

# United States Senate

January 12, 2023

Robert E. Jordan  
Chief Executive Officer  
Southwest Airlines  
2702 Love Field Drive  
Dallas, TX 75235

Dear Mr. Jordan,

The mass flight cancellations at Southwest Airlines (“Southwest”) during the last week of December ruined the holidays for tens of thousands of travelers, stranding them at gates without their bags and forcing them to miss celebrations with families and friends. Although winter storm Elliott disrupted flights across the country, every other airline operating in the United States managed to return to a regular flight schedule shortly thereafter — except Southwest. Southwest must take all necessary steps to ensure that this debacle never happens again.

The unfortunate timing of Elliott — which began dumping huge amounts of snow and setting record low temperatures across the United States on December 22 — meant that disruptions to the aviation system were inevitable. On December 23, airlines flying into or departing from the United States cancelled 5,934 flights.<sup>1</sup> As the storm passed over the next few days, however, nearly every airline returned to its regular schedule. By contrast, at Southwest, the flight disruptions snowballed out of control. On December 25, Southwest cancelled 74.3 percent of its flights, more than every other airline combined. Between December 27 and December 29, among flights originating or terminating in the United States, Southwest cancelled 7,566 flights, compared to all other airlines, which cancelled 1,077 flights *combined*. Finally, on December 30 — more than a week after Elliott hit — Southwest returned to a normal travel schedule. In total, Southwest cancelled nearly 16,000 flights during this period. As you have rightfully acknowledged, Southwest simply failed its customers.<sup>2</sup>

For consumers across the country, this failure was more than a headache — it was a nightmare. Travelers were stranded across the country for days at a time, forced to spend hours on hold with Southwest customer service representatives or in-line at Southwest service desks at the airport. Just as the storm set off a chain reaction of problems for Southwest, these cancellations inevitably led to bad consequences for travelers who could not return to their loved ones over the holidays, lacked access to critical medicine and other personal items in their

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<sup>1</sup> All data on flight cancellations comes from FlightAware’s public database. *US Domestic and International Delays and Cancellations Report*, FLIGHTAWARE, <https://public.tableau.com/app/profile/flightaware/viz/AirlineCancellationDelayUpdate/USAirlineCancellationsDelays>.

<sup>2</sup> See, e.g., Amanda Maile, *Southwest CEO apologizes to customers, employees: ‘There will be a lot of lessons learned’*, ABC NEWS (Dec. 30, 2022), <https://abcnews.go.com/GMA/News/southwest-ceo-apologizes-customers-employees-lot-lessons-learned/story?id=95956359>.

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misplaced bags, or were forced to miss days at work. Our offices have all heard from constituents who have suffered immeasurably from these cancellations — beyond simply the cost of hotels, meals, and alternative transportation. Your employees — flight attendants, pilots, ground workers, customer service representatives, dispatchers, ramp workers, and others — were also victims. Some found themselves stranded across the country. Others had to work mandatory overtime in frigid temperatures or spent countless hours seeking impossible-to-find solutions to help furious customers find their way home.

Now that Southwest has returned to a regular travel schedule and has finally begun returning bags to customers, the airline must examine the causes of this disaster and ensure it never happens again. Based on initial comments from Southwest executives and news reports, the main cause of Southwest's meltdown appears to be legacy software that Southwest uses to coordinate its crews and planes.<sup>3</sup> Yet, Southwest has long known that its software was outdated, and the Southwest Airlines Pilots Association had warned that such a debacle was inevitable unless Southwest invested in new scheduling systems.<sup>4</sup> Instead of making those investments, Southwest distributed over \$1.8 billion in dividends to its shareholders and bought back over \$11 billion in its shares between 2011 and 2020.<sup>5</sup> And just last month, Southwest announced that it would issue a \$428 million dividend in the first quarter of this year — the first airline to announce a dividend since the start of the pandemic.<sup>6</sup>

To better understand the causes of these cancellations and ensure a breakdown of this magnitude never happens again, we request that you respond to the following questions in writing by February 2, 2023:

## 1. General Questions

- a. Please provide a detailed narrative explanation for why Southwest was unable to return to a normal flight schedule after winter storm Elliott. In this explanation, please identify the challenges that Southwest faced each day between December 22, 2022, and January 2, 2023, and the steps Southwest took on each of those days to address the crisis.
- b. How many passengers booked tickets on Southwest flights that were cancelled between December 22, 2022, and January 2, 2023? Please provide the figure for each day.

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<sup>3</sup> See, e.g., Alison Sider, *How Southwest Airlines Melted Down*, WALL ST. J. (Dec. 28, 2022), <https://www.wsj.com/articles/southwest-airlines-melting-down-flights-cancelled-11672257523>.

<sup>4</sup> See Casey Murray, *This isn't Southwest Airlines' first meltdown — and it might not be the last*, THE HILL (Dec. 30, 2022), <https://thehill.com/opinion/finance/3792790-this-isnt-southwest-airlines-first-meltdown-and-it-might-not-be-the-last/>

<sup>5</sup> These figures come from Southwest Airlines' 10-K filings. SOUTHWEST AIRLINES, *Investor Relations*, <https://www.southwestairlinesinvestorrelations.com/financials/sec-filings>.

<sup>6</sup> Press Release, Southwest Airlines, Southwest Airlines Reinstates Quarterly Dividend (Dec. 7, 2022) <https://www.southwestairlinesinvestorrelations.com/news-and-events/news-releases/2022/12-07-2022-114528327#:~:text=The%20Company's%20quarterly%20dividend%20of,paid%20on%20January%2031%2C%202023.>

- c. At what point did you become aware that Southwest would be unable to promptly return to its regular schedule after Elliott?

## **2. Outdated Software Questions**

- a. Please describe in detail the software system that Southwest uses to process changes, reassignments, and reroutes to pilot and flight attendant schedules and the dispatch software program that Southwest uses to manage changes to aircraft and passenger routings.
- b. When did Southwest first begin using each of these systems?
- c. Why was Southwest's pilot and flight attendant scheduling software unable to efficiently process multiple, large-scale, close-in cancellation packages?
- d. What major upgrades or investments has Southwest made in these systems since it began using them?
- e. Why did Southwest fail to invest funds to modernize these systems to ensure that it could effectively coordinate crew and flight schedules after major storms and during major travel periods?
- f. What is Southwest's plan for updating and modernizing this system? On what date will Southwest switch to a new system? Please provide clear timetables for updates, modernization, and rollout of a new system in your answer.
- g. What changes has Southwest made to its crew scheduling software system since January 2, 2023? Will these specific software changes prevent another meltdown as occurred between December 22, 2022, and January 2, 2023?

## **3. Southwest Staffing Questions**

- a. Please provide the number of reserve pilot and flight attendant crew members that Southwest had available on each day between December 1, 2022, and January 2, 2023.
- b. Did Southwest offer ground operations personnel hotel rooms or provide them with extreme weather clothing in advance of Elliott?
- c. Did Southwest adjust the locations of its reserve crew ahead of Elliott?
- d. How many "deadhead only" legs or "non-flying" duty periods did Southwest assign to pilots and flight attendants between December 22, 2022 and January 2, 2023?
- e. Why were Southwest pilots and flight attendants unable to contact crew scheduling in a timely manner during the meltdown?

- f. Why were Southwest's reserve crew members unable to step in and keep Southwest's flights on schedule?
- g. How many Southwest employees — including pilots, flight attendants, ground crew, dispatchers, ramp workers, and others — worked overtime hours or extended duty days between December 22, 2022, and January 2, 2023? How many of these workers were forced to work mandatory overtime or extended duty days? How many workers volunteered for these additional hours? Please provide an estimate for each category of employee.

#### **4. Ticket Refunds Questions**

- a. Refunds for cancelled tickets
  - i. How many of the impacted customers from Question 1(b) have requested a refund for their ticket?
  - ii. How many of these requests has Southwest (i) processed, (ii) granted, or (iii) denied? For all denied requests, please also provide a justification for the denial.
  - iii. Please state Southwest's planned timeframe to fully refund all passengers for cancelled tickets.
- b. Reimbursements for hotels, meals, and alternative transportation
  - i. How many of the impacted customers from Question 1(b) have requested reimbursement for hotels, meals, and alternative transportation?
  - ii. How many of these requests has Southwest (i) processed, (ii) granted, or (iii) denied? For all denied requests, please also provide a justification for the denial.
  - iii. Please state Southwest's planned timeframe to fully reimburse passengers for hotels, meals, and alternative forms of transportation.
- c. How is Southwest educating those impacted by significant delays and cancellations of their right to these refunds and reimbursement?
- d. Several customers have filed class action lawsuits as a result of the December 22, 2022, to January 2, 2023, service interruptions. Should any cases proceed, will Southwest commit to not invoking the "Class Action Waiver" provision in its contract of carriage?

#### **5. Passenger Baggage and Wheelchair Questions**

- a. Please describe in detail Southwest's efforts to reunite passengers with their (i) baggage and (ii) wheelchairs and other assistive devices.
- b. Between December 22, 2022 and January 2, 2023, how many consumers faced delayed, damaged, or lost (i) baggage and (ii) wheelchairs and other assistive devices?
- c. What is the average time by which Southwest has reunited passengers with their lost (i) baggage and (ii) wheelchairs and other assistive devices?
- d. How many Southwest passengers are still waiting for their lost (i) baggage and (ii) wheelchairs and other assistive devices?
- e. Please describe Southwest's plans to prevent systematic and widespread issues related to delayed, damaged, or lost baggage, wheelchairs, and other assistive devices in the future.

## **6. Executive and Shareholder Compensation Questions**

- a. When was the decision made to resume stock dividends? What metrics were considered in the decision to resume stock dividends?
  - i. Were other uses for the funds, including updating outdated software or increasing worker pay, considered?
  - ii. Approximately how much does the company estimate is needed to improve the outdated software systems?
  - iii. Is Southwest planning to move forward with the \$428 million dividend in Q1 of 2023?
  - iv. Are there any clawback provisions for dividend payments, based on capital shortages, unusual expenditures, or any other concern?
- b. Is executive compensation in any way tied to flight cancellation rates and consumer satisfaction? What is the estimated impact of this holiday season on top Southwest executives' compensation?
  - i. Is the company considering any clawbacks of executive bonuses or other compensation based on the failures that occurred during the 2022 holiday travel season?
- c. Does Southwest have plans to restart stock buybacks in 2023? If so, would these buybacks be tied to the company's performance?

Thank you for your prompt attention to this important matter.

Mr. Robert E. Jordan

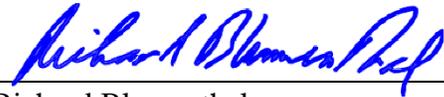
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Sincerely,



Edward J. Markey  
United States Senator



Richard Blumenthal  
United States Senator



Tammy Baldwin  
United States Senator



Sherrod Brown  
United States Senator



Tammy Duckworth  
United States Senator



Mazie K. Hirono  
United States Senator



Robert Menendez  
United States Senator



Alex Padilla  
United States Senator



Bernard Sanders  
United States Senator



Raphael Warnock  
United States Senator



Elizabeth Warren  
United States Senator



Sheldon Whitehouse  
United States Senator



Ron Wyden  
United States Senator



Cory Booker  
United States Senator



Ben Ray Lujan  
United States Senator