

## CHAPTER 60 INTRODUCTION

### Section 1 General

**1. PURPOSE.** This chapter contains general information pertaining to Part 121 and Part 135 operations. Section 1 describes the types of operations subject to Part 121 and Part 135 requirements. It also outlines Department of Transportation authorities and requirements. Section 2 contains regional office consider-

ations in assigning certification projects and certificate responsibilities.

**3. TYPES OF CERTIFICATES.** There are four basic types of air operator certificates issued by the FAA, as indicated in the chart below:

TYPE CERTIFICATE	TYPE OPERATOR	SEATING CAPACITY PAYLOAD CAPACITY	CERTIFYING FAR PART	OPERATING FAR PART
<b>AIR CARRIER CERTIFICATE</b>	<b>INTERSTATE COMMON CARRIAGE</b>	<b>AIRPLANES WITH OVER 30 SEATS OVER 7500 LBS PL</b>	<b>SFAR 38</b>	<b>121</b>
		<b>AIRPLANES WITH 30 OR LESS SEATS 7500 LBS PL OR LESS AND ALL HELICOPTERS</b>	<b>SFAR 38</b>	<b>135</b>
<b>OPERATING CERTIFICATE</b>	<b>INTRASTATE COMMON CARRIAGE</b>	<b>AIRPLANES WITH OVER 30 SEATS OVER 7500 LBS PL</b>	<b>SFAR 38</b>	<b>121</b>
		<b>AIRPLANES WITH 30 OR LESS SEATS 7500 LBS PL OR LESS AND ALL HELICOPTERS</b>	<b>SFAR 38</b>	<b>135</b>
	<b>INTERSTATE INTRASTATE</b>	<b>20 OR MORE SEATS 6000 LBS PL OR MORE</b>	<b>125</b>	<b>125</b>
	<b>PRIVATE CARRIAGE BUSINESS</b>	<b>AIRPLANES WITH LESS THAN 20 SEATS LESS THAN 6000 LBS PL AND ALL HELICOPTERS</b>	<b>SFAR 38</b>	<b>135</b>
<b>AGRICULTURAL AIRCRAFT OPERATOR CERTIFICATE</b>	<b>PROVIDE AGRI- CULTURAL SERVICES</b>	<b>NOT SPECIFIED</b>	<b>137</b>	<b>137</b>
<b>ROTORCRAFT EXTERNAL LOAD OPERATOR CERTIFICATE</b>	<b>LIFTING &amp; PLACING EXTERNAL LOADS</b>	<b>NOT SPECIFIED</b>	<b>133</b>	<b>133</b>

### 5. COMMON CARRIAGE VS. PRIVATE CARRIAGE

A. Common carriage means any operation for compensation or hire where the operator holds itself out as willing to furnish transportation to any member of the public seeking the services offered. The opera-

tor openly offers a service (by advertising or any other means) for a fee to members of the public.

B. Private carriage does not involve offering or holding out by the operator through advertising or any other means. Private carriage includes the following:

- Carriage of operator's own employees or property
- Carriage of participating members of a club
- Carriage of persons and property which is only incidental to the operator's primary business
- Carriage of persons or property for compensation or hire under a contractual business arrangement that did not result from the operator's holding out or offering. In this situation, the customer seeks out an operator to perform the desired service and enters into an exclusive mutual agreement; the operator does not seek out the customer.

C. Advisory Circular 120-12A, Private Carriage Versus Common Carriage of Persons or Property, provides guidelines for determining whether a transportation operation is common carriage or private carriage. If an inspector can not clearly determine whether an operation is common or private carriage, the regional Flight Standards Division shall be notified. The Flight Standards Division shall coordinate the matter with the Regional Counsel for an appropriate determination.

## 7. AIR TRANSPORTATION AND AIR CARRIERS.

The Federal Aviation Act of 1958, as amended, contains the following definitions. These definitions are the basis for certain Department of Transportation (DOT) and FAA regulations, policies, and procedures.

A. *Air Transportation*: "Interstate, overseas, or foreign air transportation, or the transportation of mail by aircraft."

B. *Interstate air transportation, overseas air transportation, and foreign air transportation*: "Carriage by aircraft of persons or property as a common carrier (common carriage) for compensation or hire or the carriage of mail by aircraft in commerce between..."

C. *Air carrier*: "Any citizen of the United States who undertakes, whether directly or indirectly or by a lease or any other arrangement, to engage in air transportation."

## 9. ECONOMIC AUTHORITY — DEPARTMENT OF TRANSPORTATION CERTIFICATES AND EXEMPTIONS

A. Section 401 of the Act requires that air operators engaging in common carriage air transportation (air carriers) must have in force a certificate issued by

the Department of Transportation. However, Section 416 of the Act and Department of Transportation regulations provide for exemptions to the certificate requirement under certain conditions.

B. Air operators (air carriers) who intend to conduct air transportation with aircraft having a seating capacity of more than 60 seats, or a maximum payload capacity of more than 18,000 pounds, must obtain a Department of Transportation certificate. This certificate is referred to as a Department of Transportation "401 certificate". Department of Transportation regulations prohibit granting exemptions to this requirement. However, Section 418 of the Act and Department of Transportation regulations provide that a different certificate to be issued to air operators conducting "all cargo" air transportation within the contiguous 48 states of the United States, regardless of the size of aircraft. This certificate is referred to as a Department of Transportation "418 certificate". An operator may conduct all-cargo operations under either a 401 or a 418 certificate. The FAA certification process is the same for either type of economic authority.

C. Under Part 298 of the Department of Transportation regulations, an air operator who intends to conduct air transportation with aircraft having a seating capacity of 60 seats or less or a maximum payload capacity of 18,000 pounds or less may be granted an exemption from the certificate requirements. These exemptions are referred to as Department of Transportation "298 exemptions". Most operators using aircraft of this smaller size petition for and are granted "298 exemptions". Occasionally, an operator using the smaller aircraft will apply for and obtain a Department of Transportation 401 certificate. Nothing precludes issuing a 401 certificate provided the operator qualifies, even when a small, single-engine aircraft will be used.

D. An air operator applying for a 401 certificate or a 418 certificate must undergo a fitness determination. An operator applying for a 298 exemption who intends to conduct scheduled passenger service is also subject to a fitness determination. When it has reason to believe it necessary, the Department of Transportation may conduct inquiries into an existing operator's continuing fitness. The Department of Transportation uses the following three-part test to determine fitness:

- Does the operator have the managerial skills and technical ability to conduct the proposed operations?

- Does the operator have a plan for financing which, if carried out, will generate resources sufficient to commence operations without undue risk to consumers?
- Will the operator comply with the Act and regulations imposed by Federal agencies?

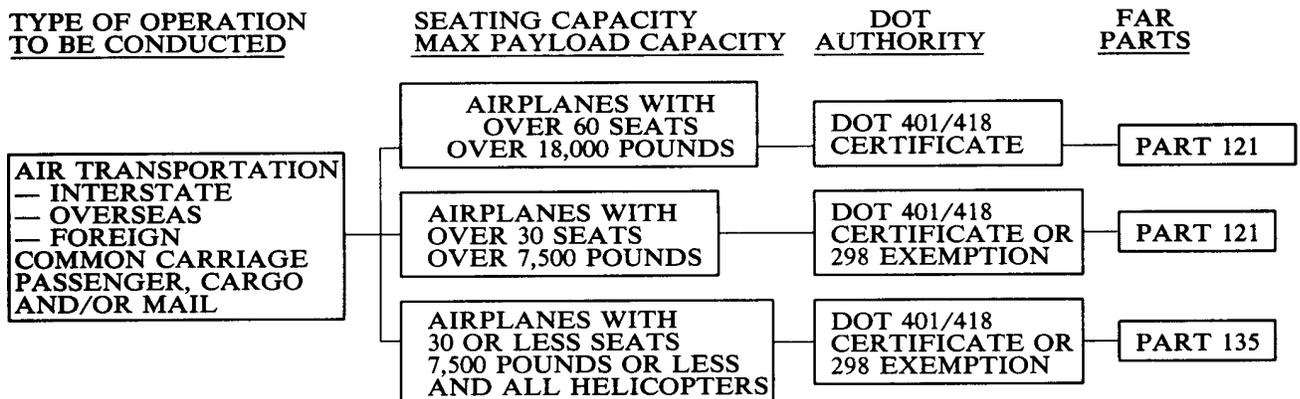
E. The following actions must be taken to obtain Department of Transportation economic authority:

**11. REGULATORY REQUIREMENTS.** SFAR 38, as amended, specifies the FAA certification requirements for air operators who conduct common carriage or private carriage of persons or property for compensation or hire. The FAA certificates required for the various types of operations conducted, the required Department of Transportation authority, if any, and the applicable FAR Parts are summarized in the following tables:

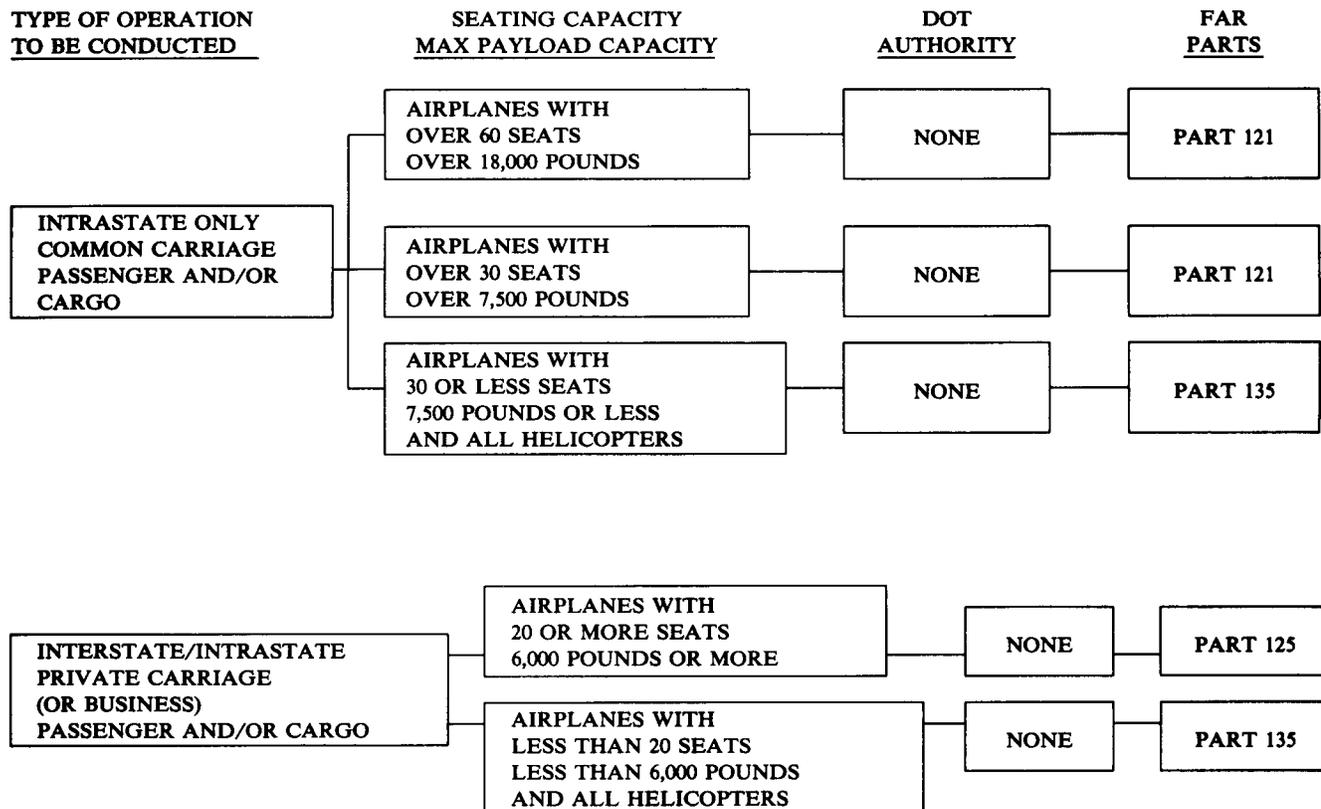
TYPE OF DOT ECONOMIC AUTHORITY				
	401 CERTIFICATE	418 CERTIFICATE	298 EXEMPTION SCHEDULED PASSENGER OPERATIONS	298 EXEMPTION NON-SCHEDULED OPERATIONS
OPERATOR	MUST FILE APPLICATION FOR CERTIFICATE	MUST FILE APPLICATION FOR CERTIFICATE	MUST REGISTER WITH DOT AND APPLY FOR FITNESS DETERMINATION	MUST REGISTER WITH DOT
	MUST SUBMIT REQUESTED INFO & PROOF OF INSURANCE	MUST SUBMIT REQUESTED INFO & PROOF OF INSURANCE	MUST SUBMIT REQUESTED INFORMATION & PROOF OF INSURANCE	MUST SHOW PROOF OF INSURANCE
DOT	DOCKETS APPLICATION FOR PUBLIC VIEWING	DOCKETS APPLICATION FOR PUBLIC VIEWING		
	CONDUCTS FITNESS DETERMINATION	CONDUCTS FITNESS DETERMINATION	CONDUCTS FITNESS DETERMINATION	
	ISSUES SHOW CAUSE ORDER TO INVITE INTERESTED PARTIES TO STATE WHY OPERATION SHOULD NOT BE AUTHORIZED		ISSUES SHOW CAUSE ORDER TO INVITE INTERESTED PARTIES TO STATE WHY OPERATION SHOULD NOT BE AUTHORIZED	
	ISSUES FINAL ORDER	ISSUES FINAL ORDER	ISSUES FINAL ORDER	
	ISSUES 401 * CERTIFICATE	ISSUES 418 * CERTIFICATE	ISSUES REGISTRATION *	ISSUES REGISTRATION *

\*DOT certificates or registrations are evidence of economic authority

**TABLE 1—AIR CARRIER CERTIFICATE REQUIRED**



**TABLE 2—OPERATING CERTIFICATE REQUIRED**



**Section 2 Assigning Responsibilities for FAR Part 121 and Part 135 Certificates and Certification Projects**

**1. GENERAL**

A. Certification of a FAR Part 121 or Part 135 air operator shall be given the status of a project. This is because of the complexity of the process, the variety of specific job functions, and the inter-disciplinary coordination required. Activities associated with these operators usually cross district office and regional geographic boundaries. FAR Part 121 and Part 135 operators constantly revise organizational structure and scope of operations. These changes may impact the capabilities of any particular district office. Regional offices are in the best position to know the capabilities of their district offices and assigned personnel. Consequently, regional offices must be responsible for assigning certification projects and certificate-holding responsibilities to district offices.

B. The regional office shall specify which district office will be assigned certification and continuing re-

sponsibility for Part 121 and part 135 operators. The regional office must assess each existing certificate holder periodically to determine that the assigned district office is still the best suited to fulfill responsibilities for that operator.

**3. PRINCIPAL BASE OF OPERATIONS**

A. The principal base of operations is the primary operating location as designated by the Administrator. A certificate holder must maintain its certificate and a complete set of operations specifications at its principal base of operations. Only one principal base of operations will be designated for a certificate holder. When designating a principal base of operations, the operator's needs and recommendations should be considered carefully.

B. Designating a principal base of operation is essentially a determination of the district office to be as-

signed certificate responsibilities. In most situations, this determination can be based on several predominant factors that clearly indicate a primary operating location and an obvious assignment of a district office. In some situations, however, the factors involved in determining the primary operating location or which district office is best suited for certificate-holding responsibilities are complicated by the proposed or existing operation. Regional offices must consider all factors when designating a principal base of operations. In some situations the decision will have to be based on a consensus of factors. The following are factors that must be considered, in descending order of priority:

(1) Location and accessibility of an applicant's or existing certificate holder's key management personnel and other persons who have authority to make decisions on FAA matters

(2) Location of the main operations base and operations system control center

(3) Location of the main maintenance base and maintenance system control center

(4) Qualification of available district office inspectors with respect to the type of operation and aircraft

(5) Geographic centers of route structures and/or areas of operation

(6) The applicant's or existing certificate holder's corporate headquarters location

(7) Training locations

(8) Employee residence locations

**5. ASSIGNING A DISTRICT OFFICE.** The office responsible for the geographic area in which the certificate holder/applicant's principal base of operations is located should be assigned the certificate responsibilities. The certificate holder/applicant's principal base of operations and responsibilities for oversight is part of the district office, including staffing considerations. It may be necessary to recruit or transfer inspectors, appropriately qualified for the type of operation, to the district office having geographic responsibility for the area in which the certificate holder/applicant's principal base of operations is located.

## **7. SPLIT MAIN OPERATIONS AND MAIN MAINTENANCE BASE LOCATIONS**

A. Occasionally an operator will locate its main operations base and main maintenance base in different district office or regional geographic areas. Usually, the operator's management personnel (operations

and maintenance) are separated. In addition, they maintain offices or are most accessible at the location of the activity for which they are responsible. In these situations, the most practical and efficient arrangement is to locate the Principal Operations Inspector near the main operations base and the Principal Maintenance and Avionics Inspectors near the main maintenance base. Any full-time assistants should be similarly located.

B. Physical separation of principal inspectors, if not carefully managed, can result in serious coordination problems. When main bases are split, the regional office shall decide which district office shall be the Certificate Holding District Office. When two regions are involved, the respective divisions shall coordinate and mutually determine which region is to assume responsibility for the operator and which district office will be assigned certificate responsibilities. If the regions are unable to agree, the issues will be forwarded to AFS-1 for a determination.

C. The assigned district office is responsible for all FAA reporting requirements, technical administration, and regulatory oversight of the operator. The region shall also be responsible for budgeting travel and other funds necessary for inspectors to conduct work programs and fulfill certificate responsibilities.

(1) When an operator is complex and large enough to warrant full-time principal inspectors (re-sponsible solely for one operator), the respective principal inspectors shall be located in district offices responsible for the geographic area where the appropriate main base is located. These inspectors report directly to the Certificate Holding District Office on all functional and technical matters concerning the operator. That office shall have supervisory responsibility provided by the district office in which the inspector is physically located.

(2) When an operator is not complex and large enough to warrant full-time principal inspectors, regional offices will take action as necessary to ensure the following:

(a) Principal inspectors are located in the district office responsible for the geographic area where the appropriate main base is located.

(b) Principal inspectors report to the district office's management on all functional, technical, and reporting aspects concerning the operator.

(c) The district office management where the assigned inspectors are located has supervisory re-

sponsibility and must ensure the certificate responsibilities are adequately supported.

D. If the main operations and maintenance bases are split, regional offices must monitor the activities of the respective district offices to ensure appropriate coordination. Principal inspectors are physically separated and must have the necessary opportunities and tools to effect efficient and timely coordination on technical administration, surveillance, and investigations associated with the operator. This coordination is essential to ensure that a standard and common FAA position is taken with the operator.

## 9. REGIONAL COORDINATION

A. If it is determined that the certification project should be assigned to a different district office, the regional offices shall ensure the transfer is thoroughly coordinated between offices. This include transferring working files, briefing the applicant's personnel, and inter-district office briefings, as necessary.

B. The Federal Aviation Regulations require a certificate holder to obtain written approval from its district office at least 30 days in advance of any change in the location of its operations or maintenance base. If it is appropriate to reassign certificate responsibilities, the district office manager shall notify the regional office. If the regional office determines that certificate responsibilities need to be reassigned, one of the following actions shall be taken:

(1) When the district offices are in the same region, the regional office shall accomplish the following:

(a) Determine the district office's operator files are complete and current. Open items and/or discrepancies that must be resolved should be identified.

(b) Interview the transferring district office manager and principal inspectors to further identify open items and/or discrepancies that must be resolved

(c) Determine personnel, times, and procedures necessary for resolving the open items and/or discrepancies

(d) Arrange to brief the receiving district office manager and prospective principal inspectors on the certificate holder's operation, key management personnel, and any open items and/or discrepancies that are being transferred for action

(e) Select a date to transfer certificate responsibilities

(f) Brief the certificate holder. Explain the need to reassign certificate responsibilities to another district office. Arrange an introductory meeting between the certificate holder's management personnel and the new district office manager and principal inspectors.

(g) Supervise the transfer of operator files

(2) When district offices are not in the same region, the respective regional offices shall accomplish the following:

(a) Initiate inter-regional coordination and agree on the need to reassign certificate responsibilities. If regions are unable to agree on certificate responsibility, the issues must be forwarded to AFS-1 for final determination.

(b) The transferring regional office shall inspect operator files to ensure they are complete and current. Open items and/or discrepancies which must be resolved must be identified.

(c) The transferring region should interview the district office manager and principal inspectors to further identify open items and/or discrepancies that must be resolved

(d) The transferring region must coordinate with the receiving region and agree on personnel, times, and procedures necessary for resolving the open items and/or discrepancies

(e) The receiving region should brief the district office manager and new principal inspectors on the certificate holder's operation, key management personnel, and open items and/or discrepancies being transferred for action

(f) The respective regions shall select a date to transfer certificate responsibilities. The transferring region must notify the operator's management personnel of the decision and explain the need to change the assigned district office.

(g) The receiving region should hold an introductory meeting between the certificate holder's management personnel and the district office manager and principal inspectors

(h) The respective regions shall coordinate and supervise the transfer of operator files