

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

September 30, 2013

Total Operating Expense 1/ (000)	\$98,065,827
Less: Property and Mail Revenue 2/ (000)	\$3,259,144
Charter Revenues 3/ (000)	\$502,784
Transport Related Expense Plus Subsidy 4/ (000)	\$17,754,508
Passenger Operating Expense (000)	\$76,549,392
Passenger Fuel Cost 5/ (000)	\$24,680,351
Passenger Non-Fuel Cost (000)	\$51,869,040
Scheduled Service Available Seat-Miles (millions)	586,575
Non-Fuel Operating Expense per Seat-Mile (\$)	0.08843
Fuel Expense per Seat-Mile (\$)	0.04208
Total Expense per Seat-Mile (\$)	0.13050

September 30, 2012

Total Operating Expense 1/ (000)	\$96,655,415
Less: Property and Mail Revenue 2/ (000)	\$3,429,873
Charter Revenues 3/ (000)	\$603,642
Transport Related Expense 4/ (000)	\$16,360,660
Passenger Operating Expense (000)	\$76,261,240
Passenger Fuel Cost 5/ (000)	\$25,055,552
Passenger Non-Fuel Cost (000)	\$51,205,688
Scheduled Service Available Seat-Miles (millions)	577,418
Non-Fuel Operating Expense per Seat-Mile (\$)	0.08868
Fuel Expense per Seat-Mile (\$)	0.04339
Total Expense per Seat-Mile (\$)	0.13207

Estimated Expense per Available Seat-Mile at October 1, 2013

Percent Change in Non-Fuel Unit Expense 6/ (%)	(0.29)
Projected Change in Non-Fuel Unit Expense from Y.E. September 30, 2013 to October 1, 2013 7/ (%)	(0.14)
Percent change in Unit Fuel Expense 6/ (%)	(3.04)
Change in Fuel Cost at October 1, 2013 8/	(2.21)
Non-Fuel Expense per Available Seat-Mile at October 1, 2013 9/	0.08830
Fuel per Available Seat-Mile at October 1, 2013 9/	0.04114
Total Expense per Available Seat-Mile at October 1, 2013	0.12944

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Expense per Available Seat-Mile at October 1, 2013	0.12944
Projected Expense per Available Seat-Mile at July 1, 1977 10/	0.04549
Cost Adjustment Factor at October 1, 2013	2.84556
Cost Adjustment Factor at April 1, 2013	3.00280
Percentage Change From Preceding Period:	(5.24)

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, 2013 through December 31, 2013 12/

Terminal Charge	\$45.98	
Plus: (\$)	0.2515	per mile (0-500 miles)
	0.1918	per mile (501-1,500 miles)
	0.1844	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>	Average Price per Gallon (cents)	Change From Preceding Month (%)
2012-January	314.25	
2012-February	324.95	3.40
2012-March	333.07	2.50
2012-April	334.71	0.49
2012-May	324.74	-2.98
2012-June	300.04	-7.61
2012-July	296.52	-1.17
2012-August	309.69	4.44
2012-September	322.92	4.27
2012-October	330.23	2.26
2012-November	318.20	-3.64
2012-December	313.26	-1.55
2013-January	312.63	-0.20
2013-February	328.48	5.07
2013-March	320.42	-2.45
2013-April	305.08	-4.79
2013-May	292.02	-4.28
2013-June	290.64	-0.47
2013-July	291.61	0.33
2013-August	307.06	5.30
2013-September	308.41	0.44
2013-October	304.30	-1.33
2013-November	301.86	-0.80
2013-December	302.10	0.08
Fuel Cost/Gallon at October 1, 2013		302.37
Fuel Cost/Gallon for Y.E. September 30, 2013		309.22
Percentage Change (%)		-2.21