

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

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Application and Notice of	)	
	)	
CORVUS AIRLINES, INC.	)	Docket DOT-OST-2020-_____
	)	
for a waiver of the 45-day advance filing	)	
requirements of 14 C.F.R. § 204.7 and Notice of	)	
intent to resume interstate scheduled air	)	
transportation	)	
_____	)	

**APPLICATION AND NOTICE OF CORVUS AIRLINES, INC.**

Communications with respect to this document should be addressed to:

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August 11, 2020

Application and Notice of  
CORVUS AIRLINES, INC.  
for a waiver of the 45-day advance filing  
requirements of 14 C.F.R. § 204.7 and Notice of  
intent to resume interstate scheduled air  
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Corvus Airlines, Inc. d/b/a Ravn Alaska (“Corvus”) submits this notice of intent to resume service pursuant to 14 C.F.R. § 204.7 and respectfully requests waiver of the 45-day advance filing requirement, so that it may resume interstate scheduled air transportation operations and restore air service to communities in Alaska as soon as possible.

In support of this Application and Notice, Corvus states the following:

1. Corvus holds a Certificate of Public Convenience and Necessity to engage in interstate air transportation of persons, property, and mail. See DOT Order

2014-7-15 (certificate reissued in name of Corvus Airlines, Inc. d/b/a Era Aviation d/b/a Ravn Alaska).

2. As a result of the effects of the COVID-19 pandemic on air travel, including a 90% drop in bookings and revenue for Ravn Air Group, Inc., and a state-mandated travel ban, Corvus filed for bankruptcy protection and ceased operations on April 5, 2020.<sup>1</sup> Prior to its cessation of service, Corvus had operated to a number of points throughout the State of Alaska. The U.S. Bankruptcy Court for the District of Delaware (“the Court”) supervised an auction process for the sale of Corvus and other assets of the bankruptcy estate. Following that auction process, FLOAT Alaska, LLC (“FLOAT Alaska”) was the successful bidder for the Corvus assets.

3. Pursuant to an Asset Purchase Agreement (“APA”) by and among, inter alia, the Ravn Air Group, Inc. (and related companies) and FLOAT Alaska, FLOAT Alaska acquired Corvus Airlines, Inc. (the legal entity and its assets).<sup>2</sup> A copy of the APA and the corresponding Court Order is attached as Exhibit CORVUS-1.

4. The Bankruptcy Court entered an order approving the APA and sale of such assets on August 5, 2020, and the parties to the APA closed on the transaction on August 7, 2020.

5. Under FLOAT Alaska’s ownership, Corvus will resume air transportation services between points in Alaska using nine Dash-8 turboprop aircraft with various

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<sup>1</sup> RavnAir Group, Inc. and six other affiliated debtors also filed for Chapter 11 bankruptcy.

<sup>2</sup> FLOAT Alaska also acquired a limited number of assets of Peninsula Aviation Services, Inc. (“PAS”), including a Saab 340 aircraft and PAS’s Part 121 certificate. However, all operations will be conducted by Corvus under its DOT authority, and consequently PAS is not part of this Application and Notice.

Float Alaska did not acquire Hageland Aviation Services (“HAS”); nearly all of HAS’s equipment and other physical infrastructure – including all of its aircraft – is excluded from the APA and will not be acquired by FLOAT Alaska. Thus, HAS is not part of this Application and Notice. Corvus understands that Hageland was sold to another bidder.

passenger/cargo combination configurations. With the exception of the Director of Operations (who previously held the same position at HAS), the key technical and operational personnel from Corvus will remain with the air carrier under the new ownership as it resumes operations in Alaska.

## **II. GOOD CAUSE SUPPORTS GRANTING THE REQUESTED WAIVER.**

6. The Department's regulations provide that it will consider "requests for exemption from [the] 45-day advance filing requirement [for proposed resumptions of service] for good cause shown." 14 C.F.R. § 204.7(b). In this case, there is good cause for granting a waiver of the 45-day advance filing requirement.

7. Corvus was a critically important air transportation lifeline for many Alaskan communities. Corvus operated service to a number of remote and rural Alaskan communities when it ceased operations in April 2020. For many of these communities, Corvus was the only air carrier or one of a few air carriers providing them with scheduled air service. But since Corvus ceased operations a few months ago, these communities have lost this vital and competitive air transportation link. In fact, at least nine of these communities remain without scheduled air service today. The sooner Corvus is able to safely resume air service, the better for the residents, businesses, and economies of these communities and for Corvus employees.

8. The Department's confirmation of Corvus's fitness is one of the prerequisites for Corvus to resume these vitally important air transportation services. Accordingly, good cause exists for the Department to waive the 45-day advance filing requirement.

**III. CORVUS IS FIT, WILLING, AND ABLE TO RESUME THE PROPOSED AIR TRANSPORTATION AND A U.S. CITIZEN.**

**A. New Ownership of Corvus.**

9. A diagram depicting the new ownership of Corvus is provided as Exhibit CORVUS-2.

10. The new owner and direct parent company of Corvus is **Corvus Alaska Holdings Inc.** (“Corvus Holdings”), a newly formed Delaware corporation. The members of Corvus Holdings’ Board of Directors are Joseph Aleksandr Wiener “Josh” Jones (Chairman), Thomas Po-Yuan Hsieh, and Robert McKinney, each of whom is a U.S. Citizen. The managing officers of Corvus Holdings are Mr. McKinney (CEO), Mr. Hsieh (President), and Mr. James Day (CFO), each of whom is a U.S. Citizen. Resumes and completed fitness questionnaires for Messrs. Jones, McKinney, Hsieh, and Day are provided as part of Exhibit CORVUS-3.

11. Corvus Holdings is wholly owned by **FLOAT Alaska**, a Delaware limited liability company. The board members and managing officers of Corvus Holdings occupy the same positions at FLOAT Alaska: Mr. Jones (Board Member), Mr. McKinney (Board Member and CEO), Mr. Hsieh (Board Member and President), and Mr. Day (CFO). Each is a U.S. Citizen, and resumes and completed fitness questionnaires for Messrs. Jones, McKinney, Hsieh, and Day are provided as part of Exhibit CORVUS-3.

12. The five owners of FLOAT Alaska are:

Owner	Ownership Interest
(1) Kau Jones Family Trust of 2017	90.1%
(2) FLOAT Shuttle, Inc.	8.4%
(3) Robert McKinney	0.5%
(4) Thomas Po-Yuan Hsieh	0.5%
(5) Arnel Enrique Guiang	0.5%

- (1) The Kau Jones Family Trust of 2017 ("KJ Family Trust") is the only owner of a substantial interest in FLOAT Alaska. The KJ Family Trust is a U.S. Citizen. Mr. Joseph Aleksandr Wiener "Josh" Jones, a U.S. Citizen, is the sole beneficiary of the trust. Mr. Richard Jones (Josh Jones' father), a U.S. Citizen, is the trustee. A completed fitness questionnaire for the KJ Family Trust as a substantial interest owner is provided as Exhibit CORVUS-4.
- (2) FLOAT Shuttle, Inc. ("FLOAT Shuttle") is a Delaware C-corporation.
  - a. Mr. Arnel Enrique Guiang (Chairman), Mr. Hsieh, and Mr. McKinney are the Board of Directors of FLOAT Shuttle, and Mr. Guiang is the only officer.
  - b. FLOAT Shuttle is owned by Mr. Guiang (50%), Mr. Hsieh (30%), and Mr. McKinney (20%).
  - c. Mr. Guiang, Mr. Hsieh, and Mr. McKinney are U.S. Citizens.
  - d. Resumes and completed fitness questionnaires for each of them are provided as part of Exhibits CORVUS-3 and CORVUS-5.
- (3) Mr. Robert McKinney is a U.S. Citizen. Mr. McKinney's resume and completed fitness questionnaire is provided as part of Exhibit CORVUS-3.
- (4) Thomas Po-Yuan Hsieh is a U.S. Citizen. Mr. Hsieh's resume and completed fitness questionnaire is provided as part of Exhibit CORVUS-3.
- (5) Arnel Enrique Guiang is a U.S. Citizen. Mr. Guiang's resume and completed fitness questionnaire is provided as Exhibit CORVUS-5.

**B. Corvus Airlines, Inc.**

13. Corvus is a Delaware corporation.
14. *Managing Officers/Key Personnel.* Corvus's managing officers, required operational personnel,<sup>3</sup> and other key personnel<sup>4</sup> are:

Robert McKinney, Chief Executive Officer (CEO)  
Thomas Po-Yuan Hsieh, President  
Daniel Kitchens, Chief Commercial Officer (CCO)  
James Day (CFO)  
Evan Veal, Director of Operations

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<sup>3</sup> See 14 C.F.R. § 119.65 (Director of Safety; Director of Operations; Chief Pilot; Director of Maintenance; Chief Inspector).

<sup>4</sup> "Key personnel" include "the directors, president, chief executive officer, chief operating officer, all vice presidents, the directors or supervisors of operations, maintenance, and finance, and the chief pilot of the applicant or air carrier, as well as any part-time or full-time advisors or consultants to the management of the applicant or air carrier". 14 C.F.R. § 204.2(i).

Robert Torrey, Director of Maintenance  
Tony Santiago, Director of Safety  
Sarah Fraher, Chief Pilot  
Timothy Black, Director QC and Chief Inspector

Mr. Torrey, Mr. Santiago, Ms. Fraher, and Mr. Black remain in their respective positions with Corvus. Mr. Veal held the Director of Operations position within the Ravn Air Group, albeit with Hageland Aviation Services. Mr. Hsieh, Mr. Kitchens, and Mr. Day report to Mr. McKinney. Mr. McKinney and Mr. Kitchens have substantial airline management experience; Mr. Hsieh has significant management experience in other industries; and Mr. Day has significant management and financial experience, including in the airline industry.

Each of the managing officers and key personnel listed above is a U.S. Citizen. Resumes and completed fitness questionnaires for Mr. McKinney, Mr. Hsieh, and Mr. Day are provided as part of Exhibits CORVUS-3. Resumes and completed fitness questionnaires for the remaining personnel listed above are provided as part of Exhibit CORVUS-6.

15. *Board.* The Board of Directors of Corvus is comprised of Mr. Josh Jones, Mr. Hsieh, and Mr. McKinney, each of whom is a U.S. Citizen. Their resumes and completed fitness questionnaires are provided as part of Exhibit CORVUS-3.

16. The Board members, CEO, President, other managing officers, and key technical personnel of Corvus are well qualified. Each is a U.S. Citizen, and each has a good compliance record. See completed fitness questionnaires in Exhibits CORVUS-3 and CORVUS-6.

17. A completed fitness questionnaire for Corvus is provided as Exhibit CORVUS-7.

18. FLOAT Alaska, the parent company of Corvus Holdings, is a U.S. Citizen, and Corvus Holdings, the direct parent company of Corvus, is a U.S. Citizen. Each of Corvus's Board members, CEO, President, and other managing officers is a U.S. Citizen. A completed citizenship affidavit for Corvus is provided as Exhibit CORVUS-8.

### **C. Proposed Operations.**

19. During the first year of operations, Corvus plans to serve 17 Alaska communities, including its hub at Anchorage, with varying levels of weekly service. In the past, Corvus has operated scheduled passenger service to each of these communities.

20. Corvus will use nine Dash-8 aircraft configured with 29–37 passenger seats to operate its planned first-year network. Corvus acquired six Dash-8 aircraft as part of the APA, and is leasing three additional Dash-8 aircraft from AVMAX. The lease costs for the three leased aircraft are included in Corvus's financial projections discussed below.

21. An illustrative revenue forecast for passenger and mail/freight traffic on a market-by-market basis for these destinations is provided as Exhibit CORVUS-9 (*confidential treatment requested in part*).

### **D. Financial Fitness.**

22. A pro-forma post-closing balance sheet is provided as Exhibit CORVUS-10.



23. A forecast income statement and balance sheet for the first five quarters of Corvus' proposed operations,<sup>5</sup> as well as an accounting of pre-operating and start-up costs, are provided as Exhibit CORVUS-11 (*confidential treatment requested in part*).

24. Based on the pro-forma forecast, Corvus's first year of normalized operations is projected to incur \$95,412,000 in operating expenses for the 12 months beginning October 1, 2020 (i.e., QE December 31, 2020). The three-month average would be \$23,853,000 for purposes of the financial fitness test. In addition, as of the date of this Application and Notice, Corvus has \$1,434,433 in pre-operating and start-up costs that remain to be paid. It also forecasts negative working capital (current assets – current liabilities) for the QE 9/30/2020 of \$1,261,000, but this negative working capital is projected to be eliminated by the QE 12/31/2020.

25. In terms of its financial fitness test, the Department “typically asks an applicant to demonstrate that it has access to financial resources sufficient to cover its pre-operating expenses and any negative working capital balance, plus a working capital reserve equal to the operating costs that are reasonably projected to be incurred during three months of “normal” operations.” DOT Order 2020-7-17 at 3. Based on these data, Corvus conservatively estimates that its financial fitness requirement is approximately \$26,548,433.

26. Corvus has access to more than sufficient funds to meet the DOT fitness test. The Trustee of the KJ Family Trust, which is the 90.1% owner of FLOAT Alaska, has submitted a written commitment to provide up to \$27 million in funds to Corvus to meet the DOT's financial fitness test, in order to support the plans of Corvus to resume

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<sup>5</sup> Corvus provides forecasts for the first five quarters because it will not be operating for much of the first quarter (QE 9/30/2020).

air transportation service. See Exhibit CORVUS-12 (*confidential treatment requested in part*). The KJ Family Trust has funds well in excess of \$27 million. See Exhibit CORVUS-12 (*confidential treatment requested in part*).

\* \* \*

27. A Verification with respect to this Application/Notice and accompanying Exhibits is provided as Exhibit CORVUS-13.

As explained above and in the accompanying Exhibits, Corvus is a U.S. Citizen and fit, willing, and able to engage in air transportation and restore critically important air service to communities in Alaska as described herein. Corvus therefore requests that the Department grant a waiver of the 45-day advance filing requirement of 14 C.F.R. § 204.7 and permit it to resume interstate scheduled air transportation operations and restore air service to certain communities in Alaska as soon as possible.

Respectfully submitted,



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Counsel for  
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FLOAT Alaska LLC

## LIST OF EXHIBITS

Exhibit CORVUS-1:	Court Order and Asset Purchase Agreement
Exhibit CORVUS-2:	Ownership Diagram
Exhibit CORVUS-3:	Resumes and Fitness Questionnaires for: Messrs. Jones, McKinney, Hsieh, and Day
Exhibit CORVUS-4:	Fitness Questionnaire from Kau Jones Family Trust of 2017
Exhibit CORVUS-5:	Resumes and Fitness Questionnaire for Mr. Guiang
Exhibit CORVUS-6:	Resumes and Fitness Questionnaires for: Messrs. Kitchens, Veal, Torrey, and Santiago, Ms. Fraher, and Mr. Black
Exhibit CORVUS-7:	Fitness Questionnaire from Corvus Airlines, Inc.
Exhibit CORVUS-8:	Citizenship Affidavit for Corvus Airlines, Inc.
Exhibit CORVUS-9:	Illustrative revenue forecast for passenger and mail/freight traffic on a market-by-market basis ( <i>confidential treatment requested in part</i> )
Exhibit CORVUS-10:	Pro-forma post-closing balance sheet
Exhibit CORVUS-11:	Forecast quarterly income statement and balance sheet, and pre-operating and start-up costs ( <i>confidential treatment requested in part</i> )
Exhibit CORVUS-12:	Letter from the Trustee of the Kau Jones Family Trust of 2017 and Letter from Interactive Brokers ( <i>confidential treatment requested in part</i> )
Exhibit CORVUS-13:	Verification

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application and Notice of Corvus Airlines, Inc. has been served this August 11, 2020, upon each of the following addressees:

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