

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

Y.E. September 30, 2020

Total Operating Expense 1/ (000)	\$92,647,334
Less: Property and Mail Revenue 2/ (000)	\$3,613,178
Charter Revenues 3/ (000)	\$455,177
Transport Related Expense Plus Subsidy 4/ (000)	\$16,302,562
Passenger Operating Expense (000)	\$72,276,418
Passenger Fuel Cost 5/ (000)	\$11,776,763
Passenger Non-Fuel Cost (000)	\$60,499,655
Scheduled Service Available Seat-Miles (millions)	578,173
Non-Fuel Operating Expense per Seat-Mile	10.464 ¢
Fuel Expense per Seat-Mile	2.037 ¢
Total Expense per Seat-Mile	12.501 ¢

Y.E. September 30, 2019

Total Operating Expense 1/ (000)	\$127,373,500
Less: Property and Mail Revenue 2/ (000)	\$5,252,855
Charter Revenues 3/ (000)	\$460,639
Transport Related Expense Plus Subsidy 4/ (000)	\$21,545,278
Passenger Operating Expense (000)	\$100,114,728
Passenger Fuel Cost 5/ (000)	\$21,098,491
Passenger Non-Fuel Cost (000)	\$79,016,237
Scheduled Service Available Seat-Miles (millions)	830,165
Non-Fuel Operating Expense per Seat-Mile	9.518 ¢
Fuel Expense per Seat-Mile	2.541 ¢
Total Expense per Seat-Mile	12.060 ¢

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

Percent Change in Non-Fuel Unit Expense 6/ (%)	9.94%
Projected Change in Non-Fuel Unit Expense	
Y.E. September 30, 2020 to October 01, 2020 7/ (%)	4.85%
Percent Change in Unit Fuel Expense 6/ (%)	-19.85%
Change in Fuel Cost at October 1, 2020 8/	-25.75%
Non-Fuel Expense per Available Seat-Mile at October 1, 2020 9/	10.972 ¢
Fuel per Available Seat-Mile at October 1, 2020 9/	1.512 ¢
Total Expense per Available Seat-Mile at October 1, 2020	12.484 ¢

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Expense per Available Seat-Mile at October 1, 2020	12.484 ¢
Projected Expense per Available Seat-Mile at July 1, 1977 10/	4.549 ¢
Cost Adjustment Factor at October 1, 2020	2.74434
Cost Adjustment Factor at April 1, 2020	2.63725
Percentage Change From Preceding Period:	4.06%

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 July 1, 2020 through December 31, 2020 12/

Terminal Charge	\$44.35
Plus:	0.2426 per mile (0-500 miles)
	0.1850 per mile (501-1,500 miles)
	0.1778 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. September 30, 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 October 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>
2019-January	190.83 ¢	
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	146.04 ¢	-18.60%
2020-April	145.56 ¢	-0.33%
2020-May	106.54 ¢	-26.81%
2020-June	112.47 ¢	5.57%
2020-July	117.68 ¢	4.63%
2020-August	121.16 ¢	2.95%
2020-September	117.77 ¢	-2.80%
2020-October	114.29 ¢	-2.95%
2020-November	121.02 ¢	5.89%
2020-December	147.38 ¢	21.78%
Fuel Cost/Gallon at October 1, 2020	123.83 ¢	
Fuel Cost/Gallon for Y.E. September 30, 2020	166.77 ¢	
Percentage Change (%)	-25.75%	