

Airlines cut small jets as fuel prices soar

November 25 2011

The little planes that connect America's small cities to the rest of the world are slowly being phased out. Airlines are getting rid of these planes — their least-efficient — in response to the high cost of fuel. Delta, United Continental, and other big airlines are expected to park, scrap or sell hundreds of jets with 50 seats or fewer in coming years. Small propeller planes are meeting the same fate.

The loss of those planes is leaving some little cities with fewer flights or no flights at all.

The Airports Council International says 27 small airports in the continental U.S., including St. Cloud, Minn., and Oxnard, Calif., have lost service from well-known commercial <u>airlines</u> over the last two years. More shutdowns are planned.

Travelers in cities that have lost service now must drive or take buses to larger airports. That adds time and stress to travel. St. Cloud lost air service at the end of 2009 after Delta eliminated flights on 34-seat turboprops. Now, passengers from the city of 66,000 have a 90-minute drive to the Minneapolis airport 65 miles to the southeast.

Roger Geraets, who works for an online education company based near St. Cloud., flies at least twice a month from Minneapolis. He used to connect from St. Cloud. Now he drives, leaving an extra half hour for bad traffic. There are other headaches. Parking at St. Cloud was free, but in Minneapolis it costs \$14 per day. And getting through airport security in Minneapolis takes longer.



Another city without service is Oxnard, 60 miles northwest of Los Angeles, which lost three daily turboprop flights operated on behalf of United. The airport's website advises travelers to catch a bus to Los Angeles International Airport.

Atilla Taluy, a tax preparer who lives in Oxnard, ends up driving or taking the shuttle to Los Angeles. "In morning traffic, it becomes quite a burdensome trip," he says.

Pierre, S.D., will lose Delta flights to Minneapolis in mid-January. Pierre officials are waiting to find out whether those flights will be replaced or whether the city will be left with only Great Lakes Airlines flights to Denver. The Denver flights add almost 600 miles in the wrong direction for people who want to fly from South Dakota's capital to Washington, D.C.

"I don't know if they really care about (passengers) in the small markets," says Rick Steece, a consultant for the Centers for Disease Control who travels overseas from Pierre two to three times a year.

In the late 1990s, when jet fuel cost one-fourth of today's prices, the small jets and turboprops were a profitable way for airlines to connect people in small cities to the rest in the world. The flights attracted business travelers who tended to pay more for tickets.

Airlines loved the planes. Bombardier and Embraer sold more than 1,900 50-seat jets during the late 1990s and early 2000s.

"We all got carried away with it," says Glen W. Hauenstein, Delta's executive vice president for network planning, revenue management and marketing.

Then jet fuel prices soared. They're at \$3.16 per gallon today, up from



78 cents in 2000. That's changed the economics of small planes.

For airlines, it all comes down to spreading fuel costs among passengers. A Delta 50-seat CRJ-200 made by Bombardier takes 19 gallons of fuel to fly each passenger 500 miles. Fuel usage drops to just 7.5 gallons per passenger on Delta's 160-seat MD-90s over the same distance.

So while the bigger jet burns more fuel overall, it's more efficient.

Delta is moving away from small jets more aggressively than other airlines. It will eliminate 121 50-seat jets from October 2008 through the end of next year. That will leave it with 324.

Lynchburg, Va., lost Delta's three daily flights on 50-seat jets earlier this year, although US Airways still flies similar jets there.

Airport manager Mark Courtney says Delta also served nearby Roanoke and Charlottesville, Va., each about 60 miles away, so it may have figured its Lynchburg customers will drive to those cities to catch a flight.

Lynchburg is the home of the 2,000 workers for French nuclear services company Areva, and its largest international destination had been Paris by way of Delta's Atlanta hub, Courtney says.

Some Delta routes served by 50-seaters are getting bigger planes instead. Delta's Atlanta-Des Moines flights are on larger MD-88s, which seat 142, and it has shifted the mix toward larger planes between Atlanta and Birmingham, Ala., Nashville, and Savannah, Ga., too.

United Continental Holdings Inc. still has 354 50-seat jets. But that number is expected to shrink, said Greg Hart, the airline's senior vice president of network.



Continental's effort to get rid of its 37-seat planes shows how eager airlines are to quit flying them. It has 30 of the jets under lease, some until 2018. Twenty-five are grounded. The rest are subleased for \$6 million less than Continental is paying for them.

American Eagle, which feeds traffic to its corporate sibling American Airlines, owns 39 of the same 37-seaters . But 17 of them were parked as of the end of last year. Parent company AMR Corp. had been trying to sell some of those planes in 2009 but couldn't get any buyers.

Many travelers won't miss the small jets.

One of them, Tony Diaz, is a technology support manager from Dallas. He was changing planes in Minneapolis on his way to Moline, Ill. The second leg was a small Delta jet.

"The larger <u>planes</u> are definitely better to ride in," he said, glancing down at his larger-than-average frame.

There's still a market for larger jets, which allow airlines to spread out fuel costs.

Nearly all so-called regional jets sold between 2010 and 2019 are expected to have 51 seats or more — with the biggest category being jets with 76 to 130 seats, according to Forecast International.

"More of those are going to see the skies," said aviation consultant Mike Boyd. But those aluminum-skinned 50-seaters will be scrapped for parts. "They're on their way to the Budweiser display."

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Citation: Airlines cut small jets as fuel prices soar (2011, November 25) retrieved 11 May 2024 from <u>https://phys.org/news/2011-11-airlines-small-jets-fuel-prices.html</u>

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