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

Application of

BOSTON-MAINE AIRWAYS CORP.

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

Docket OST-00-7668

SUPPLEMENT NO. 6 TO
APPLICATION OF
BOSTON-MAINE AIRWAYS CORP.
FOR AMENDED CERTIFICATE AUTHORITY

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April 18, 2003
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Boston-Maine Airways Corp., d/b/a Pan Am Clipper Connection ("BMAC") hereby
submits this Supplement No. 6 to the captioned application for the purpose of furnishing
additional service plan information and related fitness evidence pertaining to the revised plan
of BMAC to operate additional interstate scheduled services beyond the scope of service
proposed in BMAC’s initial certificate amendment application filed on August 27, 2002 in
the referenced Docket.

In support of its expanded first-year service proposal, BMAC submits the following
information and fitness evidence.
1. **Revised Interstate Service Plan.** In its initial application in this proceeding, BMAC proposed to operate initial interstate large-aircraft service limited to a single market — San Juan-St. Thomas — utilizing one B-727-200 aircraft. The Department found BMAC to be fit to provide that level of large-aircraft service in Show Cause Order 2002-12-20, served December 30, 2002, subsequently made final by Order 2003-2-24, served February 28, 2003. The effectiveness of that authority is subject to BMAC’s completion of the Part 121 Operations Specifications amendment process which remains pending at this time.

After examining the current status of certain domestic markets and considering the opportunities presented by service reductions implemented by other carriers, BMAC has decided to expand its initial interstate service proposal to include B-727-200 aircraft service in three additional city-pair markets; Manchester (MHT)-Orlando (SFB), Manchester-Myrtle Beach (MYR) and Myrtle Beach-Orlando. BMAC’s planned first-year flight schedule for service in the foregoing markets is contained in Exhibit BMA-S/6-1, [infra](#). BMAC estimates that the foregoing expanded interstate service will require two additional B-727-200 aircraft, each configured to carry 141 passengers, and both to be leased from Guilford Transportation Industries, an affiliated company, on the same lease terms as those applicable

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1 The flight schedule set forth in Exhibit BMA-S/6-1 includes both the three additional domestic markets at issue in this application, and flights to be operated in new international markets in conjunction with those domestic flight segments. The projections and fitness information related to BMAC’s proposed new international operations are contained in a concurrently-filed application for new international large-aircraft certificate authority.
to the initial B-727-200 aircraft described in BMAC’s initial large-aircraft application in this docket (Exhibit BMA-108).

2. **Revised Interstate Service First-Year Projections and Start-Up Cost Estimate.** A detailed tabulation of BMAC’s projected traffic, incremental revenues, and incremental operating expenses for its first year of expanded interstate large-aircraft operations, broken down by month, is contained in Exhibit BMA-S/6-2, infra. As shown in that projection, BMAC projects that its expanded B-727-200 interstate operations will carry 70,715 passengers, generating $8,649,495 in gross revenues and entailing direct and indirect operating expenses of $7,954,478, yielding an operating profit of $695,016 in its first year of large aircraft service. The projected first-year operating statistics and fuel consumption projection for the foregoing expanded large aircraft operations is set forth in Exhibit BMA-S/6-3, infra.

The projected incremental start-up expenses entailed in implementing the foregoing expanded interstate B-727-200 service plan are set forth in Exhibit BMA-S/6-4, infra. As indicated in that projection, BMAC’s reliance on in-house resources will enable BMAC to limit the cost of the addition of large aircraft to its interstate operations associated with the FAA Part 121 Ops Specs amendment process, and that expense is only marginally increased by the addition of two additional B-727 aircraft to its initial one-aircraft first-year service plan (Exhibit BMA-103).

3. **Updated Financial Fitness Evidence.** As indicated in BMAC’s first-year incremental expense and incremental preoperating expense projections, BMAC expects that
its expanded B-727 interstate operations will entail first-year operating expenses and remaining unpaid preoperating expenses amounting to $7,954,478 and $495,000, respectively. The application of those projections to the Department’s established financial fitness test formula establishes a first-year working capital requirement of $2,483,620 (Exhibit BMA-S/6-7, infra).

As indicated in BMAC’s current Balance Sheet as of March 31, 2003 (Exhibit BMA-S/6-5, infra), BMAC has total available net working capital on hand amounting to $1,399,580. In view of the capital requirements associated with the Department’s financial fitness test, and not wanting to leave funds in a non-productive checking account, BMAC has established a cash-equivalent investment account, which will hold BMAC funds over and above those required for daily operations. In addition to a portion of the cash reflected on the March 31, 2003 Balance Sheet, this cash-equivalent account also contains a subsequent working capital infusion from BMAC’s parent corporation, PAA, of $6,650,000, resulting in a balance of $7,501,479, as of April 16, 2003. Third-party verification of BMAC’s current available working capital in its corporate checking and investment banking accounts as of April 16, 2003 is contained in Exhibit BMA-S/6-6, infra.

The working capital available to BMAC exceeds BMAC’s projected working capital requirement for additional planned interstate large aircraft operations under the Department’s financial fitness test by $5,565,960 (Exhibit BMA-S/6-7, infra). A portion of that surplus will be required to support BMAC’s initial single-market interstate service proposal.
($1,360,052) and the remaining surplus will support BMAC’s concurrently-filed international large aircraft service proposal ($4,195,342).

4. **Other Updated Fitness Information.** Except for the expanded interstate service plan described above, all of the other ownership, citizenship, management, financial and other fitness information submitted previously by BMAC in this Docket remains essentially unchanged.

5. **Procedural Matters.** Prior to the submission of the expanded interstate service plan set forth in this Supplement No. 6, BMAC had completed all of the evidentiary and procedural requirements necessary for the amendment of its existing Interstate Certificate of Public Convenience and Necessity to delete the limitation of BMAC’s authority to small-aircraft operations, subject only to BMAC’s completion of the process of obtaining the amendment of its FAA Part 121 Operations Specifications to authorize it to operate B-727-200 aircraft. BMAC is now at an advanced stage of that Part 121 Certificate process.

In those circumstances, BMAC urges the Department to issue an Order Issuing Effective Amended Certificate Authority to BMAC based on its previously-submitted service proposal and related fitness evidence, as soon as BMAC is issued amended FAA Part 121 Operations Specifications. Following completion of the Department’s review of the expanded interstate service proposal and related fitness evidence contained in this Supplement No. 6, BMAC urges the Department to issue a further Order authorizing BMAC to operate up to two additional B-727-200 aircraft during its first year of interstate large-
aircraft operations. At the end of the first full year of such operations, BMAC urges the Department to provide that the limitation on BMAC’s future aircraft acquisitions and total fleet size will expire automatically one year after BMAC’s commencement of large aircraft operations and submission of its required first-year updated operations and fitness report pursuant to Order 2003-2-24, page 3, ordering paragraph 4.

A Title 18 Certification verifying the accuracy and completeness of the foregoing assertions and evidence submitted by BMAC is set forth in Exhibit BMA-S/6-8, infra.

WHEREFORE, BMAC requests the Department to issue 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]

Nathaniel P. Breed, Jr.
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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. 6 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.
April 18, 2003