

Served: July 1, 1997



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

Issued by the Department of Transportation
on the 25th day of June, 1997

Application of

TRANS CONTINENTAL AIRLINES, INC.

Docket OST-97-2257

for removal of certificate restriction

ORDER REMOVING RESTRICTION AND REISSUING CERTIFICATE

Trans Continental Airlines, Inc., holds a certificate under 49 USC 41102 authorizing it to provide interstate scheduled air transportation of property, and mail.¹ That certificate presently limits any scheduled cargo operations to flights conducted under contract with American International Freight (AIF), a related company, although no such limitation applies to charter operations that the carrier conducts.

On March 25, 1997, Trans Continental filed an application in Docket OST-97-2257 requesting that the Department remove the restriction on its scheduled services. The company states that, since beginning operations in 1994, its business has been profitable and has grown from a single DC-8 to the five DC-8 aircraft it is currently operating,² that the reasons for limiting its scheduled operations no longer exist, and even if the restriction is removed, that its proposed operations will not differ significantly from those it has conducted in the past.

No objections were filed to Trans Continental's application.

Our principal concern in initially restricting the carrier's scheduled authority was its then-limited financial situation. We have reviewed the financial statements included with Trans Continental's application as well as the company's Form 41 financial reports. These statements confirm that Trans Continental has been profitable since commencing operations. During Calendar Year 1995, the company reported operating and net profits of \$2.4 million and \$2.5 million, respectively, on approximately \$13.1 million in revenues; for the 12 months ending December 31, 1996, it experienced operating and net profits of \$1.8 million and \$1.9 million, respectively, on total revenues of approximately \$19.8 million. Although the

¹ See Order 95-1-46, issued January 27, 1995.

² Four of the aircraft are owned by the carrier; the remaining aircraft is leased.

company's balance sheet at December 31, 1996, shows that, at that date, it had approximately \$2.4 million in negative working capital, it also reported \$18 million in total assets, and positive retained earnings and stockholders' equity of approximately \$4.4 million.³

Given the company's history of profitable operations and overall financial position, we no longer see any reason from a financial standpoint to continue the scheduled service restriction currently contained in its certificate. Moreover, we have no other reason to question the company's fitness. The carrier's management personnel appear to possess the qualifications needed to perform their responsibilities, and there is nothing in the record or otherwise known to us that leads us to question the carrier's compliance disposition.⁴

In light of the above, we have decided to reissue the carrier's certificate to remove the current restriction on scheduled cargo services.

ACCORDINGLY,

1. We reissue the certificate issued to Trans Continental Airlines, Inc., by Order 95-1-46, in the form and subject to the terms, conditions and limitations attached.
2. The authority reissued herein shall be effective immediately.
3. We will serve a copy of this order on the persons listed in Attachment A.

By:

CHARLES A. HUNNICUTT
Assistant Secretary for Aviation
and International Affairs

(SEAL)

³ The carrier attributes its current negative working capital position to the fact that in 1996 the company used a substantial portion of its liquid assets to purchase additional aircraft and other assets. The company believes that the purchase of these assets will enable it to generate additional revenues and continued profits.

⁴ Trans Continental has had no accidents or incidents since beginning operations, nor has it had any FAA civil penalties or certificate actions imposed on it.