



Posted: April 2, 1998

Order 98-4-5

2:15 p.m.

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

**Issued by the Department of Transportation
on the 2nd day of April, 1998**

**ESTABLISHMENT OF THE STANDARD
FOREIGN FARE LEVEL**

Docket 37554

ORDER

Section 41509(e) of Title 49 of the United States Code requires that the Department establish a Standard Foreign Fare Level (SFFL) by adjusting the SFFL base periodically by percentage increases in actual operating costs per available seat-mile (ASM). The SFFL becomes the benchmark for measuring the statutory non-suspend zone set forth in that section. Order 80-2-69 established the first interim SFFL, and Order 98-01-32 established the currently effective two-month SFFL applicable through March 31, 1998.

In establishing the SFFL for the two-month period commencing April 1, 1998, we have projected non-fuel costs based on the year ended December 31, 1997 data for all carriers, and have determined fuel prices on the basis of the latest available experienced monthly fuel cost levels as reported by the carriers.

Our calculations measure unit cost changes from October 1, 1979, to May 1, 1998, the mid point of the April 1 - May 31, 1998 projection period for the three ratemaking entities: Atlantic, Latin America and Pacific. In projecting the SFFL adjustment effective April 1, 1998, the staff examined the latest available monthly fuel price data reported to the Department by the carriers, and used a least squares analysis to project fuel prices to May 1, 1998.

The resulting projections are fuel prices on May 1, 1998, of 61.77 cents per gallon in the Atlantic, 61.48 cents per gallon in Latin America and 67.95 cents per gallon in the Pacific.

Unit non-fuel costs for the 12 months ended December 31, 1997 decreased 1.90 percent for the Atlantic Entity, and increased 2.67 percent for the Latin American Entity and 0.69 percent for the Pacific Entity over the year ended December 31, 1996.

Based on our calculations, we find the projected cost adjustment factor over the October 1, 1979 level to be 37.94 percent in the Atlantic, 50.89 percent in Latin America and 57.64 percent for the Pacific (See Appendix A). This results in changes from the last two-month SFFL projections of +0.40 percent for the Atlantic Entity, +3.56 percent for the Latin American Entity and +1.36 percent for the Pacific Entity.

Accordingly, pursuant to Title 49 of the United States Code:

1. Effective April 1, 1998 fares may be increased by the following adjustment factors over the October 1979 level, as amended:

Atlantic	1.3794
Latin America	1.5089
Pacific	1.5764

2. We will serve a summary of this order upon all U.S. certificated air carriers and all foreign air carriers; and

3. We will publish a notice of this order in the Federal Register.

By:

CHARLES A. HUNNICUTT
and International Affairs

Assistant Secretary for Aviation

(SEAL)

*An electronic version of this document is available
on the World Wide Web at
<http://dms.dot.gov/general/orders/aviation.html>*

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
NOTICE OF ORDER ADJUSTING THE
STANDARD FOREIGN FARE LEVEL INDEX
DOCKET 37554**

Served: April 8, 1998

Section 41509(e) of Title 49 of the United States Code requires that the Department, as successor to the Civil Aeronautics Board, establish a Standard Foreign Fare Level (SFFL) by adjusting the SFFL base periodically by percentage changes in actual operating costs per available seat-mile (ASM). Order 80-2-69 established the first interim SFFL, and Order 98-01-32 established the currently effective two-month SFFL applicable through March 31, 1998.

In establishing the SFFL for the two-month period beginning April 1, 1998, we have projected non-fuel costs based on the year ended December 31, 1997 data, and have determined fuel prices on the basis of the latest available experienced monthly fuel cost levels as reported to the Department.

By Order 98-4-5 fares may be increased by the following adjustment factors over the October 1979 level:

Atlantic	1.3794
Latin America	1.5089
Pacific	1.5764

For further information contact: Keith A. Shangraw (202) 366-2439.

By the Department of Transportation: Dated April 2, 1998

CHARLES A. HUNNICUTT
and International Affairs

Assistant Secretary for Aviation

(SEAL)