

Dear Renee,

I do appreciate your response and never expected to hear back from NWA. From your reply I assume four things. One, you are not a GA pilot. Two, you are not an airplane owner. Three, you have never served on a GA airport board. And, four, all the info you cite in your reply to me has been spoon fed to you from other sources aimed at proving that GA doesn't pay its fair share.

I don't think that it is profitable for either of us to spend our time using the email to try and out-shout each other. I have been in the aviation business for about thirty years. I am an aviation writer, an instrument rated pilot, have owned many planes (and own one now), and am an officer on an airport board. Also I have owned and operated several businesses. I am a business consultant, a business writer and a former business professor. So I do have a bit of understanding of aviation and running a business.

Commercial aviation, ie, transporting people, is big business, but unfortunately, as a big business, most airline CEOs do a poor job of running their business. While SW Airlines has a good track record of how to run an airline most other airline CEOs laughed at the strategic concept and business philosophy initially envisioned by SW. Sort of like how the major US newspapers giggled at the introduction of USA Today in 1982. The basic business plan of USA Today projected it would take ten years to achieve profitability and look at it today, the nation's newspaper.

Back to the airlines vs GA. I think you are examining the issue with such a narrow viewpoint that you are essentially trying to compare apples to oranges and surprised that they are different in color, texture, and taste. Commercial air travel is big business, large corporations. GA is more like a sole proprietorship. Corporations are subject to double taxation (first the corp and then the shareholders on their dividends) while sole props just put business revenues and expenses on the Schedule C and it goes on the business owner's 1040. Now I don't note any ranting and raving that the sole proprietors are getting any massive tax breaks and not paying their fair share of the cost of doing business in America.

You constantly point out how the airlines have to pay the freight for the airports they use while GA doesn't (that's one reason why I doubt if you have any real experience in GA). Lets look at the major airports the airlines use: DFW, LAX, O'Hare, JFK, SFO, DEN, etc. These are not GA airports and are used almost exclusively by the big iron, not the small Mooneys, Pipers, Beechcrafts, Cessnas, etc. All the cost and expenses of creating and maintaining these airports are not for the benefit of GA so why should we pay for NWA's cost of doing business?

To be more specific. For people flying to Houston, TX, your type airplane will land at IAH. A public airport created solely for the airlines, not GA. Now I go to Houston I will fly into West Houston Airport (IWS) and park there. Do some research and then tell me how much of the taxes the airlines collect went into IWS. I will pay a parking fee and I will buy gas and the airport will collect federal taxes on the fuel flowage. Do some more

research and then tell me how much of those federal avgas taxes collected will return to the airport to improve the airport. IWS is a reliever airport for IAH. To save you time looking up the answer to the two questions I will tell you. The answer to both questions is none. IWS is a privately owned airport and therefore doesn't qualify for federal funds, even though it collects federal taxes from airplane users and owners.

I keep my airplane in a hangar. The hangars are privately owned but when the lease expires the airport (city owned) will eventually become the owners of the hangars. What I pay for my monthly rent is not subsidized by federal dollars. I'm on the board of a relatively new airport and the county owners want the airport to be self-sufficient where the income, at the very least, covers all expenses of owning and operating the airport. In other words, this airport must be self sustaining.

How about Homeland Security expenses? How much federal funds are going into the cost of providing security for the airports NWA uses? The county airport where I am an officer of the airport board has to comply with the same basic security concerns that the airports NWA uses but all of the federal funding for increased security has gone to the airports you use, not the airports I use. Out of whose pocket do the fence and gates costs come for the county airport I have a fiscal responsibility for? By the way I do not keep my plane on this airport so there is no conflict of interest. As a GA pilot and user of the ATC system I have a personal interest in keeping small GA airports alive and well. For that reason I volunteer to serve on the board and contribute about 10-12 hours per week for free, no charge. There are small GA airport boards all over the US where people like me donate, for free, untold countless hours to their own local airports.

When I was a Civil Air Patrol search and rescue pilot I flew my own plane in hundreds of search missions for the USAF. I was reimbursed only for gas and oil. So if my plane cost \$125/ hour to fly the federal and state government would pay me back only about \$40 per hour of my costs. The rest came out of my pocket. I also used my plane to conduct CAP Cadet orientation flight rides, all at my expense. Most likely several of these young people (looking at the total program throughout the entire US) eventually went into commercial aviation and probably NWA has a pilot who was first introduced to aviation through the CAP.

People who ride the airlines are paying for this cost when they buy tickets to fly. I know it sure doesn't come out of Anderson's pockets. For me to fly my own plane I have the same types of costs as NWA does. I have my initial investment in the plane; plus insurance, maintenance, training, etc, etc. Everywhere I have owned and based my planes the state and/or local government has levied a fee (a tax) based on the value of the plane; this charge went toward funding the cost of flying in the state and airport upkeep. I fly about 230-250 hours per year, how many hours per year does any one NWA plane fly? So which plane spends more time using the ATC system? Also please keep in mind that NWA must always use ATC but many of my flights have no contact with any part of ATC. My plane holds one passenger and about 66 % of the time I fly with a passenger. How many people fly in a NWA plane? So while I only have one or two people using

ATC you may have hundreds benefiting. Any commercial passenger has the right to own and fly their own plane but for a variety of reasons they prefer someone else to incur the debt, take the training and assume the risks to do the flying for their personal benefits. So why shouldn't they pay the costs for this privilege?

I could continue for hours but when people try to tell me GA is getting a free ride in the US and the airlines are forced to subsidize GA flying I become angry and frustrated. As I stated in my first email this belief is either based on ignorance about GA or a deliberate attempt to use partial and/or distorted facts to mislead the recipient of the message. I put your CEO in the latter category. He is misleading a group of people who, for the most part, have no knowledge of aviation other than flying commercially, and will now see GA as only those evil rich guys and gals with their expensive toys who are to blame for everything bad when using the airlines. These rich playboys and playgirls can afford to fly because your passenger tickets are priced to pay their way. And the reason we (the airlines) don't land on time has nothing to do with our inefficient management or the fact that thirty airliners are trying to land at O'Hare at exactly the same time but because all these small planes flown by all those rich folks are clogging up our system (ignoring the fact that we don't use O'Hare). How much of this blame does Mr. Anderson pass on to the US military? They also use the system and when I was in the military I don't recall getting any bills for using the system.

I have some former NWA pilots who are GA pilots and aircraft owners who also believe your CEO was way off-base when he used his position to blame GA for problems created by the airlines or to deceive the unknowing public.

I do not expect this email to change your views at all but my thirty years in many aspects of aviation provides me with enough "real" experience to understand the total aviation picture and all its attendant costs and who pays what. To tell me I'm getting a free ride only reveals the lack of knowledge on the subject on the part of the messenger.

Thank you for your reply,  
Bob Worthington

----- Original Message -----

From: "Northwest Airlines" <NorthwestAirlines@nwa.com>

To: "Bob Worthington" <rworthin@zianet.com>

Sent: Wednesday, April 21, 2004 10:15 AM

Subject: Re: WorldTraveler Article (KMM559588V63929L0KM)

Dear Mr. Worthington,

We regret your negative reaction to Richard Anderson's article in our WorldTraveler publication concerning the taxation of general aviation. Neither the service nor the economic benefits provided by general aviation are in dispute. Rather, our position is that both private aircraft and commercial aircraft should pay their share of airport costs on a fully allocated basis.

While you may disagree, let's examine the law and facts in a disinterested manner concerning the current funding for our National Air Transportation System. It is fairly straightforward. General Aviation does not pay to use the ATC system and small airports are significantly subsidized by large airports. (In the case of MSP, the reliever airports are subsidized 100% on CAPEX investment and 80% on operations. Hangars are \$.03 per foot as the MSP relievers and we pay \$4.00.)

Let's review the basic functions and funding mechanisms under the various FAA Reauthorization Acts. FAA has three principal functions.

- Air Traffic Control System Operation
- Safety Oversight and Certification
- Airport Infrastructure Investment (AIP Program)

How are these funded? Air 21, passed by Congress in the late 1990s, basically set up the mechanism we operate under today by using airline ticket excise taxes, airline segment fees, and general funds. In addition, we pay Passenger Facility Charges to fund runways and airport infrastructure. Our ticket sales tax burden on Northwest is about 28% (based on an average domestic round-trip ticket) paid to the government to run the ATC system, fund FAA, and make capital investment in airports. General aviation does not pay any fees to use the ATC system nor does it collect segment fees, excise taxes, or pay Passenger Facility Charges. General aviation pays fuel flowage fees, landing fees, and hangar rents on airports that do not fully cover allocated costs.

The ATC system is free for general aviation because Northwest and the airlines pay the taxes to fund the system. If our tax burden were cut in half we would be substantially closer to profitability. Instead, we are taxed more than liquor or cigarettes (so-called sin taxed items.) Thus, it is in the interest of Northwest Airlines to have a fully compensatory funding mechanism for the ATC system, so that all users pay a compensatory fee for their actual consumption of ATC capacity. Likewise, general

aviation should pay their share of airport costs on a fully allocated basis. If not, our taxes will go up.

The airfare example in the article is a \$200.00 base fare for a round-trip ticket from FAR to MSN with a connection at MSP, to which \$53.00 in taxes and fees must be added. We have reconfirmed the quoted fare (at our website, [www.nwa.com](http://www.nwa.com)). It is a 14-day advance purchase fare for travel June 10-15, 2004. The fare breaks down to:

\$172.09 Base fare  
12.94 US % tax  
12.40 US segment tax  
18.00 PFC's  
10.00 Security fees  
\$225.40 Round-trip airfare

Taxes add 30.978% to this base fare, an even higher percentage than referenced in the WorldTraveler article and a hefty burden not being shared by private aviation.

Be assured that your comments will be forwarded to Richard Anderson.

Sincerely,

Renee Berg  
Customer Care  
Northwest/KLM Airlines

-----Original Message-----

From: Bob Worthington [mailto:rworthin@zianet.com]

Sent: Monday, March 15, 2004 8:51 PM

To: MEDIA

Subject: ET-Media

This message is directed to Richard Anderson, CEO, regarding his editorial, A WORD FROM Northwest on your website Corpinfo.

Why is it that corp chiefs today seem so prone to say anything, regardless of the truth, just to placate customers and investors? Your recent dribble about how airline passengers are having to pay extra so general aviation can survive is mostly lies but you probably don't even know that. Do you pay any federal income taxes? I do and income taxes help fund the federal govt to include the FAA.

For the airlines to function you need a system to control IFR traffic, I don't need that system if I fly VFR. Airlines need large airports with terminal buildings, long runways, a whole lot of extra security for protection. I don't. I always know who my passengers are and I know what is in their baggage. I require no federal guards to conduct searches of my passengers or their baggage.

Many large airports I land at charge me a landing fee. I pay parking when I stay overnight at an airport (and for some airports even if I'm there a short time). I use FBOs, not terminal buildings so I pay the FBO directly or indirectly. I'm light (3000 pounds and under) so I don't create the wear and tear that your planes do. Usually I land at smaller reliever airports so you have the larger airports for your use without small planes being there.

How often do you use one of your planes solely to take an ailing person and spouses or parents to a medical facility because they can't afford to buy an airline ticket? How often do you take one of your planes off-line to search for a missing aircraft? How often do you take off with only school children aboard to teach them about aviation without charging someone?

How many of your pilots learned to fly by starting out in an airliner? I can go on quite a bit more but I just want to point out that while many of your passengers will probably accept your lies about general aviation as the truth, there are many of us who are general aviation pilots who very quickly recognize your words as just more of the trash that is becoming too common with so many large corporate leaders who will say anything or blame anyone attempting to make their leadership failures less obvious.

Bob Worthington