

U.S. Senator Maria Cantwell

**U.S. Senate Commerce Committee Hearing on Hearing:
Strengthening Airline Operations and Consumer Protections**

Witnesses:

**Paul Hudson, President (Flyers' Rights);
Captain Casey A. Murray, President (Southwest Airlines Pilots Association); Andrew
Watterson, Chief Operating Officer (Southwest Airlines);
Sharon Pinkerton, Senior Vice President, Legislative and Regulatory Policy (Airlines for
America);
Dr. Clifford Winston, Senior Fellow (The Brookings Institute)**

February 9, 2023

[\[AUDIO\]](#) [\[VIDEO\]](#)

SENATOR CANTWELL: Thank you all for being here. When Winter Storm Elliott hit, U.S. travelers experienced an airline debacle of enormous proportions. While bad weather can happen and is expected, and many airlines recovered quickly, Southwest stood out (for the scope of the problems it faced).

Over 2 million Southwest passengers suffered consequences, separated from family and friends not to mention their luggage, and hundreds of thousands of people stranded at airports across the country. We know that many of them had no clear instructions about what to do next.

For example, I heard from many of my constituents in the state of Washington about these issues. I heard from a coach of Rainier [Beach] High School basketball team in Seattle. He and his wife went through a tremendous ordeal.

It's very important that we understand that consumers do like Southwest Airlines' point to point service. They like that the airline does have many benefits, and they like the friendly flight that they get from their pilots and many of their workers.

But coach Bethea and his wife, and traveling party, had more than two dozen players and parents travel to Las Vegas on Southwest for a holiday basketball tournament. They were scheduled to fly back to Seattle on December 23rd, but Southwest canceled the flight.

When coach Bethea and his wife contacted Southwest they were basically told you're on your own, and they were on their own. All of them. All of those kids and parents stuck in Las Vegas trying to figure out what to do next. They needed hotel rooms, they needed meals, they wanted to try to figure out if they could to salvage their Christmas holiday.

They ended up stranded in Las Vegas for five days spending more than \$10,000 on hotels and food and with no idea how they might get back home. Mercifully, a friend offered to front the cost of a charter bus and finally, 18 hours later through the snow, they made it back to Seattle.

Here's what really struck me though, when I talked to the coach and his wife and many other people I've talked to, they wanted to know after their flight was canceled, what were the alternatives? What could they do to get back home, particularly because it was the holiday season.

And even though they were missing time with family and friends at Christmas, they also wanted to know about those out of pocket expenses. Thousands of dollars that they wanted to make sure that they received some information about on how they might get reimbursed.

When I spoke to coach Bethea and his wife recently, they wanted to ask one question. Mr. Watterson they wanted me to ask you, and I know you're a busy guy. But what they really wanted was for you to call them.

Like many of our consumers, they felt like they were getting the short end of the stick. They didn't know how to communicate to anyone to answer their questions on how long they were stuck.

I know that many of these issues Mr. Hudson is going to talk about and will have some ideas. I know we're going to hear about how we can move consumers around more effectively. But doing better also means that making sure that we're not going to give consumers the short end of the stick.

We need to make sure we're investing in technology and the surge capacity that I'm sure we're going to hear about. And I'm sure we're going to hear about what could have been done before this that would have helped.

We're always going to have these weather events and some of us believe they're going to become more severe. But what we want is to have a system that is ready to address that and to talk about the alternatives.

Captain Murray, President of the Southwest Airline Pilots Association will tell us for years there was warnings of the need to modernize the IT system that was dated. I hope Mr. Watterson can explain why those warnings went unheard.

For mandatory oversight-- I'm sorry, mandatory overtime shifts, there was a stretch into all these conditions. And I do want to thank all the workers that worked those many hours to try to help this recovery. I know many of my constituents said how grateful they were for the individual workers who showed compassion and trying to help them.

But I do believe this sector needs a more effective policemen on the beat. They need someone over at the Department of Transportation who is going to get the job done and we need to make sure that consumers are consulted, that their reimbursement fees are continuing to be

held up, or as the President said the other night making sure that children get the access to [the] seat next to their parents.

I know that these things seem like very basic consumer issues, but somehow they have been taken for granted. And I think that this incident shows us that we have to get serious about this.

Our committee has the opportunity to implement change resiliency in an air transportation system that every member of this committee values. We value it and we want to grow it, but we can't do it on the backs of consumers.

So Mr. Watterson, if you will call my constituent, I will feel better that you will be hearing the real voices of consumers directly. Thank you.

Q&A Portion

[\[AUDIO\]](#) [\[VIDEO\]](#)

SENATOR CANTWELL: Testimony will now turn to questions, five minute rounds, and I ask my colleagues if you can stick to five minute rounds only because we are expecting a vote at 11:00 o'clock and also a briefing in the Capitol on the Chinese balloon situation that I know many members are going to want to attend.

So hopefully we can get through as many questions as possible and depending on the interest of the committee, we will adjourn for a time period and come back to allow members if we haven't finished up with their questions.

But I also want to say, this committee is going to make FAA reauthorization a very big priority. So today, I guess is kind of a kickoff, if you will. Not intended as thus, but many of the witnesses have brought up several issues that will, I think, attract more attention from us and our discussion period about this. And we are having a NOTAM hearing with the FAA, I think next week, so we will continue the operational issues into the future for sure.

But I wanted to start with that, because I think the issue of operational control is very important. Mr. Watterson, you now plan to upgrade your system and one of the things about Southwest again, is that point to point service that had more of a problem dealing with the weather event, as opposed to a hub model. When are you going to complete that upgrade?

ANDREW WATTERSON: Thank you, Senator, the upgrade to the crew system I talked about?

CANTWELL: The flight dispatch system.

WATTERSON: So please correct me if I'm not getting your question correct. But we are spending \$1.3 billion in technology this year, which is about 25% more than 2019. And that was

again 9%, more than 2018. So we're moving our spending up faster than our revenue and our size. And we're upgrading a number of systems with that.

With regards to this event, our crew scheduling software had a particular fault. It didn't stop working, but we lost it—it fell down, so to speak, and overwhelmed.

CANTWELL: I don't think, to my constituent's point, I don't think they care about whether it didn't go to full capacity, had a glitch. They want to know if you're going to fix that system and when.

WATTERSON: Yes Senator, tomorrow, the fix will go in and will be live in a production system and it has already had two rounds in our test system.

CANTWELL: So that the same event if it happened in a week, we would have a different outcome.

WATTERSON: That technology would not stop functioning. As I mentioned, in my testimony, we believe our winter operations, resiliency was the root cause and that'll take longer to address. And so we will focus on that for the bulk of our time.

CANTWELL: Okay, you're here today, and I very much appreciate it. Your CEO didn't want to show up.

Now, we could have figured out a way to get him here, but you're the operations guy and I thought, you know what, I really want to talk to him.

So I really want to understand, because I have a lot of pilots here and they're telling me that they've been telling you about this for a long, long time. And so what I want to know, because a lot of people suffered a lot because of this, juxtaposed to other airlines and where they were. And you just paid out a huge dividend. So people want to know, are these guys going to invest in the technology that will make this system operational, so this will never happen again?

WATTERSON: Thank you, Senator, we need to invest in technology, but also in our operational systems outside of technology. Because the winter operations were too much for us.

You're correct that other airlines were able to handle the winter weather and we were not. And so to be able to better handle the winter weather we need more infrastructure at airports for deicing, we need more deicing trucks, we need new technology systems with deicing, we need to weatherize our ground support equipment.

So there's lots of work and lots of expenditures, we expect, to prevent this from happening again. And that will be the bulk of the effort.

CANTWELL: And so what is the cost of that upgrade that you need to do and when will it be completed.

WATTERSON: We're undergoing the assessment right now. We are doing a top to bottom view of our winter operations, and it'll undoubtedly be in the millions and millions of dollars.

But it won't be until probably in March that we'll have finished the assessment of exactly how much and where. We already know in Denver and Midway we need substantial upgrades and we're already pursuing that with the airports.

CANTWELL: Do you understand the public's frustration with this? Do you understand that they want to know-- and we're going to get into a lot of technology issues trust me.

But I think they want to know that you're going-- your brand, yes has been built. And I definitely think Herb Kelleher would be here if he was the CEO, he would have been here today. Because that's Herb.

I actually sat with him on the [National Commission to Ensure a Strong Competitive Airline Industry] so I got to know a lot about his views on aviation. I think Mr. Murray, Captain Murray, is going to say that you lost operational control. And that is the FAA's oversight to make sure that you have operational control.

So if you don't make the technology investment to keep up that operational control, then yes, we should say something about that. Now, Captain Murray, did Southwest Airlines lose operational control in the aftermath of the weather event?

CAPTAIN CASEY MURRAY: My answer is yes. I think the written testimony provides a lot of data and tells the story of how it did.

Mr. Watterson's own written testimony, fourth paragraph under "Why did this happen?" He actually says, we could not execute the plan we had established for operating during the storm. And I believe that answers your question as well.

CANTWELL: What do you think it takes to get this system changed and upgraded so that if we have another massive weather event that the point to point system that is unique to Southwest doesn't have the same kind of delays and outages?

MURRAY: Well, I think it's going to take a much more holistic approach to operating our network. We love our network, we think it's the magic behind Southwest, that's not our issue. Our issue is when there is a disruption, then Southwest-- it takes Southwest much longer to recover and it's more for us.

It's a process and how they program that IT and how they connect pilots to airplanes and flight attendants. Which is what causes the ongoing execution problems. So that is something that can be done relatively quickly.

They have to change, any pilot who is here and these pilots have come here on their day off, can attest to the chaos that they go through when going to work. They don't know where they're going to go. They don't know where they're going to overnight. They don't know how

long they're going to be on duty and they don't know how long their overnights going to be. So it's holistic.

CANTWELL: Thanks. My time has expired, but I will point out Ms. Pinkerton's point about the overall staffing and scheduling. We're going to see when we look at this whole system, and we have all the airlines, we're going to find out that the people who overstaffed had enough people to survive this the best. And the Southwest ended up on the other end because of this technology in the point to point system.

[...]

During the hearing, Senator Cantwell made the following response to Ms. Pinkerton:
(Timestamp: [1:51:27](#))

“Accountability isn’t re-regulation.”

SENATOR CANTWELL: The Senate Commerce Committee will reconvene. I appreciate our witnesses dealing with the Senate schedule and the secure briefing that members are attending. The briefing part has ended, the members are in their questions.

So I do believe that we'll get rejoined with some of our colleagues here who didn't get a chance to ask questions yet. And hopefully, in the next half an hour or so we'll be able to wrap up with those who are interested in asking questions today. So if you could bear with us, we appreciate it.

While we're waiting for our colleagues to arrive. You know, one of the issues that we definitely want to look at in the FAA bill, and something that came up in the conversation, maybe I could get a little bit of input on is: what is this staffing capacity issue? Does anybody have a number for it?

Does anybody have a percentage of increase over what our current system is that we think that we need to be skilling and training for that would help us build the kind of capacity that we need? We can talk later about whether we think the model that say United or other people have, which is I think a little bit about overstaffing, and thus being able to handle outages and systems better.

But let's just get an idea of what people think are the issues for staffing right now, and what we need to do and upskilling for the workforce that we need.

SHARON PINKERTON: So that I'm clear, Senator, are you talking about the FAA or the carriers?

CANTWELL: I'll throw it all in, I care about an aviation system that works. The safety and security bill that we've worked on clearly identified the needs of the FAA, we feel like the FAA needs a lot more technical workforce to keep pace with the level of innovation. But we, I'm sure members of both sides will show up and say that, you know, their economies are constrained by lack of pilots.

You know, I have an airport in my state, Wenatchee, where people are telling them well, we can only have one flight a day because we don't have enough pilots. We can't have rural economies basically in a stranglehold, because we don't have enough pilots.

So we need to figure this out. So anybody who has a thought on where we need to go and building capacity that way? Okay, we'll go right down the line.

PAUL HUDSON: Thank you, Senator, for that question. Um, we think that there are a number of things that could be used to take care of that problem.

Right now, the airlines set their own requirements for reserved capacity, whether it's personnel or equipment. There are no minimum standards set by the government. So we think that there needs to be some minimum standard for that, because the way it is now, some airlines are actually operating on negative reserves. So in a perfect day, they cancel at least one to up to 3% or 4% of their flights. That saves them money.

And as I indicated in my earlier testimony, we need to change the financial incentives from offering bad service that's profitable and in this case, unreliable, or unsafe to service that is good for the system and good for the consumer.

With regard to supply of pilots, we made a number of suggestions in June of last year and is attached my testimony. Two of them were to authorize temporarily raising the age of mandatory retirement from 65 to 68, with good health. Second one was to offer temporary visas to foreign pilots that are already authorized by the FAA to fly to and from the United States, to fly temporarily within the United States.

And the third proposal is to set a minimum wage for commercial airline pilots, because we've increased the hours up to 1,500 as a minimum, but in many cases, the starting pilots especially, are at a very, very low wage and that restrict supply as do those sorts of things.

CANTWELL: Thank you. I see my colleagues have arrived.

[...]

CANTWELL: I did want to clarify something Mr. Watterson on the question Senator Lujan asked. How many tickets, actually, were cancelled because of ... you gave a number but then I wasn't sure if that was how many people had asked for refunds. Do you know the number of how many actual tickets were cancelled?

WATTERSON: I have the refunds, would that be sufficient?

CANTWELL: No. No. I'm asking if you don't have it today if you'd get that for us. What we're really trying to understand here, you can imagine if you're in any kind of oversight of this, you really want to know how many people really had their tickets cancelled. And then, you want to know how many people you really did refund. So until you know that you don't really know the answer. You know how many people submitted something but what we really want to know is how many tickets actually were cancelled that didn't fly. So if we could get that information from you that would be helpful.

WATTERSON: Certainly.

CANTWELL: Thank you.