

The Standard Industry Fare Level Methodology for Determining  
Change in Operating Expense per Available Seat-Mile  
Domestic Operations of the Major Carriers

**September 30, 2012**

Total Operating Expense 1/ (000)	\$97,462,215
Less: Property and Mail Revenue 2/ (000)	\$3,451,315
Charter Revenues 3/ (000)	\$603,866
Transport Related Expense Plus Subsidy 4/ (000)	\$15,968,445
Passenger Operating Expense (000)	\$77,438,590
Passenger Fuel Cost 5/ (000)	\$25,058,978
Passenger Non-Fuel Cost (000)	\$52,379,612
Scheduled Service Available Seat-Miles (millions)	577,443
Non-Fuel Operating Expense per Seat-Mile (\$)	0.09071
Fuel Expense per Seat-Mile (\$)	0.04340
Total Expense per Seat-Mile (\$)	0.13411

**September 30, 2011**

Total Operating Expense 1/ (000)	\$91,671,186
Less: Property and Mail Revenue 2/ (000)	\$3,584,274
Charter Revenues 3/ (000)	\$421,199
Transport Related Expense 4/ (000)	\$15,717,824
Passenger Operating Expense (000)	\$71,947,889
Passenger Fuel Cost 5/ (000)	\$23,304,406
Passenger Non-Fuel Cost (000)	\$48,643,483
Scheduled Service Available Seat-Miles (millions)	575,042
Non-Fuel Operating Expense per Seat-Mile (\$)	0.08459
Fuel Expense per Seat-Mile (\$)	0.04053
Total Expense per Seat-Mile (\$)	0.12512

**Estimated Expense per Available Seat-Mile at October 1, 2012**

Percent Change in Non-Fuel Unit Expense 6/ (%)	7.23
Projected Change in Non-Fuel Unit Expense from Y.E. September 30, 2012 to October 1, 2012 7/ (%)	3.55
Percent change in Unit Fuel Expense 6/ (%)	7.08
Change in Fuel Cost at October 1, 2012 8/	(1.62)
Non-Fuel Expense per Available Seat-Mile at October 1, 2012 9/	0.09393
Fuel per Available Seat-Mile at October 1, 2012 9/	0.04269
Total Expense per Available Seat-Mile at October 1, 2012	0.13663

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Expense per Available Seat-Mile at October 1, 2012		0.13663
Projected Expense per Available Seat-Mile at July 1, 1977 10/		0.04549
Cost Adjustment Factor at October 1, 2012		3.00347
Cost Adjustment Factor at April 1, 2012		2.90664
Percentage Change From Preceding Period:		3.33
<u>D.P.F.I. Formula Effective July 15, 1977 11/</u>		
Terminal Charge	\$16.16	
Plus: (\$)	0.0884	<b>per mile (0-500 miles)</b>
	0.0674	<b>per mile (501-1,500 miles)</b>
	0.0648	<b>per mile (Over-1,500 miles)</b>
<u>S.I.F.L. Formula Effective July 1, 2012 through December 31, 2012 12/</u>		
Terminal Charge	\$48.54	
Plus: (\$)	0.2655	<b>per mile (0-500 miles)</b>
	0.2024	<b>per mile (501-1,500 miles)</b>
	0.1946	<b>per mile (Over-1,500 miles)</b>

1/ Total Operating Expense, all services, for the following major carriers: AirTran (FL), Alaska (AS), American (AA), American Eagle (MQ), Atlantic Southeast (EV), Comair (OH), Continental (CO), Delta (DL), Frontier (F9), Hawaiian (HA), JetBlue (B6), SkyWest (OO), Southwest (WN), United (UA) and US Airways (US).

2/ Total scheduled service cargo revenue. Includes all mail, freight, express and excess baggage revenues.

3/ Total non-scheduled revenue times .95, assuming charter operations would only be conducted at a profit.

4/ No adjustment has been made for the difference between transport related revenues and transport related expenses. Amounts include subsidy payments.

5/ Total fuel cost, times complement of Property and Mail Revenue to Total Operating Expense.

6/ Change in unit rate from one year to the next.

7/ Percentage change (ratio) in Non-Fuel Unit Expense raised to the .50 power. (Unit rate projected six months from the midpoint of the base year to the midpoint of the six-month projection period.)

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9/ Operating Expense per Seat-Mile for the Y.E. March period, times percentage changes, above.

10/ Year Ended March 1977 cost per ASM, times cost escalation factor of 1.04543 (to July 5, 1977). See D.P.F.I. Workpapers, Y.E. March 1977, and C.A.B. Order 80-12-96, which incorporated the capitalized lease adjustment required under F.A.S.B. standard 13.

11/ Order 77-7-26.

12/ D.P.F.I. Fare Formula effective July 15, 1977, times Cost Adjustment Factor at April 1.

Note: Some of the airlines have included special charges for aircraft groundings and impairments, workforce reductions and other similar special items in operating expenses. Because of the effort to reflect "normal" operations as part of the ratemaking nature of the SIFL calculation, adjustments were made to total operating expenses to reflect these special items.

Fuel Price Per Gallon, Domestic Operations  
of the Major, National and Large Regional Carriers

<u>Month</u>	Average Price per Gallon (cents)	Change From Preceding Month (%)
2011-January	262.28	
2011-February	276.29	5.34
2011-March	282.07	2.09
2011-April	299.45	6.16
2011-May	305.26	1.94
2011-June	293.75	-3.77
2011-July	292.85	-0.31
2011-August	292.92	0.02
2011-September	297.34	1.51
2011-October	281.74	-5.25
2011-November	289.45	2.74
2011-December	284.50	-1.71
2012-January	295.87	4.00
2012-February	303.35	2.53
2012-March	311.83	2.79
2012-April	315.11	1.05
2012-May	305.22	-3.14
2012-June	283.17	-7.22
2012-July	280.96	-0.78
2012-August	290.79	3.50
2012-September	303.40	4.34
2012-October	309.19	1.91
2012-November	297.98	-3.62
2012-December	290.44	-2.53
Fuel Cost/Gallon at October 1, 2012		290.44
Fuel Cost/Gallon for Y.E. September 30, 2012		295.21
Percentage Change (%)		-1.62