BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Application of

BOSTON-MAINE AIRWAYS CORP. : Docket OST-00-7668

for issuance of a certificate of public
convenience and necessity pursuant to
49 U.S.C. §41102

SUPPLEMENT NO. 1 TO APPLICATION OF
BOSTON-MAINE AIRWAYS CORP.

Communications with respect to this document should be sent to:

John R. Nadolny
Senior Vice President and
General Counsel
BOSTON-MAINE AIRWAYS CORP.
Pease International Tradeport
14 Aviation Avenue
Portsmouth, NH 03801
(603) 766-2000

Nathaniel P. Breed, Jr.
SHAW PITTMAN
2300 N Street, N.W.
Washington, D.C. 20037
(202) 663-8078

Attorneys for
BOSTON-MAINE AIRWAYS CORP.

August 16, 2000
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SUPPLEMENT NO. 1 TO APPLICATION OF
BOSTON-MAINE AIRWAYS CORP.

Boston-Maine Airways Corp. ("BMAC") hereby submits this Supplement
No. 1 to its July 19, 2000 Application for issuance of a Certificate of Public
Convenience and Necessity authorizing BMAC to engage in interstate scheduled
service operations, in response to the questions and requests contained in the letter
dated August 11, 2000 from Ms. Janet A. Davis of the Department’s Air Carrier
Fitness Division to counsel for BMAC (attached hereto as Attachment A).

In response to the Fitness Division Letter, BMAC states as follows:
I. GENERAL MATTERS

A. Aircraft Fleet and Utilization

BMAC plans to operate a fleet of ten (10) Jetstream 3100 19-seat passenger aircraft and two (2) CASA-212 freighter aircraft by the end of its first year of certificated operations. Six (6) Jetstream aircraft will be used primarily in scheduled service (three aircraft dedicated to each city-pair market), including two Jetstreams which will serve as spares to back up the primary four-aircraft scheduled service fleet. The two Jetstream spares may be used for occasional charter flights, when such use is not incompatible with their back-up spare availability. The remaining four (4) Jetstreams will be used for ad hoc and contract passenger charter service.

The two CASA-212 aircraft will continue to be used exclusively for ad hoc and contract cargo operations. BMAC has no current plans to acquire any additional CASA-212 aircraft during the next 12 months.

B. FAA Part 121 Certification

A copy of BMAC’s Preapplication Statement of Intent, filed with the FAA on February 3, 2000, is attached as Exhibit BMA-S/1-1. Since the date of that filing, BMAC has experienced certain changes in key operating personnel, as described in Section II.C. below.
C. Aircraft Accident Family Assistance Plan

BMAC is in the process of developing an Aircraft Accident Family Assistance Plan, which will be filed with the DOT and NTSB as soon as it has been completed. BMAC will file a notice in the Docket of this application as soon as its Accident Plan has been filed.

II. MANAGEMENT AND KEY OPERATIONS PERSONNEL

A. Organizational Chart

A chart depicting the key management and operational positions and reporting relationships at BMAC is set forth in Exhibit BMA-S/1-2.

B. Executive Management

Mr. David A. Fink will hold the position of President and member of the board of directors with both BMAC and its sister company, Pan American Airways ("Pan Am"), as well as with the holding company parent of both air carrier subsidiaries, Pan American Airlines ("PAA"). Mr. Fink devotes his primary attention to Pan Am, and he has delegated day-to-day responsibility for the operation and management of BMAC to Mr. Gordon R. Long, who now serves as Vice President and General Manager of BMAC.

As noted below, Mr. Long no longer holds the additional position of Director of Operations of BMAC. That position is now filled by Mr. John J. Hughes, who previously held the position of Chief Pilot with BMAC.
Arlington Leasing, which is now known as Arlington Leasing, d/b/a Pan Am Services, is principally involved in operating an FBO facility at Pease International Tradeport in Portsmouth, New Hampshire, under the direction of its General Manager, Brian Pollock. Mr. Long’s ongoing management responsibilities at Arlington Leasing are very limited, and do not conflict with, or divert his attention from, his primary duties as senior operating officer of BMAC.

The change in the positions held by Mr. Long have eliminated the need for FAA review and approval of his prior holding of dual positions as General Manager and Director of Operations with BMAC, and as General Manager of Arlington Leasing.

C. **Key Operating Personnel**

In order to resolve the issue created by dual positions with both BMAC and Pan Am held by several of BMAC’s initial key operating personnel, BMAC has substantially revised its roster of key operations personnel subsequent to the date of its
initial application in this proceeding. The current roster of BMAC’s key operating personnel is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>John J. Hughes</td>
<td>Director of Operations</td>
</tr>
<tr>
<td>Robert C. Nessa</td>
<td>Director of Safety</td>
</tr>
<tr>
<td>Timothy J. Donovan</td>
<td>Director of Maintenance</td>
</tr>
<tr>
<td>Stewart J. Beck</td>
<td>Chief Inspector</td>
</tr>
<tr>
<td>Christopher S. Chapman</td>
<td>Chief Pilot</td>
</tr>
</tbody>
</table>

The foregoing personnel changes render moot the Fitness Division questions with respect to Messrs. Livingston, Alm and Herring, all of whom are no longer employed by BMAC. Copies of the biographical resumes and fitness information questionnaires relating to each of the new key operating personnel of BMAC are set forth in Exhibit BMA-S/1-3. The resume and fitness questionnaire for Mr. Hughes were submitted with BMAC’s initial application in this proceeding (Exhibit BMA-112).

BMAC believes that all of its current key operations personnel meet the qualifications specified in 14 CFR Part 119 for the positions they hold. Each of those individuals have been approved by the FAA to serve in the positions they hold during the pendency of BMAC’s Part 121 certification process.
III. FINANCIAL POSITION

A. Prior Financial Statements


B. Credit Facility

The $500,000 credit facility referred to in BMAC’s initial application is a commitment by its parent corporation, Pan American Airlines ("PAA"), to provide up to that level of financial support to BMAC if necessary. At this point, BMAC has made no drawings against that credit facility. The existence of that credit facility could have been mentioned in a Note to BMAC’s Balance Sheet, but it need not have been listed as either an asset or liability on BMAC’s June 30, 2000 Balance Sheet. The terms applicable to the $500,000 credit facility are contained in a Credit Line Agreement dated June 1, 2000 between BMAC and PAA. That Agreement is set forth in Exhibit BMA-S/1-5.

C. Bank and Brokerage Account Statements

A copy of the current bank account and brokerage account statements of BMAC and PAL are set forth in Exhibits BMA-S/1-6 and BMA-S/1-7, respectively.
D. **Assets Held for Disposition**

The asset identified as “Assets Held for Disposition” on the Balance Sheets of BMAC and PAL consists of two inventories of aircraft parts which are held by BMAC and PAL for sale to other airlines and aircraft operators. Those inventories are valued at fair market value on the Balance Sheets of BMAC and PAL. Sales of such parts occur frequently, and those regular sales establish the market value of that parts inventory. There is no overlap between the value of the parts inventories shown on the two corporations’ Balance Sheets.

IV. **COMPLIANCE DISPOSITION**

A. **PFC Obligations**

In the course of its current scheduled and charter operations, Pan American Airways (“Pan Am”) provides scheduled service to no U.S. airports which are authorized to impose and collect Passenger Facility Charges (“PFC’s”), and serves PFC-charging airports only sporadically in the course of its ad hoc passenger charter operations. Pan Am is current in its obligation to collect, remit and report all PFC’s collected by Pan Am. Pan Am has settled and paid all of the pre-bankruptcy PFC claims filed against it by Chicago Midway, Palm Beach and Fort Lauderdale Airports. Final settlement of the Orlando PFC claim, based on payment of $1,780 to Orlando in exchange for assignment to Pan Am of Orlando’s $3,557.16 PFC Claim in the prior Pan Am bankruptcy proceeding, was agreed upon between Orlando and Pan Am in
November 1999, but has not yet been concluded. That delay is solely due to internal delays by Orlando in transmitting the Assignment of its claim to Pan Am. Counsel for Pan Am has been advised by counsel for Orlando that transmittal of that Assignment has been delayed by other unrelated complications affecting other parts of Orlando’s General Creditor’s Claim, and that he expects to transmit Orlando’s executed Assignment of Claim relating only to the PFC portion of its claim, to Pan Am in the near future.

B. Verification

A Title 18 Certification in the form specified in 14 CFR Part 204.3(v), verifying the accuracy and completeness of the information contained in this Supplement and executed by a duly authorized officer of BMAC, is set forth in Exhibit BMA-S/1-8.

BMAC submits that the foregoing information and attached documents constitute a complete response to each of the questions and requests contained in the August 11, 2000 letter from the Department’s Fitness Division. Accordingly, BMAC respectfully requests the Department to issue a certificate of public convenience and
necessity to BMAC authorizing it to provide scheduled interstate air transportation in time to enable BMAC to commence scheduled service operations on or about October 15, 2000.

Respectfully submitted,

Nathaniel P. Breed, Jr.
SHAW PITTMAN

Attorneys for
BOSTON-MAINE AIRWAYS CORP.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Supplement No. 1 to Application of Boston-Marine Airways Corp. by messenger, telexcopier transmission or United States mail, properly addressed and with postage prepaid, upon each of the persons listed in the Service List attached hereto.

Washington, D.C.
August 16, 2000
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