

Served: July 9, 2002



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

Issued by the Department of Transportation
on the 3rd day of July, 2002

Fitness determination of

**MOUNTAIN BIRD, INC.
d/b/a SALMON AIR**

Docket OST-2000-8059

as a commuter air carrier under section 49 U.S.C. 41738

ORDER ISSUING EFFECTIVE COMMUTER AUTHORITY

Summary

By this order, we reissue the commuter air carrier authorization issued to Mountain Bird, Inc. d/b/a Salmon Air (Salmon Air), to reflect its effective date.

Background

By Order 2001-7-2, issued July 6, 2001, we found Salmon Air fit and issued it a Commuter Air Carrier Authorization authorizing it to engage in scheduled passenger operations as a commuter air carrier. That authority was to become effective six (business) days after the Department had received evidence that Salmon Air had obtained required FAA operating authority and had obtained liability insurance coverage as required by our rules (14 CFR Part 205), as well as a statement of any changes the company had undergone relative to its fitness since the issuance of the show cause order in this case.¹

On June 25, 2002, Salmon Air provided documentation showing that it had obtained the required FAA operational authority to conduct scheduled passenger services as a commuter and provided updated fitness information. On June 26, the carrier provided a certificate of insurance (OST Form 6410) showing that it had obtained insurance coverage meeting the requirements of Part 205 of our rules for commuter carriers. In submitting its effectiveness documents, Salmon Air requested that we waive the six-day waiting period so that it could begin its commuter services as of July 1st.

Our review of the updated fitness material provided by Salmon Air was satisfactory. In this regard, the carrier advised us that there have been no substantial changes in fitness-related areas.

¹ See Order 2001-6-18, issued June 21, 2001.

There have been no major changes in its ownership or management.² The company still plans to offer flights over a Salmon-McCall-Boise routing, although it initially intends to offer fewer flights than planned last year.³ Salmon Air states that it has paid all pre-operating expenses and, overall, anticipates that there will be no significant change in its first-year operating expenses. Salmon Air also provided updated financial statements indicating that it has the resources to fund the approximately \$80,000 it needs to meet our financial test. According to its balance sheet at June 24, 2002, it had cash on-hand totaling approximately \$73,000, positive working capital of \$144,684 (current assets to current liabilities ratio of 12 to 1), total assets of \$246,343, retained earnings of \$267,491, and net stockholders' equity of \$233,417.⁴ The FAA advises us that Salmon Air's current operations are satisfactory and that that agency knows of no reason why we should not make the carrier's commuter authority effective.⁵

Since our review of the information provided by Salmon Air was satisfactory, we concluded that there was no reason not to grant the carrier's request to make its authority effective prior to the end of the six-day waiting period. Therefore, on June 27, we orally advised Salmon Air that its commuter air carrier authority was effective on that date. We confirm that action here and take this opportunity to reissue the authorization to reflect its effective date.

ACCORDINGLY, Pursuant to authority assigned by the Department in its regulations, 14 CFR 385.12:

1. We reissue the Commuter Air Carrier Authorization issued to Mountain Bird, Inc. d/b/a Salmon Air by Order 2001-7-2 in the attached form to reflect its effective date.

² When Order 2001-6-18 was issued, JoAnn Wolters owned 51% of the stock, and her husband, Daniel Shroeder, held 49%. Since then, Ms. Wolters and Mr. Shroeder have transferred 2% of the stock to each of their three children, leaving Ms. Wolters and Mr. Shroeder each with 47% of the stock. There have been no changes in its key management personnel.

³ Initially, the carrier planned to increase its current three weekly Salmon-McCall-Boise round trip flights to five weekly round trips from September to June and to 14 weekly round trips from July to August. Due to changes in travel patterns over the past year, Salmon Air advises that it plans now to offer five weekly round trips all year. Any increase in service will come only as traffic is shown to warrant additional flights.

⁴ During calendar year 2001, the carrier had net income of approximately \$136,000 on approximately \$1.5 million in revenue. It incurred a net loss of approximately \$91,000 on approximately \$388,000 in revenue for the five months ending May 31, 2002. Notwithstanding these losses, we note that a comparison of its operating results for the five months ending May 31 of this year with those of the same period in 2001 show that its losses this year were actually less than experienced in 2001. Salmon Air notes that these months are typically some of its slowest months for traffic.

⁵ In our show cause order, we noted that there was an open question as to whether flights advertised on Salmon Air's web page included commuter-level services that it was not at the time authorized to hold out. After reviewing the circumstances involved, our Office of Aviation Enforcement and Proceedings determined that, in fact, the carrier did violate our rules and the Statute relative to its web site. Although the carrier states that it did not do so intentionally, Salmon Air nevertheless agreed to a \$5,000 assessed civil penalty to settle this matter (*see* Consent Order 2001-9-6, issued September 13, 2001.) We do not believe this violation negates our prior positive finding as to the carrier's compliance posture.

2. We will serve a copy of this order on the persons listed in Attachment A to this order.

Persons entitled to petition the Department for review of this order under the Department's Regulations, 14 CFR 385.50, may file their petitions within 10 days of the service date of this order.

The action confirmed in this order was effective when taken and the filing of a petition for review shall not alter its effectiveness.

By:

RANDALL BENNETT
Director
Office of Aviation Analysis

(SEAL)

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



Commuter Air Carrier Authorization

MOUNTAIN BIRD, INC.
d/b/a SALMON AIR

is authorized, subject to the provisions of Subtitle VII of Title 49 of the United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in scheduled passenger air transportation operations as a commuter air carrier.

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

By Direction of the Secretary

*Issued by Order 2002-7-9
On July 3, 2002
Effective on June 27, 2002*

*Randall Bennett
Director
Office of Aviation Analysis*



Terms, Conditions, and Limitations

**MOUNTAIN BIRD, INC.
d/b/a SALMON AIR**

is authorized to engage in scheduled passenger air transportation operations as a commuter air carrier.

This authority is subject to the following provisions:

- (1) The holder shall at all times conduct its operations in accordance with the requirements of 14 CFR Part 298 and any other regulations prescribed by the Department of Transportation for the services authorized here, 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 is limited to operations conducted pursuant to Part 135 of the Federal Aviation Regulations. In the event that the holder wishes to institute operations that would require Part 121 certification from the FAA, it must first be found fit for such operations.*
- (3) The holder's authority is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all Department of Transportation requirements concerning security.*
- (4) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).*
- (5) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render this authority 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 authority.*
- (6) The holder shall maintain in effect at all times with the Department of Transportation current information on OST Registration Form 4507.*
- (7) 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.*

**This authority is being reissued to reflect its effective date.*

(8) *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.*

(9) *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.*

(10) *In the event that the holder commences but subsequently ceases all scheduled passenger operations, the authority granted here 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 such operations within one year of its cessation, its commuter authority shall be revoked for dormancy.*

**SERVICE LIST FOR MOUNTAIN BIRD, INC.
d/b/a SALMON AIR**

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