Application of

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

for issuance of an amended certificate of public
convenience and necessity pursuant to 49 U.S.C. § 41102
(Interstate Large-Aircraft Operations)

SUPPLEMENT NO. 3 TO
APPLICATION OF
BOSTON-MAINE AIRWAYS CORP.
FOR AMENDED CERTIFICATE AUTHORITY

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October 21, 2002
BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

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Boston-Maine Airways Corp., d/b/a Pan Am Clipper Connection (“BMAC”) hereby submits this Supplement No. 3 to the captioned application for the purpose of responding to certain further questions and requests for information contained in the October 17, 2002 request by the Air Carrier Fitness Division (Attachment A, infra), as follows:

1. Operating Management. In conjunction with its preparations to commence large aircraft operations, and in consultation with its FAA Flight Standards District Office (FSDO), BMAC has employed two new senior operating management
personnel, both of whom have extensive experience with Boeing 727 aircraft operations.

Captain Craig L. Jollifee, who joined BMAC as a Jetstream 3100 Captain in May 2002, has been promoted to the position of Manager of Flight Operations for BMAC. Captain Jollifee has over 30 years of experience in the air transportation industry, and has logged over 3,000 hours as pilot-in-command and as first officer in B-727-100/200 aircraft, and over 7,600 hours as pilot-in-command of other transport category large aircraft.

Burnell W. Bailey, who has been employed in various positions, including B-727 first officer, with BMAC’s sister company, Pan American Airways Corp. (Pan Am), has been hired by BMAC to serve as Fleet Manager for B-727 operations. Prior to his career in civilian air transportation and aeronautics positions, Mr. Bailey served in the U. S. Air Force for 22 years, and retired in 1993 with the rank of Lieutenant Colonel having served as KC-135 Instructor and Pilot Evaluator, KC-135 Standardization and Evaluation Branch Chief, and Wing Chief of Safety as a Staff Officer assigned to NATO.

Resumes and completed fitness questionnaires for Messrs. Jollifee and Bailey are set forth in Exhibits BMA-S/3-1 and BMA-S/3-2, infra. An organization chart depicting the supervisory and reporting relationships for Messrs. Jollifee and Bailey in BMAC’s operations management team is contained in Exhibit BMA-S/3-3, infra.
BMAC has been advised by its supervising FSDO that the addition of the foregoing operations management positions has addressed the FSDO’s inquiry regarding BMAC’s large aircraft experience and qualifications. BMAC expects that the FAA will also approve BMAC’s current Director for Operations, Director of Maintenance, Chief Inspector and Chief Pilot to hold those positions and manage BMAC’s B-727 operations based on the experience and qualifications of those four individuals and the supervisory oversight provided by Messrs. Jolliffe and Bailey.

2. **Financial Fitness.** BMAC has developed and implemented a new financing plan which fully addresses and resolves the concerns expressed by the Fitness Division regarding BMAC’s initial financing plan.

BMAC has decided not to rely on the $750,000 Letter of Credit facility provided by its parent corporation, Pan American Airlines, Inc. (PAA), to satisfy its working capital requirement under the Department’s financial fitness test. In place of that credit facility, BMAC has obtained a cash infusion of $750,000 from PAA. That infusion of funding, in the form of additional paid-in capital, was deposited into BMAC’s bank account on Friday, October 18, 2002, as evidenced by the bank balance confirmation contained in Exhibit BMA-S/3-4, infra.
BMAC is submitting its most recent updated Balance Sheet, as of September 30, 2002 (Exhibit BMA-S/3-5, infra), in connection with its revised and updated financial fitness demonstration. As indicated in Exhibit BMA-S/3-6, infra, BMAC’s large aircraft service proposal is now supported by an in-hand working capital surplus of $32,018.

3. **Aircraft Fleet Limitation.** BMAC understands and accepts the Department’s policy and practice of placing a limitation on the number of large aircraft which an applicant for initial large aircraft authority will be authorized to operate during its first year of such operations, based on the number of aircraft proposed to be operated in the applicant’s application.

BMAC anticipates at this time that a single B-727 aircraft will be wholly adequate to support its very limited single-market interstate service proposal. As BMAC has stated, it plans to file a separate application for authority to operate large aircraft in foreign air transportation in the relatively near future. That application will include the submission of evidence to establish BMAC’s fitness to conduct those proposed international operations.

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1 BMAC’s September 30th Balance Sheet does not reflect the recent $750,000 cash infusion, which will increase BMAC’s Cash and Stockholders’ Equity accounts by that amount. In other respects, there has been no material change in BMAC’s assets and liabilities subsequent to September 30, 2002.
In the event that BMAC determines that it requires authority to operate an additional aircraft in interstate service, BMAC will apply for such additional authority at that time.¹

WHEREFORE, BMAC requests the Department to expedite its issuance of an amended Certificate of Public Convenience and Necessity authorizing BMAC to provide interstate air transportation of persons, property and mail, utilizing both small and large aircraft, as requested in its pending application in this proceeding.

Respectfully submitted,

[Signature]
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BOSTON-MAINE AIRWAYS CORP.

¹ As BMAC has noted previously (Supplement No. 2, p.5) the B-727 aircraft which it plans to operate in international service are precluded from being operated in interstate service for five years by a condition in the Purchase Agreement under which those aircraft were acquired from a major U. S. air carrier.
CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Supplement No. 3 to Application of Boston-Maine Airways Corp. by messenger, telex copier transmission, or United States mail, properly addressed and with postage prepaid, upon each of the persons listed in the Service List attached hereto.

Joyce S. Allen

Washington, D.C.
October 21, 2002