

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

Application of	)	
CHALLENGE AIR CARGO, INC.	)	
For Additional Frequencies	)	Docket OST-97- 2443
(U.S.-ECUADOR ALL-CARGO)	)	

APPLICATION OF  
CHALLENGE AIR CARGO, INC.  
FOR ADDITIONAL FREQUENCIES

Communications with respect to this document should be addressed to:

B. F. Spohrer  
President  
CHALLENGE AIR CARGO, INC.  
P.O. Box 523979  
Miami, Florida 33152

William H. Callaway, Jr.  
ZUCKERT, SCOUTT &  
RASENBERGER, L.L.P.  
888 Seventeenth Street, N.W.  
Suite 600  
Washington, D.C. 20006  
(202) 298-8660

Counsel for  
CHALLENGE AIR CARGO, INC.

May 5, 1997

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

Application of	)	
	)	
CHALLENGE AIR CARGO, INC.	)	
	)	
For Additional Frequencies	)	Docket OST-97-
(U.S.-ECUADOR ALL-CARGO)	)	
	)	

APPLICATION OF  
CHALLENGE AIR CARGO, INC.  
FOR ADDITIONAL FREQUENCIES

Challenge Air Cargo, Inc. ("Challenge") hereby requests that it be allocated additional scheduled all-cargo frequencies in the U.S.-Ecuador market. In support of this application, Challenge respectfully states as follows:

Within the past few weeks, several carriers - including, American International (Docket OST-97-2325), Florida West (Docket OST-97-2342) and Fine Airline (Docket OST-97-2423) - have filed applications for scheduled all-cargo frequencies in the U.S.-Ecuador market. These filings were triggered by the discovery that Millon Air currently is not exercising its authority in the market and apparently is not in a position to resume operations in the near future. It is unclear what action, if any, the Department may take in response to these filings. Nevertheless, to the extent that the Department may decide to reallocate to other carriers the three weekly authorizations previously granted

to Millon Air, Challenge very much would like to receive one or more additional frequencies in the market.

Challenge has been providing scheduled all-cargo service between the United States and Ecuador since 1989. At the time Challenge initiated service to Ecuador, it was the only U.S. all-cargo carrier in the market. Challenge now operates a full complement of seven weekly flights between the U.S. and Ecuador - the level currently authorized by DOT - together with frequent extra section flights.

If granted such authority, Challenge would operate additional Miami-Quito/Guayaquil-Miami frequencies which would complement its existing services in the market. Challenge's existing flights in the market consistently operate at high load factors - in fact, its Northbound flights often operate at load factors in excess of ninety percent - which underscores its urgent need for the additional frequencies. Since Challenge's permit from the Government of Ecuador gives it the right to operate additional frequencies, and Challenge has sufficient B-757-200PF aircraft on hand with which to operate the service, it is in a position to begin service immediately.

Challenge's qualifications to operate its proposed additional service to Ecuador are second to none. In addition to its seven weekly scheduled flights to Ecuador, Challenge also operates frequent scheduled services to Panama City, Bogota, San Jose, Lima, Caracas, San Pedro Sula, Guatemala City, San Salvador, Manaus/Sao Paulo, Tegucigalpa, Santo Domingo and La Paz. While Miami, Challenge's hub, is the primary gateway for cargo traffic destined for Ecuador, by virtue of its established GSA arrangements in Tokyo, Frankfurt and London and its own sales offices in New York, Chicago, Atlanta, Houston, Washington and Los Angeles, Challenge also would be able to flow a substantial amount of cargo to and from Asia, Europe and North America to connect with its Miami-Ecuador services. Challenge's facilities at Miami also are unrivaled among U.S. operators. It recently opened a new 163,000 square foot warehouse facility with 26,000 square feet of cooler capacity and a state-of-the-art cargo handling system. Challenge also has constructed special cargo handling facilities at Quito and Guayaquil to better accommodate the needs of its customers.

WHEREFORE, for the foregoing reasons, Challenge Air Cargo, Inc. respectfully urges the Department to allocate to it additional scheduled all-cargo frequencies in the U.S.-Ecuador market.

Challenge Air Cargo, Inc.  
Application for Additional Frequencies  
Page 4

Respectfully submitted,

ZUCKERT, SCOUTT & RASENBERGER, L.L.P.

By:

  
William H. Callaway, Jr.

Counsel for  
CHALLENGE AIR CARGO, INC.

May 5, 1997