreveport with through-plane service to Atlanta and New York; (5) Delta agreed to institute through-plane service from Beaumont to Atlanta and New York; (6) Piedmont instituted service between London-Corbin and Knoxville and Louisville; and (7) United and Delta instituted improved services to Toledo.

Obviously, the Board has not been successful in resolving all of the disputes between the communities and the carriers, as evidenced by legislation introduced in the present and past Congresses. In general, that legislation would require the Board to establish standards fixing minimum levels of air carrier service to be provided between each pair of cities in the United States receiving scheduled service and to use those standards annually to review the adequacy of the airlines' service between those cities. And the Board would also be directed to institute, on its own motion or on the motion of State or local governments, investigations to determine whether new air services are needed to insure adequate service between any two or more cities.

If the Board had to establish and apply adequacy-of-service standards for all certificated city pairs, it would be forced to assemble a staff devoted solely to that task. About 13,000 pairs of cities are certificated to receive service from a single carrier; additional pairs of communities receive interline connecting service by two or more certificated carriers. In order to establish minimum standards of service for these thousands of city pairs, the Board would need to assemble for each city pair yardsticks showing both the quantity and quality of service being rendered. Those yardsticks include such information as departure time, type of equipment, number of seats in each class of service, number of intermediate stops, and similar matters. To further complicate the problem, any judgment about the adequacy of service being offered to an individual community must take into account not only the number of passengers traveling between the city and other points, but also the city's location both with respect to nearby connecting air hubs and the city's place on a carrier's entire route system. In sum, the problem is so complex that the Board could not even begin to set standards for all certificated city pairs without an enormous increase in both its staff and its budget.

Requiring the Board to institute a formal route proceeding whenever a community files a motion requesting new service can have several disadvantages. First, it will tend to induce communities to bypass the conciliatory mediation process which has worked so well since 1961. Second, it will deprive the Board of its present discretion to control proceedings of this type and to order its overall calendar. With the Board's docket being as heavy as it is, the result could be that the Board would be forced to defer action in other areas vital to the development of our national air transportation system.

To the extent that the legislation charges the Board with a mandate to encourage improvements of service, the Board tries to perform this task. Though the Board cannot monitor service at every certificated community, it has developed a market study for hundreds of city pairings designed to relate the quantity and quality of the service received by those communities to their traffic demand. Using this study and the information supplied by the Office of Community and Congressional Relations, the Board has and will continue to move

ahead to encourage service improvements by scheduling formal evidentiary hearings looking toward the award of new routes.

In addition, the Board has moved forward aggressively, especially in the last 15 months, to streamline its procedures for processing requests by airlines to improve their service to the cities they now serve. For example, in January 1968, the Board issued subpart M of its procedural regulations, establishing expedited procedures for modifying or removing restrictions which prevent local service carriers from providing nonstop operations between some cities. Under subpart M, the Board authorized new service in 12 markets in 1968. More important, the average time for processing those subpart M cases was only 5.1 months. This represents not only a substantial reduction in the time required to complete a case under the Board's usual processes, it also means that the communities involved have been able to get improved service in a hurry. The Board also has recently issued subpart N of its procedural regulations, establishing expedited procedures for modifying or removing similar restrictions which prevent trunkline carriers from providing nonstop or commuter service in some of their markets. The Board expects that proceedings under these rules will bring major service improvements for small and large cities alike—again, on a much faster basis than under the normal hearing procedures. And we can assure you that the Board will continue to press its efforts to secure needed service improvements.

Through both its informal mediation procedures and its own program for new route proceedings, the Board believes that it has done much to assist communities to obtain new and improved air services. And the Board continues to believe that these procedures are preferable to formal adequacy-of-service cases, like those instituted in the late 1950's, under section 404 of the act. Since no formal adequacy-of-service complaints have been filed under section 404 for some period of time, the Board appears to be justified in this belief.

Mr. Chairman, we would be pleased to try to answer any questions that may be propounded by the chairman or the other members of the committee. And if it is agreeable with you, we have three of our top staff people at the Board here, in case they might be able to add to whatever answer might be furnished.

Mr. FRIEDEL. Will you proceed in order?

Mr. CROOKER. Mr. Andrews is Director of our Bureau of Operating Rights.

Colonel Dregge, as I have already mentioned, is our Director of the Office of Community and Congressional Relations. And Mr. Krebs, Chief of the Legislation Section, in the Office of the General Counsel, is our legal adviser on these matters.

Mr. FRIEDEL. Mr. Crooker, I want to say there have been some improvements in service. Mr. Dregge is doing a wonderful job. How many does he have on his staff? He goes all over the country. Maybe it is just impossible to do what he is supposed to do.

Mr. CROOKER. It is true, Mr. Chairman, that we have a very small staff in that Office. Mr. Dregge and Mr. Donnelly, with the assistance of one lady, do virtually all the work. And I suppose if we had a larger staff that would be one of the places where we would provide more manpower.

Mr. FRIEDEL. At Friendship International Airport, they have a schedule for all airlines. You can look in the book and you find if you

want to go to Pittsburgh what airline you take and the time it leaves, and the arrival, and whether it is one stop or more. But in here we have 23 flights out of Friendship with no return—like Phoenix, Ariz.; Louisville, Ky., and Key West, Fla.—

Mr. PICKLE. Mr. Chairman, would that indicate that more people want to leave Baltimore than want to come in?

Mr. FRIEDEL. I don't think so. We have a lot of businessmen that like to go back and forth and leave their cars at the airport.

I received over 26 letters from Members complaining about adequacy of service in their airports. I drew up a letter about 2 years ago outlining the airports that were complaining and the Members that were complaining. As I said, it is improving, but not enough. What I am trying to bring out is that it is not right for a city or a municipality or State to go through the long process of trying to get adequate service for their airport. The Baltimore case lasted for some 5 years, or longer, but we do get service to cities that we didn't get before.

But this ought to be the problem of the CAB, rather than the cities and the States going to court on the adequacy of service.

And this is the kind of thing we are trying to bring to a head. I know that with Mr. Dregge and his small staff it is just impossible to do it. I think he should have a bigger staff, because it is very important.

One of the things that we have today is a shortage of parking at airports. It shows that people go to the airport and leave their cars, and they want to have a round trip and come back.

I just mention that. And I will leave it open for questions of members.

Mr. Pickle, I will recognize you first.

Mr. PICKLE. Thank you, Mr. Chairman.

Mr. Chairman, the meeting had just started as I walked in. As I understand it, we do not have a specific item of legislation before us, but rather the general topic of adequacy of service.

Mr. FRIEDEL. We do have a specific bill, H.R. 2671, which would require the CAB to do this.

But as I said earlier in my statement, I would not hold it to H.R. 2671, and we can speak in general about the adequacy of service.

Mr. PICKLE. I would ask the members of the CAB if they are familiar with this H.R. 2671. Have you expressed your position on that to members of the committee?

Mr. CROOKER. We are familiar with the bill. I don't believe we have been asked to express heretofore our position on the particular measure.

I might invite attention to the fact that the bill provides that the Board would inquire at least annually into the adequacies of air service, and within a reasonable time after the periodic review, issue a notice of deficiency in the form of an order to show cause to each air carrier providing service between pairs of cities where the Board determines it to be less than that which is necessary to provide adequate service.

The bill further provides that in the event the carrier doesn't correct the deficiency, the Board may thereafter do one of two things: Either revise or rescind its notice, or hold a public hearing upon the issues raised by the original or revised notice.

So I assume that the bill contemplates still an evidentiary proceeding after the issuance of the show cause order and the reply of the carrier.

I must confess that the bill would provide a good deal of moral pressure on the carriers if they felt that a formal proceeding might be held. On the other hand, they understand that under section 404 now there may, after complaints by the municipalities, be such a formal proceeding. And our own apprehension, Mr. Chairman, would be that with our present staff we would have a statutory obligation to inquire into some 13,000 city pairs, in a great majority of which there is probably adequate air service, rather than proceed as we are now doing with a rather limited staff inquiring into the ones where at first blush it appears there might be inadequate service.

Mr. PICKLE. Mr. Chairman, I would hope that the Commission would send to the committees their views on these bills. This is not the time and place for it, between now and such time as a hearing will be held on this particular bill I would like to hear their views.

Mr. FRIEDEL. Mr. Crooker did explain some of the hardships that they would face if we adopted this bill.

Mr. PICKLE. Of course, every community by and large is trying to get more and better air service. It is a fact of life. It is true of the principal city of my district. My complaint has not been that the CAB hasn't given attention to our needs and requests, but rather that when Mr. Dregge came into our community he did too good a job. They had been all ready to make specific requests, but when the colonel finished with them after 2 or 3 days they were apologetic for bothering him. That is the only complaint I have. He was too effective.

And yet we have worked out our problems in a satisfactory manner. And I think the service rendered by your particular department has been excellent.

I am concerned when a community is not able to work out its problems, or they are not satisfied, and they think they have a strong case, that under the Administrative Procedure Act, or whatever procedure we follow, a hearing is held. And then we get locked in a long series of hearings and postponements.

I was very surprised to hear in your testimony that you say you have these reduced down now to a period of about 5 months. I understood it was up to a year before we ever got an answer on many of these things. What is the accurate statement?

Mr. CROOKER. Mr. Pickle, with respect to the subpart M cases for removal of restrictions, the one- and two-stop restrictions, those are now being processed in an average time of 5.1 months. This has certainly not been true in connection with the adequacy of service proceedings. I mentioned before that these did drag on for some years. And I would not hold out to the committee the hope that an adequacy of service proceeding could be completed in 5 months.

Mr. PICKLE. That is 5 months with reference to subpart M?

Mr. CROOKER. Yes.

Mr. PICKLE. Let me ask you, for my information: What do you mean when you make reference to a pair of cities?

Mr. CROOKER. A flight originating at one point and ending at another. A city pair would refer to a market.

Mr. PICKLE. Would it be all cities en route, or to principal cities?

Mr. CROOKER. The two cities. With 526 or so cities receiving service, when you mention 13,000 or so city pairs with a significant amount of traffic, you can see that that would mean a number of services from any one of the 526 points.

Mr. PICKLE. When you say 13,000 pairs of cities, that is just about all the cities that are served in the country?

Mr. KUYKENDALL. It is a mathematical probability. That is how many pairs you can make out of 526, isn't it?

Mr. CROOKER. It wouldn't be 526 paired, because, of course, you don't go from Waco, Tex., to all the other 526 points.

Mr. PICKLE. It is a figure of speech. And I try to get it clear in my mind, because it is a basis of consideration when you make reference to a pair of cities.

One other question. This may be a procedural question. But for my own information again tell me, what happens when a community is not able to work out its request with your representatives, what is the next step that that city can take?

Mr. CROOKER. A docketed application is filed with the Board. And if the Board agrees that an investigation should be instituted, an investigation into adequacy of service is instituted, just as any other investigation would be instituted. Four of these were mentioned in the statement. And the matter is assigned to a hearing examiner, who sets it down for a pretrial conference, and then for a hearing, at which he takes evidence. And he renders an initial decision. If the parties are not satisfied, they file exceptions. At that point, the Board decides whether to affirm the examiner without further proceedings, or to review the matter, receive briefs, and hear oral argument.

Mr. FRIEDEL. In other words, they can be lengthy and costly to the cities and States?

Mr. CROOKER. Yes, sir.

Mr. PICKLE. I thank you, Mr. Chairman.

Mr. FRIEDEL. Mr. Devine.

Mr. DEVINE. Mr. Crooker, do you or the members of your Board feel that additional legislation is necessary in the area of adequacy of service?

Mr. CROOKER. Mr. Devine, we feel that the present statute gives us the authority to look into adequacy of service. It is possible that because of limited staff we have not done quite as good a job in this respect as we would have hoped to do. If legislation would have a beneficial effect, it would probably be largely as an expression of congressional intent—a focus for our enlightenment on this problem and a reflection of the views of you gentlemen that more stress must be placed on the problem. We would hope that the Appropriations Committees would recognize that if stress is to be placed on it, we would have to have the staff to process these matters.

Mr. DEVINE. Rather than having a fund for expansion of staff, you do have sufficient enabling legislation to do what you think is necessary, do you not?

Mr. CROOKER. Unless there is some method devised that will shortcut the Administrative Procedure Act—and I don't understand that that is envisioned by H.R. 2671.

Mr. DEVINE. Do you have any legislation or are you recommending any at this time?

Mr. CROOKER. We have not submitted to the Congress any legislation in this respect.

Mr. DEVINE. For the record—and I think most of us recognize many of the complaints you receive, like baggage delays, flight delays, traffic in the parking lot, scheduling at the wrong time or periods of the day—what are the most frequent complaints that you as Board members receive on adequacy of service?

Mr. CROOKER. I would say that compared to the other types of situations you mentioned, the adequacy of service complaints are rather minimal. We have over 4,000 letters a year on such things as lost baggage and denied boarding. And occasionally, complaints that an airline does not provide as much service, or it doesn't provide service at convenient times of the day. There are many more complaints—that even though the schedule provided for a particular flight, it was canceled on the date that the complainants wrote to us about.

Mr. DEVINE. How about overselling flights, do you hear many on that?

Mr. CROOKER. Yes. Denied boarding, I meant overselling and, therefore, when the person comes with a ticket or reservation he is denied boarding. We do get complaints on that.

Mr. DEVINE. Do no-shows seem to be a serious problem as far as the airlines are concerned?

Mr. CROOKER. Well, as you know, a person may get his full refund on his ticket, even if he is a no-show. We have heard some bit about no-shows in connection with the matter of youth fares, which we will hear argued a week from today. It is the contention of the airlines that young people phone in reservations in fictitious names, and when the fictitious names turn out to be no-shows, seats are available for reduced rate travelers.

Mr. DEVINE. Is that supposed to be a common practice among college students?

Mr. CROOKER. I don't know, sir.

Mr. DEVINE. Do you feel that your Board needs additional authority as it relates to scheduling of flights?

Mr. CROOKER. We have, as we testified before the Commerce Committee last year, avoided asking for authority to control scheduling. We don't have any computer facilities or staff facilities that would permit us to take into account the complex types of flight equipment, the entire route patterns of these airlines. Generally speaking they are trying to fly their planes as many hours a day as they possibly can. And we have not asked for, in fact testified before the Commerce Committee of the House that we did not seek, authority over scheduling.

Mr. DEVINE. As far as your carriers are concerned, the key factor is economics, is it not?

Mr. CROOKER. Yes, sir, I think so.

Mr. DEVINE. As far as scheduling, the number of flights, and everything else, it relates back to economics, does it not?

Mr. CROOKER. Yes, sir, plus the fact that in order to avoid ill will with the public and the Board, they don't do ludicrous things as far as serving the public is concerned. I am sure that their interest in economics would impel them to try to render proper service to the public at more or less convenient times—the times of day the public wants to travel.

Mr. DEVINE. Mr. Friedel brings up Friendship from time to time and suggests that all these are departing flights and no return flights. Would the airline, if it was a moneymaking proposition, try to schedule flights in a manner that would accommodate more passengers.

Mr. CROOKER. Mr. Devine, the reference I made a moment ago to cases before the Board did involve Baltimore. And I suppose that was probably one of the four cities at which the Board felt some years ago that the carriers were not doing a good job. Since that time I might say that the imbalances, more flights in one direction than in the other, have been eliminated between Baltimore on the one hand and all of these cities on the other—Augusta, Ga., Fort Wayne, Ind., Grand Rapids, Mich., Hickory, N.C., Las Vegas, Nev., Lexington, Ky., San Antonio, Tex. I understand also recently eliminated from the list of imbalances are Charleston, S.C., Birmingham, Ala., Columbia, S.C., Goldsboro, N.C., Greensboro, N.C., Jacksonville, Fla., Mobile, Ala., Moline, Ill., Orlando, Fla., Panama City, Fla., Pensacola, Fla., Reno, Nev., Roanoke, Va., Rocky Mount, N.C., Sacramento, Calif., and Wichita, Kans. There are markets such as Chairman Friedel mentioned where there is an imbalance, say one flight out and no flight returning.

It was found, however, that most of those markets involved less than four emplaned passengers per day. And there are only some seven markets where there appears to be significant traffic in which there still is such an imbalance. I think Salt Lake City, which United served, has more traffic than another such point. That is, 11.2 passengers per day in both directions. And Milwaukee, also served by United, is next. Phoenix served by TWA, has 7.8 passengers a day. Jackson, Miss., 7.1; Tucson, 6.3. So that in these five markets, and two or three others, there is enough traffic so that it is a matter of some concern.

Mr. DEVINE. The Board certainly isn't going to require a certificated carrier to operate empty equipment back and forth just to accommodate an airport and an occasional passenger.

Mr. CROOKER. No, sir. And of course on many of these flights there is already traffic to or from New York or Boston or Philadelphia, so that the emplaned passengers at Washington or Baltimore would constitute only part of the story.

I think there are two reasons, in the instance of Baltimore. There is one reason that applies to all cities. And that is, that in considering the entire route pattern of an air carrier, there is sometimes a three-legged journey that provides, considering time zone changes, the best method of attracting passengers to the airline that management can think of.

The second problem here is that there are three airports in this immediate vicinity. And the Baltimore airport is close enough to downtown Washington to provide service to enplaning passengers from Washington, and deplaning passengers coming to Washington. And sometimes a carrier, in order to see whether they want to use Friendship, Dulles, or National, will put a flight one way into one of those airports and the other way into another airport.

So I fear that if we said that we would insist that carriers correct the imbalance, any one of those airports might lose about as many flights in one direction as it would pick up in the other.

Mr. DEVINE. Thank you, Mr. Chairman.

Mr. FRIEDEL. Mr. Dingell.

Mr. DINGELL. Thank you, Mr. Chairman.

Gentlemen, I read your statement with considerable interest. And I am pleased to see that you are reacting to the problem that this committee has before it at this time.

I want to discuss with you, if I may, some general questions of philosophy. Am I fair in my understanding that the airlines are essentially public utilities, regulated monopoly institutions that are supposed to provide public service in the public interest?

Mr. CROOKER. There is no open entry into the field of the certificated carriers except at the level of air taxis, so of course, with limited entry into the field, they must render a public service.

Mr. DINGELL. The reason I asked this is that I am becoming increasingly concerned about the Federal regulatory agencies, and the problem of assuring that the regulated entities provide public service and not just seek to maximize their profit.

There appears to be less reason to be troubled in your particular area than there does, for example, in the ICC which for all intents and purposes has or is presiding over the entire destruction of the rail passenger service of the Nation. I am particularly concerned here with regard to this matter because I note from time to time that there is a tendency on the part of some of these regulated entities to try and get rid of their less profitable runs or less profitable points of service, and to concentrate on those areas where they can and do make a profit. Does the Board have any policy with regard to this business of public service, insuring that the regulated carriers do provide service as opposed to simply concentrating on the profitable lines and the profitable points of landing and takeoff?

Mr. CROOKER. Mr. Dingell, of course we are more fortunate than the ICC, in that we regulate a growing industry. Air traffic grows at the rate of 14 to 15 percent per year compounded. So for the most part we are looking at new and additional services rather than withdrawal from furnishing a public service.

Some years ago the Board had what was called a use-it-or-lose-it policy where if a city enplaned less than five passengers per day, I believe, it was determined that there should no longer be air service by a certificated carrier. That is not an active policy of the Board at this time.

As you further know, we supervise the payment of some \$45 million a year to the local service carriers for furnishing air service to communities where the traffic does not make it a self-supporting operation. So by our control of the subsidy funds and our insistence that the local service carriers continue to furnish service to these communities, we seek to keep private industry from doing exactly the thing you mentioned, that is, ignore the public interest.

In connection with the local service carriers furnishing service to small communities, we have seen a trend toward, and we have approved some steps taken in this respect, a contract between a local service carrier and an air taxi operator, where the air taxi operator furnishes more flights per day, let's say to and from Pocono, Pa., to one of the large cities in Pennsylvania, than the local service carrier previously furnished. Under such agreement, if the Pocono air taxi operation ceases to be an effective entity, and the service is discontinued, the local service carrier must go back in the next day and restore its service.

I think that under the procedures we have set up in connection with subsidy, where two flights per day in each direction are required in order to entitle a carrier to subsidy for a particular run and the formula is fixed so that the carrier must offer the service we expect it to provide, adequate service is furnished to the smaller communities. This doesn't keep the carrier from occasionally developing real or alleged mechanical difficulties and canceling a flight. But it is awfully difficult to determine when a carrier says that a flight is canceled for mechanical difficulties, whether a flight has been abandoned on a particular day, or for several days, because of economic reasons.

Mr. DINGELL. I am troubled, because I have observed over the years that local service carriers try to merge and become trunkline carriers. And I have observed a number of instances where this has come about either through an orderly process of growth or through mergers. And when this happens I know that there seems to be a falling off in terms of service supplied to the less desirable points of service. Do you have any policy on this, sir?

Mr. CROOKER. With respect to the matter of mergers, you know, of course, that there have been three mergers in the field of the local service carriers in the recent past. Two of these occurred before I came to the Board, one since. The three carriers out on the Pacific coast merged into Air West. There was a merger of Central into Frontier, and Lake Central into Allegheny. The Board determined in each of those instances that there would not be any deterioration in the service to the public as a result of the mergers.

I am inclined to think that what has happened is not a lessening of service to the smaller communities, but that as the airline grows it places additional equipment in service and provides additional flights to more lucrative markets. I am inclined to believe that with respect to service to small communities, considering the fact that the class-rate formula for subsidy is based on two flights per day in each direction, reasonable service is furnished to these communities.

Mr. DINGELL. You tended to indicate that in these instances there appears to be a phenomenon take place whereby there is an increase in service on the more desirable routes or the more desirable portions of routes, with a tendency in some instances at least to allow these less desirable and less lucrative portions of the routes to remain static or even decline. Now, does the Board have a policy on this point? This is one of the things that troubles me about the administration in these areas.

Mr. CROOKER. Mr. Dingell, I think that the Board maintains reasonable surveillance over this. The only point I would mention is that when the traffic, the emplaning traffic, is very small at one of these points served by a local service carrier, we have not insisted, in supervising the subsidy amounts to be paid out by the Federal Government, that the carrier increase the number of flights. We have felt that two flights per day in each direction constitute adequate service in some of these small markets.

Mr. DINGELL. Do you have a firm policy to assure that these local service carriers don't, through a series of mergers and other things and with the passage of time, convert themselves into trunk lines, with the result of diminution of service to their less desirable points of service?

Mr. CROOKER. We certainly seek to have such a policy and think we do. I will say one thing regarding your comment about converting into trunk lines, we must admit that there have been extensions of some of the local service carriers—

Mr. DINGELL. Continental is a very good example. Continental has gone from essentially a local service carrier to what is now a very major carrier. I applaud this, but what I want to know is, has there been a diminution of service that would flow from that to the less desirable points of service?

Mr. CROOKER. I must confess that in my tenure at the Board it has been one of the trunk lines. I don't know what its service has been in the past. I have more in mind the case of Southern and Ozark that are now going into Washington and New York. And we will consciously make every effort to be sure that Southern and Ozark, just as an example, do not neglect the small cities in the sections of the country that they serve.

Mr. DINGELL. What about Frontier? We have the same phenomenon taking place here.

Mr. CROOKER. Frontier has sought authority—I think they were denied an exception to go into Miami—and I am not sure that they have been extended nearly as far as their geographical area, which is a very sizable one.

Mr. DINGELL. I intend to engage in a little correspondence on this. So I would like to have an opportunity to do so, Mr. Chairman, with a possibility toward including this in the record of the proceedings.

Mr. FRIEDEL. We will get around to it.

Mr. DINGELL. I would like to ask you just one more question involving mergers of these airlines into conglomerates—do you have any policy on whether or not this is desirable? I feel strongly that these airlines should remain airlines and should devote their principal effort to serving the people as airlines. Should they become a part of some monster conglomerate that provides many services in which the airline is simply a small part.

Mr. CROOKER. Section 408 of the act provides that it is unlawful unless approved by order of the Board for certain things to be done, for example, for two or more air carriers or for any air carrier and any other person engaged in any other phase of aeronautics to consolidate or merge. This is the statutory basis under which mergers as the Braniff-Ling-Temco-Vought merger, and the Trans-International Airlines—Trans-America Corp. merger were inquired into before I came to the Board. This is also the statutory authority under which we are currently inquiring into the Air West-Hughes Tool Co. proposed acquisition of assets of that carrier.

Our policy is that we are trying as best we know how to carry out what the intent of the Congress was in connection with section 408. I would assume that my predecessors on the Board found that it was not adverse to the public interest to approve the TIA transaction, or the Ling-Temco transaction. Inasmuch as the Air West-Hughes Tool Co. matter is a pending proceeding, I would hate to disqualify myself from passing on that in a quasi-judicial capacity.

Mr. DINGELL. I don't ask that. But what I think you are saying is that you have no policy, you tend to take these on a catch-as-catch-can basis.

Mr. CROOKER. Since I came to the Board, the Hughes Tool Co. matter is the only one that has come up. I assume that when it is argued, counsel for all parties may argue it on an ad hoc basis and the Board will consider whether this particular transaction is adverse to the public interest.

Mr. DINGELL. Thank you, Mr. Chairman.

Mr. FRIEDEL. Mr. Watson.

Mr. WATSON. Thank you, Mr. Chairman.

Mr. Crooker, I want to commend you and the colonel and your associates for the good job you have done. I would also like to agree with our chairman that perhaps the size of your agency has not kept pace with the increase in your responsibility. I hope that we will be able to enlarge the staff, particularly the colonel's, and others, so that we might expedite some of these matters.

You mentioned earlier my home town of Columbia, S.C., as one of the cities where there has been an imbalance. I do not believe that you said it has been corrected. The imbalance has been reduced rather than eliminated; I believe that was the statement there.

Mr. CROOKER. Yes, sir.

Mr. WATSON. As a general proposition, with the increased cost of the acquisition and the operation of jets, there is a request on the part of the airlines to reduce or eliminate the nonprofitable stops. Is that not a basic proposition?

Mr. CROOKER. Yes, sir.

Mr. WATSON. That is an economic fact of life.

Now, you said that earlier there was a criterion of five passengers, and if you did not have as many as five, then it could be eliminated. What is your criterion now for the elimination of a stop?

Mr. CROOKER. The five-a-day policy I mentioned related to the so-called use-it-or-lose-it theory held by the Board for a time, and no longer used. That was merely an occasion to inquire into whether or not a proceeding should be started to delete a particular route from the certificate of public convenience and necessity.

At this time, with growing traffic, we don't have any of these proceedings that we are instituting on our own motion. The carriers appear before us in their own economic self-interest. If it is no longer economically sound for a Convair or a DC-9 or an Electra to go into a market where there is one passenger per day, the carriers bring to us these proposed contracts with air taxi operators.

Mr. WATSON. In other words, now you make a determination on a case-by-case basis. There is no standard criteria that you have?

Mr. CROOKER. We no longer have a fixed number of passengers, and if a market doesn't produce a certain number of passengers, we don't take the initiative in any respect to eliminate that market from the carrier's certificate.

Mr. WATSON. Would that not, a priori, result in some rather extreme complications on your part, complexities or problems, when one area finds the service discontinued, and it has a greater number of passengers than another which continues, to receive service. Wouldn't that present problems unless you had some standard criteria?

Mr. CROOKER. Mr. Watson, we don't feel that it presents any greater problems than we had under the use-it-or-lose-it policy with a fixed number. Frankly, the instances are few in which there are fewer passengers than there were when the route was first awarded.

When the route was awarded, it was deemed by the Board that the economics of the operation would be sound. I suppose all I am saying is that because the industry is a burgeoning one, we are spared from many of the problems that we would have in a more static economy.

Mr. WATSON. Generally, what is your policy in reference to equating the public interest with the economic interest of the carrier?

Mr. CROOKER. We would have to say, of course that the public interest by all means comes first. Under the act, we also have a statutory responsibility for promoting a sound national air transportation system. In doing that, I think we have some responsibilities to protect the economic viability of carriers. But I think the public interest clearly comes first.

Mr. WATSON. Let me ask you this. As a general proposition—and I may be a thousand miles away from any practical suggestion here—it occurred to me that, in serving many of these less populous areas, a lot of the cost to the airlines is attributable to ground personnel. Have the Board or the airlines ever given any thought to the matter of having a combined ticket service, a combined baggage deal, or is the competition so fierce that we don't even trust one another on the ground? Now, if we could reduce these costs it would appear to me that we might make some headway in continuing the flights into some of the smaller areas.

Because otherwise I understand the economics of life—in fact, right now little cities are engaged in a mad rush to put in jet airports. But they could put in a jet airport, and unless you have the traffic it wouldn't amount to a hill of beans. Those are some of the problems we have coming along.

Have you given any thought to that, sir?

Mr. CROOKER. Yes, two things, sir. First of all, the smaller cities are served by only one carrier, for the most part the local service carrier. So there is no other carrier with which that carrier can split expenses.

In connection with a growth between carriers to minimize expenses, we have approved numerous agreements for such things as joint maintenance, the servicing of equipment, baggage handling—

Mr. WATSON. In other words, there is a movement in that direction now to consolidate what we would call more or less custodial ground operations?

Mr. CROOKER. Yes. And there are all sorts of agreements to economize and to be more efficient. Two large carriers have agreed, with our approval, that one will do the maintenance and servicing work on Douglas-built planes, and the other on Boeing-built planes. Two other large carriers have some seasonal aspects to their operations. I think they have agreed on a leasing arrangement where one or two of the 747's will be available to one carrier in some peak winter markets, and to the other carrier in some peak summer markets.

Mr. WATSON. One final question. I have been concerned about the various cities, as I mentioned earlier, indebteding themselves with \$10, \$12, \$14, or \$20 million for a new airport, and then also the increase in traffic, and such as that. Have you given any thought toward the idea of providing helicopter service on a local basis and feeding these helicopters, which can operate at far less expense than the big jets, into a central jet port in any State, and then from there out to zone supersonic jets? We are going to have real complicated problems.

I think the aircraft have progressed a lot further in speed than we have progressed on the ground. Has any thought been given to having the jet ports provide frequent service to the little localities? The jet ports can be constructed at a minimum cost, and the helicopters can fly into a central jet port, and then from that into area or zone supersonic jet ports.

Now, am I in the Buck Rogers age, or does it make sense?

Mr. CROOKER. No, sir. We have given much thought to it. I must say that we are not all persuaded that the present generation of helicopters is a very efficient way, unit-cost-wise, of transporting passengers. And we are most hopeful that as these STOL aircraft develop there will be lower unit costs for transporting passengers.

As you know, in the Washington-Baltimore helicopter case we certificated a carrier to provide transportation among the three airports here to accomplish what the chairman commented on. I might have left my car at one airport, and by some circumstance have come back to another.

Mr. KUYKENDALL. We discussed that yesterday.

Mr. CROOKER. And we are giving great consideration to this. In the New York-New Jersey area consideration is being given to the construction of a very large airport possibly half way between New York City and Philadelphia. I don't know that it has progressed very far. But there are many, many people—the Department of Transportation, the FAA, and the industry—that are trying to address themselves to this very problem.

Mr. WATSON. I hope that we will articulate it a little bit more, and perhaps slow down some of the smaller communities which are now launching out on jet airport drives which are further going to complicate your problems in scheduling. And frankly, they have the idea that all you need is a runway to accommodate a jet, and then you are going to get one in there. Some cities have been bitterly disappointed in that regard.

Thank you, Mr. Chairman.

Mr. FRIEDEL. Mr. Adams.

Mr. ADAMS. Thank you, Mr. Chairman.

Mr. Crooker, I appreciate your being here today. It is nice to have you with us.

Would you please have your office send me a copy of the statute and the regulations which you use on subsidies to provide public service to communities with inadequate air travel service. I want the total system that you use. I believe you call it your subsidy system? The reason that I want it is to use it as a model, because, frankly, from your report, Mr. Crooker, I think that the problem of adequate air service being granted to the various cities of America is being well handled by the present Board procedures and is very low in priority in the business of this committee as compared to the problems of the railroad service in the metropolitan areas and throughout the country, including both the discontinuance of service and the inadequacy of service. I would like therefore to have the subsidy system information so that we might draw upon it as a model when we bring up the ICC—which I hope, Mr. Chairman, will be very soon—to work on what I consider to be a far more serious problem than the one we are dealing with this morning.

Therefore I will ask no questions.

Mr. CROOKER. We will furnish that, Mr. Adams.

Mr. FRIEDEL. Mr. Kuykendall.

Mr. KUYKENDALL. Mr. Crooker, in a group of airports around the metropolitan area—I believe we have the three here—what do you have, three or two in New York?

Mr. CROOKER. Three, Newark, LaGuardia, and Kennedy.

Mr. KUYKENDALL. Two in Chicago?

Mr. CROOKER. Yes, Midway and O'Hare.

Mr. KUYKENDALL. You have two at Dallas-Fort Worth. Where else do you have a similar situation.

Mr. CROOKER. Well, there are three airports that reasonably serve Los Angeles, that is, Los Angeles International and Ontario, and if you want to count Long Beach, that is a third one.

Mr. KUYKENDALL. Now, in this passenger service situation, as the gentleman from Washington said, this rather pales into less significance when you compare it to some of our major crises that you and we both face, but to the guy that is the victim of this, or to a community that is the victim, it does not pale into insignificance. What proximity to each other would you say as a general rule of thumb that a group of metropolitan airports serving one metropolitan area, what proximity would they have to have to each other and to the city to where a return from—let's say we have airports A, B and C—a departure from airport A and return to B would be considered a return to the same city, what proximity would you have to have for that to be a return to the same city?

Mr. CROOKER. Mr. Kuykendall, I doubt that there is any Board policy on that.

Mr. KUYKENDALL. I didn't figure you had a Board policy, so I asked you for a rule of thumb.

Mr. CROOKER. I will qualify it by stating that I believe it to be my personal impression that on anything of a regular proposition you are testing the outer limits when you talk about the distances between the Washington and the Baltimore airports.

Mr. KUYKENDALL. As an example—and here is one—of course you didn't mention it, I don't know whether it was an oversight or whether it really isn't considered a problem—we have a fantastic service from here to my city of Memphis from National Airport, except in the early afternoon. That flight is from Baltimore. And so members of my staff religiously drive me to Friendship—I think they all enjoy the drive—

Mr. FRIEDEL. Thank you.

Mr. KUYKENDALL. But the point is that some one has to take my car back out to National and leave it there, or we have to go back and get the car. Now, is this considered in the Board thinking? I want to be specific to make a case here and bring this under focus. We have a one-stop flight from Friendship to Memphis at 2:15 in the afternoon. We do not have a return—I don't believe we have one, not one that I have found. Now, is that considered to be a case where the traffic doesn't warrant it, or is that a case—and you may want to put this in the record for me, because you may not be able to give the answer now—or is National considered a return? I would like to use that case to try to get a definition.

Mr. FRIEDEL. May I interrupt?

Mr. KUYKENDALL. Yes.

Mr. FRIEDEL. There are three flights out of Friendship to Memphis, and only one return.

Mr. KUYKENDALL. What time of day.

Mr. FRIEDEL. 1:30 p.m. except Saturdays. And it is a one stop. And that is a return flight.

Mr. KUYKENDALL. But there is no early flight or at noon.

Mr. FRIEDEL. There are three flights out of Friendship.

Mr. KUYKENDALL. This is a case where we have these tremendous choices in the early morning both ways, but on that particular flight we are left hanging. I was only using this for a definition. I am not filing a complaint about this one thing. I want to know the definition of when you consider leaving from one metropolitan airport and returning to another as the same town?

Mr. CROOKER. I would say in a very limited number of instances, Mr. Kuykendall. The chairman mentioned that there were 23 points to which service from Baltimore was imbalanced. And I ought to say that we are concerned about seven of those, because there is a reasonable amount of traffic involved. And Memphis was one of the seven.

Of the three flights one way, and one flight north bound, I might say of the three flights, one is a 2 a.m. departure—

Mr. KUYKENDALL. No, thank you.

Mr. CROOKER (continuing).—Which can hardly be counted as a significant flight. Because it is coming from some other place, it just happens to come by at 2 a.m. So leaving that out, there are two flights one way and one the other. But it is a matter to which we are addressing ourselves, and we hope to come up with some better answers.

Mr. KUYKENDALL. Could we take Love Field as an example. A flight leaving Love Field and one returning to Amon Carter would not be considered a pair, would they?

Mr. CROOKER. They are closer together than National and Friendship.

Mr. KUYKENDALL. I know they are, and that is the reason I am making a point of this. I know that area real well. But you probably don't consider those a pair, do you?

Mr. CROOKER. We haven't in the past. And yet we have granted approval to two or three of the carriers to serve Fort Worth through Love Field in the last 4 or 5 months. So that the communities now working together to build the airport that is halfway between the two cities are beginning to cooperate to achieve exactly what you ask about. And that is that service to either constitutes service to both.

Mr. KUYKENDALL. Which is your status of the present permit that you have given to Washington for helicopter service between the airports? This was discussed from the FAA's side yesterday, and I think this is an appropriate time to bring in your side of the same subject.

Mr. CROOKER. They have been certificated. I assume that they have asked for some deferment on the date of inaugurating service.

Mr. KUYKENDALL. There is no holdup as far as you are concerned, is this correct?

Mr. CROOKER. None so far as the Board is concerned.

Mr. KUYKENDALL. Your authorization is complete?

Mr. CROOKER. Yes, sir.

(The following letter was received by the committee:)

CIVIL AERONAUTICS BOARD,
Washington, D.C., March 7, 1969.

HON. SAMUEL N. FRIEDEL,
Chairman, Subcommittee on Transportation and Aeronautics, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: On Wednesday, March 5, 1969, I testified before a Hearing of your Subcommittee on the subject of adequacy of air service. In reviewing the transcript of the Hearing, it appears that my testimony may have been inadvertently misleading in one regard. On page 48, in response to a question by Congressman Kuykendall as to the status of helicopter service authorized in the Washington area, the record may be read to indicate that no further action by the Board is required prior to inauguration of services by Washington Airways, Inc. I would point out, however, that by Order 69-1-71 dated January 16, 1969 (copy attached), the Board stayed the effective date of the certificate issued in that case, until ten days after disposition of petitions for reconsideration.

I trust that this letter will resolve any misapprehension that I may have created in the minds of the Committee Members as to the status of Washington Airways' certificate.

Sincerely,

JOHN H. CROOKER, Jr., *Chairman.*

UNITED STATES OF AMERICA CIVIL AERONAUTICS BOARD, WASHINGTON, D.C.—
ORDER 69-1-71

(Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 16th day of January, 1969)

WASHINGTON/BALTIMORE HELICOPTER SERVICE INVESTIGATION—DOCKET 17665

STAY ORDER

On November 18, 1968, the Board issued Orders 68-11-71 and 68-11-72, granting a temporary certificate and related exemption authority to Washington Airways, Inc., for helicopter service in the Washington/Baltimore area, to become effective on January 21, 1969. Petitions for reconsideration of the Board's decision have been filed jointly by Concerned Citizens, the Palisades Citizens Association and the Committee Against National, and by Pioneer Airlines, Inc., and Elmer P. Hutter. In addition, National Capital Airlines, Inc., has filed a motion to stay the effective date of the Board's order pending disposition of a petition for review filed in the United States Court of Appeals for the District of Columbia Circuit. A stay has also been requested by Mr. Hutter.

To allow adequate time for the consideration of the various petitions and motions in the above-named proceeding, we will temporarily stay the effectiveness of the awards herein. We also will defer action on the motions for stay, and will dispose of them at the time of disposition of the petitions for reconsideration.

Accordingly, it is ordered: That the effectiveness of the temporary certificate of public convenience and necessity for route 160 issued to Washington Airways, Inc., pursuant to Order 68-11-61, and the effectiveness of the temporary exemption granted to Washington Airways, Inc., pursuant to Order 68-11-72, be and they hereby are stayed until ten days after disposition of the pending petitions for reconsideration.

By the Civil Aeronautics Board:

[SEAL]

MABEL McCART, *Acting Secretary.*

MR. KUYKENDALL. Let me ask you something else here. I think that this is not news to any of us, that you said that helicopter service to any sort of distance is impractical now. I don't think anyone claims it is. I think this is something that will be solved within a decade. I think we will have some answers then.

You mentioned STOL. And I know that noise is not your bailiwick. But don't you think that the advent of the noise problem with STOL is pretty much one and the same? In other words, if you are looking toward STOL as a solution to your problem, part of the solution of the problem of the thing that Mr. Watson, the gentleman from South

Carolina, was speaking of, and that the decentralized jet ports with feeders into it—

Mr. WATSON. Yes. And if the gentleman will yield at that point, I never anticipated or envisioned helicopter flights a distance of more than 50, 75, or 100 miles to get into this airport. I never anticipated any long flights. And I would like to hear you or somebody refute or point out where a helicopter is impractical with these turboes that we have now, for 40 or 50 passengers.

Mr. KUYKENDALL. I will get into that.

But let me ask this. And I think this is something that the gentleman and I have discussed. And that is the question of the STOL, the vertical takeoff, the short field takeoff plane, as a possible solution to your problem in the major areas. Don't we have an exchange rated noise problem with this type airplane?

Mr. CROOKER. Not entirely, because of course there are many suggestions that you have separate STOL strips at existing airports. So those planes would be coming in—

Mr. KUYKENDALL. I am not talking about at the airports, I am talking about when you get into the metropolitan area where noise is a problem.

Mr. CROOKER. I am concerned that the people concerned with environmental impact will make their position well known to the Board when we talk about certificating a carrier down to 42d Street and the Hudson River.

Mr. KUYKENDALL. Are you not concerned about the fact that this is by its very nature a noisy type airplane.

Mr. CROOKER. We are concerned, sir. I am sure that just as in all other instances we sometimes have to balance the equities of the economic advantages to the traveling public versus whatever noise problems might exist.

Mr. KUYKENDALL. Let me state this as an opinion, not a question. I happen to feel that for a 75-mile flight that there is more future in the helicopter—which is not a terribly noisy airplane—than there is in STOL, which is a terribly noisy airplane. This is just an opinion on my part.

Let me ask one thing in passing. I am informed that we are not having hearings this afternoon. Let me ask one simple question that I think you can answer in one sentence. Do you have a different policy on a merger with another airline than you have on a merger where there is no airline involved in one part of the merger.

Mr. CROOKER. Well, they fall under different subsections in the statute, and we are doing our best to perceive what the congressional intent was. You will recall that the last time a trunkline merger was proposed, American and Eastern, the Board turned it down. I don't attribute the failing business doctrine as the reason for approval of mergers in the local service carrier field. And yet where the entities are smaller entities the Board has approved, as I say, in the last 2 years, three mergers in the local service carrier field.

It is an entirely different question when you get into whether Trans-America Corp. should have merged with TIA, or one that didn't go through—Insurance Co. of North America with World Airways. The problems are quite different. So, yes, our policy would be different, because we are taking into account different considerations.

Again, without disqualifying myself in the Hughes Tool Co. matter, if Hughes acquires the assets of Air West, what are the disadvantages that will come to the public by reason of the fact that some other subsidiary of Hughes Tool Co. is making parts for airplanes?

So I think that is an entirely different question.

Mr. ADAMS. Would the gentleman yield at that point?

Mr. KUYKENDALL. Yes.

Mr. ADAMS. Is it your position that section 408 covers the conglomerate merger?

Mr. CROOKER. I think this gets back to the point that Chairman Friedel made earlier, that 408 as it now reads will permit us to look into the matter only if within the conglomerate there is an activity that is engaged in any phase of aeronautics.

And for this reason the Insurance Co. of North America-World Airways merger might never have scrutinized under this, because INA probably is not engaged in any phase of aeronautics.

Mr. ADAMS. Thank you.

Mr. KUYKENDALL. Thank you Mr. Chairman.

Mr. FRIEDEL. I just want to mention—I am looking here at the book now. We have two flights out of Friendship to Toledo, Ohio, and no return. One flight to Tucson, Ariz., and no return. And I could go on and on. But I just mention these. And don't forget, Baltimore is a big city. And it should have return flights.

Mr. WATSON. Mr. Chairman, if you are through with Baltimore, I would like to say a word in behalf of Columbia.

Mr. FRIEDEL. You have to go out of Friendship and change to another plane and go to Atlanta to get to Columbia, S.C.

Mr. WATSON. Thank you, I can't get to Columbia out of Friendship. We are concerned, if the Chairman would yield just at one point, about Charlotte, N.C.—a fine place, a suburb of Columbia, but it got the jump on us. And I get along well with Eastern, Delta, Southern, Piedmont, and what have you. But we have been wrestling with this one particular problem for a long time. Obviously, Charlotte got the jump on us, and we have only one carrier between Columbia and Charlotte. If we can't get the service in Columbia that we have been trying to get—and it is limited service, although it has improved, and is improving—what can be done in the matter of getting another carrier between Columbia and Charlotte, at least to get us over to Charlotte to make connections with other carriers?

Mr. CROOKER. I believe we have a pending case involving additional service to Columbia.

Mr. DREGGE. Yes, we do.

Mr. FRIEDEL. I hope it works out.

Mr. WATSON. I hope that will be resolved fairly shortly.

Mr. FRIEDEL. Mr. Crooker, I understand that the CAB uses an old formula with a circle from the Statler Hilton to the Washington National Airport. And in this circle is Hyattsville, Md., as part of the Washington area. That was plausible when the District airport was Washington National. But since Dulles was erected FAA uses the same formula. Now, I would like to mention here, if we left from this building here we are closer and can arrive at Friendship quicker than we could from the Statler Hilton. That is supposed to be the starting point.

I notice some airlines are certificated just for Dulles for Washington. And they won't certificate other airlines for both Baltimore and Washington for Friendship. And that worries me. I was out in San Francisco, and I wanted to get to Friendship, and they didn't have a flight—by the way, it is corrected now—and they said I could go down to Los Angeles and get a flight into Friendship.

But I said, "No, I want to go direct to Chicago and get a flight." And I couldn't do it. And they said, "Go to Dulles." And I told the lady that Dulles was 73 miles from Baltimore. And that is what worries me. A lot of people have to go to Dulles to get a real good flight, and they bypass Friendship, it is not considered when they certificate an airline to say Friendship serves both Baltimore and Washington, but they make the people from Baltimore come all the way over to Dulles. Just recently some of the airlines were certificated that way.

So I hope you would change your boundary line and use the Capitol here. You will find it much closer to Friendship than it is to Dulles. I just wanted to mention that.

Mr. Dixon, our staff counsel, has a few questions.

Mr. DIXON. Chairman Crooker, you gave the figures of 182 points served in 1938 and 524 in 1968. For 1948 and 1958 do you have similar figures?

Mr. CROOKER. May we furnish those for the record?

(The following information was received for the record:)

In 1948, the number of such points was 521, while in 1958 it was 555. The reduction in the number of points from 555 in 1958 to 524 in 1968, as set forth in my testimony, was due in large part to the fact that a number of the points were hyphenated with another point or points. In only seven instances was the reduction occasioned by suspensions of operating authority or deletions from the certificated airline map.

Mr. DIXON. The point was brought up by Mr. Pickle that Mr. Dregge is very effective in placating people who still may have inadequate air service. But there are some cities which have more effective advocates for their cities than others. Is that why you get down to only about three or four places where you have very active problems or complaints now?

Should the less vigilant or vocal communities be denied adequate service, because you have a highly effective director in the Office of Community Relations?

Mr. CROOKER. Well, Mr. Dixon, we are proud of Colonel Dregge. But we will try to protect the public interest in spite of his great ability.

Mr. FRIEDEL. Mr. Pickle.

Mr. PICKLE. I just want to ask a question, but I can ask it off the record.

Mr. FRIEDEL. Off the record.

(Off the record.)

Mr. FRIEDEL. The purpose of this bill is to assure the cities of adequate service, and to try to save the cities and the States from long and costly procedures.

If you have some amendments to the bill, H.R. 2671, I would like to have your comments. You have firsthand knowledge of what cities are getting the proper, adequate service.

Mr. DREGGE. Yes, sir.

Mr. FRIEDEL. If there are no more questions, the meeting will now stand adjourned.

(Whereupon, at 11:40 a.m. the subcommittee was adjourned, subject to call.)

(Further hearings were tentatively set for later in the session but because of other legislative demands time did not permit.)

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