

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Application of)
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)
ATLAS AIR, INC.)
) DOCKET OST-00-7407
for an exemption from the provisions)
of 49 U.S.C. § 41101 and reallocation of)
frequencies (U.S.-Ecuador scheduled)
all-cargo service))
_____)

APPLICATION OF ATLAS AIR, INC.
FOR AN EXEMPTION AND REALLOCATION OF FREQUENCIES

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NOTICE: **Any person may support or oppose this application by filing an answer and serving a copy of the answer on counsel for Atlas Air, Inc., and upon persons served with this application no later than June 7, 2000.**

DATED: May 23, 2000

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Application of)	
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ATLAS AIR, INC.)	
)	DOCKET OST-00-
for an exemption from the provisions)	May 23, 2000
of 49 U.S.C. § 41101 and reallocation of)	
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all-cargo service))	

APPLICATION OF ATLAS AIR, INC.
FOR AN EXEMPTION AND REALLOCATION OF FREQUENCIES

Pursuant to 49 U.S.C. § 40109 and Subpart D of the Department's Rules of Practice, Atlas Air, Inc. ("Atlas") respectfully requests an exemption from 49 U.S.C. § 41101 to the extent necessary to permit it to engage in scheduled foreign air transportation of property and mail between Miami, Florida, and the co-terminals Guayaquil and Quito, Ecuador, via Bogota, Colombia. In addition, Atlas requests that the three U.S.-Ecuador frequencies now held by Kitty Hawk International, Inc. ("KHI") be reallocated to Atlas. To the extent necessary Atlas also requests authority to operate beyond-Colombia to Ecuador.^{1/} Finally, Atlas seeks to

^{1/} Atlas currently holds exemption authority to operate scheduled service between Miami and Bogota. NOAT, dated May 4, 1999, Docket OST-98-3543. Atlas also holds authority to operate beyond Colombia to certain South American countries but not to Ecuador. Operations beyond Colombia is consistent with the U.S.-Colombia agreement.

integrate the proposed authority with its existing certificate and exemption authority so it will

have the flexibility to maximize service opportunities consistent with relevant aviation agreement.

Atlas is prepared to institute all-cargo service with B-747-200/400 aircraft promptly upon receipt of the necessary regulatory approvals. Grant of the requested exemption will maximize utilization of bilateral rights and provide important public service benefits. Atlas requests that the exemption be granted for an initial period of two years. In support of its application, Atlas states as follows:

1. Atlas is an air carrier of property and mail holding certificates of public convenience and necessity and exemption authority authorizing it to engage in domestic air transportation, and scheduled foreign air transportation between the U.S. and several foreign countries. It also holds worldwide cargo charter authority. Orders 93-3-7 and 98-5-3 .

2. There have been no material changes within the company that would affect the Department's prior fitness findings. Atlas continues to be a citizen of the U.S. and it continues to be fit to engage in air transportation. In 1999, it earned an operating income of \$187.5 million, up 38% over 1998, on revenues of \$637 million, up 51% over 1998. Its current fleet consists of 22 B-747-200 and 12 B-747-400 freighter aircraft. The tremendous success that Atlas has experienced since its birth in 1993 demonstrates the soundness of its business plan, the competence of its personnel, the reliability of its service, and the ability of the company to understand the cargo market and take advantage of opportunities as they arise. Atlas' success in taking advantage of such opportunities is evidenced by the fact that for the second straight year, according to a report released by the Miami Airport Authority, Atlas handled more cargo

at Miami International Airport than any other airline. Consequently, Atlas clearly is fit to conduct the proposed operations without undue risk to shippers.

3. If this application is granted, Atlas proposes initially to operate one weekly all-cargo round trip between Miami and Quito and/or Guayaquil, serving Bogota as an intermediate point. Every other week, Atlas will operate a second round trip over the same routing. The operations will be conducted with B-747-200 and/or B-747-400 aircraft capable of carrying up to 248,000 pounds of cargo. As B-747 aircraft are counted as two narrow-body aircraft, Atlas' service proposal is the maximum it could currently operate under the agreement..

Atlas anticipates that its proposed nonstop service will use less than 10 million gallons of jet fuel annually. Thus, a grant of this application will not constitute a major regulatory within the meaning of 14 C.F.R. Part 313 .

4. Although the U.S.-Ecuador aviation agreement, contains no restrictions on the number of designations, there are frequency restrictions which severely limit the capacity in the market. Currently, U.S. airlines are permitted to operate 15 weekly narrow-body all-cargo frequencies, and they are held by Challenge (7), Arrow (3), Fine Air (2), and Kitty Hawk (3). All of the allocations are subject to a restriction that frequencies which are not used for a 90-day period " expire automatically and revert back to the Department." Order 97-8-20.

As the Department knows, on May 8, 2000, Evergreen International Airlines, Inc., ("Evergreen") filed an application for an exemption to serve the U.S.-Ecuador market and requested that the Department allocate to it two of the three frequencies held by Kitty Hawk. In a clarification of that application filed on May 11, 2000, Evergreen asserted that "Kitty

Hawk's last flight to Ecuador occurred on or about January 10, 2000..." Assuming that to be the case, it is clear that Kitty Hawk's three frequencies have not been used for 90 days and therefore have reverted to the Department. Consequently, the three frequencies should be available for allocation to Atlas.

5. The proposed service by Atlas would generate significant service benefits for the shipping public and consumers in general by providing competitive alternatives for the movement of U.S.-Ecuador cargo. It would also maximize valuable bilateral rights which is consistent with U.S. international aviation policy.

Atlas is the best choice to accomplish these objectives. As noted above, Atlas is the largest air cargo airline in Miami and it is intimately familiar with the U.S.-South America cargo market. In addition to operating 3-4 weekly B-747 all-cargo round trip charters in the U.S.-Ecuador market, it also operates scheduled and/or charter all-cargo services between the U.S., on the one hand, and, on the other, Argentina, Bolivia, Brazil, Chile, Colombia, Paraguay, Peru, and Venezuela. Thus, Atlas is the logical candidate to replace Kitty Hawk's in the U.S.-Ecuador market and to serve and develop the market consistent with U.S. international policy objectives. Therefore, a grant of the application is in the public interest.

WHEREFORE, Atlas Air, Inc., respectfully requests that the Department grant this application in its entirety and such other and different relief as the Department may deem in the public interest.

Respectfully submitted,

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Counsel for Atlas Air, Inc.

DATED: May 23, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this 23rd day of May, 2000, served a copy of the foregoing Application of Atlas Air, Inc., upon those persons on the attached list by first class U.S. mail, postage prepaid.

William C. Evans