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Order 99-7-15



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

Issued by the Department of Transportation
on the 26th day of July, 1999

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 99-6-4 established the currently effective two-month SFFL applicable through July 31, 1999.

In establishing the SFFL for the two-month period commencing August 1, 1999, we have projected non-fuel costs based on the year ended March 31, 1999 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 September 1, 1999, the mid point of the August 1 - September 30, 1999 projection period for the three ratemaking entities: Atlantic, Latin America and Pacific.

In projecting the SFFL adjustment effective August 1, 1999, 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 September 1, 1999.

The resulting projections are fuel prices on September 1, 1999, of 51.77 cents per gallon in the Atlantic, 48.45 cents per gallon in Latin America and 50.54 cents per gallon in the Pacific.

Unit non-fuel costs for the 12 months ended March 31, 1999 increased 2.06 percent for the Atlantic Entity, decreased 2.19 percent for the Latin American Entity and increased 5.35 percent for the Pacific Entity over the year ended March 31, 1998.

Based on our calculations, we find the projected cost adjustment factor over the October 1, 1979 level to be 42.29 percent in the Atlantic, 38.24 percent in Latin America and 66.13 percent for the Pacific (See Appendix A). This results in changes from the last two-month SFFL projections of +3.58 percent for the Atlantic Entity, +3.89 percent for the Latin American Entity and +0.83 percent for the Pacific Entity.

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

1. Effective August 1, 1999 fares may be increased by the following adjustment factors over the October 1979 level, as amended:

Atlantic	1.4229
Latin America	1.3824
Pacific	1.6613

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

By:

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

(SEAL)

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Served July 28, 1999



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

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 99-6-4 established the currently effective two-month SFFL applicable through July 31, 1999.

In establishing the SFFL for the two-month period beginning August 1, 1999, we have projected non-fuel costs based on the year ended March 31, 1999 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 99-7-15 fares may be increased by the following adjustment factors over the October 1979 level:

Atlantic	1.4229
Latin America	1.3824
Pacific	1.6613

For further information contact: Keith A. Shangraw
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By the Department of Transportation:

Dated: July 26, 1999.

A.

BRADLEY

MIMS

Acting Assistant Secretary for Aviation
and International Affairs

(SEAL)

