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1. (0.91) **ATA Fleet Transition On Track Despite Industry Crisis**

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American Trans Air, proceeding with one of the most aggressive fleet revitalization programs in the industry, will retire its entire fleet of Boeing 727s from scheduled service within the next week. When the shift is completed, the airline will have removed 24 of the aging aircraft within five months, replacing the planes with a fleet of new 737-800s and 757-300s. Despite the current industry crisis and a 20% reduction in capacity, [ATA](#) confirmed that it remains on track to finish the first phase of its dramatic fleet makeover this summer. "The transition has proceeded very smoothly," said Chief Operating Officer Jim Hlavacek.

Like the rest of the industry, [ATA](#) experienced a sharp drop in revenues and demand over the past month. Thanks to the carrier's new fleet of nine 737-800s and five 757-300s, however, several key operating costs also went down. Hlavacek told The DAILY in an interview that the airline's aircraft utilization has jumped 75 hours per month per aircraft thanks to higher efficiency of the new planes.

[ATA](#)'s fuel expenses fell due to the recent drop in fuel prices, combined with the phaseout of the gas-guzzling 727s. The new 737 "is simply a more efficient airplane," he said. [ATA](#) also is the North American launch customer for both the winglet-configured 737-800 and the 757-300.

Better Than Promised

Boeing promised [ATA](#) that the winglets would reduce fuel consumption by 3%, compared with non-winglet aircraft. Hlavacek reported that the airline is seeing more than a 4% reduction in fuel usage and the aircraft has better lift capabilities with the winglet. Maintenance reliability has improved "phenomenally," leading to better completion rates and lower costs as the airline replaced roughly 14 727s. It will retain about six 727s for use as spares or charter aircraft and 15 L-1011s for military charters.

Overall, the fleet transition was "planned fairly well," Hlavacek said, despite the challenge of negotiating deliveries with Boeing and the world's largest aircraft lessors, ILFC and GECAS. The airline also mastered the massive task of meshing the schedules for plane removal and deliveries with those of crews to fly the aircraft. The one hiccup occurred last month in the days following the terrorist attacks. During the three-day ground-stop after Sept. 11, [ATA](#) was

unable to provide initial operating experience to its 727 pilots who were training for the 737s. "Deliveries kept coming but we didn't have crews trained," Hlavacek said. Thanks to "extraordinary efforts," the airline was able to have crews for the new planes within days.

Despite the drop in demand and traffic since Sept. 11, [ATA](#) still plans to take delivery of 25 737s and 10 757s by August 2002. Beyond summer, [ATA](#) is in discussions to spread out the timetable for further deliveries. In addition, the airline was forced to ground its 727s about four months ahead of the original timetable. "I would have much rather gone with the original plan, but you need to be flexible," Hlavacek said. The original order, signed in May 2000, was one of the most creative in recent years. The airline ordered a total of 47 aircraft while simultaneously committing Boeing, ILFC and GE Capital to invest in the carrier.

The airline's traffic over the past month has improved, but load factors appear to have topped out for the time being. Partially due to some aggressive fare sales, the airline's traffic "built up quicker than we thought," Hlavacek said. Leisure traffic grew faster than business, but leisure can "disappear" faster, depending on the latest military action or any domestic travel concerns, he noted. [ATA](#) has "strong bookings" for the Thanksgiving and December holiday periods but is still operating a reduced schedule. The airline might post loads as high as 75%, but yields will likely remain weak, he said. By Steve Lott, steve_lott@aviationnow.com

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