

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, 2019

Total Operating Expense 1/ (000)	\$125,235,041
Less: Property and Mail Revenue 2/ (000)	\$4,738,171
Charter Revenues 3/ (000)	\$442,555
Transport Related Expense Plus Subsidy 4/ (000)	\$21,384,344
Passenger Operating Expense (000)	\$98,669,970
Passenger Fuel Cost 5/ (000)	\$21,841,315
Passenger Non-Fuel Cost (000)	\$76,828,656
Scheduled Service Available Seat-Miles (millions)	819,473
Non-Fuel Operating Expense per Seat-Mile	9.375 ¢
Fuel Expense per Seat-Mile	2.665 ¢
Total Expense per Seat-Mile	12.041 ¢

Y.E. March 31, 2018

Total Operating Expense 1/ (000)	\$112,866,986
Less: Property and Mail Revenue 2/ (000)	\$4,606,249
Charter Revenues 3/ (000)	\$456,983
Transport Related Expense Plus Subsidy 4/ (000)	\$18,872,873
Passenger Operating Expense (000)	\$88,930,881
Passenger Fuel Cost 5/ (000)	\$17,314,363
Passenger Non-Fuel Cost (000)	\$71,616,517
Scheduled Service Available Seat-Miles (millions)	773,960
Non-Fuel Operating Expense per Seat-Mile	9.253 ¢
Fuel Expense per Seat-Mile	2.237 ¢
Total Expense per Seat-Mile	11.490 ¢

Estimated Expense per Available Seat-Mile at April 1, 2019

Percent Change in Non-Fuel Unit Expense 6/ (%)	1.32%
Projected Change in Non-Fuel Unit Expense	
Y.E. March 31, 2019 to April 01, 2019 7/ (%)	0.66%
Percent Change in Unit Fuel Expense 6/ (%)	19.14%
Change in Fuel Cost at April 1, 2019 8/	-5.67%
Non-Fuel Expense per Available Seat-Mile at April 1, 2019 9/	9.437 ¢
Fuel per Available Seat-Mile at April 1, 2019 9/	2.514 ¢
Total Expense per Available Seat-Mile at April 1, 2019	11.951 ¢

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Expense per Available Seat-Mile at April 1, 2019	11.951 ¢
Projected Expense per Available Seat-Mile at July 1, 1977 10/	4.549 ¢
Cost Adjustment Factor at April 1, 2019	2.62719
Cost Adjustment Factor at October 1, 2018	2.69362
Percentage Change From Preceding Period:	-2.47%

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, 2019 through June 30, 2019 12/

Terminal Charge	\$42.46
Plus:	0.2322 per mile (0-500 miles)
	0.1771 per mile (501-1,500 miles)
	0.1702 per mile (Over 1,500 miles)

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- 1/ Total Operating Expense, all services, for the following major carriers: Alaska (AS/VX), 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. March 31, 2019 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, 2019

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>
2017-July	155.25 ¢	
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	201.77 ¢	5.63%
2018-February	202.25 ¢	0.24%
2018-March	195.53 ¢	-3.32%
2018-April	207.72 ¢	6.23%
2018-May	218.36 ¢	5.12%
2018-June	220.29 ¢	0.88%
2018-July	219.29 ¢	-0.46%
2018-August	219.29 ¢	0.00%
2018-September	223.31 ¢	1.83%
2018-October	234.14 ¢	4.85%
2018-November	225.19 ¢	-3.82%
2018-December	203.36 ¢	-9.70%
2019-January	190.83 ¢	-6.16%
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%
Fuel Cost/Gallon at April 1, 2019	201.72 ¢	
Fuel Cost/Gallon for Y.E. March 31, 2019	213.85 ¢	
Percentage Change (%)	-5.67%	