

City of Philadelphia Testimony
United States Senate Subcommittee on Transportation, Housing, Urban
Development and Related Agencies
Field Hearing on Airspace Redesign and Flight Scheduling Practices
at Philadelphia International Airport
Friday, April 25, 2008 – National Constitution Center

Introductory Remarks:

I am Michael Nutter, Mayor of the City of Philadelphia, which owns and operates Philadelphia International Airport (PHL), the gateway to America's 4th most populous metropolitan area. The Airport sustains over 34,000 jobs and contributes more than \$14 billion annually to the regional economy. It is a key component of my strategic plan for economic development, job creation and customer service. 29 airlines fly over 650 daily departures from Philadelphia to 122 non-stop domestic and international destinations.

Airport Update

Our Airport achieved yet another record year in 2007 by accommodating over 32.2 million total passengers. This continues the steady rate of passenger growth, which we have been experiencing since 2004. PHL handled 499,653 aircraft take-offs and landings in 2007, making it the 10th busiest airport in the U.S. Unfortunately, along with its record-setting passenger growth and robust contribution to the regional economy, PHL has ranked among the most delayed airports in the U.S. for some time. In terms of total delays in 2007, PHL ranked 6th worst among the 30 largest U.S. airports, behind only Chicago, Newark, LaGuardia, JFK and Atlanta.

However, over the past three years, the number of annual take-offs and landings at PHL has declined by nearly 7%. This decline in activity has primarily resulted from a change in airline behavior. The current state of the economy, especially the price of jet fuel, has forced the airlines to find new ways to accommodate continued passenger growth. Rather than simply increase flights, they have been reducing overall seat capacity by eliminating under-performing routes, consolidating activity at fewer hub airports and strategically introducing newer, larger, more fuel-efficient regional jets. In addition, at Philadelphia, US Airways has been working to reduce delays by improving their facilities and operational efficiency.

Total delays at PHL over the past three years have declined by 11%. The total delays at JFK in 2007 were 30% greater than those experienced at PHL. Total delays at LaGuardia, Newark and Chicago were 2 to 2.5 times greater than those at PHL. The delay situation at Philadelphia is certainly worthy of this Subcommittee's attention but it is not yet comparable to those airports, which have been forced to consider and, in some cases, implement strict demand management measures.

We do not intend to allow our airport to ever reach that level of intervention. The City has completed an Airport Master Plan process, which recommended short-term and

long-term airfield improvements aimed at much needed delay reduction. The short-term recommendation was a 1,000-foot extension of Runway 17-35 to make it useable for a broader range of aircraft types. The Federal Aviation Administration (FAA) approved this project in 2005 and it is scheduled for completion later this year. It is expected to reduce overall delays in Philadelphia by 8%.

The long-term plan involves continued development of the airfield, including a new runway, extension of two other runways, and several improvements to the taxiway system. This program is currently the subject of an Environmental Impact Statement (EIS) being prepared by the FAA. The EIS process was set back by a full year when the recent Airspace Redesign process was implemented because a great deal of airfield design work had to be recalculated in light of the airspace changes. The FAA is not scheduled to complete the PHL airfield EIS until the end of 2009. Following FAA approval, the City expects to embark on the initial phase of the program expeditiously. This multi-year process will result in airfield infrastructure improvements that will increase the capacity of our airport, reduce delays, and allow PHL to accommodate projected growth while offering a higher level of service to our passengers.

New York / New Jersey / Philadelphia FAA Airspace Redesign

For the last ten years the FAA has been exploring ways to improve the flow of air traffic in the Philadelphia / New York / New Jersey metropolitan airspace, which is the most congested in the nation. The City of Philadelphia has a vested interest in the outcome of this process. We hope to benefit from any new procedures that may help reduce delays. The City offered comments on the draft Environmental Impact Statement (EIS) released by the FAA in 2006. The FAA was evaluating several alternatives, some of which introduced new flight routes for aircraft operating here. The City commented that the FAA's "integrated airspace" alternative would offer the most potential benefit for delay reduction by creating additional flight paths for use by aircraft departing from Philadelphia in a westbound direction. The proposed headings would allow FAA controllers to release departing flights faster and reduce the number of aircraft that are delayed while waiting to take-off.

The City simultaneously expressed concern over the potential for increased noise over Delaware County. We were pleased to see that when the final FAA report was released, it had been revised to eliminate some of the proposed departure headings, and also included time-of-day limitations on when the new headings could be used. Significantly, the City's own noise policy, calling for planes to stay over the Delaware River until they reach 3,000 feet, has been maintained. The use of the new headings was approved last year and implemented on December 19th. The FAA has not yet published any data with which their effectiveness can be evaluated. The FAA Philadelphia Tower Manager has assured us that controllers are limiting use of the new headings to peak activity periods and adhering to the time-of-day stipulations.

Flight Scheduling Practices

In addition to airspace redesign and the expansion of airport facilities to reduce delays, “demand management” strategies have been considered and, in some cases, implemented at a limited number of airports in the U.S. There are three primary demand management techniques:

1. **Voluntary adjustment of airline flight schedules** during peak periods to shift operations to off-peak hours. This typically involves a request to the airlines that they voluntarily “de-peak” their flight schedules. The opportunities for this practice to be effective at PHL are limited because we have already experienced a significant de-peak of the daily flight schedule. As demand for air service has grown at PHL over the last several years, the airlines have responded by adding flights during the available low activity periods in the daily schedule. This has effectively resulted in a de-peak of the schedule. We do not believe there is much room for additional schedule adjustments that would reduce peak period operations. Furthermore, the flight schedule at PHL is largely made up of the domestic and international operation of our hub carrier, US Airways, which accounts for 62% of Philadelphia’s market share. Their scheduling is driven by the need to link their connecting flights. Transatlantic and transcontinental flights in particular have limited windows of time in which to operate and be available to passengers at a reasonable time of day. Shorter domestic flights carrying passengers who will connect to those transcontinental or international flights must be scheduled accordingly. Thus the hub airline has limited flexibility to further adjust flight schedules. Airlines in general need to schedule flights at the times preferred by travelers in order to remain competitive in the marketplace. This also hinders the Airport’s ability to secure airline cooperation in voluntarily adjusting schedules.

2. **Administrative Approaches** to reduce delays have been used by the FAA at a limited number of airports, including the imposition of operational limitations or “caps.” Caps strictly limit the number of flights that can be operated during a day, or a given peak period of a day. In recent years this approach has been implemented as a “temporary” measure at Chicago O’Hare, LaGuardia, JFK and Newark International Airports. As previously stated, these airports are experiencing delay levels that are significantly greater than PHL’s. As a result we believe that caps are not appropriate at Philadelphia. They would limit opportunities for continued growth in air service and competition. The associated benefits to travelers, such as direct access to markets and competitive airfares, would be lost. Caps are not a reasonable long-term solution to Philadelphia’s delay problem. We believe that long-term delay reduction is attainable through development and expansion of our airfield.

3. **Market-based Approaches** can take several forms, including the establishment of peak period pricing, whereby an airport could charge higher fees during peak periods to encourage airlines to move some of their flights to off-peak periods or to other airports. Currently, the FAA prohibits this type of differential fee structure. However, the FAA has recently embarked upon a rule-making process that could enable peak-hour pricing in the future. Philadelphia, along with many other airports, submitted comments on the FAA’s draft proposal last month. Among other points, we noted that the continued FAA

requirement that such new pricing must be “revenue neutral” for the airport undercuts the expressed purpose of the new rule.

Additionally, the City has recently executed a new Lease Agreement with the airlines at PHL. Unless the FAA preempts it, this agreement would not permit any type of peak period pricing structure to be effected during its four-year term. As previously stated, we believe that peak-hour pricing would have little effect at PHL because the airlines have already voluntarily de-peaked to the extent feasible.

Summary

Our primary concern with all of these approaches is their potential impact on airfares. Much progress has been made in recent years at Philadelphia to increase competition. Prior to the arrival of Southwest Airlines in 2004, PHL’s passengers consistently paid some of the highest average airfares in the nation. For the past four years, our passengers have consistently enjoyed some of the nation’s lowest average airfares. This accomplishment could be undone by demand management measures, particularly if they are not carefully planned and implemented.

We do not mean to diminish the seriousness of our delay problem at PHL. We are committed to considering any and all responsible measures to address this problem. Our present focus is on the implementation of a long-term airfield development program. We would gratefully accept any assistance this Subcommittee can provide in prioritizing that initiative. Thank you for the opportunity to testify today. I will be glad to answer any questions you may have.