

**EPISODE 293**

[EPISODE]

**[0:00:08] IP:** Hello, and welcome to episode 293 of AvTalk. I am Ian Petchenik, here, as always with –

**[0:00:17] JR:** Jason Rabinowitz. Hello, Ian. How's your Wednesday?

**[0:00:20] IP:** Hello, Jason. It's going all right. Better than your Wednesday. We almost didn't have a podcast today.

**[0:00:27] JR:** Yeah, probably not for reasons that many listeners have jumped to the conclusion of.

**[0:00:31] IP:** No, no.

**[0:00:32] JR:** But I was at the dentist and the dentist made scary words at me about having to remove a wisdom tooth immediately, or I might die. That has not happened yet. But the next week's podcast, I don't know.

**[0:00:44] IP:** There's still time. Oh, boy. Oh. Hey, there's good news in the world of aviation.

**[0:00:53] JR:** Possible.

**[0:00:54] IP:** There is good news in the world of aviation. The machinists are headed back to work. Boeing machinists and the company have agreed on a new four-year contract. They ratified the contract proposal on the 4<sup>th</sup> of November, near midnight. Here's what's in it. We're not going to be exhaustive, because there's a lot to it. There's a lot even I don't understand, because there are acronyms for acronyms. We're unpacking the high-level stuff here. But if you want to read the full contract and what's in it and what the differences are compared to the previous contract and previous proposals, you can click the link in the show notes and follow along there.

Top, top, top line, a 38% wage increase over the life of the contract. That's split into multiple different wage increases over the four years of the contract. Overall, a 38% increase in wages. The machinists will each receive a \$12,000 ratification bonus for approving the contract. The retirement matching from Boeing has been increased. However, one of the largest asks, and something that Boeing said was absolutely not on the table wasn't included in the contract, which is there is no defined retirement benefit, or pension returning to the machinists. This was widely not expected to return, but it was one of the largest asks from the union.

The Aerospace Machinist Performance program will return. That is incentive pay in this contract that is a minimum of 4% of annual wages. Each machinist earns the same amount for each year of the contract. The AMPP is designed to reward performance in safety, quality and productivity. That had gone away last year and is now back this year. There are changes in how Boeing hires for certain roles. Without getting into too much detail, the union won concessions, I guess, from Boeing is how you could describe it, on who is eligible for certain roles, certain promotions, and the time limits that are defined on how those people can apply for those roles has been shortened, basically, allowing more people to move up the ladder faster.

There are also changes in how the company assigns overtime, how the company assigns weekend overtime, how the company assigns post-shift overtime, and when workers need to be notified that they are going to be assigned overtime. The healthcare costs for the Machinist Union have been lowered, not terribly much, but they will pay less toward their healthcare costs, as well as lowering the out-of-pocket maximums for those in the US, you know what we're talking about. For those outside the US, just shake your head silently and make fun of us all you want. They have easier to use holidays. They will now be able to use their vacation days within the first year of their employment. Previously, they had to vest a full year before they could use any of their vacation time.

**[0:04:05] JR:** They had to wait a year before they could take a day off?

**[0:04:08] IP:** Correct.

**[0:04:09] JR:** Wow.

**[0:04:09] IP:** Before they could use their vacation time. They've got holidays and things like that, but –

**[0:04:13] JR:** Yeah. But still, sometimes you want to take a Tuesday off.

**[0:04:16] IP:** Nope. Not to vacation. I don't know about the sick time, but as far as vacation days, it was previously, you needed to be there a year. This is a big one. Boeing will now provide a paid parental leave benefit of 12 weeks, and this covers births, adoptions, foster placements, and the like. That's a pretty big one. This is the one that's been talked about a lot. The Boeing company will build a new airplane in Puget Sound if, and this is a big if, the launch of that aircraft comes during the life of this contract.

**[0:04:51] JR:** Ain't going to happen.

**[0:04:52] IP:** No, it's not. But including it in this contract sets up for including it in the next contract. This was never thought to be happening.

**[0:04:59] JR:** That's going to be very difficult to remove from the next contract in four years, but there ain't no way that Boeing is launching a new airplane in the next four years. They have been very clear in saying, "Yeah, we're not doing that now. We've got a lot of other stuff to handle."

**[0:05:14] IP:** And rightly so. Then this last one, I don't think it's a huge change in the dollar amounts, but I just thought it was very, very interesting. The pay additives, I like that these are called additives, the security clearance pay additives are changing. They're going up to \$2 per hour if you have a secret clearance. They go up to \$3 an hour for programs that require top secret, program clearance, or Yankee White. They go up to \$4 an hour for SSBI, SCI, polygraph, or special access. Those are the top-level programs, obviously, because you get \$4 extra per hour.

**[0:05:58] JR:** Wow. I don't know at what level you need to have, to work on the new Air Force One, since we know Boeing has had a hard time attracting a workforce to work on that aircraft,

because of the additional security clearances needed. Apparently, 2 bucks an hour times, however many employees, is all Boeing thinks it needs to attract some extra workers to get those things done already.

**[0:06:22] IP:** Yeah, that's interesting.

**[0:06:23] JR:** Which could be an extra cheeseburger an hour, give or take, the \$2, or \$4, if you work on the Air Force One. Sure.

**[0:06:30] IP:** I thought that was interesting. I didn't put this in the show notes, but also interesting is that the tank pay additive, so what I assume is working inside of fuel tanks goes up to 75 cents per hour.

**[0:06:44] JR:** Whoa, 75 cents. I mean, that job probably sucks more than all the others combined. If you're not familiar, there are people who do indeed need to crawl through the tiny little hatch in the wing to get on the inside of the fuel tanks in the wing. There are only certain types of people who can do that, physically to fit in that hole and then work in such a confined, I'm going to say, inhospitable place. 75 cents an hour seems low, but all right.

**[0:07:13] IP:** I'm just telling you what's in the contract.

**[0:07:14] JR:** You're just repeating the news, but yeah, this is –

**[0:07:15] IP:** I'm just repeating it. Yeah.

**[0:07:17] JR:** It's staggering, though, that this is what did it. That Boeing workers, I guess, have lost so much over the years that these benefits being returned is enough to not just bring them back to the table, but narrowly, I will add, get workers to agree. They just needed a simple majority here. They only got 59% of the vote. They weren't that much above what they needed for this to pass. There's two ways of looking at it. It's either good, because it puts Boeing in a good position to negotiate in the future and work out a deal, but bad in that, what would have happened if the vote was 9% lower? Things would have gotten real ugly real quick. It wasn't like, this passed by 98%, like we see some other contracts passing by. This was pretty close.

**[0:08:05] IP:** It was pretty close. But I will point out that the first contract was rejected at 98%.

**[0:08:11] JR:** Was that at 96%? Yeah, it was real high. Well, did workers approve this contract, because they liked the contract, or because they just needed to get back to work and make some money? We'll never know. It doesn't really matter.

**[0:08:24] IP:** In any collective bargaining arrangement, I mean, I don't think contracts are ever approved, because they like them. I mean, I honestly think it's because of, this is the best we can get right now. I think that a majority of Boeing machinists thought that this contract was the best that they were going to get right now, and that being able to build aircraft and continue to work on these aircraft for the next four years becomes more important than any other rationale out there. I think, is it a good contract? I think in the sense that the machinists approved it and they're going back to work, so it's good enough.

Then when you bargain again, you try and get more for your union. I can't fault them for that. I also can't fault Boeing for saying, "Look, we can't keep doing this. We can't keep production halted. This is the best it's going to be. Moving forward, things are going to fall off the table, until you guys have had enough and come back to work."

**[0:09:30] JR:** Yeah. The \$12,000 ratification bonus is also pretty nice. I hope that comes in one lump sum on their next paycheck. Yeah, wage increase of 38% over the life of the contract, which is four years, that's not nothing. That's sure as hell more than I'm going to get for sure.

**[0:09:44] IP:** It is, it is, it is. I mean, one of the things that I always feel I need to point out is that 38% increase over the life of the contract is based on the wages that they were making during the previous contract, which had been frozen for years. It's not a 38% raise year over year, the way that we non-union folk think about it.

**[0:10:12] JR:** Yeah. Realistically, it's probably also still quite a bit below the increase in cost of living, especially in the Puget Sound region. Things are expensive there. 38%. Yeah, it sounds like a lot, and it is better than nothing Boeing was probably offering referring previously. It's not

the best, but it's certainly far from the worst. Yeah, the pension is never coming back. Come on. Come on.

**[0:10:35] IP:** I'm glad to see that the union's getting back to work. Airplanes are going to start to be manufactured again and moving through the system. On the supply side of things, we have Spirit AeroSystems reporting their third quarter earnings and then filing a special third quarter notice saying, "We might not be around for much longer." I will quote their financial filing directly. "We have incurred significant operating losses in the last few years and have identified conditions, or events that raise substantial doubt about our ability to continue as a going concern."

**[0:11:14] JR:** Oh. I mean, I guess this is Boeing's problem now, right?

**[0:11:18] IP:** I mean, yeah.

**[0:11:20] JR:** Does it need to be?

**[0:11:21] IP:** The long and the short of it.

**[0:11:22] JR:** Yeah, does it need to be a going concern once Boeing absorbs Spirit AeroSystems, it doesn't really matter what their profit margin loss-gain is.

**[0:11:31] IP:** It becomes an issue of how much money they owe and to whom, I think, is –

**[0:11:37] JR:** Boeing can afford it. They can pay it.

**[0:11:39] IP:** Yes. Spirit's lost 477 million dollars in the third quarter and they have lost a billion and a half with a B, dollars, so far in 2024. It's not nothing. They're almost out of cash. They began the year with 824 million dollars in cash, and they're down to just over 200 million dollars in cash and cash equivalents, which I know is short-term financing. I always want to believe, it's like, the guy in the back-office walking around with gold bars. I know it's not, but that's just what I choose to believe.

**[0:12:15] JR:** That'd be fun.

**[0:12:17] IP:** I mean, we've known Spirit's in trouble. This is just the latest bell ringing in the Spirit telling everybody, "Hey, we got screwed."

**[0:12:25] JR:** Things are going to change at Spirit AeroSystems. It's a weird thing where Spirit AeroSystems is not too big to fail. It's not very big at all, but it's too important to Boeing to fail and too important to the US manufacturing system to fail. Hell, or come high water, Boeing is going to have to bail out Spirit. We know that. There's no doubt in that. What they need to be really careful about is making sure that before Boeing is able to fully absorb Spirit, that Spirit doesn't default on its obligations to its suppliers and whomever supplies Spirit AeroSystems with the aluminum and the titanium and all the things it needs to build the things that it then ships off by rail to Boeing. Because if that happens, ooh, things look not good for Boeing.

**[0:13:12] IP:** Exactly. The other side of this coin is that Airbus also takes components from Spirit AeroSystems. Airbus said this week that it expects to finalize the acquisition of that work by the end of the year. That's the A350 fuselage components that are manufactured in North Carolina and the A220 wings in Belfast, as well as some of the fuselage components manufactured elsewhere. That is good news that those things are moving forward, so as to not create even more headaches for anyone.

**[0:13:47] JR:** You don't hear much from Airbus on this particular topic. It feels like, they're just going, "Yeah, okay. Whatever. Let's just get this done and deal with it."

**[0:13:54] IP:** Get the contract signed and get going. Let's go from Spirit AeroSystems to Spirit Airlines, which announced this week that they will furlough and additional 330 pilots. This takes the total to more than 500 furloughed pilots in 2025, in addition to about 150 captains who have been demoted to first officer.

**[0:14:18] JR:** The vibes that anything with Spirit in the name is not good right now.

**[0:14:22] IP:** I mean, I bet Spirit Halloween's feeling pretty good.

**[0:14:26] JR:** Well, it's past Halloween, they're feeling pretty bad right now. They had to give all the closed CVS Dwayne Reed locations back to whomever looks after them for 11 months of the year.

**[0:14:35] IP:** I mean, if you're listening to this podcast, there's a chance that you listen to other podcasts, and if you've ever listened to a podcast about Spirit Halloween that you've enjoyed, that explains their business model, email us at [podcast@fr24.com](mailto:podcast@fr24.com), because I would love to listen to that podcast. What?

**[0:14:55] JR:** I mean, I know what the next topic is, because we have notes and it's not good.

**[0:15:00] IP:** It's not good. The Lithuanian national security advisor was cited in the Wall Street Journal as saying that, "Hey, you know those things that caught on fire in the DHL warehouses? Yeah, that was Russia sending parcel bombs, trying to set fires on aircraft bound for North America."

**[0:15:21] JR:** Oof. Not good. There was one, I think it was a couple of weeks ago with DHL. What was it? Leipzig, I think. Then, yeah, and then there was another one in Birmingham, both of these are DHLs, I guess, you could call them super hubs. Haven't heard much about these incidents, until all of a sudden, it becomes extremely concerning if this is actually the case. Then again, this news broke and suddenly, silence. Haven't heard much about it. This is extremely alarming, if it's the case. I don't think any US, or British, or German authority has actually made this accusation yet. It has pretty much been reported from Wall Street Journal and stayed there, as far as I can see so far.

**[0:16:04] IP:** Yeah. We'll continue to keep an eye on this and see what more is offered, regarding proof, or further evidence to see what happens now. Not great news, either way.

**[0:16:16] JR:** No.

**[0:16:16] IP:** In Dublin, the passenger capacity cap that was about to be hit and was going to impact summer 2025 slot allocations has been suspended, pending an EU decision on the, I don't know if legality is the right word, but applicability.



**[0:16:39] JR:** Morality.

**[0:16:41] IP:** Well, so the deal here is that planning conditions imposed on the creation of the airport's two terminals in 2007 limited the annual passenger capacity of the airport to 32 million passengers. Ireland's aviation regulator said, "Hey, we're going to go over that. We're going to need to cap flights." Ryanair, obviously, when –

**[0:17:12] JR:** Not happy.

**[0:17:14] IP:** But, so did Aer Lingus, obviously, and airlines for America, which is the US-based airline trade group. They sued to say, "Well, you can't do this. This cap is not within the bounds of the agreements that we have, especially the bilateral agreements between the EU and the US." Irish court agreed, and they have now stayed the capacity cap pending the EU's consideration of whether or not any of this applies, or is able to be enforced. It looks like, there will be more than 32 million people passing through Dublin Airport in 2025.

**[0:17:53] JR:** Yeah. When did you say this cap had put into place? Was it 2007?

**[0:17:56] IP:** This was 2007. This was when they rebuilt the airport. It was a planning commission decision.

**[0:18:02] JR:** I did a quick search on it right now. The Irish Times tells me that the 2007 cap was put in place to "ease fears of traffic congestion on the roads leading to the airport." That is a really stupid reason to put a passenger cap on an airport. Dublin, notably being one of the few European major gateways that has no rail connection to the airport. Have they thought about maybe doing that, rather than putting an arbitrary cap a couple decades ago on top of the airport?

**[0:18:31] IP:** Apparently, not.

**[0:18:32] JR:** Or maybe rethinking the cap, since aircraft now holds far more people than they did back in 2007? I think in 07, the A321 was just this cute little airplane operated by US Airways

mostly. Now, it's the backbone of most European airlines. Well, except for Aer Lingus, and so, went to Iberia instead.

**[0:18:53] IP:** So far.

**[0:18:54] JR:** So far. This seems profoundly stupid to keep a cap in place like this for decades, when the industry has changed so much since 2007. Instead of fixing the issue of traffic congestion on the road to the airport, they leave this cap in place, instead of operating train, or literally doing anything to increase the capacity of the throughput to the airport, rather than artificially limiting the airport. I don't often agree with lawsuits of this nature, but this just seems like, probably should have done that sooner.

**[0:19:27] IP:** It's not they didn't have fair warning.

**[0:19:30] JR:** Yes, that is true. Really, maybe Dublin and/or Ireland, or whomever is in charge of things there for this particular case should start building a train to the airport in Dublin. It's ridiculous that they don't. But seems like it would help.

**[0:19:47] IP:** You would think. Jason, TUI retired their last 767 this week.

**[0:19:55] JR:** Wow, good for them.

**[0:19:57] IP:** Further phasing out the 767 and passenger service the world over. However, Air Canada is planning on bringing a pair of their 767s back into service for summer 2025.

**[0:20:14] JR:** Man, this is a move of absolute desperation. You'll love to see it. These two aircraft were a part of Air Canada's fleet that was grounded in the early days of COVID, I think way back in March 2020. They were out in the Boneyard in Arizona and they stayed there for four and a half years.

**[0:20:34] IP:** I'm looking at a picture. The registrations are CFOCA and CGLCA. The picture that we have on jet photos of FOCA –

**[0:20:48] JR:** It's a glider.

**[0:20:50] IP:** I mean, it still has the engine pods attached, but it also, apparently sprung a hydraulic fluid leak, and the empennage is covered in hydraulic fluid.

**[0:21:02] JR:** Yeah.

**[0:21:03] IP:** Oil of some kind.

**[0:21:04] JR:** Quite a thing to bring these two aircraft back.

**[0:21:06] IP:** They've cleaned it up. They flew them back in May of this year, back to Hamilton for reentry work.

**[0:21:14] JR:** They basically have to rebuild the entire aircraft. They have to do as heavy a check as possible. They probably have to do the entire landing gear. They have to put engines on it would be helpful, but apparently, they already did that since they flew it back to Canada. These aircraft were, I would say, they were in dire state out in the boneyard, but they must have been the best of the 76s in the desert.

**[0:21:37] IP:** The best of the dire state. Yeah. This story came to us from the same person who gave us the story last week, who I called a Canadian plane person. They apparently enjoyed that. I'm going to stick with that, a Canadian plane person. They surmised that these 767s are going to pick up domestic routes, thinking about freeing up the 777s and 78s for international service.

**[0:22:03] JR:** Yeah. Air Canada hasn't said what they're going to do with them, what the product on the inside is going to be like. I mean, maybe they had the old 76 interior just hanging around in a hangar somewhere. It's possible. They'll just put it back in. I wouldn't be shocked if these operate routes, like Toronto to LA, or San Francisco. I really don't think they'd be putting these on international routes, but it does really paint a picture of how desperate some airlines are for aircraft at this point to pluck old 767s out of the boneyard that were retired during the early days of COVID. It's a host of reasons they're doing this. Some of it is because the A220 issues have

kept a sizable chunk of that fleet grounded. The 787 engine issues have kept the chunk of that fleet grounded. I don't think they're waiting on any additional deliveries from Boeing. You can't blame Boeing or Airbus on that front, I think.

Yeah, it's surprising to see an airline be this desperate to pull this move. To those wondering, do they have to train staff and crew to operate these? Air Canada already operates a number of 767s on the freighter side, so they already have pilots trained and ready to go. I think some flight attendants and cabin crew have actually kept their –

**[0:23:17] IP:** I was just about to mention that. Air Canada, interestingly, has kept the currency for the 767, the cabin crews. Interesting enough.

**[0:23:27] JR:** That is interesting.

**[0:23:28] IP:** Those flight attendants ready to go.

**[0:23:31] JR:** Not the end of the world, but they've pretty much have to rebuild these aircraft from the ground up. They are being torn apart and put back together. I hope one day, when there's a really nasty summer thunderstorm here in New York, and they've canceled eight of the nine flights that we'll see an Air Canada 767 back here at LaGuardia, like we so often did in the pre-COVID days. If you're not familiar with that, Air Canada had a tendency to wipe out its entire flight schedule for the day if there were adverse weather conditions. And at the very end of the day, send a 767 to scoop up hundreds of people in one shot and bring them all up to Toronto, or maybe even Montreal.

They can't do that anymore, because they don't have any 76s, not even in the Rouge fleet. Maybe we'll see them again here in New York, because there has not been a widebody at LaGuardia in a very long time.

**[0:24:22] IP:** Probably the last time an Air Canada 767 landed there.

**[0:24:25] JR:** Probably. Yeah. I'm sure there have maybe been some military aircraft landing there for funsies. I think they had a tanker there from the Air Force recently. Yeah, a passenger carrying widebody has not happened, to my knowledge since 2020.

**[0:24:43] IP:** Way back when. Speaking of passenger carrying widebodies, Ethiopian Airlines took delivery of its first A350-1000 this week. Also, the first A350-1000 delivered to an African airline. I think they have the distinction of pretty much all of the first new widebody aircraft in Africa over the past few years. Congratulations to them.

**[0:25:10] JR:** Was Ethiopian the first African airline with the MAX as well?

**[0:25:14] IP:** I believe so.

**[0:25:16] JR:** Probably, right? Who else would have? Ethiopian's got a heck of a fleet. They've got the A350-900, 20 of them. Now they have the 1000. We all know they have the MAX in operation, but they also have the 777-200LR, and ER in the 788 and 9, and a whole bunch of 777Xs on order, if and when those are ever delivered. They don't have the 787-10 in order. They're missing something from that fleet.

**[0:25:43] IP:** Well, there's still time.

**[0:25:45] JR:** Could be the first 787-10 operator in Africa.

**[0:25:48] IP:** Cool.

**[0:25:48] JR:** Another notch in the belt.

**[0:25:50] IP:** There you go. This was an interesting one, not because we like to talk about cabins and things like that, though if we are going to talk about cabins, Singapore is not a bad place to talk. Singapore is, they're doing a whole cabin refresh with new first class, new business class seats. Those have been detailed a little bit more than the "refreshed premium economy" and economy class seats that are also going to come online. They are also adding four first class seats to the A350ULRs, which operate on the ultra-ultra-long-haul between

Singapore and New York, among others. That to me is very interesting. Taking out a ton, relatively speaking, ton of premium economy seats, adding four first class seats, a refreshed business cabin, and then obviously, the premium economy balance. Almost 40%, and almost 40% decrease in premium economy seating on those A350ULRs.

**[0:26:49] JR:** Rude. Back in the day, back when that was the A340 –

**[0:26:53] IP:** 1500.

**[0:26:55] JR:** 500?

**[0:26:55] IP:** Yes.

**[0:26:57] JR:** The lowest level of service was in fact, premium economy. Those aircraft did not even have economy.

**[0:27:02] IP:** Well, they don't. They don't have economy.

**[0:27:04] JR:** Yeah. But it's such a shift to see the majority of that aircraft going from premium economy to reintroducing first class. That's a major, major, major shift. One day, I'll get on that flight. That would be nice. Probably not in first class. That sounds expensive. Yet, again, an airline is having to change all of its plans, because the 777X is never going to be delivered at this rate, and they'll have to reintroduce that product for the first time on some other aircraft. I'm sure Singapore and the Lufthansa Group have had a number of conversations about this particular topic.

**[0:27:39] IP:** I'm sure they have. New regulations went into effect this week, that could affect how you travel. Airlines now owe you money in the US if your flight is significantly delayed, or canceled. It's still not anywhere close to what EU 261 compensation is, and we'll get to that in just a second. But if your flight is delayed by three, or more hours for a domestic flight, or six or more hours for an international flight, if your flight includes a new airport, or new routing, adds a new connection, or significantly degrades your class of service, you are owed a refund,

assuming you don't accept what the airline offers you. This isn't compensation for your troubles. This is compensation for not going on your trip.

**[0:28:38] JR:** Basically, a trip in vain, which is –

**[0:28:40] IP:** I mean, you could theoretically book a new ticket at the airport, but you would have to first cancel your trip, and then you will wait up to seven days if you booked with a credit card, which I assume most people have, or 20 days if you've paid cash to get your money back.

**[0:28:57] JR:** What do we mean by compensation here? Because the EU is very specific about exactly what –

**[0:29:04] IP:** Maybe compensation isn't – Let me rephrase it.

**[0:29:06] JR:** I'm pretty sure it's a refund.

**[0:29:08] IP:** They owe you a refund. They don't owe you a compensation.

**[0:29:10] JR:** That is very different.

**[0:29:11] IP:** They owe you a refund.

**[0:29:13] JR:** The EU is a very different scheme, where it is not just a refund that the airline has to give you, but it is compensation, cold, hard cash money. If your flight, what is it? I'm actually not sure what the exact timings are, but there's differences between within EU flights and intercontinental flights, where if you're delayed over a certain threshold, you are due some pretty significant cash, hundreds and hundreds of euros in some cases.

**[0:29:40] IP:** If your flight is canceled, I believe it's 600 euros.

**[0:29:44] JR:** Yeah, something along those lines.

**[0:29:46] IP:** If it's delayed, it's a sliding scale based on how long the flight was, where it was going, things like that.

**[0:29:52] JR:** That's compensation. This is just a refund of the money you paid, which presumably, if you're stranded, you're still going to need to get where you need to go. It may not come out ahead of this at all, but in big caps, you have, do not apply to non-refundable tickets. Do we know what that means? Because nobody buys a refundable ticket.

**[0:30:14] IP:** Exactly. These regulations don't mean anything for anyone.

**[0:30:17] JR:** Oh, that's super helpful. Thank you. Great. Thanks, big government. Nobody buys a refundable ticket. Very, very few people do that. You might be thinking, "Oh, but I don't book basic economy. I book regular economy all the time." This is not that. Apparently, what you're telling me here, Ian, is that this is only if you buy economy fully refundable, or economy flex, it might be known as, very few people do that, because typically, you're paying hundreds and hundreds and hundreds of dollars on top of the regular economy fair to make it refundable.

**[0:30:48] IP:** These are the tickets that often cost more than the lowest business class fair.

**[0:30:52] JR:** Yes, it is very much something that I have never booked. I don't know why anyone does, unless you're super unclear that you might fly. These days, at least in the US, if you cancel and you didn't book basic economy, you get that money back as a credit for the airlines. There's very little reason to ever book a fully refundable ticket. These rules here don't seem really helpful to anyone.

**[0:31:17] IP:** This is a case of better than nothing?

**[0:31:21] JR:** I'm not sure that it is. Because if you booked a refundable ticket, it's already refundable. We're going to have to look into this more.

**[0:31:30] IP:** We are. But my point here is that I think it's better than nothing. Also, because of the new rules, airlines, and this is worth pointing out, because of these new rules, airlines have been more generous with their policies overall than they previously were.



**[0:31:48] JR:** Yeah. I did see that to a degree back in August in Dulles, where I was on that stupid Delta Sky West flight that was being rolling delayed and canceled, not canceled, and Delta went above and beyond to get everyone rebooked on virtually anything. They weren't being prescriptive, "Oh, you have to fly on Delta, or you have to fly on Sky Team." They wanted to get everybody out that night, if possible, even people who are on ridiculous, separately booked itineraries, which had nothing to do with Delta that they went above and beyond to make that happen. Yeah, I did not ever see that happening several years ago. Maybe that's just a part of airlines being nicer. Maybe it's a part of not wanting to cross any regulators right now. But these rules, they're not great.

**[0:32:38] IP:** Again, better than nothing. We end the show with some sad news. As many listeners of this podcast probably know, because Ben Baldanza, the former CEO of Spirit Airlines, hosted the Airlines Confidential Podcast. I assume that we have many, many cross listeners here, but Ben sadly passed away at the age of 62 due to complications related to ALS, also known as Lou Gehrig's disease this week. Baldanza became CEO of Spirit when the airline was not very well known outside of Florida. He really introduced the ultra-low-cost carrier model of you get your seat and we will get you there and everything else is going to cost you more. But the price you pay for the base fare is going to be next to nothing. He really introduced that to the US and grew Spirit as an airline from a Florida airline really, to a national carrier that became the standard, for better or worse, of ultra-low-cost carriers.

**[0:33:52] JR:** Yeah, he steered Spirit to the ultra-low-cost model at a time when the big airlines had no idea how to compete with that. They had no idea what to do. Eventually, they invented basic economy and eventually, now United, American, Delta, they absolutely know how to deal with the ULCC threat, which is why Spirit and I guess, to a lesser degree, Frontier are in such big trouble at this point. When Baldanza steered Spirit towards this model, it was just absolutely wildly successful, to the point where their competitors just didn't even know how to handle it.

**[0:34:32] IP:** Yeah. After leaving Spirit, he started the Airlines Confidential Podcast, which is if you haven't listened to it, is just fantastic insight into the industry. Taught at George Mason University. Chris Sloan, who's been on the show a few times both worked with Baldanza on the Airlines Confidential Podcast, but also was a student of Baldanza's at George Mason University.

He also served on JetBlue's board up until, I want to say, 2023 is when he left the board after announcing his diagnosis. I mean, just in-depth knowledge of the airline industry. Started at Amtrak back in the early 80s, and then jumped to the airline industry and worked his way up from the early 80s, all the way to taking over as a CEO of Spirit Airlines. A huge loss.

**[0:35:22] JR:** I didn't know that part about Amtrak. It's actually not mentioned in his Wikipedia page, which I'm on now. According to that, his career started in 1986 when, also did not know this, that he started working for American Airlines Group alongside names that you have heard before, such as David Cush, who became the CEO of Virgin America, and Doug Parker, who is now CEO of American, of course. That's interesting. I had no idea, but he has been in the industry at high levels as long as I've been alive. You too, Ian. It's sad to see such an industry legend like him move on.

**[0:35:59] IP:** Our best wishes to Ben's friends, family, and everyone who works in the aviation industry, because he was a powerhouse and a presence and really shaped, I would say, the mid-2000s, as far as US aviation is concerned. This has been Episode 293 of AvTalk. I am Ian Petchenik, here, as always with –

**[0:36:22] JR:** Jason Rabinowitz. Thanks for listening.

[END]