

Order 2001-12-9  
Served: December 12, 2001



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

Issued by the Department of Transportation  
on the 12<sup>th</sup> day of December, 2001

INTRA-ALASKA BUSH AND  
MAINLINE MAIL RATES

Dockets OST-95-405 - 105  
&  
OST-95-429 - 157

**ORDER UPDATING RATES FOR QUARTERLY FUEL COSTS**

**Summary**

By this order the Department is making its regular quarterly adjustments to the Intra-Alaska mainline and bush mail rates to reflect the most recent quarterly changes in fuel costs, effective January 1, 2002, and reflecting fuel expenses for the QE September 30, 2001, consistent with the methodologies established in Orders 99-12-15 and 2000-5-30.

**Background**

By Order 2001-3-11 the Department established final mail rates for carriage of bush mail for the period April 1, 2001, through March 31, 2002, but provided for the regular quarterly update of the rate for changes in fuel costs. Order 2001-9-9 updated that annual rate to reflect QE June 30, 2001, fuel costs, and this order is again updating the annual rate to reflect QE September 30, 2001, fuel costs.

By Order 2001-9-9 the Department established final mail rates for carriage of mainline mail for the period October 1, 2001, through September 30, 2002, but provided for the regular quarterly update of the rate for changes in fuel costs. As provided in Order 2001-9-9, we will now update the mainline rate to reflect QE September 30, 2001, fuel costs to reflect the most recent data available.

The Department has stated that we would continue this quarterly update for fuel until further notice. Since the carriers' traffic and financial data are reported 45 days after the end of the accounting period, we will continue to make quarterly adjustments with a one-quarter lag between the availability of the data and the effective date of the rates.

For the bush carriers, the data in Appendix C-Bush show that fuel costs for the bush have decreased to \$90.35 per block hour from the \$97.04 level in Order 2001-9-9. This produces a 1.39% decrease in the overall bush linehaul rate as shown in Appendix A-Bush. For the mainline carriers, the data in Appendix C-Main show that fuel costs for the mainline have increased to \$.263993 per ATM from the \$.250883 level in Order 2001-9-9. For the priority rate, this produces a 1.96% increase in the overall mainline linehaul mail rate as shown in Appendix A-Main, and 1.95% in the non-priority.<sup>1</sup>

The terminal portion of the mail rate is unaffected by our update of the linehaul for quarterly fuel costs for the bush and the mainline, but for easy reference we have included them in Appendices A-Bush and A-Main. The next quarterly adjustment for fuel costs for mainline and bush carriers would be based on QE December 31, 2001, data and would be effective for the period April 1, 2002, through June 30, 2002.

ACCORDINGLY,

1. For the mainline carriers, we fix, determine, and publish the proposed final rates specified in Appendix A-Main, to be effective for the period beginning January 1, 2002, until March 31, 2002;<sup>2</sup>
2. For the bush carriers, we fix, determine, and publish the proposed final rates specified in Appendix A-Bush, to be effective for the period beginning January 1, 2002, until March 31, 2002;<sup>2</sup>
3. These dockets shall remain open until further order of the Department;
4. We will serve this order upon all parties on the Service List for these Dockets; and

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<sup>1</sup> The difference is due to rounding.

<sup>2</sup> If a new rate is not in place by April 1, 2002, this rate will be effective until further Department action.

5. We are issuing the quarterly fuel updates on a final basis. Consistent with our rules, parties will have twenty days from the date of service of this order to petition the Department for reconsideration of the quarterly fuel update.

By:

**Read C. Van de Water**  
Assistant Secretary for Aviation  
and International Affairs

(SEAL)

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**INTRALASKA BUSH MAIL**

Prior Orders: 2001-9-9 and 2001-1-12  
 To be Effective: January 1, 2002, through March 31, 2002

	Base Year Rates 1/	Adjustment Factors	New Final Rate 4/	Current Rate Order 2001-9-9	Percentage Increase
Linehaul Charge per Billing Ton-Mile	\$5.9525	81.21% 2/	\$10.7865	\$10.9383	-1.39%
Terminal Charge per Pound Originated	\$0.2217	63.01% 3/	\$.3614	\$0.3614	0.00%

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1/ Appendix E, Order 90-10-34.  
 2/ Appendix B-Bush to this order.  
 3/ Order 2001-1-12, Appendix A  
 4/ Column 1 adjusted by column 2.

INTR-A-ALASKA BUSH MAIL

	Base Year Ended <u>9/30/80</u>	Unit Costs <u>QE 3/31/01</u>	Unit Costs <u>QE 6/30/01</u>
Unit Cost per Hour			
Fuel		\$97.04 2/	\$90.35 3/
<u>Nonfuel</u>		<u>\$383.63 2/</u>	<u>\$383.63 2/</u>
Tot	\$261.57 1/	\$480.67	\$473.98
Percentage Change from Base Year		83.76%	81.21%

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1/ Order 90-10-34, Appendix B.  
 2/ Order 2001-6-10, Appendix B-Bush.  
 3/ Appendix C-Bush to this order.

**Intra-Alaska Bush Mail--Quarter Ended September 30, 2001**

## Summary of Carriers' Fuel Portion of Linehaul Expenses

	Fuel Expense	Block Hours	Unit Costs
1. A. Island Air	\$0	0	\$0.00
2. Arctic Circle	\$214,697	2,709	\$79.25
3. Arctic Tpt.	\$262,916	2,265	\$116.08
4. Baker	\$52,468	728	\$72.07
5. BellAir	\$96,194	1,015	\$94.77
6. Bering	\$508,645	3,883	\$130.99
7. Camai	\$67,215	1,253	\$53.64
8. C. Smythe	\$352,713	3,485	\$101.21
9. ERA-Bush 1/	\$450,040	3,452	\$130.37
10. Frontier	\$573,692	5,417	\$105.91
11. Grant	\$410,090	5,065	\$80.97
12. Hageland	\$671,344	7,325	\$91.65
13. Kerchikan	\$0	0	\$0.00
14. Larrys	\$183,439	2,736	\$67.05
15. MarkAir	\$0	0	\$0.00
16. Peninsula	\$1,298,736	10,641	\$122.05
17. ProMech	\$276,454	4,182	\$66.11
18. Tanana	\$124,294	2,944	\$42.22
19. Taquan 2/	\$0	0	\$0.00
20. Temsco	\$0	0	\$0.00
21. Warbelows	\$331,368	5,011	\$66.13
22. Wings	\$245,743	4,990	\$49.25
23. Wright	\$233,728	4,124	\$56.68
24. Yute	\$336,682	2,824	\$119.22
Total	\$6,690,458	74,049	\$90.35

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1/ Includes expenses reported for Twin Otters only.

2/ Taquan is no longer a 401 carrier.

**INTRA-ALASKA MAINLINE MAIL**

Prior Orders: 2001-9-9

To be Effective: January 1, 2002, through March 31, 2002

(1)	(2)	(3)	(4)	(5)
Base Year Rates 1/	Adjustment Factors	New Rate 4/	Current Rate	Change from Prior Rate

**Linehaul Charge per Billing Ton-Mile**

Priority	\$1.1969	70.98% 2/	\$2.0465	\$2.0072 5/	1.96%
Non-priority	\$ .7246	70.98% 2/	\$1.2389	\$1.2152 5/	1.95%

**Terminal Charge per Pound Originated**

Priority	\$ .1697	51.12% 3/	\$ .2565	\$ .2565 5/	0.00%
Non-priority	\$ .1458	51.12% 3/	\$ .2203	\$ .2203 5/	0.00%

1/ Per Order 82-11-23  
 2/ See Appendix B-Main to this order.  
 3/ Order 2001-7-1  
 4/ Column (1) increased by column (2).  
 5/ Per Order 2001-9-9.

**INTRA-ALASKA MAINLINE MAIL COST ADJUSTMENT FACTORS**

Base Year	Unit Costs	Unit Costs
Ended	<u>QE 6/30/01</u>	<u>QE 9/30/01</u>
<u>9/30/80</u>		

Unit Cost per Available Ton-Mile

Fuel	\$ .250883 1/	\$ .263993 2/
<u>Nonfuel</u>	<u>\$ .419027 3/</u>	<u>\$ .419027 3/</u>
Tot	\$ .399469	\$ .683020

Percentage Change from Base Year                      67.70%                      70.98% 4/

1/ Per Order 2001-9-9, Appendix B-Main.  
 2/ Appendix C-Main to this order.  
 3/ Order 2001-7-1  
 4/ \$.683020/\$.399469

Appendix C-Main

Intra-Alaska Mainline Mail Costs--Quarter Ended September 30, 2001

	Alaska Airlines (AS)				Northern Air Cargo (NAC)			Lynden (LAC)		Air Cargo Express (ACE)		
	#621	#617	#612	#655	#711	#216		#556	#150	#218	Grand	
	B-737-2C	737-400	737-700	MD-80	B-727	DC-6	LINEHAUL COSTS	Hercules	C-46	DC-6	Total	
Domestic Fuel 1/	\$5,264,359	\$22,074,867	\$9,560,986	\$20,347,052	\$1,573,503	\$1,314,027		\$787,029	\$135,783	\$1,369,755		
Intra-AK Skd. Blk. Hrs.	5,189	2,800	485	145	809	1,516		440	403	1,884		
Domestic Total 1/	6,503	35,422	17,197	27,320	862	1,744		719	412	1,953		
Intra-AK Fuel Expense	\$4,200,640	\$1,744,950	\$269,645	\$107,991	\$1,476,756	\$1,142,239		\$481,631	\$132,817	\$1,321,361	\$10,878,030	
Intra-AK Skd. ATMs	23,827,828	13,678,456	1,980,865	627,992	5,487,516	3,794,497		2,721,065	286,866	4,012,466	56,417,551	
Unit Cost/ATM, Fuel	\$ .176291	\$ .127569	\$ .136125	\$ .171962	\$ .269112	\$ .301025		\$ .177001	\$ .462993	\$ .329314	\$ .192813	
Intra-AK Mail RTMs 2/	1,489,894	161,266	7,826	1,891	1,042,017	796,350		883,967	157,040	2,514,996	7,055,247	
RTM Percent of Total	21.12%	2.29%	0.11%	0.03%	14.77%	11.29%		12.53%	2.23%	35.65%	100.00%	
Wld. Cost/ATM, Fuel	\$0.037233	\$0.002921	\$0.000150	\$0.000052	\$0.039748	\$0.033986		\$0.022178	\$0.010325	\$0.117400	\$0.263993	

1/ ACE and NAC had no international operations; Alaska Airlines separately reported its international operations.

2/ As flown, i.e., by segment.

Source: Carrier internal reports and Form 41.