

SPIA Struggles to Solve Latest Problem

By Russ Lynch
Star-Bulletin Writer

South Pacific Island Airways has had a rough year.

Last summer, a swimming accident in Kailua forced its owner and founder, George Wray, to undergo months of therapy, at times operating his business from his bed at the Rehabilitation Hospital of the Pacific.

Only weeks after the accident, SPIA's operations were halted by the Federal Aviation Administration in a dispute over safety procedures.

Just a few months after it had settled down to normal business, its four 707 jets were again grounded by the FAA. The shutdown, on June 8, was the result of a dispute over the fitting of "hush kits" — engine noise-reduction equipment required by new federal rules.

Wray has been on the Mainland negotiating with the hush-kit manufacturer and government officials in an effort to get the big planes flying again.

A WEEK AGO, to get day-to-day creditors off its back for the time it thinks it needs to get back on its feet, SPIA filed for court protection under a Chapter 11 bankruptcy reorganization.

Despite all those difficulties, however, the company still says it has a viable airline and will eventually be back in full operation.

And it is sticking to its belief that its origin in the South Pacific gives it an edge in an increasingly competitive market.

"The runway at Pago Pago is littered with the bones of airlines from outside of Samoa who have attempted to service the territory and failed economically."

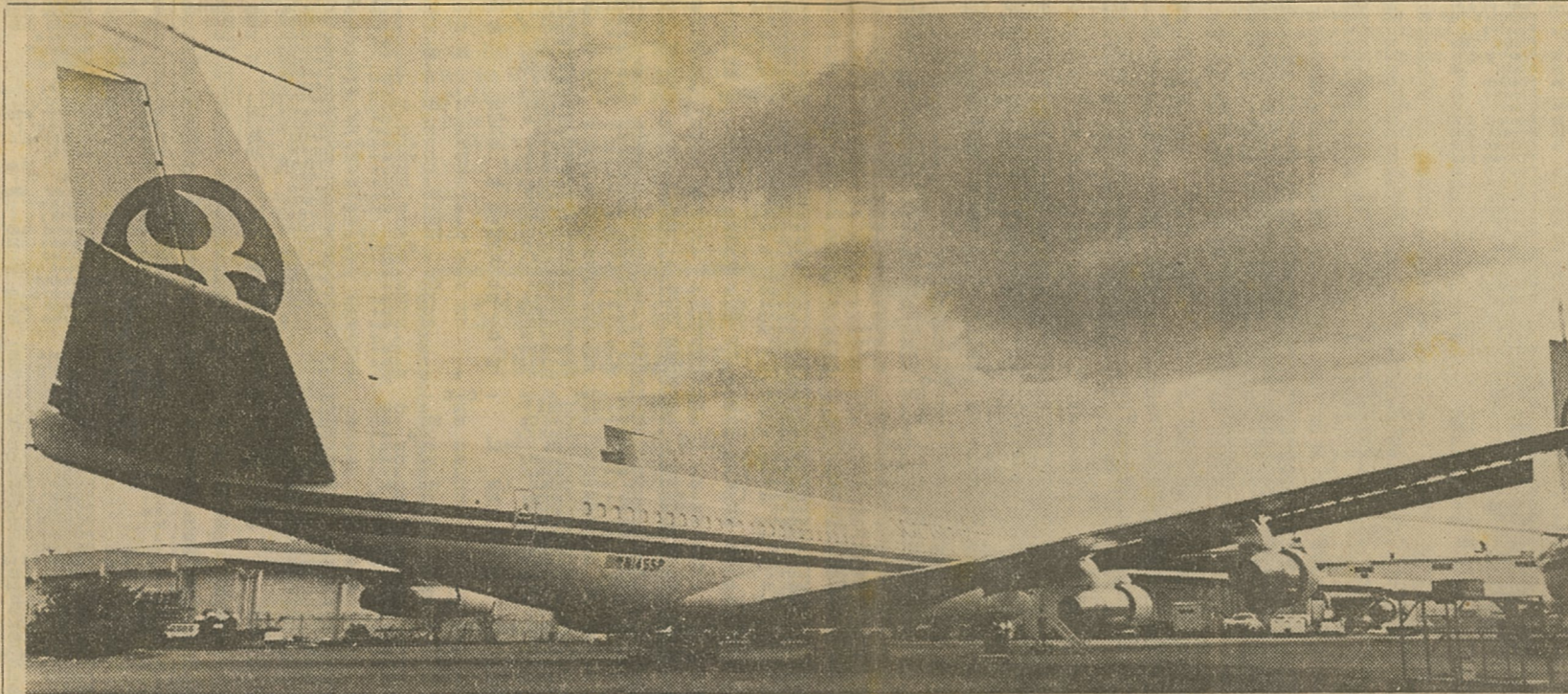
That was the way SPIA greeted the announcement in 1983 that Arrow Airways was planning to break into what SPIA thought was its own territory.

Working with Mid Pacific Air as its agent in Hawaii, Arrow said it would run three flights a week between Honolulu and Samoa.

It announced its service of three flights a week to Pago Pago with a news conference/party featuring Samoan entertainment and expressions of support from members of the Samoan community.

SPIA SAID that wasn't enough to get a Florida-based airline a profitable niche in the South Pacific trade.

Two months later, SPIA was



Star-Bulletin Photo by Mike Tsukamoto

'Hush Kits' Tone Down Airplane Noise

"Hush kits" are installed to enable airplanes to conform to Federal noise regulations that went into effect at the first of the year.

The devices, used to quiet McDonnell Douglas DC-8s and Boeing 707s, involve changes in the nacelles — the enclosure on an aircraft for an engine.

According to the February 1985 issue of Air Transport World, developers of hush kits have taken different technical approaches in their bid for winning contracts to quiet the

more than 450 aircraft around the world that might be affected by the new regulations.

All techniques have only one point in common, Air Transport World said: They use new porous acoustic materials to line parts of the nacelle ducts and intakes.

Some manufacturers promise the modified equipment will weigh less than the original equipment, while other changes can increase the weight of the aircraft by 2,000

pounds. Some hush kits change the length and shape of the nacelle and others keep it the same, according to Air Transport World.

As an example, Hawaiian Airlines is buying its hush kits from Quiet Engine Corp. of Miami for \$2.5 million per aircraft.

Quiet Engine is the distributor for kits made by Aviation Technical Support Inc. of Waco, Tex.

In a news release, Quiet Engine noted that the price of

hush kits compares with a re-engineing cost of \$17 million a plane.

It said that tests made after the aircraft had been fitted with hush kits showed "no deterioration in aircraft performance, no need for weight restrictions and no need for external engine dimensional changes."

The company said that the modification takes about 200 man hours and that the total weight increase is less than 200 pounds.

proved right. Arrow dropped its Samoa and Guam services and acknowledged that its South Pacific flights weren't economically sound.

SPIA kept on flying. The airline, founded in Samoa as an interisland small-plane service in 1972, spread its wings, moved up to jets and expanded to serve not only the Honolulu-Samoa routes but even Anchorage, Majuro, Guam, Port Moresby and Papeete, Tahiti.

It built up a charter business flying United Nations troops from the South Pacific over the North Pole to duty in the Middle East.

Its four Boeing 707s were kept busy crossing thousands of miles of the Pacific.

Wray was a Pago Pago attorney and private pilot when he started the airline as the first to fly among the islands of American Samoa.

BACK HOME in Samoa, SPIA had built up a fleet of four 19-passenger Dash-6 planes running 35 flights a day among 13 points in the region.

That fleet is still operating, but with the big jets out of service and SPIA's competitors getting a free run at the market — Hawaiian Air and Samoa Airlines both link Honolulu and American Samoa now — life at SPIA is again difficult.

But SPIA still talks with confidence about the future.

Efforts to reach SPIA officials

for comment this week were unsuccessful.

But the airline's bankruptcy attorney, Jack Dwyer, said last week that the airline believes it will eventually emerge "on a solid financial and operating footing."

If it does so, it will be another in a long series of high hurdles the airline has crossed.

IN ITS VERY early days, SPIA had to spend \$60,000 to carve an airstrip out of a hillside on Tau Island, 90 miles from Pago Pago, to begin its interisland service.

By 1975, however, the airline had grown and Wray was able to negotiate — with the government of independent Western Samoa, 90 miles away — the right to be the first American-

flag airline in 15 years to link the two Samoas.

In late 1978, after SPIA had already expressed interest, the Civil Aeronautics Board invited airlines to submit proposals for Honolulu-Pago Pago services. Two other airlines, Hawaiian Air and Aero America, applied along with SPIA.

In December 1980, with CAB approval behind it, SPIA said it would start Honolulu-Samoa-Tahiti service the following February. It took an extra month but SPIA got under way using leased 707s. By mid-1981, it was planning Guam service as well.

BY LATE 1982, after watching Arrow start and then give up on Samoa, SPIA was flying to Alas-

ka as well as Honolulu, Guam and Tahiti and had increased its Honolulu-Pago Pago service to two flights a week. It had a regional service in the Northern Marianas using Twin Otters.

In 1983, the airline extended to Vancouver, Canada, and to Papua New Guinea, and last year it began charter flights hauling Fijian troops for the United Nations, across the North Pole to the Middle East.

Suddenly, SPIA hit the front pages again. Late last September, one of the polar flights strayed dangerously close to Soviet air space near Norway.

The FAA later grounded the airline, accusing SPIA not only of improper procedures and crew training for the polar flights but of a list of other safety violations, such as failing to keep proper maintenance logs.

IT TOOK SPIA four months to get operational again. In early February it was back in the sky.

The jets, however, were flying under an exemption from a rule enforced by the FAA, which went into effect Jan. 1, limiting the amount of noise aircraft were allowed to make.

In the days when the 707s and other aircraft of the same generation were built, fuel economy was a more important design factor than noise. From the beginning of this year, however, the new rules made the 707s too noisy.

SPIA and several other airlines, including its competitors on the Samoa route, were granted exemptions once they showed the FAA that they had ordered "hush kits" to cut engine noise.

In late May, a new blow struck the airline. The FAA, claiming SPIA was not making a good-faith effort to get the hush kits, told the airline it would have to stop operating the jets at any U.S. airport at midnight June 8.

An appeal was unsuccessful and its 707s once again went to the parking lot, except for one FAA-approved flight to Tahiti to pick up stranded passengers.

So far SPIA has also lost one attempt to get the FAA to reconsider. The airline said it had cleared up a dispute with the hush-kit supplier and made required deposits and should be allowed to fly while waiting for the ordered kits.

But the FAA disagreed, leaving SPIA — for the time being at least — once again back at its origins, as a regional small-plane carrier among the South Pacific Islands.