

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, 2023

Total Operating Expense 1/ (000)	\$160,214,637
Less: Property and Mail Revenue 2/ (000)	\$6,626,296
Charter Revenues 3/ (000)	\$563,559
Transport Related Expense Plus Subsidy 4/ (000)	\$20,452,000
Passenger Operating Expense (000)	\$132,572,783
Passenger Fuel Cost 5/ (000)	\$30,671,149
Passenger Non-Fuel Cost (000)	\$101,901,634
Scheduled Service Available Seat-Miles (millions)	874,026
Non-Fuel Operating Expense per Seat-Mile	11.659 ¢
Fuel Expense per Seat-Mile	3.509 ¢
Total Expense per Seat-Mile	15.168 ¢

Y.E. September 30, 2022

Total Operating Expense 1/ (000)	\$145,238,307
Less: Property and Mail Revenue 2/ (000)	\$6,411,700
Charter Revenues 3/ (000)	\$559,797
Transport Related Expense Plus Subsidy 4/ (000)	\$22,141,079
Passenger Operating Expense (000)	\$116,125,731
Passenger Fuel Cost 5/ (000)	\$28,853,534
Passenger Non-Fuel Cost (000)	\$87,272,197
Scheduled Service Available Seat-Miles (millions)	798,829
Non-Fuel Operating Expense per Seat-Mile	10.925 ¢
Fuel Expense per Seat-Mile	3.612 ¢
Total Expense per Seat-Mile	14.537 ¢

Estimated Expense per Available Seat-Mile at October 1, 2023

Percent Change in Non-Fuel Unit Expense 6/ (%)	6.72%
Projected Change in Non-Fuel Unit Expense Y.E. September 30, 2023 to October 01, 2023 7/ (%)	3.30%
Percent Change in Unit Fuel Expense 6/ (%)	-2.85%
Change in Fuel Cost at October 1, 2023 8/	-1.58%
Non-Fuel Expense per Available Seat-Mile at October 1, 2023 9/	12.044 ¢
Fuel per Available Seat-Mile at October 1, 2023 9/	3.454 ¢
Total Expense per Available Seat-Mile at October 1, 2023	15.498 ¢

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

Expense per Available Seat-Mile at October 1, 2023	15.498 ¢
Projected Expense per Available Seat-Mile at July 1, 1977 10/	4.549 ¢
Cost Adjustment Factor at October 1, 2023	3.40685
Cost Adjustment Factor at April 1, 2023	3.27834
Percentage Change From Preceding Period:	3.92%

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, 2023 through December 31, 2023 12/

Terminal Charge	\$55.05
Plus:	0.3012 per mile (0-500 miles)
	0.2296 per mile (501-1,500 miles)
	0.2208 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.)

8/ Page 3.

9/ Operating Expense per Seat-Mile for the Y.E. September 30, 2023 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, 2023

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>
2022-January	236.10 ¢	
2022-February	258.99 ¢	9.70%
2022-March	302.95 ¢	16.97%
2022-April	357.92 ¢	18.15%
2022-May	390.34 ¢	9.06%
2022-June	402.91 ¢	3.22%
2022-July	367.65 ¢	-8.75%
2022-August	345.32 ¢	-6.08%
2022-September	349.24 ¢	1.14%
2022-October	348.30 ¢	-0.27%
2022-November	333.05 ¢	-4.38%
2022-December	313.93 ¢	-5.74%
2023-January	332.79 ¢	6.01%
2023-February	325.29 ¢	-2.25%
2023-March	293.02 ¢	-9.92%
2023-April	266.18 ¢	-9.16%
2023-May	244.68 ¢	-8.08%
2023-June	243.88 ¢	-0.33%
2023-July	249.70 ¢	2.39%
2023-August	284.09 ¢	13.77%
2023-September	315.66 ¢	11.11%
2023-October	311.97 ¢	-1.17%
2023-November	301.65 ¢	-3.31%
2023-December	279.32 ¢	-7.40%
Fuel Cost/Gallon at October 1, 2023	289.80 ¢	
Fuel Cost/Gallon for Y.E. September 30, 2023	294.45 ¢	
Percentage Change (%)	-1.58%	