

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

March 31, 2015

Total Operating Expense 1/ (000)	\$102,898,088
Less: Property and Mail Revenue 2/ (000)	\$3,667,392
Charter Revenues 3/ (000)	\$501,312
Transport Related Expense Plus Subsidy 4/ (000)	\$16,803,406
Passenger Operating Expense (000)	\$81,925,979
Passenger Fuel Cost 5/ (000)	\$23,742,908
Passenger Non-Fuel Cost (000)	\$58,183,071
Scheduled Service Available Seat-Miles (millions)	665,393
Non-Fuel Operating Expense per Seat-Mile (\$)	0.08744
Fuel Expense per Seat-Mile (\$)	0.03568
Total Expense per Seat-Mile (\$)	0.12312

March 31, 2014

Total Operating Expense 1/ (000)	\$102,461,932
Less: Property and Mail Revenue 2/ (000)	\$3,446,063
Charter Revenues 3/ (000)	\$475,220
Transport Related Expense 4/ (000)	\$17,221,580
Passenger Operating Expense (000)	\$81,319,069
Passenger Fuel Cost 5/ (000)	\$24,957,015
Passenger Non-Fuel Cost (000)	\$56,362,054
Scheduled Service Available Seat-Miles (millions)	650,561
Non-Fuel Operating Expense per Seat-Mile (\$)	0.08664
Fuel Expense per Seat-Mile (\$)	0.03836
Total Expense per Seat-Mile (\$)	0.12500

Estimated Expense per Available Seat-Mile at April 1, 2015

Percent Change in Non-Fuel Unit Expense 6/ (%)	0.93
Projected Change in Non-Fuel Unit Expense from Y.E.	
March 31, 2015 to April 1, 2015 7/ (%)	0.46
Percent change in Unit Fuel Expense 6/ (%)	(6.99)
Change in Fuel Cost at April 1, 2015 8/	(8.64)
Non-Fuel Expense per Available Seat-Mile at April 1, 2015 9/	0.08785
Fuel per Available Seat-Mile at April 1, 2015 9/	0.03260
Total Expense per Available Seat-Mile at April 1, 2015	0.12045

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Expense per Available Seat-Mile at April 1, 2015	0.12045
Projected Expense per Available Seat-Mile at July 1, 1977 10/	0.04549
Cost Adjustment Factor at April 1, 2015	2.64781
Cost Adjustment Factor at October 1, 2014	3.00280
Percentage Change From Preceding Period:	(11.82)

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, 2015 through June 30, 2015 12/

Terminal Charge	\$42.79	
Plus: (\$)	0.2341	per mile (0-500 miles)
	0.1785	per mile (501-1,500 miles)
	0.1716	per mile (Over-1,500 miles)

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>	<u>Average Price per Gallon (cents)</u>	<u>Change From Preceding Month (%)</u>
July 2013	291.41	
August 2013	304.99	4.66
September 2013	308.48	1.14
October 2013	304.53	-1.28
November 2013	302.15	-0.78
December 2013	302.78	0.21
January 2014	309.13	2.10
February 2014	304.43	-1.52
March 2014	300.41	-1.32
April 2014	297.95	-0.82
May 2014	298.86	0.31
June 2014	296.98	-0.63
July 2014	299.85	0.97
August 2014	298.18	-0.56
September 2014	288.93	-3.10
October 2014	269.20	-6.83
November 2014	257.61	-4.31
December 2014	231.47	-10.15
January 2015	193.59	-16.36
February 2015	222.97	15.18
March 2015	200.67	-10.00
April 2015	192.25	-4.20
May 2015	209.01	8.72
June 2015	203.94	-2.43
Fuel Cost/Gallon at April 1, 2015		274.21
Fuel Cost/Gallon for Y.E. March 31, 2015		300.13
Percentage Change (%)		-8.64