



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

Issued by the Department of Transportation
on the **13th day of August, 1999**

Served: August 17, 1999

Applications of

**REDEMPTION, INC.
d/b/a ISLAND AIR SERVICE**

for certificates of public convenience and necessity under
49 U.S.C. 41102 to engage in interstate and foreign
charter air transportation of persons, property, and mail

Docket OST-98-3680

**ORDER ISSUING EFFECTIVE CERTIFICATE
AND CONFIRMING ORAL ACTION**

Summary

By this order, we (1) confirm our oral action of August 10, 1999, making the interstate scheduled passenger authority issued to Redemption, Inc. d/b/a Island Air Service (Island Air) effective on that date, and (2) reissue to the carrier its certificate of public convenience and necessity authorizing it to engage in interstate air transportation of persons, property, and mail to reflect its effective date.

Background

By Order 98-12-1, issued December 2, 1998, the Department found Island Air fit to engage in interstate scheduled passenger air transportation and issued the company a certificate authorizing it to engage in such operations. However, the authority to operate under this certificate was not to become effective until six (business) days after the Department had received (1) a copy of Island Air's Air Carrier Certificate and Operations Specifications issued by the Federal Aviation Administration authorizing such operations, (2) a certificate of insurance evidencing liability insurance coverage meeting the requirements of section 205.5(b) of our rules, (3) updated fitness information describing any changes Island Air may have undergone subsequent to the

issuance of the show-cause order in this proceeding,¹ and (4) evidence that Island Air continued to have sufficient funding to meet our financial fitness criteria.

On June 23, 1999, Island Air submitted a copy of its Air Carrier Certificate and Amended Operations Specifications from the FAA that authorized interstate scheduled passenger operations. The carrier also provided financial and other updated fitness information. Upon review, we determined that additional information was needed to make Island Air's certificate authority effective. We notified the carrier that the six-day review period for making its authority effective would not begin to run until this additional information was filed. On August 10, Island Air filed the remaining material needed to make its authority effective.

FITNESS UPDATE

Mr. Terry Cratty is Island Air's new Chief Pilot. Mr. Cratty began his aviation career in 1975 at Sawyer Aviation where he received his commercial license. Since that time he has been employed primarily as a line pilot for various carriers including Kodiak-Western Alaska Airlines, Kenmore Air, Viking Air Service, Douglas County Aviation, and Markair Express. While employed at Viking Air Service he held the position of Chief Pilot. Mr. Cratty joined Island Air as a line pilot in January 1998 and was promoted to Chief Pilot in April 1999. He holds an FAA-issued Airline Transport Pilot certificate and has logged over 12,000 hours of flight time. There have been no other changes in key personnel.

Island Air submitted updated financial information. As of May 31, 1999, the carrier had a current ratio of .84 to 1 with a negative working capital of \$21,000. The carrier has paid all pre-operating costs. Considering the working capital deficit of \$21,000 and \$8,000 needed to meet our three-month financial fitness test, the carrier should have access to \$29,000 to meet that test.² Island Air has provided evidence that it has over \$17,000 in its bank accounts and a pledge of \$50,000 from Ouzinkie Native Corporation.³ Thus, the carrier continues to have access to resources sufficient to meet the Department's financial fitness test.

Based on the above, we have determined that Island Air continues to be fit to provide interstate scheduled passenger operations. Therefore, on August 10, we notified Island Air that we were making its section 41102 interstate certificate effective on that same

¹ See Order 98-11-16 served November 16, 1998.

² To meet our financial test, we require applicants to have funds available to cover all pre-operating expenses plus the expenses expected to be incurred during three months of operations. Island Air estimated that its total first-year operating costs would be \$32,000; one fourth of that is \$8,000.

³ Island Air has provided service to Ouzinkie, Alaska, for the past 20 years. Ouzinkie Native Corporation, an Alaskan native corporation, filed a letter in support of Island Air's application as well as a financial pledge.

date. By this order, we confirm our oral action making Island Air's authority effective and reissue to the carrier a certificate to reflect its August 10, 1999, effective date.

ACCORDINGLY, Acting under authority assigned by the Department in its Regulations, 14 CFR 385.12:

1. We confirm our oral action of August 10, 1999, making the section 41102 certificate authority issued to Redemption, Inc. d/b/a Island Air Service, to engage in interstate scheduled air transportation of persons, property and mail, effective on that same date.
2. We reissue to Redemption, Inc. d/b/a Island Air Service the interstate section 41102 certificate issued to it by Order 98-12-1 in the attached form to reflect its effective date.
3. We direct Redemption, Inc. d/b/a Island Air Service 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 certificated flight operations.⁴
4. We will serve a copy of this order on the persons listed in Attachment A.

Persons entitled to petition the Department for review of this order under the Department's Regulations, 14 CFR 385.30, may file their petitions within 10 days of the service date of this order.

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

By:

JOHN V. COLEMAN
Director
Office of Aviation Analysis

(SEAL)

An electronic version of this document is available on the World Wide Web at:

⁴ The report should include a description of the carrier's current operations (number and type of aircraft and principal markets served), a summary of how these operations have changed during the year, a discussion of any changes it anticipates from its current operations during its second year, current financial statements 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.

<http://dms.dot.gov/dotinfo/general/orders/aviation.html>



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

This Certifies That

**REDEMPTION, INC.
d/b/a ISLAND AIR SERVICE**

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 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 99-8-10
On August 13, 1999
Effective on August 10, 1999*

*John V. Coleman
Director
Office of Aviation Analysis*



Terms, Conditions, and Limitations

**REDEMPTION, INC.
d/b/a ISLAND AIR SERVICE**

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 under this certificate is effective only to the extent that such operations are also authorized by the Federal Aviation Administration.*
- (3) The holder may not operate aircraft designed to have a maximum passenger capacity of more than nine (9) seats. 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 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 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.*
- (6) 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 certificate is being reissued to reflect its effective date.*

(7) 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(n)), it must first comply with the requirements of 14 CFR 204.5.

(9) In the event that the holder commences but subsequently 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.

ATTACHMENT A

**SERVICE LIST FOR REDEMPTION, INC.
d/b/a ISLAND AIR SERVICE.**

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