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UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 17th day of April, 2000

In the matter of the Joint Application of

FLIGHT INTERNATIONAL GROUP, INC.
FLIGHT ALASKA, INC.
YUTE AIR ALASKA, INC.

Docket OST-00-6962 - 6

for approval of a transfer of certificate authority pursuant
to 49 U.S.C. 41105

ORDER TRANSFERRING AND REISSUING CERTIFICATE

Summary

By this order, we (1) find that Flight Alaska, Inc. d/b/a Yute Air Alaska (Flight Alaska) is a citizen of the United States and is "fit, willing, and able" to conduct interstate scheduled air transportation of property and mail, and (2) transfer and reissue to Flight Alaska the section 41102 certificate authority held by Yute Air Alaska (Yute), subject to various limitations.

Background

Yute, a certificated air carrier based in Anchorage, Alaska, was found fit in August 1982 by Order 82-8-94 to provide interstate scheduled air transportation of persons, property and mail. Since that time, the company has conducted passenger and/or cargo operations within the State of Alaska using small aircraft.¹ On January 22, 1999, Yute filed for protection from its creditors under Chapter 11 of the U.S. Bankruptcy Code. This bankruptcy was converted from Chapter 11 (reorganization) to Chapter 7 (liquidation) on December 7, 1999.

¹ Yute's operations under its certificate have not been continuous. In 1988, the carrier ceased operations. After undergoing a redetermination of its fitness, Yute was authorized to resume operations and its certificate was reissued for a temporary, one-year period (see Order 89-12-27). In January 1991, by Order 91-1-24, Yute's certificate was again reissued; this time to remove the expiration date contained therein. Later, by Order 98-7-6, Yute's certificate was reissued to reflect the current format used for such certificates.

Nonetheless, Yute has continued conducting all-cargo operations under its certificate authority since that time. All of these operations have been conducted under the oversight of Yute's Bankruptcy Trustee pursuant to a management agreement between the court and The Flight International Group (Flight International).

On February 22, 2000, Flight International, Flight Alaska, a newly created subsidiary of Flight International, and Yute, filed a joint application requesting that the Department approve the transfer of the certificate held by Yute to Flight Alaska.² The applicants state that, upon approval of the certificate transfer, Flight Alaska intends to continue the operations currently provided by Yute.

The joint applicants requested that the Department grant expedited treatment to the application, with such treatment to include a shortening of the normal 28-day answer period for such applications to 14 days in order to allow final action on the application within 30 days of the application date (that is, by March 22, 2000). On March 3, 2000, an answer to the application was filed by Arctic Transportation Services, Inc. (ATS), a certificated air carrier based in Anchorage. In its answer, ATS asked that the Department deny the joint applicants' request for expedited treatment of the transfer application and, rather, "analyze the application in as careful and prudent a manner as it would any new applicant for a certificate."

Because it is our practice to conduct a thorough review of the fitness of the carrier receiving the authority being transferred, our review of the transfer application took longer than the expedited time frame requested by the joint applicants. Therefore, we believe that ATS' answer has been satisfactorily addressed. As set forth below, our review has found that Flight Alaska is fit to conduct the all-cargo operations authorized by Yute's certificate, and that transfer of this certificate to Flight Alaska is otherwise in the public interest.

PUBLIC INTEREST

Section 41105 of the Statute (49 U.S.C. 41105) permits the Department to approve a certificate transfer if it finds that the transfer is consistent with the public interest. The primary decisional criteria in determining the public interest are whether the acquiring entity is a U.S. citizen and will be fit to hold the certificate authority. Moreover, section 41105(b) requires the Department to analyze the impact of the transfer on the viability of the carrier applicants, competition in the domestic airline industry, and the trade position of the United States in the international air transportation market.

After reviewing the applicants' pleadings and other data available to the Department, we find that the proposed transaction warrants approval under the decisional criteria. We conclude, as more fully discussed below, that Flight Alaska is a U.S. citizen and that it is fit, willing, and able to conduct air transportation under the transferred authority, subject to certain conditions and limitations.

² The joint applicants filed information supplementing this application on March 31 and April 7, 2000.

In addition, we find that approval of this transfer is in the public interest because it will allow the continuation of the air transportation services that are presently being conducted by Yute, and thus will have a positive impact on competition in the domestic airline industry. The issue of impact on the trade position of the United States in the international air transportation market is irrelevant in this case since no foreign routes are at issue. In addition, the viability of the operations currently provided by Yute will be enhanced by Flight Alaska's access to the financial resources of its parent company, Flight International. Finally, the transfer will involve no loss of jobs and will have no adverse effect on the employees involved.³

FITNESS

In determining the fitness of an air carrier to receive or hold certificate authority we use a three-part test: (1) whether the applicant has the managerial skills and technical ability to conduct the proposed operations, (2) whether it will have access to financial resources sufficient to commence and conduct operations without posing an undue risk to consumers, and (3) whether it has the disposition to comply with the Statute and regulations imposed by Federal and State agencies. We must also find that the applicant is a U.S. citizen. Thus, in order to receive Yute's certificate, Flight Alaska must be found to be fit and a U.S. citizen.

Managerial Competence

Each of the individuals whose qualifications are summarized below currently serves in the same positions with Yute as a result of the bankruptcy court's management agreement with Flight International. They will continue serving in the positions noted with Flight Alaska upon transfer of Yute's certificate authority.

Mr. David E. Sandlin serves as Flight Alaska's President, Chief Executive Officer, and sole Director. He began his aviation career in 1982 working for Dassault Aviation, a company engaged in the business of aircraft leasing and sales. Mr. Sandlin performed similar duties for Eagle Aviation, Flight International Sales and Leasing, DESCO Aviation Consultants, and Maritime Sales and Leasing until joining Flight International in 1994 as its President, Chief Executive Officer, and Board Chairman. Mr. Sandlin will continue to hold his dual positions with Flight International and Flight Alaska. He currently devotes approximately 25 percent of his time to his duties with Flight Alaska and intends to continue to do so, spending approximately 10 weeks each year in Alaska at the company's operational base.

Mr. Robert Nelson, Flight Alaska's Vice President, Chief Operating Officer, and Director of Safety is responsible for overseeing the day-to-day operations of Flight Alaska and reports to Mr. Sandlin on a daily basis. Mr. Nelson began his aviation career in 1971 in the U.S. Navy. While serving in the Navy for over 20 years, Mr. Nelson held positions of increasing

³ Absent our approval of this transfer, the operations currently being conducted by Yute would cease and result in the loss of both competition and jobs.

responsibility, beginning as a fighter pilot, and later, among other things, serving as Air Services Coordinator of the U.S. Naval Forces (Mediterranean) and Chief of Staff of the U.S. Naval Forces (Spain). After retiring from the Navy in 1994 he formed GloboCam, S.L., an aerial photography business that he managed until joining Flight International as an International Marketing Consultant in 1995. He assumed his current responsibilities managing the operations of Yute in December 1999.

Mr. Stanley Ashland, an Airline Transport Pilot with over 14,800 flight hours, serves as Flight Alaska's Director of Operations. Mr. Ashland began his aviation career in 1979 as a pilot for Golden Gate Airlines, later serving as a pilot with Sea Airmotive, Evergreen International Airlines, Orion Air, and FS Air South Airpark. In April 1999 he joined Yute as its Director of Operations.

Mr. Paul Laws, an Airframe and Powerplant Mechanic, serves as Flight Alaska's Director of Maintenance. Mr. Laws' extensive aviation experience began in 1977 while serving as a jet engine mechanic in the U.S. Air Force. He has also worked in aviation maintenance positions for several companies, among them, North Pacific Airlines, Empire Airlines, Merlin Express, South Central Air, and FS Air Service. Mr. Laws joined Flight International in October 1999 as a mechanic and assumed his current duties as Yute's Director of Maintenance in February 2000.

Mr. Ronald L. Dudley serves as Flight Alaska's Chief Pilot. Mr. Dudley held senior positions with the conservation commissions of two Iowa counties for several years. In 1985, he joined Kusko Aviation as a line pilot, and later served as its Chief Pilot for three years. After working for Camai Air as its Director of Operations and Chief Pilot for one year, he joined Hageland Aviation in 1990 where he held various pilot positions including Chief Pilot. In 1997 he joined Yute where he previously served as its Director of Operations and currently serves as its Chief Pilot. Mr. Dudley holds an FAA Airline Transport Pilot license and has logged over 15,000 flight hours.

Mr. Robert Gerlach, an Airframe and Powerplant Mechanic, serves as Flight Alaska's Chief Inspector. He has been employed by Yute for over five years in various aviation maintenance positions.⁴

⁴ From 1967-1994, Mr. Gerlach held a variety of positions, most of which were not aviation related. In 1994, Mr. Gerlach graduated from the University of Alaska with a major in Applied Science & Technology and a minor in Aviation Maintenance Technology. He joined Yute shortly thereafter.

In view of the experience and background of the applicant's key personnel, we conclude that Flight Alaska has demonstrated that it has the management skills and technical ability to conduct the operations authorized by the transferred certificate.⁵

Financial Plan and Operating Proposal

If Yute's certificate is transferred to Flight Alaska, the company intends to continue to provide the all-cargo operations presently conducted by Yute using two Casa 212s, with a payload capacity of 4,800 pounds each, and two Piper PA-32s and eight Cessna 206s and 207s aircraft, with a payload capacity of 900-1,100 pounds each.^{6 7} The company intends to focus its operations around the delivery of mail tendered by the U.S. Postal Service at five primary regional hubs: Bethel, Aniak, Dillingham, King Salmon, and Kotzebue. From these hubs, Flight Alaska will transport mail to over 70 villages within Alaska. In addition, Flight Alaska will provide charter services from Anchorage to various lodges around the state and on behalf of the U.S. Forestry Service. While these operations are currently all being conducted by Yute, Flight Alaska intends to improve the company's utilization of its aircraft and work actively towards expanding its core business, in particular the Casa operations.⁸

In support of its financial fitness, Flight Alaska submitted Bankruptcy Court documents that list the assets it is acquiring from the Yute estate, together with an accounting of the funds due for such assets. In addition, the company provided a pro forma balance sheet that reflects its

⁵ The FAA also evaluates certain of the carrier's key personnel with respect to the minimum qualifications for those positions as prescribed in the Federal Aviation Regulations. The FAA's evaluation of these key personnel provides an added practical and in-person test of the skills and technical ability of these individuals. In this regard, the Anchorage FSDO has advised us that Mr. Paul Laws, Flight Alaska's Director of Maintenance, does not meet the minimum requirements to hold this position, as required by Federal Aviation Regulations, and, therefore, a request for a deviation is pending. However, until final action on this request is taken, the FAA has authorized the company to conduct operations with Mr. Laws in this key position. If no such deviation is granted, we will follow up with both the FAA and Flight Alaska to ensure that a qualified individual is promptly identified and approved to serve as its Director of Maintenance.

⁶ The Casa aircraft are currently leased by Flight International and operated on behalf of Yute under its management agreement. The Pipers and Cessnas are either currently leased or owned by Yute and will be part of the "assets" acquired from the Yute estate.

⁷ The certificate held by Yute authorizes it to engage in the transportation of passengers, as well as property and mail. At present, however, no passenger operations are being conducted by Yute. Further, Flight Alaska has not presented any detailed plans for such operations. Hence, our findings of fitness for Flight Alaska are based solely on its ability to conduct all-cargo service and, as a result, the passenger authority contained in the reissued certificate will not be made effective. Should Flight Alaska later present detailed plans for the conduct of passenger operations and demonstrate its fitness for such operations, we will reissue such authority at that time.

⁸ In addition to utilizing its Casa aircraft to carry larger cargo loads, Flight Alaska notes that these aircraft are well appointed for the carriage of express parcels and that it hopes to solicit such business with the intent of improving the Casa's utilization rate from 100 hours per month to over 175 hours per month for each aircraft.

financial condition upon transfer of the Yute assets, together with pro forma balance sheets and forecasts of the company's projected profit and loss on a quarterly basis for the remainder of calendar year 2000.

These statements show that acquisition of the Yute assets will cost Flight Alaska approximately \$1.63 million. For purposes of our analysis, these expenses represent the pre-operating costs of Flight Alaska.

Based on the profit and loss forecasts provided, Flight Alaska will incur operating expenses totaling approximately \$5.44 million during its first year of all-cargo operations.⁹

In evaluating an applicant's fitness, the Department generally asks that the company have available to it resources sufficient to cover all pre-operating costs plus a working capital reserve equal to the operating costs that would be incurred in three months of certificated operations.¹⁰ Applying this test to Flight Alaska results in a total funding requirement of \$2.99 million to meet our financial criteria.¹¹

Flight Alaska, through its parent Flight International, has obtained access to a \$2.0 million line-of-credit from Crestar Bank. It stated that this line-of-credit will be utilized to complete its acquisition of the Yute assets. In addition, Flight Alaska's parent has pledged to fund the company's working capital needs for its first year of operations. In support of its ability to provide such funds, Flight International has provided historical financial statements for itself. These statements show that as of October 31, 1999, Flight International had current assets of \$10.76 million and current liabilities of \$7.54 million for positive working capital of \$3.22 million and a current assets to current liabilities ratio of 1.43:1. Moreover, these statements show that as of October 31, 1999, Flight International had positive retained earnings of \$2.92 million and total stockholders' equity of \$3.94 million.¹²

⁹ With its March 31 supplement, Flight Alaska submitted revised pro forma income statements for calendar year 2000. Due to the fact that the first quarter of 2000 has already elapsed, it provided only a nine-month forecast. Therefore, we have adjusted its nine-month forecast of operating expenses totaling \$3.97 million to include another quarter of expenses at its highest quarterly forecast level (that is \$1.47 million). This adjustment results in a 12-month operating expense forecast of \$5.44 million.

¹⁰ Because projected expenses during one or more of the first several months of actual air transportation operations frequently do not include all costs that will be incurred during a normal period of operations, it is our practice to base our three-month test on one quarter of the first year's operating cost forecast. In calculating resources, projected revenues may not be used.

¹¹ This figure is comprised of the applicant's \$1.63 million in acquisition costs and \$1.36 million working capital need (based on one-quarter of its first-year operating cost estimate).

¹² Flight International's fiscal year ends on April 30. Financial statements reflecting its fiscal year 1996-1999 results were also submitted. A comparison of these statements shows that the company's financial health has improved over this period of time. As of April 30, 1996, Flight International had total assets of \$9.6 million, total liabilities of \$8.3 million, and net stockholders' equity of \$1.7 million. As of April 30, 1999, the company reported total assets of \$11.9 million, total liabilities of \$8.7 million, and net stockholders' equity of \$3.2 million.

In light of the foregoing, we conclude that Flight Alaska has available to it sufficient funds to enable it to undertake the operations proposed without posing an undue risk to consumers or their funds.

Compliance Disposition

We also conclude that Flight Alaska has the proper regard for the laws and regulations governing its services to ensure that its aircraft and personnel conform to applicable safety standards and that acceptable consumer relations practices will be followed.

Flight Alaska has stated that there are no actions or outstanding judgments against it, its owners, or its key personnel, nor have there been any charges of unfair, deceptive or anti-competitive business practices, or of fraud, felony or antitrust violations brought against any of these parties in the past ten years. Flight Alaska further stated that there have been no formal complaints filed or orders issued finding any of these parties to be in violation of the Statute or the Federal Aviation Regulations.

Our search of the Department's records found no compliance problems with Flight Alaska, its owners, or key personnel.¹³ Further, the FAA has advised us that the operations currently being conducted by Yute under the management of these same individuals has been satisfactory and that it knows of no reason why we should act unfavorably on the transfer application.

CITIZENSHIP

49 U.S.C. 41102 requires that certificates to engage in air transportation be held only by citizens of the United States as defined in 49 U.S.C. 40102(a)(15). That section requires that the president and two-thirds of the board of directors and other managing officers be U.S. citizens and that at least 75 percent of the outstanding voting stock be owned by U.S. citizens. We have also interpreted the Statute to mean that, as a factual matter, the carrier must actually be controlled by U.S. citizens.

¹³ We note that Yute has failed to file several required traffic and financial reports with the Department. This includes those reports that were due for the last quarter of 1999, the filing of which was the responsibility of Yute's current management. Although the applicant explained that Flight International did not take over operations of the carrier until late in the last quarter of 1999, as Yute's current management is comprised of the same individuals who will constitute the management of Flight Alaska, this delinquency is troublesome. However, we have been advised that the company is working with the Department's Office of Airline Information and the Deputy Assistant General Counsel for Aviation Enforcement and Proceedings to correct these deficiencies and resolve any outstanding enforcement issues. Further, we were advised on April 6 that Yute filed at least some, if not all, of its delinquent reports. If, after transfer of Yute's authority to Flight Alaska, the company continues to experience reporting compliance problems, we will take appropriate action.

All of Flight Alaska's stock is held by individuals or other entities that meet the above U.S. citizenship requirement.¹⁴ In addition, all of Flight Alaska's key employees, with the exception of its Director of Operations, are U.S. citizens.¹⁵ The joint applicants have provided an affidavit attesting that all the companies involved with this transfer application are citizens of the United States within the meaning of the Statute and that they are actually controlled by U.S. citizens. Further, our review of Flight Alaska's citizenship has uncovered no reason to suggest that control of the company rests with non-U.S. citizens.

Based on the above, we conclude that Flight Alaska is a citizen of the United States and is fit, willing, and able to provide the interstate all-cargo operations authorized by Yute's certificate.

CERTIFICATE CONDITIONS & LIMITATIONS

Our fitness findings stated above are based on the first-year operating plan described in Flight Alaska's application which utilizes only small aircraft in all-cargo service. Thus, the certificate being transferred will be effective for all-cargo operations with aircraft having a maximum payload capacity of 7,500 pounds only. Should Flight Alaska propose to conduct passenger service or to operate larger aircraft, it must first be found fit for such operations.¹⁶

In addition, we remind Flight Alaska of the requirements of 49 U.S.C. 41110(e). Specifically, that section requires that, once a carrier is found fit initially, it must remain fit in order to hold its authority. To be assured that certificated air carriers continue to be fit after effective authority has been issued to them, we require that they supply information describing any subsequent substantial changes they may undergo in areas affecting fitness. Should Flight Alaska propose any substantial changes in its ownership, management, or operations, it must

¹⁴ Flight Alaska is a wholly owned subsidiary of Flight International. The only individuals holding a five percent or greater interest in Flight International are Mr. Sandlin (23.8 percent), its President and Chairman; Mr. Wayne Richmon (5.6 percent), its Executive Vice President; Mr. John Bone (14.4 percent), President of Global Jet, which is a corporate aircraft sales and brokerage firm; Flight Partners Limited (5.9 percent); Michigan National Bank (10.3 percent); SouthTrust Bank of Alabama (10.4 percent); First Tennessee National Bank Association (5.3 percent); and LeasePlan USA, Inc. (6.1 percent). Each of the individuals and investment entities holding such interest have been identified as U.S. citizens and collectively they own over 81 percent of Flight International's stock.

¹⁵ Mr. Ashland is a citizen of Sweden.

¹⁶ Because Flight Alaska did not present any detailed plans for passenger operations or for the use of larger aircraft, we are unable to determine its fitness for such operations at this time. Therefore, the transferred certificate will contain a restriction limiting Flight Alaska's operations to property and mail with aircraft having a payload capacity of 7,500 pounds or less. Flight Alaska should provide at least a 45-day advance notification of its intent to conduct passenger operations or to operate any larger aircraft in order to allow the Department sufficient time to review the company's fitness.

first comply with the requirements of section 204.5 of our rules.¹⁷ The compliance of the company with this requirement is essential if we are to carry out our responsibilities under the Statute.¹⁸

To aid the Department in its responsibility to monitor the fitness of new carriers, we have adopted a requirement that all start-up carriers must submit a progress report, within 45 days following the end of the first year of actual flight operations, to the Air Carrier Fitness Division. While Flight Alaska is taking over an existing operation, for all intents and purposes, it is a new company, and therefore should be subject to this reporting requirement. Flight Alaska's first year report should include a description of the carrier's current operations (number and type of aircraft, principal markets served, total number of full-time and part time employees), a summary of how its operations have changed during the year, a discussion of any changes it anticipates from its current operations during its second year, current financial statements,¹⁹ and a listing of current senior management and key technical personnel. The carrier should also be prepared to meet with staff members of the Fitness Division to discuss its current and future operations.

ACCORDINGLY,

1. We find that Flight Alaska, Inc. d/b/a Yute Air Alaska is fit, willing, and able to engage in interstate scheduled air transportation of property and mail subject to the attached Terms, Conditions and Limitations.
2. We find that it is in the public interest to transfer to Flight Alaska, Inc. d/b/a Yute Air Alaska the interstate scheduled air transportation certificate issued to Yute Air Alaska, Inc., by Order 98-7-6;²⁰ and we reissue the certificate in the attached form to reflect the transfer of authority.

¹⁷ The carrier may contact our Air Carrier Fitness Division to report proposed substantial changes in its operations, ownership, or management, and to determine what additional information, if any, will be required under section 204.5. In addition, by notice dated July 21, 1998, the Department requested air carriers to provide a 45-day advance notification of any proposed change in ownership, restructuring, or recapitalization. If the carrier fails to file the information or if the information fails to demonstrate that the carrier will continue to be fit upon implementation of the substantial change, the Department may take such action as is appropriate, including enforcement action or steps to modify, suspend, or revoke the carrier's certificate authority.

¹⁸ We also remind Flight Alaska about the requirements of section 204.7 of our rules. This section provides, among other things, that (1) if the company ceases the operations for which it was found fit, it may not resume certificated operations unless its fitness has been redetermined; and (2) if the company does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

¹⁹ These financial statements should include a balance sheet as of the end of the company's first full year of actual flight operations and a twelve-month income statement ending that same date.

²⁰ While the certificate being transferred includes authority to conduct passenger operations, this authority will not be made effective as discussed above.

3. We direct Flight Alaska, Inc. d/b/a Yute Air Alaska to submit to the Air Carrier Fitness Division a first year progress report within 45 days following the end of its first year of actual flight operations under its transferred authority.

4. We will serve a notice of this order on the persons listed in Attachment A.

By:

A. BRADLEY MIMS
Deputy Assistant Secretary for
Aviation and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at:
http://dms.dot.gov/reports/reports_aviation.asp.*



**Certificate of Public Convenience and Necessity
for
Interstate Scheduled Air Transportation
(as reissued)**

This Certifies That

**FLIGHT ALASKA, INC.
d/b/a YUTE AIR ALASKA**

is authorized, subject to the provisions of Subtitle VII of Title 49 of United States Code; the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in interstate scheduled air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

By Direction of the Secretary

*Issued by Order 2000-4-16
On April 17, 2000
Effective on (See Attached)*

*A. Bradley Mims
Deputy Assistant Secretary for
Aviation and International Affairs*

**As reissued by
Order 2000-4-16
Attachment*



Terms, Conditions, and Limitations

**FLIGHT ALASKA INC.
d/b/a YUTE AIR ALASKA**

is authorized to engage in interstate air transportation of persons, property, and mail between any point in any State, territory, or possession of the United States or the District of Columbia, and any other point in any of those entities.

This authority is subject to the following provisions:

- (1) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.*
- (2) The holder's authority to carry property and mail under this certificate is effective immediately. The holder's authority to carry passengers under this certificate is not effective. The holder may not conduct any passenger operations under this certificate. In the event that the holder wishes to institute passenger operations, it must first be determined fit for such operations.*
- (3) The holder may not operate aircraft designed to have a maximum payload capacity of more than 7,500 pounds. In the event that the holder wishes to institute operations with aircraft having a larger capacity, it must first be determined fit for such operations.*
- (4) The holder's authority under this certificate is effective only to the extent that such operations are also authorized by the Federal Aviation Administration.*

**This certificate is being reissued (1) to reflect the transfer of authority from Yute Air Alaska, Inc., to Flight Alaska, Inc. d/b/a Yute Air Alaska, and (2) to include restrictions on the ability of the carrier to conduct passenger operations and operations with large aircraft.*

- (5) *The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).*
- (6) *The holder shall maintain in effect liability insurance coverage as required under 14 CFR, Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of Title 49 of the United States Code or the Department's regulations shall be sufficient grounds to revoke this certificate.*
- (7) *In the event that the holder receives effective scheduled passenger authority, the following additional conditions will apply:*
- (a) *The holder may reduce or terminate service at any point or between any two points, subject to compliance with the provisions of 49 U.S.C. 41734 and all orders and regulations issued by the Department of Transportation under that section.*
 - (b) *The holder may not provide scheduled passenger air transportation to or from Dallas (Love Field), Texas, except within the limits set forth in section 29 of the International Air Transportation Competition Act of 1979, as amended by section 337 of the Department of Transportation and Related Agencies Appropriations Act, 1998.*
- (8) *Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(l)), it must first comply with the requirements of 14 CFR 204.5.*
- (9) *In the event that the holder ceases all operations for which it was found "fit, willing, and able," its authority under this certificate shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.*

SERVICE LIST FOR FLIGHT ALASKA

Mr. David E. Sandlin
President and CEO
The Flight International Group
One Lear Drive
Newport News, VA 23602

Mr. Jim Zammar
Director of Revenue Accounting
Air Transport Association
Suite 1100
1301 Pennsylvania Avenue N.W.
Washington, D.C. 20004

Mr. Peter Lynch
Assistant Chief Counsel ACC-300
Federal Aviation Administration
800 Independence Avenue, S.W.
Washington, D.C. 20590

Mr. Robert Nelson
Vice President and COO
Flight Alaska d/b/a Yute Air Alaska
P.O. Box 190169
Anchorage, AK 99519

Mr. Allan Muten
Assistant Treasurer
Suite 800
Airlines Reporting Corp.
1530 Wilson Boulevard
Arlington, VA 22209

Manager
Federal Aviation Administration
Flight Standards District Office
4510 International Airport Road
Suite 202
Anchorage, AK 99502

Mr. William Barstow
Operating Trustee
Yute Air Alaska, Inc.
911 West 8th Street, Suite 201
P.O. Box 240261
Anchorage, AK 99524

Director K-25
Office of Airline Information
Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Mr. Stephen H. Lachter
Law Offices of Stephen Lachter
1150 Connecticut Avenue, N.W.
Suite 900
Washington, D.C. 20036

Mr. Timothy C. Titus
Regional Counsel, AAL-7
FAA Alaskan Region Hdqtr.
222 West 7th Avenue #14
Anchorage, AK 99513

Mr. Erick LeRoy, PC
500 L Street, Suite 302
Anchorage, AK 99501

Mr. JD Meador
Airline Data Coordinator
Innovata, LLC
3915 Old Mundy Mill Road
Oakwood, GA 30566-3410

American Association of Airport
Executives
4224 King Street
Alexandria, VA 22302

Manager
Flight Standards Div., AAL-200
FAA Alaskan Region Hdqtr.
222 West 7th Avenue #14
Anchorage, AK 99513

Ms. Joni Mount
Product Manager
Official Airline Guides
2000 Clearwater Drive
Oak Brook, IL 60521

Mr. Richard Dutton
Assistant Manager, CSET
Federal Aviation Administration
AFS-900, Suite 203B
45005 Aviation Drive
Dulles, VA 20166-7537