BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Application of **GRAND HOLDINGS, INC.** **d/b/a CHAMPION AIR** **for an exemption pursuant to** **49 U.S.C. § 40109** **(U.S.-Mexico Scheduled Service)**	)	**Docket OST-2004-_____**

APPLICATION OF GRAND HOLDINGS, INC.
d/b/a CHAMPION AIR
FOR AN EXEMPTION

Communications with respect to this document should be sent to:

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Notice: Any person who wishes to support or oppose this application should file by April 8, 2004 an answer with the Department and serve a copy on all persons on the attached service list.

March 24, 2004

BEFORE THE
DEPARTMENT OF TRANSPORTATION
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Application of **GRAND HOLDINGS, INC.** **d/b/a CHAMPION AIR** **for an exemption pursuant to** **49 U.S.C. § 40109** **(U.S.-Mexico Scheduled Service)**	)	**Docket OST-2004-_____**

Dated: March 24, 2004

APPLICATION OF GRAND HOLDINGS, INC.
d/b/a CHAMPION AIR
FOR AN EXEMPTION

Pursuant to 49 U.S.C. § 40109 and Subpart C of the Department's Rules of Practice (14 CFR Part 302), Grand Holdings, Inc. d/b/a Champion Air ("Champion Air") applies for an exemption from 49 U.S.C. § 41101 authorizing it to engage in scheduled foreign air transportation of persons, property and mail between the following six city pairs: Denver (DEN) and Puerto Vallarta (PVR), Dallas/Fort Worth (DFW) and Cozumel (CZM), Dallas/Fort Worth (DFW) and Puerto Vallarta (PVR), Minneapolis/St. Paul (MSP) and Mazatlan (MZT), St. Louis (STL) and Cancun (CUN), and St. Louis (STL) and Puerto Vallarta (PVR).

Champion Air plans to operate once weekly seasonal scheduled service between DEN and PVR commencing in January 2005. Champion Air plans to operate four flights per week seasonal scheduled service between DFW and CZM commencing in May 2004. Champion Air plans to operate two flights per week seasonal scheduled service between DFW and PVR commencing in May 2004. Champion Air plans to operate three flights per week seasonal scheduled service between MSP and MZT commencing in

December 2004. Champion Air plans to operate two flights per week year round scheduled service between STL and CUN along with additional seasonal services commencing in May 2004. Champion Air plans to operate two flights per week seasonal scheduled service between STL and PVR commencing in June 2004. Champion Air asks that the requested authority be effective immediately and remain in effect for two years.

In support of this application, Champion Air submits the following:

1. Champion Air is a Nevada corporation with its principal place of business at 8009 34th Avenue, South, Suite 500, Bloomington, MN 55425.

2. Champion Air is a citizen of the United States within the meaning of 49 U.S.C. § 40102 (15)(c). The president and more than two-thirds of the officers and directors of Champion Air are citizens of the United States. At least 75 percent of Champion Air's voting stock is owned by citizens of the United States.

3. Champion Air holds a Certificate of Public Convenience and Necessity issued by Order 98-7-6 authorizing it to engage in interstate air transportation of persons, property and mail. Champion Air has been operating scheduled charter air service between points in the United States and points in Mexico for seven years. Pursuant to Rule 24 of the Department's Rules of Practice (14 CFR § 302.24), Champion Air requests that the Department take official notice of all information previously filed to establish Champion Air's fitness. Champion Air is fit, willing and able to perform the foreign air transportation applied for herein.

APPLICATION OF CHAMPION AIR

4. Champion Air plans to offer the following seasonal scheduled round trip service, on an on-going basis, utilizing Boeing 727-200 aircraft with 173 seats:

City Pair	Day of Week	Start Date	End Date
DEN-PVR	Saturday	01/29/05	04/09/05
DFW-CZM	Wed/Thurs/Sat/Sun	05/27/04	08/18/04
DFW-PVR	Mon/Fri	05/28/04	08/13/04
MSP-MZT	Tues/Fri (2x)	12/24/04	04/12/05
STL-CUN	Mon/Fri	05/03/04	08/09/04
STL-CUN	Thurs/Sun	05/02/04 and 12/23/04	09/02/04 and 04/28/05
STL-CUN	Sat	05/29/04 and 06/05/04	08/07/04 and 07/31/04
STL-CUN	Sun	09/05/04	12/12/04
STL-PVR	Fri	06/04/04 and 12/24/04	08/06/04 and 04/08/05
STL-PVR	Mon	02/07/05	04/04/05

Champion plans to offer the following year round scheduled round trip service utilizing Boeing 727-200 aircraft with 173 seats:

City Pair	Day of Week	Start Date
STL-CUN	Wed/Sat	05/01/04

5. Champion Air's request if fully consistent with the rights established for U.S. carriers under the Air Transport Services Agreement between the U.S. and Mexico, as amended, which authorizes U.S. carriers to operate from "a point or points in the United States to a point or points in Mexico." The U.S.-Mexico Air Transport Services Agreement also entitles either country to designate up to two airlines to provide scheduled combination services in any city pair between the two countries. At present, Champion Air believes that no more than one U.S. carrier is designated to provide scheduled nonstop transborder services between the listed city pairs applied for herein.

6. Champion Air will abide by all of the conditions and limitations the Department attaches to exemption authorities.

7. Champion Air's Exemption Application poses no environmental or energy issues. All Champion Air's flights will be operated with aircraft meeting all applicable noise abatement requirements.

8. Champion Air's fuel consumption for each service will not exceed the ten million gallon threshold specified in Section 313.4 of the Department's regulations.

9. Champion Air requests that its Application be treated by simplified, non-hearing procedures as contemplated in 14 C.F.R. § 302.309.

WHEREFORE, for the foregoing reasons, Champion Air respectfully requests that the Department grant this Application for a minimum period of two years, authorizing Champion Air to engage in the scheduled foreign air transportation of persons, property and mail as sought above and that the Department grant such additional relief as it deems necessary and appropriate.

Respectfully submitted,

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March 24, 2004

Certificate of Service: I hereby certify that on March 24, 2004, a copy of the foregoing Application of Champion Air was served via email to the following persons:

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