

BEFORE THE
U.S. DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

CONTINUATION OF CERTAIN AIR
SERVICE

Under Public Law 116-136 §§ 4005
and 4114(b)

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) Docket DOT-OST-2020-0037
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REQUEST OF CORVUS AIRLINES, INC.
FOR EXEMPTION FROM SERVICE OBLIGATION

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August 11, 2020

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Pursuant to Order 2020-4-2 (served April 7, 2020), Corvus Airlines, Inc. d/b/a RavnAir Alaska (“Corvus”) respectfully requests a correction of DOT Order 2020-4-2 to delete 79 Alaska points¹ that were served by Hageland Aviation Services, Inc. (“Hageland”) and which will no longer be operated under a marketing arrangement with Corvus, from Corvus’s Service Obligations listed in Appendix B, or, in the alternative, an exemption from its Service Obligation for those Alaskan communities as more fully described herein. As discussed below, it is physically and economically impossible for Corvus to serve those 79 communities with Corvus’s small fleet of Dash-8 aircraft.

I. Bankruptcy Background

On April 5, 2020, faced with an unprecedented collapse in passenger air travel demand due to the COVID-19 pandemic, mounting financial losses, and a worsening liquidity crisis, Ravn Air Group, Inc. (“Ravn”) and a number of its affiliates, including its Part 121 air carrier subsidiaries, Corvus and Peninsula Aviation Services, Inc. (“PAS”),

¹ A list of the 79 points is set forth in Attachment 1 attached hereto.

and its Part 135 air carrier subsidiary, Hageland (together with Ravn and such other affiliates, the “Debtors”), voluntarily commenced cases under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). Concurrent with that filing, Corvus suspended all operations and grounded its aircraft.

On April 27, 2020, the Debtors filed a proposed bankruptcy plan (the “Plan”) with the Bankruptcy Court, which was subsequently amended and included the ability of the Debtors to pursue a Section 363 sale of assets (including those of Corvus). The Bankruptcy Court authorized auction bidding procedures for such a sale on June 2, 2020, and confirmed the Plan as amended on June 26, 2020. Between July 7 and 8, 2020, an auction was conducted for various assets from the Debtor’s estate – including Corvus and most of Corvus’s assets. Following that auction process, FLOAT Alaska, LLC (“FLOAT Alaska”) was the successful bidder for Corvus and certain of PAS’s assets.

On August 3, 2020, and in furtherance of the foregoing auction process, an Asset Purchase Agreement (“APA”) was entered into between certain of the Debtors (including Corvus) and FLOAT Alaska. On August 5, 2020, the Bankruptcy Court entered an order approving the APA and sale. The parties closed on the transaction on August 7, 2020.

Notably, FLOAT Alaska did not acquire Hageland. Hageland and nearly all of its assets – including all of its aircraft– were excluded from the APA and were not acquired by FLOAT Alaska.² Corvus understands that Hageland was sold to another bidder.

² Corvus will operate Dash-8 aircraft to points it previously served under Corvus’ DOT authority.

II. THE DEPARTMENT SHOULD EITHER REVISE APPENDIX B OF DOT ORDER 2020-4-2 TO DELETE THE 79 POINTS SERVED BY HAGELAND FROM CORVUS'S LIST OF SERVICE OBLIGATION POINTS OR GRANT CORVUS AN EXEMPTION FROM ITS SERVICE OBLIGATION FOR THE 79 POINTS.

The Department listed 97 Alaskan points as part of Corvus's Service Obligation under DOT Order 2020-4-2, of which 79 points had been operated solely by Hageland under a marketing arrangement with Corvus.³ See Attachment 1. However, with the separate sales of Corvus and Hageland, Corvus will no longer be holding out service (under a marketing arrangement with Hageland or otherwise) to those 79 points. Consequently, Corvus's post-bankruptcy Service Obligation should not include those 79 points for several reasons.

First, those 79 points – representing more than 81% of Corvus's Service Obligation – were served by Hageland with its fleet of nearly 60 small aircraft and not by Corvus. See Attachment 1.

Second, even if Hageland in the future restarts service under new and completely distinct ownership, there will no longer be a codeshare or other marketing arrangement between Hageland and Corvus. Accordingly, although the Department combined the Hageland-operated and Corvus-operated flights as Ravn flights in developing Corvus's Service Obligation under DOT Order 2020-4-2⁴, Corvus should no longer be considered the "marketing carrier" responsible for the 79 points previously served by Hageland.

³ Four of the 79 Hageland points (Goodnews Bay, Napakiak, Napaskiak, Platinum) and one of the Corvus points (Kodiak) were subsequently exempted from Corvus's Service Obligation pursuant to DOT Order 2020-6-2.

⁴ "The Service Obligation pertains to the marketing carrier. A covered regional carrier would only be responsible for certifying its compliance with any Service Obligation resulting from service that it operates under its own brand." DOT Order 2020-4-2, at 11.

Third, Corvus plans to resume operations, subject to DOT and FAA approval, to Alaskan communities that it previously served, some of which remain without scheduled passenger air service since Corvus ceased operations. With its small fleet of nine Dash-8 aircraft, it would not be reasonable and practical to require Corvus to continue to serve those 79 points. Indeed, it would be physically and economically impossible for Corvus to fulfill Service Obligations at these 79 very small Hageland points that were previously served by Hageland's fleet of Part 135 aircraft. As noted above, these 79 points are smaller rural communities that were served pre-bankruptcy by Hageland with its fleet of sixty Part 135 aircraft. None of those aircraft are being acquired by Corvus. There is simply no way that Corvus could meet the Service Obligations for these 79 points,⁵ nor would it make any economic sense to serve these communities, which previously were served with small Part 135 aircraft, with Corvus's 29 – 37 seat Dash-8 aircraft.

⁵ See Southern Airways Express, Notice of Action Taken, April 30, 2020 (granting Service Obligation exemption for three points in Florida, *in part*, stating that "because Southern Airways already moved its aircraft used for service to these covered points to New England in preparation for its summer season operations," it "would not be reasonable or practicable to require the carrier at this time to serve these covered points under the terms of Order 2020-4-2").

For the reasons set forth above, Corvus requests that the Department either correct DOT Order 2020-4-2 by deleting Hageland's 79 points from Corvus's list of covered points in Appendix B, or, in the alternative, exempt Corvus from the Service Obligation for these 79 Hageland points.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert E. Cohn". The signature is fluid and cursive, with the first name "Robert" and last name "Cohn" clearly legible.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Request of Corvus Airlines was served this August 11, 2020, via e-mail transmission on the following persons:

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Jessica E. Bartlett

Hagland Point in Order 2020-4-2, Appendix B		Exempted under Order 2020-6-2, Appendix A	
1	Akiachak	N	
2	Akiak	N	
3	Alakanuk	N	
4	Ambler	N	
5	Anvik	N	
6	Almautluak	N	
7	Atkasuk	N	
8	Barrow/ Utqiagvik	N	
9	Barter Island/ Kaktovik	N	
10	Brevig Mission	N	
11	Buckland	N	
12	Chevak	N	
13	Chifornak	N	
14	Chuathbaluk	N	
15	Crooked Creek	N	
16	Deering	N	
17	Eek	N	
18	Elim	N	
19	Emmonak	N	
20	Ft. Yukon	N	
21	Gallena	N	
22	Gambell	N	
23	Golovin	N	
24	Goodnews Bay	Y	
25	Grayling	N	
26	Holy Cross	N	
27	Hooper Bay	N	
28	Huslia	N	
29	Kaltag	N	
30	Kasigluk	N	
31	Kiana	N	
32	Kipnuk	N	
33	Kivalina	N	
34	Kobuk	N	
35	Kongiganak	N	
36	Kotlik	N	
37	Koyuk	N	
38	Koyukuk	N	
39	Kwethluk	N	
40	Kwigillingkak	N	
41	Marshall	N	
42	Mekoryuk	N	
43	Mountain Village	N	
44	Napakiak	Y	
45	Napaskiak	Y	

Corvus Point in Order 2020-4-2, Appendix B		Exempted under Order 2020-6-2, Appendix A	
	Anchorage	N	
	Aniak	N	
	Bethel	N	
	Cold Bay	N	
	Deadhorse/ Prudhoe Bay	N	
	Dillingham	N	
	Dutch Harbor/ Unalaska	N	
	Fairbanks	N	
	Homer	N	
	Kenai	N	
	King Salmon	N	
	Kodiak	Y	
	Kotzebue	N	
	Sand Point	N	
	St. Mary's	N	
	St. Paul Island	N	
	Unalakleet	N	
	Valdez	N	

46 Nightmute	N
47 Noatak	N
48 Nome	N
49 Noorvik	N
50 Nuiqsut	N
51 Nulato	N
52 Nunapitchuk	N
53 Pilot Station	N
54 Platinum	Y
55 Point Hope	N
56 Point Lay	N
57 Quinhagak	N
58 Red Devil	N
59 Ruby	N
60 Russian Mission	N
61 Savoonga	N
62 Scammon Bay	N
63 Selawik	N
64 Shageluk	N
65 Shaktolik	N
66 Sheldon Point	N
67 Shishmaref	N
68 Shungnak	N
69 Sleetmute	N
70 St. Michael	N
71 Stebbins	N
72 Stoney River	N
73 Toksook	N
74 Tuluksak	N
75 Tuntutuliak	N
76 Tununak	N
77 Wainwright	N
78 Wales	N
79 White Mountain	N