

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

Y.E. March 31, 2020

Total Operating Expense 1/ (000)	\$129,626,226
Less: Property and Mail Revenue 2/ (000)	\$5,336,268
Charter Revenues 3/ (000)	\$460,407
Transport Related Expense Plus Subsidy 4/ (000)	\$21,553,681
Passenger Operating Expense (000)	\$102,275,871
Passenger Fuel Cost 5/ (000)	\$20,132,732
Passenger Non-Fuel Cost (000)	\$82,143,139
Scheduled Service Available Seat-Miles (millions)	839,039
Non-Fuel Operating Expense per Seat-Mile	9.790 ¢
Fuel Expense per Seat-Mile	2.399 ¢
Total Expense per Seat-Mile	12.190 ¢

Y.E. March 31, 2019

Total Operating Expense 1/ (000)	\$125,234,561
Less: Property and Mail Revenue 2/ (000)	\$4,914,775
Charter Revenues 3/ (000)	\$442,555
Transport Related Expense Plus Subsidy 4/ (000)	\$21,384,344
Passenger Operating Expense (000)	\$98,492,886
Passenger Fuel Cost 5/ (000)	\$21,809,300
Passenger Non-Fuel Cost (000)	\$76,683,586
Scheduled Service Available Seat-Miles (millions)	818,716
Non-Fuel Operating Expense per Seat-Mile	9.366 ¢
Fuel Expense per Seat-Mile	2.664 ¢
Total Expense per Seat-Mile	12.030 ¢

Estimated Expense per Available Seat-Mile at April 1, 2020

Percent Change in Non-Fuel Unit Expense 6/ (%)	4.52%
Projected Change in Non-Fuel Unit Expense	
Y.E. March 31, 2020 to April 01, 2020 7/ (%)	2.24%
Percent Change in Unit Fuel Expense 6/ (%)	-9.92%
Change in Fuel Cost at April 1, 2020 8/	-17.16%
Non-Fuel Expense per Available Seat-Mile at April 1, 2020 9/	10.009 ¢
Fuel per Available Seat-Mile at April 1, 2020 9/	1.988 ¢
Total Expense per Available Seat-Mile at April 1, 2020	11.997 ¢

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Expense per Available Seat-Mile at April 1, 2020	11.997 ¢
Projected Expense per Available Seat-Mile at July 1, 1977 10/	4.549 ¢
Cost Adjustment Factor at April 1, 2020	2.63725
Cost Adjustment Factor at October 1, 2019	2.65110
Percentage Change From Preceding Period:	-0.52%

D.P.F.I. Formula Effective July 15, 1977 11/

Terminal Charge	\$16.16
Plus:	0.0884 per mile (0-500 miles)
	0.0674 per mile (501-1,500 miles)
	0.0648 per mile (Over 1,500 miles)

S.I.F.L. Formula Effective January 1, 2020 through June 30, 2020 12/

Terminal Charge	\$42.62
Plus:	0.2331 per mile (0-500 miles)
	0.1778 per mile (501-1,500 miles)
	0.1709 per mile (Over 1,500 miles)

1/ Total Operating Expense, all services, for the following major carriers: Alaska (AS), Allegiant Air (G4), American (AA), Delta (DL), Envoy Air (MQ), Frontier (F9), Hawaiian (HA), JetBlue (B6), Republic (YX), SkyWest (OO), Southwest (WN), Spirit (NK), United (UA)

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 31, 2020 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, 2020

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>	<u>Average Price per Gallon</u>	<u>Change From Preceding Month (%)</u>
2018-July	219.29 ¢	
2018-August	219.29 ¢	0.00%
2018-September	223.31 ¢	1.83%
2018-October	234.14 ¢	4.85%
2018-November	225.19 ¢	-3.82%
2018-December	203.36 ¢	-9.70%
2019-January	190.83 ¢	-6.16%
2019-February	199.03 ¢	4.30%
2019-March	202.22 ¢	1.61%
2019-April	205.77 ¢	1.75%
2019-May	211.73 ¢	2.90%
2019-June	199.50 ¢	-5.78%
2019-July	198.74 ¢	-0.38%
2019-August	193.73 ¢	-2.52%
2019-September	196.18 ¢	1.26%
2019-October	196.99 ¢	0.42%
2019-November	199.34 ¢	1.19%
2019-December	201.21 ¢	0.94%
2020-January	198.50 ¢	-1.35%
2020-February	179.42 ¢	-9.61%
2020-March	146.10 ¢	-18.57%
2020-April	145.56 ¢	-0.37%
2020-May	106.54 ¢	-26.81%
2020-June	112.47 ¢	5.57%
Fuel Cost/Gallon at April 1, 2020	161.35 ¢	
Fuel Cost/Gallon for Y.E. March 31, 2020	194.78 ¢	
Percentage Change (%)	-17.16%	