

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, 2018

Total Operating Expense 1/ (000)	\$113,159,320
Less: Property and Mail Revenue 2/ (000)	\$4,610,883
Charter Revenues 3/ (000)	\$456,983
Transport Related Expense Plus Subsidy 4/ (000)	\$18,872,908
Passenger Operating Expense (000)	\$89,218,547
Passenger Fuel Cost 5/ (000)	\$17,315,450
Passenger Non-Fuel Cost (000)	\$71,903,096
Scheduled Service Available Seat-Miles (millions)	769,221
Non-Fuel Operating Expense per Seat-Mile	9.348 ¢
Fuel Expense per Seat-Mile	2.251 ¢
Total Expense per Seat-Mile	11.599 ¢

Y.E. March 31, 2017

Total Operating Expense 1/ (000)	\$104,740,114
Less: Property and Mail Revenue 2/ (000)	\$4,255,150
Charter Revenues 3/ (000)	\$477,302
Transport Related Expense Plus Subsidy 4/ (000)	\$17,530,361
Passenger Operating Expense (000)	\$82,477,301
Passenger Fuel Cost 5/ (000)	\$14,606,592
Passenger Non-Fuel Cost (000)	\$67,870,709
Scheduled Service Available Seat-Miles (millions)	739,725
Non-Fuel Operating Expense per Seat-Mile	9.175 ¢
Fuel Expense per Seat-Mile	1.975 ¢
Total Expense per Seat-Mile	11.150 ¢

Estimated Expense per Available Seat-Mile at April 1, 2018

Percent Change in Non-Fuel Unit Expense 6/ (%)	1.88%
Projected Change in Non-Fuel Unit Expense Y.E. March 31, 2018 to April 01, 2018 7/ (%)	0.94%
Percent Change in Unit Fuel Expense 6/ (%)	14.00%
Change in Fuel Cost at April 1, 2018 8/	17.06%
Non-Fuel Expense per Available Seat-Mile at April 1, 2018 9/	9.435 ¢
Fuel per Available Seat-Mile at April 1, 2018 9/	2.635 ¢
Total Expense per Available Seat-Mile at April 1, 2018	12.070 ¢

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Expense per Available Seat-Mile at April 1, 2018	12.070 ¢
Projected Expense per Available Seat-Mile at July 1, 1977 10/	4.549 ¢
Cost Adjustment Factor at April 1, 2018	2.65333
Cost Adjustment Factor at October 1, 2017	2.58131
Percentage Change From Preceding Period:	2.79%

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, 2018 through June 30, 2018 12/

Terminal Charge	\$42.88	
Plus:	0.2346	per mile (0-500 miles)
	0.1788	per mile (501-1,500 miles)
	0.1719	per mile (Over 1,500 miles)

1/ Total Operating Expense, all services, for the following major carriers: Alaska (AS/VX), Allegiant Air (G4), American (AA), Delta (DL), Envoy Air (MQ), ExpressJet (EV), Frontier (F9), Hawaiian (HA), JetBlue (B6), 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, 2018 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, 2018

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>
2016-July	149.90 ¢	
2016-August	144.09 ¢	-3.88%
2016-September	147.97 ¢	2.69%
2016-October	158.71 ¢	7.26%
2016-November	145.13 ¢	-8.56%
2016-December	160.80 ¢	10.80%
2017-January	164.52 ¢	2.31%
2017-February	170.32 ¢	3.52%
2017-March	164.83 ¢	-3.22%
2017-April	165.91 ¢	0.66%
2017-May	160.22 ¢	-3.43%
2017-June	153.30 ¢	-4.32%
2017-July	155.25 ¢	1.27%
2017-August	164.62 ¢	6.04%
2017-September	180.70 ¢	9.77%
2017-October	182.02 ¢	0.73%
2017-November	187.29 ¢	2.90%
2017-December	191.01 ¢	1.99%
2018-January	201.79 ¢	5.64%
2018-February	202.26 ¢	0.24%
2018-March	195.55 ¢	-3.32%
2018-April	207.73 ¢	6.23%
2018-May	218.38 ¢	5.13%
2018-June	220.30 ¢	0.88%
Fuel Cost/Gallon at April 1, 2018	208.02 ¢	
Fuel Cost/Gallon for Y.E. March 31, 2018	177.70 ¢	
Percentage Change (%)	17.06%	