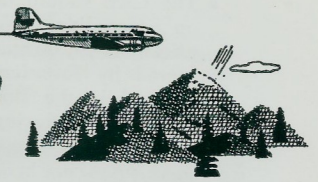




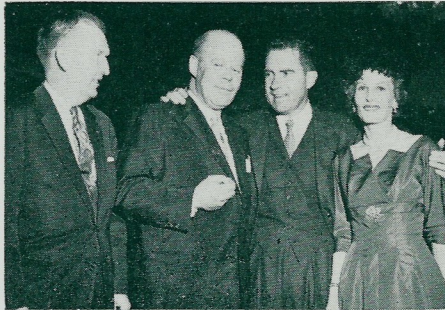
Sunliner News



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Vice President of the United States and Mrs. Richard Nixon were among the guests at a reception and dinner given by Frontier Director Ben Regan in honor of U. S. Senator Everett Dirksen of Illinois, which was held in Washington, D. C. Included in the guest list were Cabinet Members, Senators, Congressmen and leaders in business and industry. Shown above are, left to right, Frontier's Manager of Public Relations G. S. Kitchen, Director Ben Regan, Vice President and Mrs. Richard Nixon.

Restrictions Hamper Local Lines

Removal by the CAB of the "artificial restrictions" on the operations of the local service airlines is the only way in which that industry can reduce its subsidy need and move toward self-sufficiency, according to C. A. Myhre, president of Frontier Airlines.

In one of the most searching and bluntest speeches made recently about the local lines' problems, Myhre told the Grand Junction, Colo., Chamber of Commerce Friday (Feb. 22, 1957) that "the carriers which serve the smaller communities require subsidy today primarily because they are required by Board order (not by traffic or economic reasons) to operate under such conditions and limitations that they cannot operate economically."

He added: "There is only one solution and that is to treat us as if we were airlines and to start relaxing the artificial restrictions—which none of the trunks has—on our operations so we can operate economically. These restrictions are the heart of the problem—today we must stop every flight at every point on the route with minor exceptions . . .

"Even if the Board should adopt as a major policy the reduction of our subsidy . . . Board proceedings are becoming so complicated and time-consuming that little effect could be accomplished in the next several years. In order to get some action started, we have three specific proposals (I am using Frontier as an example; similar situations apply to all other local carriers):

- After Frontier has provided two daily round trips to intermediate cities, allow us to operate without restriction between any two cities where competitive air service is not available . . . This . . . creates no new competition for other air carriers; it would simply give the public better service, and enable Frontier to reduce costs by really allowing us to serve the demand over our existing routes, and to serve it in an economical and sensible manner. If the CAB were to take this action today with respect to *only two* segments on Frontier's present system, our subsidy needs for the next year would be reduced by a minimum of over \$700,00, or by nearly 30%.

(Continued on Page 2, Col. 1)

C.A.B. Counsel Recommends Frontier Extensions

In a brief filed with Examiner Curtis Henderson in the Seven States Area Case before the Civil Aeronautics Board, the Bureau of Air Operations recommended the extension of Frontier Airlines from Denver into Nebraska and South Dakota markets.

The Bureau, a staff body of the Civil Aeronautics Board, specifically recommended:

- A route between Denver and Omaha via the following group of cities: Sterling, Sidney, Scottsbluff, Alliance, Imperial, McCook, North Platte, Kearney, Hastings, Grand Island and Lincoln.
- Between Denver and Bismarck via Sterling, Sidney, Cheyenne, Scottsbluff, Alliance, Chadron, Hot Springs, Rapid City, Spearfish and Lemmon.
- The addition of Minot as an intermediate point between Williston and Bismarck.

In making these recommendations, Bureau Counsel James L. Deegan further suggested that "These segments would be authorized subject to the sole condition that Frontier may overfly any intermediate point on flights over all or part of either segment provided (1) each intermediate point on the Omaha-Denver segment receives two daily round trips to each terminal point and (2) each intermediate point on the Bismarck-Denver segment receives two daily round trips to the terminal point Denver. This broadly drawn authority will permit Frontier to operate its services in this area with the greatest possible freedom of selection of intermediate points to be served on particular flights." Deegan also recommended that Fron-

tier should be authorized to schedule flights with a minimum of two intermediate points between Denver and Omaha and between Denver and Rapid City. Bureau Counsel also recommended that the points in Nebraska and South Dakota, which have been served by United Air Lines or Western Airlines, and Minot, North Dakota, should be permanently certificated to Frontier and cities to receive new service should be temporarily certificated for a 5-year period.

Bureau Counsel opposes service to the cities of Casper, Douglas, Lusk, Newcastle, Wyoming, Ainsworth and Valentine, Nebraska and Mobridge, South Dakota.

North Central Airlines was recommended for the Minot-Bismarck-Sioux Falls route via intermediate points in eastern North and South Dakota and Ozark Air Lines for routes from Sioux Falls to Kansas City via intermediate points.

It should be pointed out that these recommendations do not in any way constitute a final decision in the case. The next step will be an initial decision by the Examiner to which all cities and airlines will be allowed to file exceptions. Following this, there will be an oral argument before the members of the Civil Aeronautics Board.

While pleased with the recommendation that Frontier be extended into 18 new cities in Nebraska and the Dakotas, Frontier feels that its other route proposals in the Seven States Area should have been recommended and will continue to work toward this end during the subsequent phases of this case.



ZONTA INTERNATIONAL . . . is the trip-theme for Mrs. Dorothy Ayers Loudon, pictured here boarding a Frontier Flight from Dickinson. Past district governor of District VIII, for Zonta International, she was flying to New York. She will work there as an organizer for Zonta in District III and then fly from New York to Guatemala, where she will organize Zonta clubs in that area, and visit her daughter, Nancie Solien, who is completing her studies in that city. Mrs. Loudon will be gone "for several months" before returning to her home in Dickinson. Also shown in the picture are, from left to right, Jim Schneider, Frontier Manager at Dickinson; Frontier Stewardess Helen Coons and Ken Sernett, local Frontier Station Agent. (This appeared in the Dickinson Press. The picture was taken by Buzz Osborn of Osborn Studio in Dickinson, N. D.)

(Continued from Page 1, Col. 3)

- The CAB should declare a moratorium on proceedings involving trunkline applications for service between terminals served by Frontier. This would mean that while the Board is studying the problem of reducing subsidy, the potentially lucrative routes in the area we serve would not be awarded to an already prosperous trunk carrier . . .
- The Board should institute an investigation to determine whether, after providing required local service, Frontier could operate without restriction between all cities it is authorized to serve. We think that the opportunities for savings through route improvements are so amazing that the Board should test our conclusions in a formal investigation . . . The acceptance by the Board of the principles which I have discussed could then be used as a guide in planning the future development of air transportation . . .

" . . . You may well ask what possible objections could be raised to this plan? In the first place, trunk carriers are seeking authority to operate between terminals served by Frontier; they will not remain silent if opportunities for even further expansion are denied them.

"Secondly, the Board itself appears to have had some difficulty with authorizing local carriers to serve profitable route segments. The Board's past policy has been to eliminate local carriers as applicants from profitable route cases. In the last seven major local service route cases, only one involved the prospect of a profitable operation. Indeed, it has been regularly suggested by the trunk carriers that the true or real distinction between a 'local Service' and a 'trunkline' route is whether it can be profitably operated . . .

"Our proposals, we believe, go to the very heart of air transportation economics; the Board has, in a sense, shifted the unprofitable, subsidized obligations from the trunk airlines to a new class of carriers without granting them offsetting, profitmaking opportunities . . .

"We all recognize that carriers like Frontier were created to serve the local, short-haul markets. This type of service must not only continue, but, in our opinion, be extended. The thrust of my thesis is not that we abandon the service we were designed to perform, but rather that in addition, we be permitted to operate profitable routes, the profit from which can be used to offset the losses on the shorthaul routes."

Myhre said CAB's \$29 million estimate of the local lines' 1958 subsidy is low. Most carriers are asking more subsidy, and route extensions will further increase mail pay needs. "I would guess that by 1958 the subsidy may approach \$40 million." Even after \$24 million subsidy last year, the local lines had an operational loss of \$660,000, he said, adding that after almost 10 years of subsidized operations the carriers "show a deficit in their earned surplus accounts of \$327,000 . . . We fear that unless we show progress toward reducing our subsidy requirements, the Congress may not indefinitely foot the bill; in a sense, therefore, I'm suggesting that the very existence of the local service airlines is at stake."

Myhre gave this description of a "typical" local service airline: "It represents an in-

vestment of \$500,000; its annual revenue is about \$3 million, which is \$2 million less than its expense—this difference is made up by subsidy. This company operates with a load factor of 45%; the average distance between stops is 85 miles. Its costs per revenue ton-mile are \$1.10."

Even if CAB should allow local lines a 12% return on investment instead of the present 8%, the financial benefit to this typical carrier would be only \$20,000 (4% of investment of \$500,000), Myhre said. "Obviously, this is no solution; in addition, it also represents an increase in subsidy rather than a decrease." Also, if the carrier raised fares 6%, it would receive only 6% of the available annual revenue of \$3 million, provided that no decrease in traffic resulted from the tariff boost. "Past experience indicates that a decrease would result . . ."

He added that the opportunities for reducing costs are not bright. "Many have hoped that costs could be reduced by the introduction of more modern aircraft . . . However, none of the three carriers which has tried newer equipment has been able to reduce its subsidy needs. The operating results of the three carriers . . . operating . . . Martins and Convairs demonstrates that the shortness of haul made necessary by certificate restrictions . . . results in significantly high direct expense per ton-mile in two cases, and virtually no improvement . . . in the third case. Furthermore, the depreciation expense per ton-mile on the new equipment is so much higher than the comparable expense for DC-3 equipment that any operating efficiency is more than offset."

The operating restriction problem has three results, he said: "It prevents us from operating the airplanes at economical distances—our average length of flight is only 85 miles. . . . It prevents us from getting enough people on each airplane to be economical . . . By forcing the public to make an unnecessary number of unwanted stops it becomes a disservice to the public and discourages use of our services . . .

The locals are not asking for anything that will harm the trunks, which are among the "fastest-growing, most profitable concerns in our economy," Myhre said. "The contrast between the members of this industry is enormous." In the year ended June, 1956, total revenue of the trunks was about \$1¼ billion, with net operating profit of \$124 million. As of December 31, 1955, the trunks had earned surplus of \$276 million.

"Trunk airline growth from 1955 to 1956 was the equivalent of the total revenues of five trunk carriers—Western, Braniff, National, Northeast and Continental. This single year's growth is twice the total revenues of the entire local service industry . . . In the last seven years the domestic trunks have realized almost \$600 million in net profits on operations . . . In contrast to the \$276 million earned surplus of the trunks we have an actual deficit of \$327,000.

"The controlling reasons for the strong position of the trunks is that the . . . Board has made it one of its major policies to strengthen their routes and thereby to eliminate their subsidy need."

As it appeared in the Monday, February 25, 1957, issue of AMERICAN AVIATION DAILY, published by American Aviation Publications, Inc., in Washington, D. C.

Frontier Secedes From Local Airlines Conference

Editor's Note: This excerpt taken from George McWilliam's column, THE AIR AGE, which appeared in the Sunday, February 17, 1957, issue of the Denver Post, so aptly tells the story that we published it in its entirety.

Civil war has split the Conference of Local Airlines—an organization of feeder carriers that includes two serving Denver: Frontier and Central.

Six of the western and mid-western airlines walked out after a meeting in Phoenix, Arizona. The break resulted from geographical differences and problems peculiar to carriers operating in the west to which the eastern members were said to be indifferent.

C. A. "Mac" Myhre, president of Frontier who led the secession move, said the dispute centered on failure of the conference to act on a civil aeronautics proposal last December on equipment purchases. This proposed federal-guaranteed loans to feeder lines to finance modern aircraft.

The secessionists are Frontier of Denver; Central of Fort Worth, Texas; Lake Central of Indianapolis; Bonanza of Las Vegas, Nevada; West Coast of Seattle, and Ozark of St. Louis. They sent in a joint letter of resignation.

Airlines still in the conference are Southwest of San Francisco; Mohawk of Ithaca, N. Y.; North Central of Minneapolis; Piedmont of Winston-Salem, N. C.; Southern of Birmingham; Allegheny of Washington, D. C., and Trans-Texas of Houston. The conference scheduled a meeting in Chicago to consider whether the seven members can hold the organization together and pay the increase pro-rated fees.

The conference founded in 1953 operated last year on a budget of \$60,000. Myhre said that while it had done some good in its early years it had begun to fall apart and western and midwestern members felt the eastern members did not appreciate their problems.

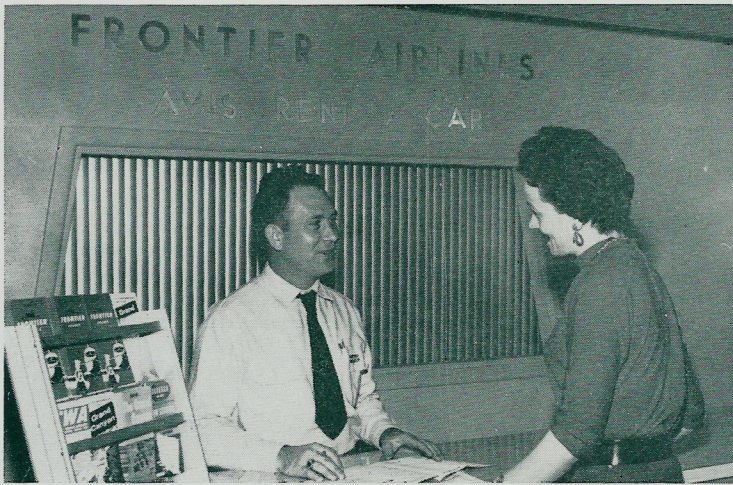
Referring to Frontier's system, which covers some of the most rugged terrain in the nation, Myhre once told the eastern members: "We land higher than most of you fellows fly."

Representatives of the rebel airlines and Southwest attended the meeting in Phoenix. After a two-hour discussion which came to nothing, an executive of one of the feeder lines asked Myhre what he thought should be done.

"I think we should resign," Myhre said. So they did.

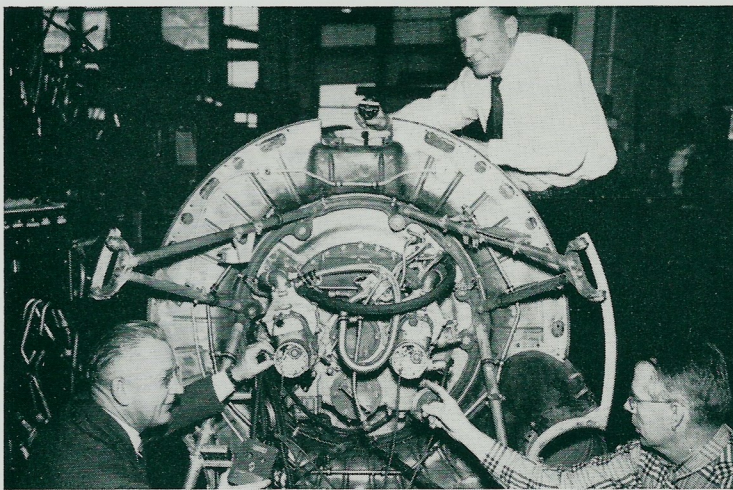
The Civil Aeronautics Administration has 174,885 miles of leased communications wire to link together the Federal Airways System.

FRONTIER NEWS IN PICTURES . . .



TRIP PLANS . . . Al Mosley, Manager of Frontier's City ticket office in the Sahara Hotel at Phoenix, gladly assists a charming young lady in making plans for a tour of the Grand Canyon. Passengers from American and Trans-World airlines are assured of smooth handling of their travel problems by congenial Al.

JAMCO . . . Efforts of teenagers pay off with third prize for this attractive booth at the Junior Achievement Trade Fair held in Denver. Sponsored by Frontier, Ann Schlenzig and Joyce Betts, (left to right) take orders for the "Rol-A-Note" product their group personally manufactured.



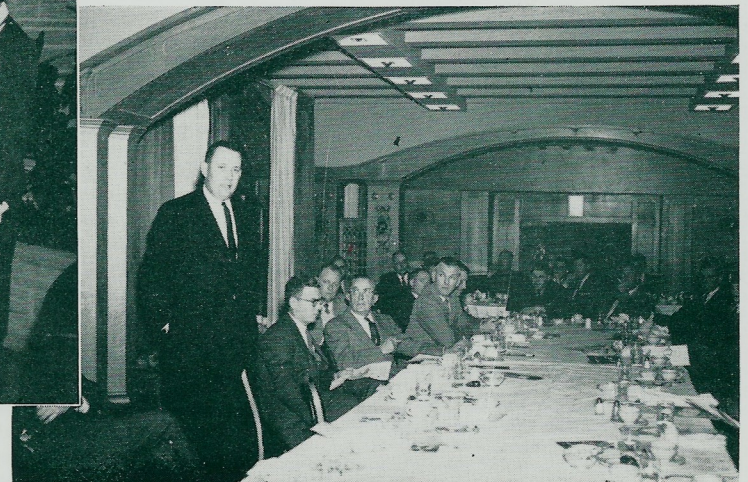
SOMETHING NEW . . . Mr. William Antin, Service Engineer of Bendix Scintella Company, explains the exact method of use of the timing light and top center indicator to Frontier's Supt. of Maintenance Harry Russell and Asst. Supt.-Engine Overhaul Ken Cook.

AIR AGE EDUCATION . . . 48 students of Kepner Junior High, Denver, take a look at their home city from a Frontier Sunliner. Each student paid his own way. Their Science Department Instructor, Ken Mills, points out the attractions of the Mile High City.



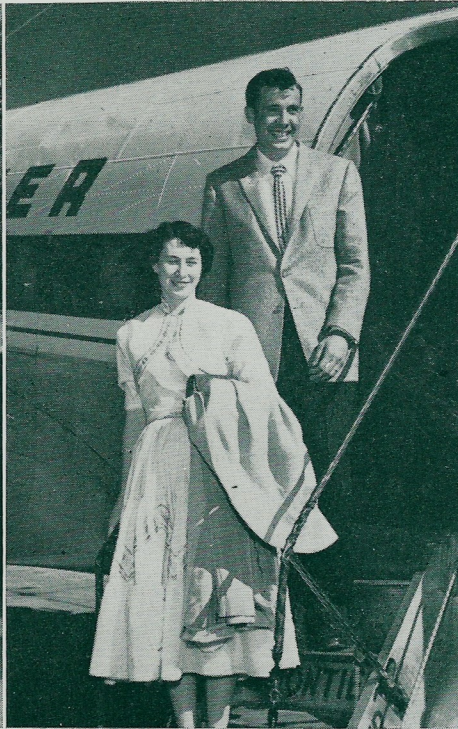
SEVEN . . . Another large class of spritely young stewardesses are welcomed by Senior Stewardess Jody Loshe. They are, (left to right), Nancy Cooper, Pat Gutensohn, Ruth Mogenson, Sue Melrose, Martha Hicks, Lorna Woodruff, and Donna Bailey.

WASHINGTON . . . Spokane's aviation committee and members of the Chamber of Commerce listen to the proposals of new air service to their community via Frontier by Attorney Scott Whitney. He also addressed similar groups in Livingston, Lewiston, Shelby and Cut Bank in Montana.





BEFORE . . . Two pretty Frontier stewardesses, Pat Dillingham and Jodie Fleener, dug deep in picking a winner for a weekend in Tucson as Sherman Hazeltine, President of the Bank of Arizona, held the container for them. The drawing was held at the bank in Flagstaff, Arizona.



AFTER . . . Happily deplaning from a Frontier Sunliner are Mr. and Mrs. George Wood of Flagstaff. This lucky couple won the fully-packed activity weekend in Tucson. Seldom does a newspaper show the drawing and winners together, but **SUNLINER NEWS** does.

Myhre Receives Aviation Award

Frontier's president, C. A. Myhre, received the 1957 University of Denver aviation award. The citation was presented to him by Chester M. Alter, Chancellor of the University of Denver, at a dinner held at the Albany Hotel ballroom on Saturday, February 23.

Myhre, a 1936 D. U. graduate, was recognized for his outstanding work with Frontier in the local service area of air transportation. He was chosen for the honor by the D. U. department of aeronautics and the D. U. chapter of the international aviation fraternity, Alpha Eta Rho.

Bismarck Teen Canteen Fund

"Flight With Fashion" was the theme for the first style show of the spring season held recently in Bismarck. Bakken's women's store, the Bismarck Welcome Wagon and Frontier joined forces to show what the well dressed gal will wear for sport and travel in the coming season.

More than 500 persons filled the Country Club to see the dazzling array of sport clothes, bathing suits and casual wear, and to have a chance to win the Grand Prize: a free trip for two to scenic Yellowstone Park via Frontier Airlines.

All guests entering the hall, stopped first at the Frontier's ticket counter, where Stewardess Carol Westlund presented them with their ticket envelope containing the evening's program. Travel posters from all corners of the world decorated the scene.

The style show was undertaken by the women of the Bismarck Welcome Wagon to raise funds for the new Teen Canteen soon to be built.

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FRONTIER'S MINERETTE . . . Stewardess Ann Gutensohn, Denver base, can really switch gear for the occasion, becoming truly representative for the area Frontier serves. She was the added attraction at the display of the National Western Mining Conference that was held in Denver, February 7-9.

Operation Hospitality

"Getting to know you better" must have been the slogan of the airlines serving Denver when officials of the airlines opened their homes to the cadets of the Air Force Academy on February 10, 1957. It promises to become a real Colorado "Open House" for all Air Force upper classmen in the years to come.

The idea originated with Jack Smith, Special Assistant-Government Affairs of Continental Air Lines. Through a coordinated plan with General Robert M. Stillman, Commanding Officer of the Air Force Academy, all

eligible cadets spent an afternoon with someone in the airline business. As both are concerned with aviation and the defense of our country this project was ideal in its conception and its finalization.

An invitation was extended to each cadet, and many spent a pleasant afternoon in the homes of Frontier personnel. Many of them had the opportunity of being guests of airline pilots, who actually fly the nation's air routes and, along with all airline personnel, represent the nation's second line of defense should a national emergency rise.

Charter Flights Increase

During the year 1956, 87 charter flights were operated with Frontier Airlines' Sunliners, carrying an approximate total of 1,550 passengers. These charters operated to almost every point on Frontier's route, and in addition to such distant points as Indianapolis, Kansas City, Minneapolis, Toledo, and to Regina, Canada.

Charter activity for the year 1957 will be conducted in the same manner as during the past year. All charter inquiries are handled by Chet Lubben, Administrative Director of Sales. During the coming year, Lubben stated, we have confirmed charters as far in advance as October and estimate that our charter activity for this year will be equal to or greater than experienced in 1956.

Outstanding among the frequent charters were two Denver ball teams, using Frontier's facilities to accomplish otherwise impossible league schedules: both the baseball and basketball circuits.

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G. S. KITCHEN, *Mgr., Public Relations*
DOLLY VARDEN McDOWELL, *Editor*

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