BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Essential Air Service at	:	
	:	
KEARNEY, NEBRASKA	:	Docket DOT-OST-1996-1715
NORTH PLATTE, NEBRASKA	:	Docket DOT-OST-1999-5173
DODGE CITY, KANSAS	:	Docket DOT-OST-1998-3502
LIBERAL, KANSAS/GUYMON, OKLAHOMA	:	Docket DOT-OST-1998-3498
	:	
Under 49 U.S.C. § 41732, *et seq*.	:	

PROPOSAL OF
KEY LIME AIR CORP.

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September 12, 2017

KEY LIME AIR

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PROPOSAL OF
KEY LIME AIR CORP.

KEY LIME AIR submits this proposal in response to the Department's Order 2017-08-10 Prohibiting termination of service and requesting proposals to provide Essential Air Service ("EAS") to Crescent City, CA; Kearney, NE; North Platte, NE; Dodge City, KS; and Liberal, KS / Guymon, OK. As further detailed in this proposal, KEY LIME AIR will provide 12 weekly round trip flights between Kearney, North Platte and Denver, CO, or 12 weekly roundtrip flights between Dodge City, Liberal and Denver, CO, using either a 30-seat or 19-seat aircraft from its existing fleet.

KEY LIME AIR started as a cargo operation in 1997. In the past 20 years, it has grown to be one of the largest single feeder aircraft networks in the United states as well as a thriving passenger air charter service. The company was founded on the ideals of superior customer service, innovation, adaptability, and providing service opportunities to niche markets. KEY LIME currently operates a fleet of 33 aircraft and holds a FAA air carrier certificate and operations specifications under Part 121 and Part 135 of Federal Aviation Regulations and a DOT Commuter Air Carrier Authorization issued pursuant to Part 298 of the Department's Economic Regulations.[1]

KEY LIME AIR is based in Englewood Colorado, making the company strategically positioned to be able to offer convenient service to either the West coast, Central or East coast of the United States. Unique to the industry, KEY LIME AIR owns, operates and maintains its entire fleet of aircraft, enabling the

[1] *See* Order 2012-8-19.

company to effectively control its stringent operational and maintenance programs to the highest standards.

KEY LIME AIR will provide 12 weekly roundtrip flights. The proposed schedules are attached. KEY LIME AIR has three specific options to deliver this service which vary between aircraft type (jet or turboprop) and operating rule (121, 135 public charter or 135 commuter). The associated costs are provided below.

KEY LIME AIR will use the Denver International Airport ("DEN") as its main hub of operations. Nearly 53 million passengers traverse DEN annually making it the 15th largest airport in the world. This incredible hub will allow access via air to and from Kearney, NE; North Platte, NE; Dodge City, KS; Liberal, KS / Guymon, OK on a daily basis. We operate out of the A Concourse Gate 62.

Key Lime Air, dba Denver Air Connection has partnered with the State of Wyoming since 2015 in offering scheduled, part 380 services. Specifically, to the communities of both Sheridan and Riverton. Since that time, Denver Air Connection has transported 28,299 unique passengers and has completed 2,545 of 2,553 scheduled flights for a reliability rating of 99.69%. This ranks as one of the highest in the airline industry. Also during this time period, Denver Air Connection has operated their flights at an on-time performance rate of 95.28%, which is also the among the best in the industry.

In light of the foregoing, KEY LIME AIR CORP. urges the Department to select KEY LIME AIR CORP. to provide EAS service to Kearney, NE; North Platte, NE; Dodge City, KS; Liberal, KS / Guymon, OK and such other relief as the Department deems necessary and appropriate.

Respectfully submitted,

KEY LIME AIR CORP.

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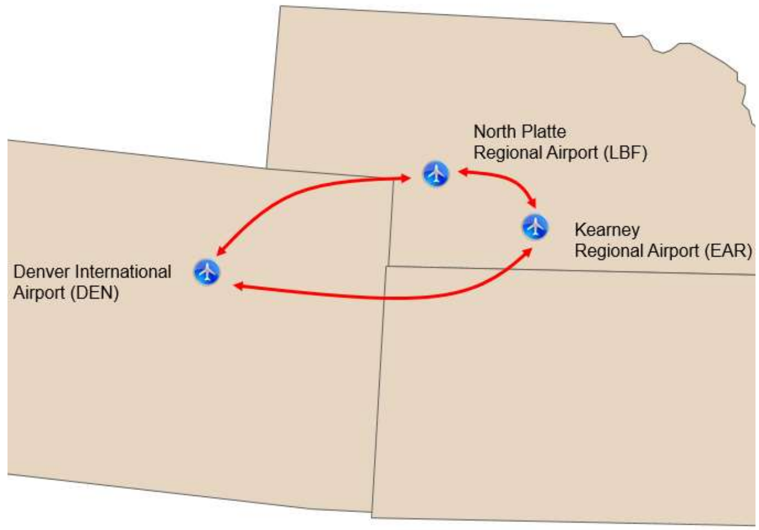
Marc Hesting
Director of Finance

Proposed service between Kearney, NE, North Platte, NE and Denver, CO.

12 Weekly frequencies are proposed for the Kearney, NE, North Platte, NE and Denver, CO communities. KEY LIME AIR will operate these flights using a either 30-seat aircraft or 19-seat aircraft from its existing fleet. Service would allow for a person to fly from any city into Denver and conduct a full days' worth of business and still be able to fly home in the evening.



KEY LIME AIR owns, operates and maintains its entire fleet of aircraft enabling the company to effectively control its stringent operational and maintenance programs to the highest standards.

Below are proposed schedules (subject to change based on FAA crew requirements and changes the communities might recommend) for each city:

Frequency	Origin	Destination	Departure	Arrival	Block Time
Mon - Sat	Kearney, NE	North Platte, NE	7:00 AM	7:30 AM	0:38
Mon - Sat	North Platte, NE	Denver, CO	7:48 AM	7:45 AM	0:57
Daily	Denver, CO	Kearney, NE	11:00 AM	1:07 PM	1:07
Daily	Kearney, NE	North Platte, NE	1:17 PM	1:55 PM	0:38
Daily	North Platte, NE	Denver, CO	2:05 PM	2:02 PM	0:57
Sun - Fri	Denver, CO	North Platte, NE	6:00 PM	7:57 PM	0:57
Sun - Fri	North Platte, NE	Kearney, NE	8:07 PM	8:45 PM	0:38

Option 1 (EAR/LBF/DEN 19 Seat Part 121 domestic operation)

KEY LIME AIR will operate this service pursuant to Part 121 of Federal Aviation Regulations. We will utilize the 19 seat Metroliner turboprop aircraft for this option.

Route	Combined	LBF	EAR
Traffic	20,900	10,241	10,659
Fare	$100	$100	$100
Passenger Revenue	$2,090,000	$1,024,100	$1,065,900
Ancillary (5%)	$104,500	$51,205	$53,295
Total Revenue	$2,194,500	$1,075,305	$1,119,195
Block Hours	2,113	1,017	1,096
Direct Expenses			
Aircraft Expense	$60,000	$30,000	$30,000
Hull Insurance	$66,000	$33,000	$33,000
Fuel	$737,100	$354,840	$382,260
Deicing	$50,000	$10,000	$40,000
Flight Operations	$1,588,483	$764,696	$823,787
Maintenance	$744,453	$358,380	$386,073
Engine Reserves	$158,926	$76,507	$82,419
Total Direct Expense	$3,404,962	$1,639,149	$1,765,813
Total Indirect	$1,456,535	$701,176	$755,359
Total Cost	$4,861,497	$2,340,325	$2,521,172
Operating (Loss)	$2,666,997	$1,283,892	$1,383,105
5% Operating Margin	$243,075	$117,016	$126,059
Annual Compensation Requirement	$2,910,072	$1,400,909	$1,509,163
Subsidy/Passenger	$139	$137	$142
Subsidy/BH	$1,377	$1,377	$1,377

Option 2 (EAR/LBF/DEN 135 Metroliner - On Demand or Scheduled)

135 Scheduled will be conducted under Commuter Operations Specifications and our DOT Commuter Air Carrier Authorization issued under Part 298 of the Department's Economic Regulations. This operation will be limited to 9 seats

or

135 On Demand will be conducted as Public Charters in accordance with Part 380 concurrent with our DOT Commuter Air Carrier Authorization issued under Part 298 of the Department's Economic Regulations. This operation will have all 19 seats available.

Route	EAR/LBF	LBF	EAR
Traffic	20,900	10,241	10,659
Fare	$100	$100	$100
Passenger Revenue	$2,090,000	$1,024,100	$1,065,900
Ancillary (5%)	$104,500	$51,205	$53,295
Total Revenue	$2,194,500	$1,075,305	$1,119,195
Block Hours	2,113	1,017	1,096
Direct Expenses			
Aircraft Expense	$60,000	$30,000	$30,000
Hull Insurance	$66,000	$33,000	$33,000
Fuel	$737,100	$354,840	$382,260
Deicing	$50,000	$10,000	$40,000
Flight Operations	$629,745	$303,159	$326,586
Maintenance	$744,453	$358,380	$386,073
Engine Reserves	$158,926	$76,507	$82,419
Total Direct Expense	$2,446,224	$1,177,612	$1,268,612
Total Indirect	$1,456,535	$701,176	$755,359
Total Cost	$3,902,759	$1,878,788	$2,023,971
Operating (Loss)	$1,708,259	$822,356	$885,903
5% Operating Margin	$195,138	$93,939	$101,199
Annual Compensation Requirement	$1,903,397	$916,295	$987,102
Subsidy/Passenger	$91	$89	$93
Subsidy/BH	$901	$901	$901

Option 3 (EAR/LBF/DEN 135 – 30 Seat Dornier Jet)

135 On Demand will be conducted as Public Charters in accordance with Part 380 concurrent with our DOT Commuter Air Carrier Authorization issued under Part 298 of the Department's Economic Regulations. This operation will have all 30 seats available.

Route	Combined	LBF	EAR
Traffic	20,900	10,241	10,659
Fare	$100	$100	$100
Passenger Revenue	$2,090,000	$1,024,100	$1,065,900
Ancillary (5%)	$104,500	$51,205	$53,295
Total Revenue	$2,194,500	$1,075,305	$1,119,195
Block Hours	1,948	938	1,010
Direct Expenses			
Aircraft Expense	$540,000	$270,000	$270,000
Hull Insurance	$141,000	$70,500	$70,500
Fuel	$1,475,783	$710,442	$765,341
Deicing	$40,000	$10,000	$30,000
Flight Operations	$685,322	$329,914	$355,408
Maintenance	$1,691,065	$814,079	$876,986
Engine Reserves	$158,926	$76,507	$82,419
Total Direct Expense	$4,732,096	$2,278,031	$2,454,065
Total Indirect	$1,618,535	$779,163	$839,372
Total Cost	$6,350,631	$3,057,194	$3,293,437
Operating (Loss)	$4,156,131	$2,000,761	$2,155,370
5% Operating Margin	$317,532	$152,860	$164,672
Annual Compensation Requirement	$4,473,662	$2,153,621	$2,320,041
Subsidy/Passenger	$214	$210	$218
Subsidy/BH	$2,297	$2,297	$2,297

Proposed service between Dodge City, KS; Liberal, KS / Guymon, OK and Denver, CO.

12 Weekly frequencies are proposed for the Dodge City, KS; Liberal, KS / Guymon, OK and Denver, CO communities. KEY LIME AIR will operate these flights using a either 30-seat aircraft or 19-seat aircraft from its existing fleet. Service would allow for a person to fly from any city into Denver and conduct a full days' worth of business and still be able to fly home in the evening.

KEY LIME AIR owns, operates and maintains its entire fleet of aircraft enabling the company to effectively control its stringent operational and maintenance programs to the highest standards.

Below are proposed schedules (subject to change based on FAA crew requirements and changes the communities might recommend) for each city:

Frequency	Origin	Destination	Departure	Arrival	Block Time
Mon - Sat	Dodge City, KS	Liberal, KS / Guymon, OK	7:00 AM	7:30 AM	0:30
Mon - Sat	Liberal, KS / Guymon, OK	Denver, CO	7:40 AM	7:50 AM	1:10
Daily	Denver, CO	Dodge City, KS	10:30 AM	12:40 PM	1:10
Daily	Dodge City, KS	Liberal, KS / Guymon, OK	12:50 PM	1:20 PM	0:30
Daily	Liberal, KS / Guymon, OK	Denver, CO	1:30 PM	1:40 PM	1:10
Sun - Fri	Denver, CO	Liberal, KS / Guymon, OK	6:30 PM	8:40 PM	1:10
Sun - Fri	Liberal, KS / Guymon, OK	Dodge City, KS	8:50 PM	9:20 PM	0:30

Option 1 (LBL/DDC/DEN 19 Seat Part 121 - domestic operation)

KEY LIME AIR will operate this service pursuant to Part 121 of Federal Aviation Regulations. We will utilize the 19 seat Metroliner turboprop aircraft for this option.

Route	Combined	LBF	EAR
Traffic	7,600	3,724	3,876
Fare	$110	$100	$100
Passenger Revenue	$836,000	$372,400	$387,600
Ancillary (5%)	$41,800	$18,620	$19,380
Total Revenue	$877,800	$391,020	$406,980
Block Hours	1,782	858	924
Direct Expenses			
Aircraft Expense	$60,000	$30,000	$30,000
Hull Insurance	$66,000	$33,000	$33,000
Fuel	$621,833	$299,351	$322,483
Deicing	$50,000	$10,000	$40,000
Flight Operations	$1,346,832	$648,365	$698,467
Maintenance	$628,952	$302,778	$326,175
Engine Reserves	$158,926	$76,507	$82,419
Total Direct Expense	$2,932,544	$1,411,727	$1,520,817
Total Indirect	$1,442,901	$694,612	$748,288
Total Cost	$4,375,444	$2,106,339	$2,269,106
Operating (Loss)	$3,497,644	$1,683,766	$1,813,878
5% Operating Margin	$218,772	$105,317	$113,455
Annual Compensation Requirement	$3,716,417	$1,789,083	$1,927,334
Subsidy/Passenger	$489	$480	$497
Subsidy/BH	$2,086	$2,086	$2,086

Option 2 (LBL/DDC/DEN 135 Metroliner - On Demand or Scheduled)

135 Scheduled will be conducted under Commuter Operations Specifications and our DOT Commuter Air Carrier Authorization issued under Part 298 of the Department's Economic Regulations. This operation will be limited to 9 seats

or

135 On Demand will be conducted as Public Charters in accordance with Part 380 concurrent with our DOT Commuter Air Carrier Authorization issued under Part 298 of the Department's Economic Regulations. This operation will have all 19 seats available.

Route	Combined	LBF	EAR
Traffic	7,600	3,724	3,876
Fare	$110	$100	$100
Passenger Revenue	$836,000	$372,400	$387,600
Ancillary (5%)	$41,800	$18,620	$19,380
Total Revenue	$877,800	$391,020	$406,980
Block Hours	1,782	858	924
Direct Expenses			
Aircraft Expense	$60,000	$30,000	$30,000
Hull Insurance	$66,000	$33,000	$33,000
Fuel	$621,833	$299,351	$322,483
Deicing	$50,000	$10,000	$40,000
Flight Operations	$521,745	$251,168	$270,577
Maintenance	$528,952	$254,638	$274,315
Engine Reserves	$158,926	$76,507	$82,419
Total Direct Expense	$2,007,457	$966,390	$1,041,067
Total Indirect	$1,442,901	$694,612	$748,288
Total Cost	$3,450,357	$1,661,002	$1,789,355
Operating (Loss)	$2,572,557	$1,238,429	$1,334,128
5% Operating Margin	$172,518	$83,050	$89,468
Annual Compensation Requirement	$2,745,075	$1,321,479	$1,423,596
Subsidy/Passenger	$361	$355	$367
Subsidy/BH	$1,540	$1,540	$1,540

Option 3 (LBL/DDC/DEN 135 – 30 Seat Dornier Jet)

135 On Demand will be conducted as Public Charters in accordance with Part 380 concurrent with our DOT Commuter Air Carrier Authorization issued under Part 298 of the Department's Economic Regulations. This operation will have all 30 seats available.

Route	Combined	LBF	EAR
Traffic	7,600	3,724	3,876
Fare	$110	$100	$100
Passenger Revenue	$836,000	$372,400	$387,600
Ancillary (5%)	$41,800	$18,620	$19,380
Total Revenue	$877,800	$391,020	$406,980
Block Hours	1,762	848	914
Direct Expenses			
Aircraft Expense	$540,000	$270,000	$270,000
Hull Insurance	$141,000	$70,500	$70,500
Fuel	$1,343,238	$646,635	$696,603
Deicing	$40,000	$10,000	$30,000
Flight Operations	$685,322	$329,914	$355,408
Maintenance	$1,443,265	$694,788	$748,477
Engine Reserves	$158,926	$76,507	$82,419
Total Direct Expense	$4,351,751	$2,094,933	$2,256,818
Total Indirect	$1,292,535	$622,226	$670,309
Total Cost	$5,644,286	$2,717,159	$2,927,127
Operating (Loss)	$4,766,486	$2,294,586	$2,471,900
5% Operating Margin	$282,214	$135,858	$146,356
Annual Compensation Requirement	$5,048,701	$2,430,444	$2,618,256
Subsidy/Passenger	$664	$653	$676
Subsidy/BH	$2,865	$2,865	$2,865