



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

Issued by the Department of Transportation  
on the 24<sup>th</sup> of March, 2020

**INTRA-ALASKA MAINLINE  
SERVICE MAIL RATES**

**Docket OST-2003-14695**

Under 49 U.S. C. 41901 *et seq.*

**Finalizing Annual Update and Making Quarterly Fuel Adjustment**

**Summary**

By Order 2020-2-7 (February 7, 2020), the U.S. Department of Transportation (the Department) directed interested parties to show cause within ten (10) days of the service date of that Order why we should not make final the annual rates tentatively set forth by that Order. The Department received two comments (discussed below), which will not affect the proposed rates. The deadline for comment has since expired. The Department will therefore finalize rates from Order 2020-2-7, adjusted for the most recent quarterly fuel expenses. The rates contained in Order 2020-2-7 include fuel costs for the year ended March 31, 2019. Consistent with longstanding program practice, the Department will here update the rates in that Order to reflect fuel costs for the quarter ended June 30, 2019, as shown in the appendices.

**Discussion**

The Department received two comments, from Everts Air Cargo (Everts), and Lynden Air Cargo (Lynden). On February 11, 2020, Lynden asked the Department to verify the current rates for Linehaul Charge per Revenue Ton Mile and Terminal Charge per Pound Enplaned established by Mainline Quarterly Fuel Update Order 2019-6-7 (June 7, 2019) and presented in Appendix A of the show cause Order 2020-2-7 (February 7, 2020). Upon review, the current rates as per Order 2019-6-7, were entered incorrectly, and an updated Appendix A is included with this Order to highlight the correction. On February 13, 2020, Everts requested the same verification.

**ACCORDINGLY,**

1. The Department finalizes the tentative findings in Order 2020-2-7, subject to the corrections discussed in this Order;
2. The Department makes final the rates set forth in Appendix A of this Order, effective on the second Saturday after the service date of this Order, i.e., April 4, 2020;
3. This docket shall remain open until further Order of the Department; and

4. The Department will serve this Order upon all parties on the Service List for this Docket.

Persons entitled to petition the Department for review of this Order under the Department's Regulations, 14 CFR Part 385.31(a), must file such petitions within seven (7) days after the date of service of this Order.

By:

**TODD M. HOMAN**  
Director  
Office of Aviation Analysis

(SEAL)

*An electronic version of this document is available at <http://www.regulations.gov>*

Intra-Alaska Mainline Service Mail Rates 1/

Column	(1)	(2)	(3)	(4)	(5)
	Base Year <u>Rates 2/</u>	Adjustment <u>Factors 3/</u>	Proposed <u>Final Rates 4/</u>	Current Rate, <u>Order 2019-6-7 /6</u>	Change from <u>Prior Rate 5/</u>

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Linehaul Charge per Revenue Ton Mile (RTM)

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Priority	\$1.1969	273.83%	\$4.4744	\$3.9589	13.02%
Non-priority	\$0.7246	273.83%	\$2.7088	\$2.3967	13.02%

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Terminal Charge per Pound Enplaned

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Priority	\$0.1697	158.94%	\$.4394	\$.4853	-9.46%
Non-priority	\$0.1458	158.94%	\$.3775	\$.4170	-9.47%

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1/ The proposed Linehaul and Terminal rates include fuel expense for year-ended March 31, 2019. As discussed in the body of the Order, we anticipate updating fuel expense for quarter ended March 31, 2019.

2/ Per Order 82-11-23.

3/ See Appendix B.

4/ Column (1) increased by Column (2).

5/ Any differences are due to rounding.

**INTRA-ALASKA MAINLINE SERVICE MAIL RATES  
QUARTER ENDED JUNE, 2019**

	(1)	(2)	(3)	(4)	(5)
	Base Year Rates <u>1/</u>	Adjustment Factors <u>2/</u>	Final Rates <u>3/</u>	Current Rate <u>4/</u>	Change from Current Rate <u>5/</u>
<hr/> Linehaul Charge per Billing Ton-Mile <hr/>					
Priority	\$1.1969	254.93%	\$4.2482	\$4.0648	4.51%
Non-priority	\$0.7246	254.93%	\$2.5718	\$2.4608	4.51%
<hr/> Terminal Charge per Pound Originated <hr/>					
Priority	\$0.1697	158.94%	\$4.394	\$4.853	-9.46%
Non-priority	\$0.1458	158.94%	\$3.775	\$4.170	-9.47%

1/ Per Order 82-11-23.

2/ See Appendix B of this order. Unlike the linehaul charge, the terminal charge only changes as a result of an annual update released in show cause Order 2020-2-7.

3/ Column (1) increased by Column (2).

4/ Per Order 2019-6-7, Appendix A.

5/ Column 3 ÷ Column 4 minus 1. Any differences between priority and nonpriority elements are due to rounding.

**INTRA-ALASKA MAINLINE SERVICE MAIL RATES COST ADJUSTMENT FACTORS  
QUARTER ENDED JUNE, 2019**

	Base Year Ended <u>9/30/80</u>	Current Costs <u>2/</u>	New Costs
Unit Cost per Available Ton-Mile			
Fuel		\$0.38733	\$0.31486 3/
<u>Nonfuel</u>		<u>\$0.93394</u>	<u>\$1.10296</u> 4/
Total	\$0.399469 1/	\$1.32127	\$1.41782
Percentage Change from Base Year		230.76%	254.93% 5/
Unit Cost per Ton Enplaned	\$191.54 1/	\$547.80	\$495.97 4/
Percentage Change from Base Year		186.00%	158.94% 6/

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1/ Order 82-11-23, updated most recently in Order 97-12-24.

2/ Appendix B of Order 2019-6-7

3/ Appendix C of this Order.

4/ Appendix B of Order 2020-2-7

5/ (\$1.41782/\$0.399469)-1.

6/ (\$495.97/\$191.54)-1.

## INTRA-ALASKA MAINLINE SERVICE MAIL RATES - QUARTER ENDED JUNE, 2019

		Alaska Airlines		Corvus	Lynden Air Cargo	Northern Air Cargo			Everts			
Not by Aircraft Type		AS		7H	L2		NC			5V		
1 Skd. P-12, Skd. Intra-Alaska Costs		\$10,436,786			\$1,047,905		\$1,547,351			\$2,528,986		
2 Skd. P-12, Skd. Intra-Alaska Gallons		<u>5,137,339</u>			<u>413,806</u>		<u>713,828</u>			<u>921,490</u>		
3 Cost per Gallon 1/		\$2.03			\$2.53		\$2.17			\$2.74		
		AS	AS	AS	7H	L2	NC	NC	NC	5V	5V	5V
		#612	#614	#617	#483	#556	#617	#619	#620	#218	#640	#655
By Aircraft Type	Total	B-737-700	B-737-800	B-737-400	DHC-8-100	Hercules	737-40	737-300	737-200	DC-6	DC-9	MD-82
4 Domestic Gallons 2/	8,230,000	46,629,000	0	953,582	794,651	56,384	292,814	0	231,542	199,809	702,439	
5 Burn per Hour 3/	700	789	0	172	724	136	351	0	420	1,098	1,239	
6 Fuel 4/				\$2,415,372					\$1,071,653	\$507,829	\$1,780,852	
7 Intra-AK Skd. Blk. Hrs. 5/	14,744	5,572	1,735	0	4,859	633	153	716	0	393	176	507
8 Domestic Block Hours 6/	80,029	11,761	59,068	0	5,553	1,098	415	834	0	551	182	567
9 Intra-AK Fuel Exp. 7/	\$17,408,046	\$7,917,812	\$2,778,897	\$0	\$2,113,505	\$1,159,479	\$45,153	\$545,356	\$0	\$764,355	\$491,087	\$1,592,402
10 Intra-AK Skd. ATMs 5/	58,446,090	29,776,788	10,144,260	0	3,824,907	3,923,097	895,422	3,883,228	0	1,150,105	1,112,603	3,735,680
11 Unit Cost/ATM, Fuel 8/	\$0.297848	\$0.265906	\$0.273938	\$0.000000	\$0.552564	\$0.295552	\$0.050427	\$0.140439	\$0.000000	\$0.664596	\$0.441386	\$0.426268
12 Intra-AK Mail RTMs 5/	5,019,935	1,065,358	60,824	0	75,677	948,995	231,875	933,758	0	356,846	287,380	1,059,222
13 RTM Percent of Total 9/	100.00%	21.223%	1.212%	0.000%	1.508%	18.905%	4.619%	18.601%	0.000%	7.109%	5.725%	21.100%
14 Wtd. Cost/ATM, Fuel 10/	<u>\$0.31486</u>	\$0.05643	\$0.00332	\$0.00000	\$0.00833	\$0.05587	\$0.00233	\$0.02612	\$0.00000	\$0.04725	\$0.02527	\$0.08994

1/ Row 1 ÷ Row 2. Corvus does not report Schedule P12. Everts files that report but fuel expense is calculated per Form 41 for better accuracy; it is included for comparison purposes only (see Order 2013-12-3 at page 3).

2/ Per Form 41, except for Corvus, where we rely on Schedule F2.

3/ Row 4 ÷ Row 8. However, we divide Lynden's intra-Alaska Scheduled Gallons by its intra-Alaska Scheduled Block Hours. Because Lynden only operates one aircraft type, that calculation should accurately reflect its fuel burn.

4/ Per Form 41 for Everts, Schedule F2 for Corvus. AS, L2, and NC are excluded, as we rely on their Schedule P12 above.

5/ T-100 Segment Report.

6/ T-100 Segment Report.

7/ For AS, L2, and NC: Row 3 x Row 5 x Row 7;

For 5V and 7H: Row 6 ÷ Row 8 x Row 7.

8/ Row 9 ÷ Row 10.

9/ Row 12 for each individual carrier ÷ Total Mail RTMs for all carriers on Row 12.

10/ Row 13 x Row 11 for individual carriers, and then summed across.