

NOTICE

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

N 8900.45

National Policy

Effective Date:
7/2/08

Cancellation Date:
7/2/09

SUBJ: Oversight of Air Carriers in a Changing Operational Environment

1. Purpose of This Notice. This notice provides guidance for effective oversight of air carriers in a changing operational environment. A variety of air carrier changes, industry changes, and economic factors are currently affecting Title 14 of the Code of Federal Regulations (14 CFR) part 121 air carriers.

2. Audience. The primary audience for this notice is Flight Standards certificate management office (CMO) and Flight Standards District Office (FSDO) principal inspectors (PI) who have oversight responsibilities for part 121 operators. The secondary audience includes Flight Standards regional managers and certificate-holding district office (CHDO) managers.

3. Where You Can Find This Notice. Inspectors can access this notice through the Flight Standards Information Management System (FSIMS) at <http://fsims.avs.faa.gov>. Operators and the public may find this information at: <http://fsims.faa.gov>.

4. Background. The current air carrier environment continues to change. Rising fuel costs are impacting the financial condition of air carriers and their profitability. As some carriers go out of business, others may add service to those destinations formerly served by the departed air carriers. Route structures are impacted as air carriers seek to eliminate less profitable routes. Some operators reduce fleet size or complexity, as well as employing other methods of resource management in order to cut costs. As air carriers continue to react to the current environment, it is essential that the Federal Aviation Administration consider these changes in its regulatory oversight role.

5. Change Management Policy and Guidance. PIs with responsibility for part 121 operators should refer to Order 8900.1, Volume 6, Chapter 2, Section 18 for guidance concerning oversight of their assigned air carriers during periods of significant change. Changes in the operating environment may affect the air carrier's ability to balance resources, size, and organizational structure with operational requirements. The following resources provide guidance:

a. Job Aids. Volume 6, Chapter 2, Section 18 includes the Financial Condition Assessment Decision Aid and the Rapid Growth/Downsizing Assessment Decision Aid. These tools can be used to assist PIs in evaluating their assigned carriers, and determining what actions to take, based on those evaluations. These actions may include use of the Air Transportation Oversight System (ATOS) Risk Management Process or a revision of the Air Carrier Assessment Tool.

b. ATOS Guidance. PIs with oversight responsibility for part 121 operators should also refer to the ATOS guidance contained in 8900.1. Order 8900.1, Volume 10, Chapter 2, Section 2 addresses retargeting of Comprehensive Assessment Plans due to air carrier growth, financial distress, personnel reductions, labor unrest, and other organizational changes. Certificate Management Teams should review the decision aids in this guidance during quarterly reviews or more frequently, as conditions dictate.

c. Air Carrier Evaluation Process (ACEP). Flight Standards regional managers and CHDO managers should review the material in 8900.1, Volume 10, Chapter 4, Section 1 regarding the use of the ACEP. This section provides guidance on the conditions under which an ACEP may be an appropriate course of action, and provides further guidance on conducting the evaluation. Regional managers and CHDO managers should regularly assess the air carriers for which they have responsibility against the criteria provided in this section to determine whether an ACEP is needed.

6. Discussion. We will not incorporate the information in this notice into FSIMS. Direct questions concerning this notice to Dave Gilliom, Manager, AFS-900 at (703) 661-0550.

ORIGINAL SIGNED by
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