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Order 2000-6-15

Served June 27, 2000



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 22nd day of June, 2000

INTRA-ALASKA BUSH
SERVICE MAIL RATES

Docket OST-95-405 - 74

ORDER UPDATING QUARTERLY FUEL COSTS

Summary

By this order the Department is increasing the linehaul portion of the Intra-Alaska bush mail rates by 2.01% over the current rate, effective July 1, 2000, to reflect recent large fuel price increases, consistent with the methodology established in Order 2000-5-30.

Background

By Order 2000-5-30 the Department established final mail rates for carriage of bush mail for the period beginning June 8, 2000, until further Department action. As more fully discussed in Order 99-12-15, December 17, 1999, the Department agreed to apply quarterly fuel cost updates to the mainline rates in view of the spike in fuel prices. Most recently, Order 2000-5-30 made the quarterly adjustments applicable to the bush rates as well, based on fourth quarter 1999 fuel costs.

Order 2000-5-30 stated that we would continue this quarterly update of fuel until further Department action. Since the carriers' traffic and financial data are to be reported 45 days after the end of the accounting period, we will make quarterly adjustments effective on the first day of the quarter following the end of the prior reporting period, but will not make any changes to non-fuel costs. The data in Appendix C show that fuel costs have increased to \$86.56 per block hour from the \$75.05 rate in the preceding quarter. This produces a 2.01% increase in the overhaul linehaul mail rate as shown in Appendix A. The terminal portion of the mail rate is, of course, unaffected by our update of the linehaul for fuel costs. The next adjustment for fuel costs would be based on data for the quarter ended June 30, 2000, and would be effective for the period October 1, 2000, through December 31, 2000, unless we decide to return to annual updates at that time.

ACCORDINGLY,

1. We fix, determine, and publish the proposed final rate specified in Appendix A, to be effective for the period beginning July 1, 2000, until further Department action;

2. This docket shall remain open until further order of the Department; and
3. We will serve this order upon all parties on the Service List for this Docket.

By:

A. BRADLEY MIMS
Acting Assistant Secretary for Aviation
and International Affairs

(SEAL)

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http://dms.dot.gov/reports/reports_aviation.asp

INTRA-ALASKA BUSH SERVICE MAIL RATES
Final Rate and Percentage Increase

	<u>Base Year</u> <u>Rates</u> 1	<u>Adjustment</u> <u>Factors</u> 2	<u>Effective</u> <u>7/1--9/30</u> <u>Final Rate</u> 3	<u>Order 2000-5-30</u> <u>Preceding Rate</u> 4	<u>Percentage</u> <u>Increase</u> 5
Linehaul Charge per Billing Ton-Mile	\$5.9525	64.58%	\$9.7966	\$9.6032	2.01%

Sources:

Column 1. Appendix E, Order 90-10-34.

Column 2. Appendix B to this order.

Column 3. Column 1 increased by column 2.

INTRA-ALASKA BUSH SERVICE MAIL RATES
Quarterly Adjustment Factors

	Base Year Ended <u>9/30/80</u>	4th Quarter <u>Unit Costs</u>	1st Quarter <u>Unit Costs</u>
Unit Cost per Available Ton-Mile			
Fuel		\$75.05 1/	\$83.56 2/
<u>Nonfuel</u>		<u>\$346.93</u> 1/	<u>\$346.93</u> 1/
Total	\$261.57 1/	\$421.98	\$430.49
Percentage Change from Base Year		61.33%	64.58%

1/ Per Order 2000-5-30.

2/ Appendix C to this order.

INTRA-ALSAK BUSH SERVICE MAIL RATES
Summary of Carriers' Fuel Portion of Linehaul Expenses

	<u>QE 3/31/00</u>		
	<u>Fuel Exp.</u>	<u>Hours</u>	<u>Unit Cost</u>
Arctic Circle	\$145,940	2,102	\$69.43
ATS	\$146,045	1,955	\$74.70
Baker	\$44,809	885	\$50.63
Bering	\$364,585	3,261	\$111.80
Camai	\$59,253	1,475	\$40.17
Cape Smythe	\$385,357	2,848	\$135.31
ERA 1/	\$425,499	3,550	\$119.86
Frontier	\$540,905	5,278	\$102.48
Grant	\$314,183	3,766	\$83.43
Hageland	\$395,091	5,653	\$69.89
Larry's	\$139,533	2,230	\$62.57
Peninsula	\$818,244	9,287	\$88.11
Tanana	\$94,724	2,055	\$46.09
Taquan	\$15,318	287	\$53.37
Warbelow	\$210,042	2,963	\$70.89
Wings	\$84,726	1,374	\$61.66
Wright	\$103,941	1,778	\$58.46
Yute	\$80,634	1,539	\$52.39
Total	\$4,368,829	52,286	\$83.56

1/ Includes expenses reported for Twin Otters, DC-3, and King Air aircraft.
Excludes expenses reported for DH8-100 and CV-580 mainline aircraft.