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Order 2004-3-33
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UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
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TRANSATLANTIC, TRANSPACIFIC,
TRANSBORDER, AND LATIN
AMERICAN SERVICE MAIL RATES
INVESTIGATION

Docket OST-96-1629 -- 332

ORDER CALLING FOR INFORMAL DISCUSSIONS

Summary

The parties are directed to meet with the Department to discuss possible revisions to the methodology for determining international mail rates. In the context of that discussion, and consistent with the Postal Service comments, we will further extend the final rate first established by Order 2003-5-15 and extended until further notice by Order 2003-12-28.

Pleadings By The Postal Service

On December 1, 2003, the Postal Service filed comments on the international mail rates. Their comments showed that mail rates then in effect were substantially overstated when compared to a marginal cost approach constructed by the Postal Service.¹ The Postal Service noted, on page 11 of its comments, that besides using a marginal cost approach to replace the fully allocated methodology used in the investigations, alternatives available to the Department include either conducting or supervising competitive bidding among the carriers for carriage of mail. On page 12, the Postal Service further noted that, since by law the rates set by the Department apply only to letter-class mail, it is studying whether to ship all of its non-letter products via competitive bidding, either with contracts between the

¹ Our mail rate determinations have always been based on a fully allocated methodology that allocates all the expenses associated with the assets, materials, services, and labor required to transport mail based on percentages of mail traffic to total traffic -- mail, passengers, and freight. Some expenses, such as travel agent commissions or flight attendants required to move passengers but not mail, are excluded from the allocation. In contrast, under a marginal cost approach, the shipper (i.e., the Postal Service) would not bear the costs of operating an aircraft, such as maintenance, lease costs, pilot salaries, etc., because these costs would be incurred regardless of whether any mail was carried on that flight or not. Mail is such a small portion of total traffic that for several categories of expenses it should be treated as a virtual free rider. Thus, any "foreseeable increase or decrease in the volume of mail would not have any serious [measurable] cost consequence from a capacity standpoint." (Order 79-7-17, page 27, cited by Postal Service on page 13 of its December 1 comments.)

Postal Service and individual carriers on individual routes, or with a single carrier for each of the four world regions (Atlantic, Pacific, Latin American, and Transborder) or, indeed, for all international mail as a whole.

On December 8, the Postal Service filed a "Motion for Convening of Meeting and Continuation of Current Rates." In its Motion, the Postal Service estimated that when all four regions were combined, the average rate per pound determined on a marginal cost basis would be \$0.24/pound; \$0.53/pound when determined on the same basis as rates charged by non-mail freight shippers; \$0.73/pound based on the recently agreed parcel contracts with the carriers; and \$1.39 as currently set by the Department. The Postal Service therefore requested

...authorization of a meeting to allow all interested parties to discuss and strive to reach consensus on a reasonable alternative within existing authority to the current rate setting methodology. ...[T]he Postal Service requests that the Department ...maintain the current [mail] rates, pending the outcome of the meeting sought above and such further developments as it may engender. (Postal Service Motion, at 4.)

Pleadings by Air Carriers

American Airlines, Delta Air Lines, Continental Airlines, and United Air Lines submitted answers on December 17, and Northwest Airlines submitted its Answer on December 23. All of the carriers support holding informal discussions with the Postal Service and the Department. All oppose extending the final rates first set in Order 2003-5-15 for a significantly longer period of time, but rather argued that the Department should apply the historical update methodology.

United states that if the Department determines a preliminary meeting is warranted, it should be scheduled for no sooner than March 2004, and be structured to allow proactive dialogue among all participants, with a meeting protocol issued in advance that encourages active participation by all interested parties. Afterwards, if the Department determines that a formal review of its international mail rates costing methodology is warranted, the initial meeting would constitute a preliminary step.

United also disputes the Postal Service's analysis showing that mail rates are overstated, and that marginal costing is warranted. United notes that the Postal Service is the carrier's single largest customer and that moving the mail is not a "side" business for United, but is instead an integral part of its overall operation. Furthermore, besides many costs that are necessarily shared by all categories of traffic, United incurs certain special expenses solely attributable to mail. Those include substantial investments in equipment, facilities, security, and infrastructure necessary to support its mail operation, such as multi-million dollar mail sorters and unique accounting systems. United argues that these expenses should be directly assigned to mail rates rather than allocated among mail and the other categories of traffic. In addition, the carriers' statutory duty to carry the mail and the requirement to

maintain available space for the Postal Service until the last minute,² combined with the Postal Service's inadequate mail management system, produces the under-utilized belly capacity cited by the Postal Service as the basis for applying the marginal cost approach.

American states that there could be more than one fair and reasonable methodology for determining mail rates, and was in favor of a full airing of the issues, with meaningful structured discussion and investigation of alternatives. It notes that the Postal Service employs practices and processes that, if resolved during the discussions, could lead to cost efficiencies benefiting all parties.

Delta maintains that the Administrative Procedures Act requires full opportunity for notice and comment before any of the actions urged by the Postal Service could be implemented. It notes that virtually no mail travels on a "standby" basis, and that Delta offers some freight products to the shipping public with a lower boarding priority than mail but at rates above the mail rate. Delta further urges that it would be inappropriate for the Department to use the marginal cost approach when the Postal Service's own statute requires it to use fully allocated costing in determining its own rates.

Northwest does not object to a meeting with the Postal Service provided that such a meeting is presided over and managed by the Department and not the Postal Service, and that such a meeting is scheduled sufficiently far in the future so that the carriers participating in the meeting have a reasonable opportunity to analyze the details and ramifications of the Postal Service's proposal and prepare their own responsive materials. Continental also urges that additional time is needed for careful scrutiny, thorough analysis, and significant input from all stakeholders.

Postal Service Reply

In its reply, dated December 30, 2003, the Postal Service notes that it never intended to meet without the Department's participation and oversight, but merely offered to host the meeting and chair a working group. However, the Postal Service believes the Department, if it chooses, may decide to delegate to another party the authority to host and conduct informal discussions.

The Postal Service believes the carrier claims that the rate is not too high are unfounded. It argues that since mail revenue is 1 or 2% of total revenue as reported on Form 41, it should not be considered a central or core business to the major airlines, as United argues. Notwithstanding the alleged problems caused by the mail's higher boarding priority or the Postal Service notifying the carriers too late that a shipment has arrived, international mail moves counter to the dominant direction of freight flow in all regions except for a few Latin America routes. Thus, it is difficult to claim that mail preempts such significant volumes of non-mail cargo as to justify a rate that is four times higher than a marginally costed rate or double the average freight rate in effect. The Postal Service argues that it is rare for space-available freight products to command a price that exceeds the mail rate, as Delta claims.

² Mail has a higher boarding priority than general freight. See 49 U.S.C 41903(a).

Finally, the Postal Service notes that when establishing international mail rates, the Civil Aeronautics Board indicated that marginal costing was attractive in many ways, and that, to quote the CAB, “for the future, we intend to explore procedural and analytical methods which will facilitate the establishment of mail rates on a marginal cost basis, where reasonable, either through regulatory proceedings or through the operation of the competitive marketplace itself.” (See Postal Service Reply at page 13.)

Background

Orders 79-7-17 and 78-11-80 concluded investigations begun five years earlier to determine the appropriate international mail rates to be paid by the Postal Service for the transportation of mail in the Atlantic, Latin, Pacific, and Transborder (Canada and Mexico) regions. Given those lengthy and complex investigations, the Department has since updated the base mail rates determined in those orders by annual updates to reflect changes in carrier unit costs over the most recent two-years time.

Most recently, the Department issued Order 2003-12-28 (December 31, 2003). In that Order, the Department noted that Order 2003-5-15 inadvertently failed to include the usual provision that the rates would automatically extend beyond December 31, 2003, should new rates not be finalized in the meantime. Order 2003-12-28 noted that we expected to issue a show-cause order setting new rates by the end of January, and extended the final rates established by Order 2003-5-15 that were due to expire on December 31, 2003, until further Department action.

Application of Update Methodology to Most Recent Data

The Department typically has finalized new rates by December 31 of each year based on data for the year ended June 30 of that year. However, this year we are still awaiting answers from the carriers to some of our questions regarding their data. Nevertheless, we have calculated the rate that would apply based on currently the available data, as shown below and in Appendix A.

	Order		
	2003-5-15	New Data	
	Linehaul	Linehaul	Change
Atlantic	\$0.2467	\$0.2481	0.57%
Latin	\$0.3449	\$0.2872	-16.72%
Pacific	\$0.3491	\$0.3084	-11.66%
T-Border	\$0.20370	\$0.18095	-11.17%
	Terminal	Terminal	
Atlantic	\$0.3815	\$0.1394	-63.46%
Latin	\$0.3038	\$0.0284	-90.65%
Pacific	\$0.3809	\$0.3853	1.16%
T-Border	\$0.18384	\$0.07012	-61.86%

For comparison purposes only, the table above shows a summary of the rates set by Order 2003-5-15 compared to rates based on what a mechanical application of the most recent data would yield for the categories of space-available and daylight container mail. The comparisons for all categories of mail are in Appendix A.

It is clear that, overall, such an exercise would produce extremely sharp drops in the mail rate, and those results conflict with what both the Postal Service and the carriers expected. These sharp drops are produced by several factors, all of which are shown in Appendix D.³

First, American's terminal expense figures show substantial year-over-year decreases in all regions, from a low of 41.52% in the Transborder to a high of 60.09% in the Pacific. American informs us that the decrease was caused by a new accounting system that more accurately allocates a greater percentage of terminal costs to passengers, the costs of which are therefore excluded from the calculation of the mail rate. At the same time, that system allocates a lesser percentage of costs to mail, freight, and baggage,⁴ the costs of which must be further allocated among those three traffic categories on a pro-rata basis to determine the rate. For United, there were also substantial decreases in unit terminal costs for all regions except for the Transborder,⁵ ranging from 62.32% in the Atlantic to 170.85% in Latin America. United's Latin America region deserves special note, because the carrier reported its unit terminal costs were a negative \$238.30 per ton.

Problems with the Update Methodology

The current update methodology has several features that exacerbate the decrease in costs described above. First, the updates use year-over-year changes in costs to project changes in unit costs for the forthcoming year, and therefore rates tend to be more volatile than the underlying costs. For example, as can be seen in Appendix A, a year-over-year decrease in unit terminal costs for the Atlantic of 29.69% produces a 63.46% decrease in the terminal rate. This "overshoot" effect can be seen in most other regions in this update period.⁶

A second such feature of the update methodology is that carrier costs are not weighted by the volume of mail each carries. Though we appropriately determine whether or not a carrier is included in the cost pool by the amount of mail it carries, historically we have not weighted each carrier's costs in the cost pool by the amount of mail transported by each. Thus, a carrier with very low unit costs that transported barely enough mail to be included in the cost pool could be weighted very heavily if it carried a great deal of non-mail traffic.

³ As is our standard policy, we have added and removed carriers from various regions, depending on whether those carriers ship a significant percentage of total mail in a region.

⁴ Baggage for the combination carriers was determined in the investigations to be 35 pounds per passenger for the Atlantic, Latin, and Pacific, and 31.79 pounds per passenger for the Transborder region.

⁵ United's Transborder region experienced a 15.62% increase of unit terminal costs.

⁶ For instance, assuming that both costs and rates increased from one year to the next by 10% -- from \$100 to \$110 per ton -- then the current year-over-year methodology would project a further 10% rate increase to \$121 per ton the following year. However, if in the following year costs did not, in fact, increase by 10%, but rather decreased by 10%, from \$110 to \$99 per ton, the rate would not decrease by 10%, consistent with the 10% cost decrease, but by 26%--from \$121 to \$89 per ton.

This, in fact, happened this period with UPS. With roughly one-seventh of Latin America mail revenue, UPS costs are weighted at one-third⁷ of total tons in Appendix D. Likewise, Federal Express carried one-half⁸ of total Transborder baggage, freight, and mail tons, but roughly one-seventh of the mail revenue of the carriers in the region.

A third feature is that fuel expenses are included in the calculation of the year-over-year linehaul expenses, and there is no reason to expect that fuel costs will experience the same level of increase or decrease from one year to the next.

The Department also sets mail rates in Alaska, and with the concurrence of the Postal service and the participating carriers, we amended our methodology in 1997 to correct for these same features. We made the parties to the international rate aware of these improvements, but, at that time, the parties did not favor extending those changes to the international rates.

Since major changes are being discussed in setting international mail rates, we believe these adjustments should be included in discussions with the carriers. That is an additional reason for not mechanically applying the historical costing methodology to this year's results and, instead, consistent with the Postal Service recommendation, simply extending the current final rate while the parties discuss all of the issues.

Informal Meetings

All of the parties have either requested or acquiesced in the Department holding informal discussions with the parties. The Postal Service wants the meetings to come sooner because they believe they are being overcharged, while the carriers want to have the meetings come later so that they can prepare detailed rebuttals to information the Postal Service has already submitted.

Recently in this proceeding, the parties resolved the issue of container rates on an amicable, expedited basis. It is our hope that we can similarly resolve issues here, and, pursuant to 14 CFR 302.708, *et seq.*, the Department will hold meetings with the parties to further address these issues. As was the case with our discussions on container rates, carriers are encouraged, if possible, to work through the Air Transport Association in order to minimize potential duplication of efforts. Because we are seeking to achieve a collaborative approach to dealing with the issues, we believe that it would be premature for parties to present formal documents. We therefore encourage the parties to submit informal outlines of their positions.⁹

Those parties who cannot attend should consider designating a representative, or submitting concise views that will be noted and distributed at the initial meeting for consideration. We

⁷ Appendix D-2-L, 242,739 enplaned tons divided by 710,197 total tons.

⁸ Appendix D-4-T, 5,431,524 enplaned tons divided by 11,486,415 total tons.

⁹ See the Department's letter to the Postal Service and Air Transport Association in this docket, dated February 27, 2002.

anticipate establishing working groups to meet on a recurrent basis with dissemination of notes to those meetings posted in the docket. We will ultimately review recommendations of the staff and the parties, and, if necessary, undertake a formal investigation.

ACCORDINGLY,

1. We extend the rates set in Order 2003-5-15, and further extended in Order 2003-12-28 as final rates until further Department action;
2. We shall convene a meeting, for the purposes described in this order, within 45 days of the issuance of this order;
3. This docket shall remain open until further order of the Department; and
4. We shall serve this order upon all parties to this proceeding.

By:

KARAN K. BHATIA
Assistant Secretary for Aviation
and International Affairs

(SEAL)

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<http://dms.dot.gov>

INTERNATIONAL SERVICE MAIL RATES

	CY 1975 Rates	Adj. Factors	Proposed Rates	Order	Year-Over-Year	
				2003-5-15 Prior Rates	Percentage Increase Rate Cos	
<u>Linehaul Charge per Billing Ton-Mile, Atlantic</u>						
Priority and Military Ordinary Mail	\$0.2022	91.46%	\$0.3871	\$0.3849	0.57%	5.83%
Space-Available Mail	\$0.1296	91.46%	\$0.2481	\$0.2467	0.57%	5.83%
<u>Terminal Charge per Pound Originated, Atlantic</u>						
Priority and Military Ordinary Mail	\$0.1139	35.75%	\$0.1546	\$0.4231	-63.46%	-29.69%
Space-Available Mail	\$0.1027	35.75%	\$0.1394	\$0.3815	-63.46%	-29.69%
Pri. and Mil. Ord. Mail (Container)	\$0.1629		\$0.1146	\$0.3831	-70.09%	
Space-Available Mail (Container)	\$0.1452		\$0.0994	\$0.3415	-70.89%	
<u>Linehaul Charge per Billing Ton-Mile, Latin</u>						
Priority and Military Ordinary Mail	\$0.2135	74.71%	\$0.3730	\$0.4479	-16.72%	-4.07%
Space-Available Mail	\$0.1644	74.71%	\$0.2872	\$0.3449	-16.73%	-4.07%
<u>Terminal Charge per Pound Originated, Latin</u>						
Priority and Military Ordinary Mail	\$0.0983	-68.84%	\$0.0306	\$0.3281	-90.67%	-60.74%
Space-Available Mail	\$0.0910	-68.84%	\$0.0284	\$0.3038	-90.65%	-60.74%
Pri. and Mil. Ord. Mail (Container) 1/	\$0.1357		-\$0.0094	\$0.2881	-103.26%	
Space-Available Mail (Container) 1/	\$0.1243		-\$0.0116	\$0.2638	-104.40%	
<u>Linehaul Charge per Billing Ton-Mile, Pacific</u>						
Priority and Military Ordinary Mail	\$0.2188	128.64%	\$0.5003	\$0.5662	-11.64%	-0.09%
Space-Available Mail	\$0.1349	128.64%	\$0.3084	\$0.3491	-11.66%	-0.09%
<u>Terminal Charge per Pound Originated, Pacific</u>						
Priority and Military Ordinary Mail	\$0.1339	232.46%	\$0.4452	\$0.4400	1.18%	5.35%
Space-Available Mail	\$0.1159	232.46%	\$0.3853	\$0.3809	1.16%	5.35%
Pri. and Mil. Ord. Mail (Container)	\$0.2057		\$0.4052	\$0.4000	1.30%	
Space-Available Mail (Container)	\$0.1753		\$0.3453	\$0.3409	1.29%	
CY 1974						
Rates						
<u>Linehaul Charge per Billing Ton-Mile, Transborder</u>						
Sack	\$0.11490	156.66%	\$0.29490	\$0.33198	-11.17%	-2.65%
Standard Container	\$0.08790	156.66%	\$0.22560	\$0.25397	-11.17%	-2.65%
Daylight Container	\$0.07050	156.66%	\$0.18095	\$0.20370	-11.17%	-2.65%
<u>Terminal Charge per Pound Originated, Transborder</u>						
<u>Capacity</u>						
Taxi						
Sack	\$0.00991	156.66%	\$0.02544	\$0.02863	-11.14%	-2.65%
Standard Container	\$0.00979	156.66%	\$0.02513	\$0.02829	-11.17%	-2.65%
Daylight Container	\$0.00973	156.66%	\$0.02497	\$0.02811	-11.17%	-2.65%
Departure						
Sack	\$0.01186	52.40%	\$0.01807	\$0.04113	-56.07%	-21.71%
Standard Container	\$0.01176	52.40%	\$0.01792	\$0.04078	-56.06%	-21.71%
Daylight Container	\$0.01164	52.40%	\$0.01774	\$0.04037	-56.06%	-21.71%
Terminal						
Sack	\$0.06064	56.90%	\$0.09514	\$0.40041	-76.24%	-37.12%
Standard Container	\$0.01746	56.90%	\$0.02739	\$0.11529	-76.24%	-37.12%
Daylight Container	\$0.01747	56.90%	\$0.02741	\$0.11536	-76.24%	-37.12%
<u>Total Terminal Charge per Pound Originated, Transborder</u>						
Sack	\$0.08241		\$0.13865	\$0.47017	-70.51%	
Standard Container	\$0.03901		\$0.07044	\$0.18436	-61.79%	
Daylight Container	\$0.03884		\$0.07012	\$0.18384	-61.86%	

1/ Clearly the rate cannot be negative, though the arithmetic (calculated terminal charge less \$.04) produces this result. Also, United had negative noncapacity expense.

COST ADJUSTMENT FACTORS
(Expenses in Thousands)

ATLANTIC RATE AREA

	<u>CY 1975 1/</u>	<u>Year Ended June 30</u>		<u>Year to Year % Change 3/</u>	<u>Estimated Unit Cost at June 30, 2004 4/</u>	<u>Percent Change CY 1975 to June 30, 2004</u>
		<u>2002 2/</u>	<u>2003 2/</u>			
<u>Linehaul Expense</u>						
Fuel		\$1,076,342	\$1,248,570			
<u>Other</u>		<u>\$3,911,745</u>	<u>\$3,995,291</u>			
Total	\$951,403	\$4,988,087	\$5,243,861			
Available Ton-miles (000)	5,416,524	17,200,068	17,088,471			
Fuel Cost/ATM		\$0.0626	\$0.0731	16.77%	\$0.0925	
<u>Other Cost/ATM</u>		<u>\$0.2274</u>	<u>\$0.2338</u>	2.81%	<u>\$0.2437</u>	
Total	\$0.1756	\$0.2900	\$0.3069	5.83%	\$0.3362	91.46%
Terminal Expense	\$87,362	\$532,579	\$381,067			
<u>Tons of Baggage and Cargo Enplaned</u>	<u>504,007</u>	<u>952,913</u>	<u>969,691</u>			
Cost per Ton Enplaned	\$173.33	\$558.90	\$392.98	-29.69%	\$235.29	35.75%

1/ Per Order 79-7-17, Appendix C

2/ Appendix C-1-A for non-fuel data and DOT Form 41, and #5145.1 for fuel.

3/ 2003 unit costs divided by 2002 unit costs less the value of 1.

4/ Annual change adjusted for an 18-month lag, mid-point to mid-point. The midpoint of the historical costs for YE 6/30/03 is 1/1/03, and the mid-point of the new rate is 6/30/2004. For example, a 29.69% annual DECREASE for terminal produces a 40.13% decrease $[(-.2969+1)*(-.2969*.5+1) = .5987$; i.e., $1-.5987 =$ a 40.13% DECREASE for an 18-month period.

COMPARISON OF UNIT COSTS BY CARRIER

ATLANTIC RATE AREA

	<u>American</u>	<u>Continental</u>	<u>Delta</u>	<u>Northwest</u>	<u>United</u>	<u>Total</u>	<u>Standard Deviation</u>	<u>Two Standard Deviation Range</u>	
<u>Unit Cost of Fuel</u>									
Year Ended June 30, 2002	\$0.0584	\$0.0651	\$0.0564	\$0.0813	\$0.0623	\$0.0626			
Year Ended June 30, 2003	\$0.0656	\$0.0720	\$0.0709	\$0.0972	\$0.0715	\$0.0731	\$0.0124	\$0.0979	\$0.0483
Percentage Change	12.33%	10.60%	25.71%	19.56%	14.77%	16.77%			
<u>Unit Cost of Nonfuel</u>									
Year Ended June 30, 2002	\$0.2131	\$0.1780	\$0.2265	\$0.2151	\$0.2760	\$0.2274			
Year Ended June 30, 2003	\$0.1912	\$0.1797	\$0.2624	\$0.3112	\$0.2451	\$0.2338	\$0.0538	\$0.3414	\$0.1262
Percentage Change	-10.28%	0.96%	15.85%	44.68%	-11.20%	2.81%			
<u>Unit Cost of Fuel + Nonfuel</u>									
Year Ended June 30, 2002	\$0.2715	\$0.2431	\$0.2828	\$0.2963	\$0.3383	\$0.2900			
Year Ended June 30, 2003	\$0.2568	\$0.2517	\$0.3333	\$0.4085	\$0.3166	\$0.3069			
Percentage Change	-5.41%	3.54%	17.86%	37.87%	-6.41%	5.83%			
<u>Unit Cost Terminal</u>									
Year Ended June 30, 2002	\$657.07	\$416.90	\$537.81	\$633.90	\$525.96	\$558.90			
Year Ended June 30, 2003	\$284.69	\$418.87	\$522.97	\$704.55	\$198.17	\$392.98	\$199.32	\$791.62	-\$5.66
Percentage Change	-56.67%	0.47%	-2.76%	11.15%	-62.32%	-29.69%			
<u>Available Ton-Miles</u>									
Year Ended June 30, 2002	4,202,181	2,278,670	4,380,195	2,148,936	4,190,086	17,200,068			
Year Ended June 30, 2003	4,403,475	2,536,019	4,201,408	2,081,258	3,866,311	17,088,471			
Percentage Change	4.79%	11.29%	-4.08%	-3.15%	-7.73%	-0.65%			
<u>Tons of Bag. & Cargo Exp.</u>									
Year Ended June 30, 2002	244,210	142,244	239,168	111,603	215,688	952,913			
Year Ended June 30, 2003	264,743	157,227	228,503	112,721	206,497	969,691			
Percentage Change	8.41%	10.53%	-4.46%	1.00%	-4.26%	1.76%			

COST ADJUSTMENT FACTORS
(Expenses in Thousands)

LATIN AMERICAN RATE AREA

	CY 1975 1/	Year Ended June 30,		Year to Year % Change 3/	Estimated Unit Cost at June 30, 2004 4/	Percent Change CY 1975 to June 30, 2004
		2002 2/	2003 2/			
<u>Linehaul Expense</u>						
Fuel		\$551,747	\$493,213			
<u>Other</u>		\$2,258,731	\$1,868,015			
Total	\$305,304	\$2,810,478	\$2,361,228			
Available Ton-miles (000)	1,560,336	7,425,567	6,502,552			
Fuel Cost/ATM		\$0.0743	\$0.0758	2.02%	\$0.0781	
<u>Other Cost/ATM</u>		\$0.3042	\$0.2873	-5.56%	\$0.2638	
Total	\$0.1957	\$0.3785	\$0.3631	-4.07%	\$0.3419	74.71%
Terminal Expense	\$29,521	\$269,003	\$128,590			
<u>Tons of Bagg.& Cargo Enplaned</u>	185,834	583,311	710,197			
Cost per Ton Enplaned	\$158.86	\$461.17	\$181.06	-60.74%	\$49.50	-68.84%

1/ Per Order 79-7-17, Appendix C

2/ Appendix C-1-A for non-fuel data and DOT Form 41, and #5145.1 for fuel.

3/ 2003 unit costs divided by 2002 unit costs less the value of 1.

4/ Annual change adjusted for an 18-month lag, mid-point to mid-point. The midpoint of the historical costs for YE 6/30/03 is 1/1/03, and the mid-point of the new rate is 6/30/2004. For example, a 60.74% annual DECREASE for terminal produces a 55.58% decrease $[(-.6074+1)*(-.6074*.5+1) = .2037$; i.e., $1-.2037 = a 79.63\%$ DECREASE for an 18-month period.

INTERNATIONAL SERVICE MAIL RATES
COST ADJUSTMENT FACTORS
(Expenses in Thousands)

PACIFIC RATE AREA

	CY 1975 1/	Year Ended June 30,		Year to Year % Change 3/	Estimated Unit Cost at June 30, 2004 4/	Percent Change CY 1975 to June 30, 2004
		2002 2/	2003 2/			
<u>Linehaul Expense</u>						
Fuel		\$971,453	\$1,005,376			
<u>Other</u>		\$3,741,867	\$3,551,884			
Total	\$511,324	\$4,713,320	\$4,557,260			
Available Ton-miles (000)	3,670,476	14,800,585	14,328,502			
Fuel Cost/ATM		\$0.0656	\$0.0702	7.01%	\$0.0778	
<u>Other Cost/ATM</u>		\$0.2528	\$0.2479	-1.94%	\$0.2407	
Total	\$0.1393	\$0.3184	\$0.3181	-0.09%	\$0.3185	128.64%
Terminal Expense	\$42,934	\$585,496	\$622,776			
<u>Tons of Baggage and Cargo Enplaned</u>	289,713	1,354,182	1,367,318			
Cost per Ton Enplaned	\$148.19	\$432.36	\$455.47	5.35%	\$492.67	232.46%

1/ Per Order 79-7-17, Appendix C

2/ Appendix C-1-A for non-fuel data and DOT Form 41, and #5145.1 for fuel.

3/ 2003 unit costs divided by 2002 unit costs less the value of 1.

4/ Annual change adjusted for an 18-month lag, mid-point to mid-point. The midpoint of the historical costs for YE 6/30/03 is 1/1/03, and the mid-point of the new rate is 6/30/2004. For example, a 5.35% annual increase for terminal produces an 8.17% decrease $[(.0535+1)*(.0535*.5+1) = 1.08168$; for an 18 month period.

COST ADJUSTMENT FACTORS
(Expenses in Thousands)

TRANSBORDER RATE AREA

<u>Linehaul Expense 1/</u>	<u>CY 1974 2/</u>	<u>Year Ended June 30,</u>		<u>Year to Year % Change 4/</u>	<u>Estimated Unit Cost at June 30, 2004 5/</u>	<u>Percent Change CY 1974 to June 30, 2004</u>
		<u>2002 3/</u>	<u>2003 3/</u>			
Fuel		\$5,567,816	\$6,256,393			
Other		<u>\$21,806,742</u>	<u>\$21,619,608</u>			
Total	\$4,887,268	\$27,374,558	\$27,876,001			
Available Ton-miles (000)	31,929,297	65,509,638	68,529,412			
Fuel Cost/ATM		\$0.08499	\$0.09130	7.42%	\$0.10171	
<u>Other Cost/ATM</u>		<u>\$0.33288</u>	<u>\$0.31548</u>	-5.23%	<u>\$0.29116</u>	
Total	\$0.15307	\$0.41787	\$0.40678	-2.65%	\$0.39287	156.66%
Terminal Expense						
Terminal Departure Related Exp.	\$965,920	\$5,531,150	\$4,529,564			
<u>Available Ton-Miles (000)</u>	<u>31,929,297</u>	<u>65,509,638</u>	<u>68,529,412</u>			
Cost per Available Ton-Mile	\$0.03025	\$0.08443	\$0.06610	-21.71%	\$0.0461	52.40%
Terminal Expense	\$613,632	\$3,933,551	\$4,130,464			
<u>Tons of Bagg.& Cargo Enplaned</u>	<u>5,228,239</u>	<u>6,878,480</u>	<u>11,486,415</u>			
Cost per Ton Enplaned	\$117.37	\$571.86	\$359.60	-37.12%	\$184.15	56.90%

1/ Includes linehaul and terminal taxi expense.

2/ Per Order 78-11-80, Appendix F.

3/ Appendix C-4-T for non-fuel data and DOT Form 41, and #5145.1 for fuel.

4/ 2003 unit costs divided by 2002 unit costs less the value of 1.

4/ Annual change adjusted for an 18-month lag, mid-point to mid-point. The midpoint of the historical costs for YE 6/30/03 is 1/1/03, and the mid-point of the new rate is 6/30/2004. For example, a 37.12% annual DECREASE for terminal produces a 48.79% decrease $[(-.3712+1)*(-.3712*.5+1) = .5121$; i.e., $1-.5121 = a 48.79\%$ DECREASE for an 18-month period.

INTERNATIONAL SERVICE MAIL RATES
SUMMARY OF CARRIER OPERATING COSTS ASSIGNED TO MAIL
(Expenses in Thousands of Dollars)

ATLANTIC RATE AREA

<u>Year Ended June 30, 2002</u>	<u>American</u>	<u>Continental</u>	<u>Delta</u>	<u>Northwest</u>	<u>United</u>	<u>Total 4/</u>
Fuel Expense	\$245,481	\$148,255	\$246,866	\$174,680	\$261,060	\$1,076,342
Linehaul Expense 1/	\$1,140,794	\$553,948	\$1,238,909	\$636,820	\$1,417,616	\$4,988,087
Terminal Expense 2/	\$160,463	\$59,301	\$128,626	\$70,745	\$113,444	\$532,579
Available Ton-miles (000)	4,202,181	2,278,670	4,380,195	2,148,936	4,190,086	17,200,068
Tons of Baggage & Cargo Enplaned 3/	244,210	142,244	239,168	111,603	215,688	952,913
 <u>Year Ended June 30, 2003</u>						
Fuel Expense	\$288,943	\$182,623	\$298,047	\$202,395	\$276,562	\$1,248,570
Linehaul Expense 1/	\$1,130,841	\$638,240	\$1,400,468	\$850,110	\$1,224,202	\$5,243,861
Terminal Expense 2/	\$75,370	\$65,857	\$119,500	\$79,418	\$40,922	\$381,067
Available Ton-miles (000)	4,403,475	2,536,019	4,201,408	2,081,258	3,866,311	17,088,471
Tons of Baggage & Cargo Enplaned 3/	264,743	157,227	228,503	112,721	206,497	969,691

Sources: DOT Form 41 Reports

1/ Total operating expenses less passenger service, traffic servicing, promotion and sales, related G&A, and transport related expenses.

2/ Traffic servicing expense-cargo and baggage (Cost Pool 112, Version 6 Costing Methodology, Updated, and related G&A expense.

3/ Baggage weighted at .0175 per passenger.

SUMMARY OF CARRIER OPERATING COSTS ASSIGNED TO MAIL
(Expenses in Thousands of Dollars)

LATIN AMERICAN RATE AREA

<u>Year Ended June 30, 2002</u>	<u>American</u>	<u>Continental</u>	<u>Delta</u>	<u>United</u>	<u>Total</u>
Fuel Expense	\$290,711	\$117,515	\$65,701	\$77,820	\$551,747
Linehaul Expense 1/	\$1,506,624	\$475,385	\$368,347	\$460,122	\$2,810,478
Terminal Expense 2/	\$172,909	\$31,910	\$38,491	\$25,693	\$269,003
Available Ton-miles (000)	3,957,906	1,151,414	1,122,528	1,193,719	7,425,567
Tons of Baggage & Cargo Enplaned 3/	328,867	103,030	75,023	76,391	583,311
<u>Year Ended June 30, 2003</u>	<u>American</u>	<u>Continental</u>	<u>Delta</u>	<u>United</u>	<u>UPS</u>
Fuel Expense	\$310,626	\$32,345	\$74,605	\$75,637	\$493,213
Linehaul Expense 1/	\$1,472,760	\$172,750	\$357,293	\$358,425	\$2,361,228
Terminal Expense 2/	\$96,075	\$11,456	\$35,787	(\$14,728)	\$128,590
Available Ton-miles (000)	3,968,223	490,814	1,051,704	991,811	6,502,552
Tons of Baggage & Cargo Enplaned 3/	330,514	242,739	75,140	61,804	710,197

Sources: DOT Form 41 Reports

1/ Total operating expenses less passenger service, traffic servicing, promotion and sales, related G&A, and transport related expenses.

2/ Traffic servicing expense-cargo and baggage (Cost Pool I12), per Version 6 Costing Methodology, Updated, and related G&A expense.

3/ Baggage weighted at .0175 per passenger.

SUMMARY OF CARRIER OPERATING COSTS ASSIGNED TO MAIL
(Expenses in Thousands of Dollars)

PACIFIC RATE AREA

	Air		Federal			Total
	Micronesia	American	Express	Northwest	United	
<u>Year Ended June 30, 2002</u>						
Fuel Expense	\$38,554	\$58,917	\$119,876	\$375,198	\$378,908	\$971,453
Linehaul Expense 1/	\$197,403	\$225,564	\$891,367	\$1,477,104	\$1,921,882	\$4,713,320
Terminal Expense 2/	\$10,085	\$22,751	\$314,466	\$164,527	\$73,667	\$585,496
Available Ton-miles (000)	469,349	987,708	3,039,538	4,991,878	5,312,112	14,800,585
Tons of Baggage & Cargo Enplaned 3/	50,719	43,722	567,432	478,806	213,503	1,354,182
 <u>Year Ended June 30, 2003</u>						
Fuel Expense		\$64,637	\$148,832	\$413,553	\$378,354	\$1,005,376
Linehaul Expense 1/		\$234,642	\$1,116,869	\$1,561,508	\$1,644,241	\$4,557,260
Terminal Expense 2/		\$10,363	\$412,446	\$174,442	\$25,525	\$622,776
Available Ton-miles (000)		1,015,548	3,366,995	5,053,104	4,892,855	14,328,502
Tons of Baggage & Cargo Enplaned 3/		49,901	595,914	509,689	211,814	1,367,318

Sources: DOT Form 41 Reports

1/ Total operating expenses less passenger service, traffic servicing, promotion and sales, related G&A, and transport related expenses.

2/ Traffic servicing expense-cargo and baggage (Cost Pool 112), Version 6 Costing Methodology, Updated, and related G&A expense.

3/ Baggage weighted at .0175 per passenger.

SUMMARY OF CARRIER OPERATING COSTS ASSIGNED TO MAIL
(Expenses in Thousands of Dollars)

TRANSBORDER RATE AREA

<u>Year Ended June 30, 2002</u>	<u>American</u>	<u>Continental</u>	<u>Delta</u>	<u>Northwest</u>	<u>United</u>	<u>USAirways</u>	<u>Total</u>
Fuel Expense	\$1,435,283	\$551,269	\$1,067,493	\$759,320	\$1,134,912	\$619,539	\$5,567,816
Linehaul & Terminal Taxi 1/	\$6,765,100	\$2,967,758	\$5,271,102	\$3,143,997	\$5,571,716	\$3,654,885	\$27,374,558
Terminal Departure Exp. 2/	\$1,286,221	\$398,217	\$674,135	\$730,745	\$1,561,959	\$879,873	\$5,531,150
Terminal Expense 3/	\$1,187,918	\$274,854	\$661,826	\$572,752	\$837,099	\$399,102	\$3,933,551
Available Ton-Miles (000)	16,983,301	6,020,152	14,479,988	7,994,382	13,155,995	6,875,820	65,509,638
Tons of Bag. and Cargo Enp. 4/	1,407,412	672,989	1,726,146	930,941	1,288,117	852,875	6,878,480
<u>Year Ended June 30, 2003</u>						<u>Fed. Express</u>	
Fuel Expense	\$1,746,166	\$640,017	\$1,208,831	\$828,770	\$1,216,824	\$615,785	\$6,256,393
Linehaul & Terminal Taxi 1/	\$7,570,482	\$2,674,882	\$5,387,104	\$3,216,904	\$5,184,887	\$3,841,742	\$27,876,001
Terminal Departure Exp. 2/	\$1,155,010	\$368,899	\$728,836	\$836,474	\$1,056,911	\$383,434	\$4,529,564
Terminal Expense 3/	\$753,242	\$276,718	\$663,672	\$588,107	\$970,683	\$878,042	\$4,130,464
Available Ton-Miles (000)	18,490,545	5,851,943	13,697,934	7,737,982	12,998,234	9,752,774	68,529,412
Tons of Bag. and Cargo Enp. 4/	1,525,991	640,231	1,692,519	904,210	1,291,940	5,431,524	11,486,415

Sources: DOT Form 41 Reports

1/ Includes the following cost pools per the Version 6 Costing Methodology, Updated: flying operations expense (less rentals) (11), flight equipment maintenance expenses (12), flight equipment depreciation, obsolescence and amortization (13), flight equipment rentals (14), aircraft servicing-control expense (19), and related general and administrative expenses (I21).

2/ Includes the following cost pools as defined in the Version 6 Costing Methodology, Updated: Aircraft servicing-line servicing expense (18), landing fees (110), maintenance-ground property and equipment (118), depreciation-general ground property and eqpt. and amortization (less directly assignable portion) (119), depreciation-maintenance equipment (I20), and related general and administrative expenses (I21).

3/ Traffic servicing cargo and baggage cost pool (112) per the Version 6 Costing Methodology, Updated, and related G&A Expense (I21).

4/ Baggage weighted at .015895 per passenger.

COMPARISON OF UNIT COSTS BY CARRIER

ATLANTIC RATE AREA

	<u>American</u>	<u>Continental</u>	<u>Delta</u>	<u>Northwest</u>	<u>United</u>	<u>Total</u>	<u>Standard Deviation</u>	<u>Two Standard Deviation Range</u>	
<u>Unit Cost of Fuel</u>									
Year Ended June 30, 2002	\$0.0584	\$0.0651	\$0.0564	\$0.0813	\$0.0623	\$0.0626			
Year Ended June 30, 2003	\$0.0656	\$0.0720	\$0.0709	\$0.0972	\$0.0715	\$0.0731	\$0.0124	\$0.0979	\$0.0483
Percentage Change	12.33%	10.60%	25.71%	19.56%	14.77%	16.77%			
<u>Unit Cost of Nonfuel</u>									
Year Ended June 30, 2002	\$0.2131	\$0.1780	\$0.2265	\$0.2151	\$0.2760	\$0.2274			
Year Ended June 30, 2003	\$0.1912	\$0.1797	\$0.2624	\$0.3112	\$0.2451	\$0.2338	\$0.0538	\$0.3414	\$0.1262
Percentage Change	-10.28%	0.96%	15.85%	44.68%	-11.20%	2.81%			
<u>Unit Cost of Fuel + Nonfuel</u>									
Year Ended June 30, 2002	\$0.2715	\$0.2431	\$0.2828	\$0.2963	\$0.3383	\$0.2900			
Year Ended June 30, 2003	\$0.2568	\$0.2517	\$0.3333	\$0.4085	\$0.3166	\$0.3069			
Percentage Change	-5.41%	3.54%	17.86%	37.87%	-6.41%	5.83%			
<u>Unit Cost Terminal</u>									
Year Ended June 30, 2002	\$657.07	\$416.90	\$537.81	\$633.90	\$525.96	\$558.90			
Year Ended June 30, 2003	\$284.69	\$418.87	\$522.97	\$704.55	\$198.17	\$392.98	\$199.32	\$791.62	-\$5.66
Percentage Change	-56.67%	0.47%	-2.76%	11.15%	-62.32%	-29.69%			
<u>Available Ton-Miles</u>									
Year Ended June 30, 2002	4,202,181	2,278,670	4,380,195	2,148,936	4,190,086	17,200,068			
Year Ended June 30, 2003	4,403,475	2,536,019	4,201,408	2,081,258	3,866,311	17,088,471			
Percentage Change	4.79%	11.29%	-4.08%	-3.15%	-7.73%	-0.65%			
<u>Tons of Bag. & Cargo Exp.</u>									
Year Ended June 30, 2002	244,210	142,244	239,168	111,603	215,688	952,913			
Year Ended June 30, 2003	264,743	157,227	228,503	112,721	206,497	969,691			
Percentage Change	8.41%	10.53%	-4.46%	1.00%	-4.26%	1.76%			

COMPARISON OF UNIT COSTS BY CARRIER

LATIN AMERICAN RATE AREA

	<u>American</u>	<u>Continental/ UPS</u>	<u>Delta</u>	<u>United</u>	<u>Total</u>	<u>Standard Deviation</u>	<u>Two Standard Deviation Range</u>	
<u>Unit Cost of Fuel</u>								
Year Ended June 30, 2002	\$0.0735	\$0.1021	\$0.0585	\$0.0652	\$0.0743			
Year Ended June 30, 2003	\$0.0783	\$0.0659	\$0.0709	\$0.0763	\$0.0758	\$0.0056	\$0.0870	\$0.0646
Percentage Change	6.53%	-35.46%	21.20%	17.02%	2.02%			
<u>Unit Cost of Nonfuel</u>								
Year Ended June 30, 2002	\$0.3072	\$0.3108	\$0.2696	\$0.3203	\$0.3042			
Year Ended June 30, 2003	\$0.2929	\$0.2861	\$0.2688	\$0.2851	\$0.2873	\$0.0102	\$0.3077	\$0.2669
Percentage Change	-4.65%	-7.95%	-0.30%	-10.99%	-5.56%			
<u>Unit Cost of Fuel + Nonfuel</u>								
Year Ended June 30, 2002	\$0.3807	\$0.4129	\$0.3281	\$0.3855	\$0.3785			
Year Ended June 30, 2003	\$0.3711	\$0.3520	\$0.3397	\$0.3614	\$0.3631			
Percentage Change	-2.52%	-14.75%	3.54%	-6.25%	-4.07%			
<u>Unit Cost Terminal</u>								
Year Ended June 30, 2002	\$525.77	\$309.72	\$513.06	\$336.34	\$461.17			
Year Ended June 30, 2003	\$290.68	\$47.19	\$476.27	-\$238.30	\$181.06	\$309.54	\$800.14	-\$438.02
Percentage Change	-44.71%	-84.76%	-7.17%	-170.85%	-60.74%			
<u>Available Ton-Miles</u>								
Year Ended June 30, 2002	3,957,906	1,151,414	1,122,528	1,193,719	7,425,567			
Year Ended June 30, 2003	3,968,223	490,814	1,051,704	991,811	6,502,552			
Percentage Change	0.26%	-57.37%	-6.31%	-16.91%	-12.43%			
<u>Tons of Bag. & Cargo Exp.</u>								
Year Ended June 30, 2002	328,867	103,030	75,023	76,391	583,311			
Year Ended June 30, 2003	330,514	242,739	75,140	61,804	710,197			
Percentage Change	0.50%	135.60%	0.16%	-19.10%	21.75%			

COMPARISON OF COSTS, TRANSBORDER RATE AREA

	<u>American</u>	<u>Continental</u>	<u>Delta</u>	<u>Northwest</u>	<u>United</u>	<u>USAirways/ Fed. Exp.</u>	<u>Total</u>	<u>Standard Deviation</u>	<u>Two Standard Deviation Range</u>	
<u>Unit Cost of Fuel</u>										
Year Ended June 30, 2002	\$0.08451	\$0.09157	\$0.07372	\$0.09498	\$0.08627	\$0.09010	\$0.08499			
Year Ended June 30, 2003	\$0.09444	\$0.10937	\$0.08825	\$0.10710	\$0.09361	\$0.06314	\$0.09130	\$0.0186	\$0.0541	\$0.1285
Percentage Change	11.75%	19.44%	19.71%	12.76%	8.51%	-29.92%	7.42%			
<u>Unit Cost of Nonfuel</u>										
Year Ended June 30, 2002	\$0.31383	\$0.40140	\$0.29030	\$0.29829	\$0.33725	\$0.44145	\$0.33288			
Year Ended June 30, 2003	\$0.31499	\$0.34772	\$0.30503	\$0.30862	\$0.30528	\$0.33077	\$0.31548	\$0.0191	\$0.2773	\$0.3537
Percentage Change	0.37%	-13.37%	5.07%	3.46%	-9.48%	-25.07%	-5.23%			
<u>Unit Cost of Fuel + Nonfuel</u>										
Year Ended June 30, 2002	\$0.39834	\$0.49297	\$0.36403	\$0.39328	\$0.42351	\$0.53156	\$0.41787			
Year Ended June 30, 2003	\$0.40942	\$0.45709	\$0.39328	\$0.41573	\$0.39889	\$0.39391	\$0.40677			
Percentage Change	2.78%	-7.28%	8.04%	5.71%	-5.81%	-25.90%	-2.66%			
<u>Unit Cost A/C Svc. & Grd.</u>										
Year Ended June 30, 2002	\$0.07573	\$0.06615	\$0.04656	\$0.09141	\$0.11873	\$0.12797	\$0.08443			
Year Ended June 30, 2003	\$0.06246	\$0.06304	\$0.05321	\$0.10810	\$0.08131	\$0.03932	\$0.06610	\$0.0267	\$0.0127	\$0.1195
Percentage Change	-17.52%	-4.70%	14.28%	18.26%	-31.52%	-69.27%	-21.71%			
<u>Unit Cost Terminal</u>										
Year Ended June 30, 2002	\$844.04	\$408.41	\$383.41	\$615.24	\$649.86	\$467.95	\$571.86			
Year Ended June 30, 2003	\$493.61	\$432.22	\$392.12	\$650.41	\$751.34	\$161.66	\$359.60	\$231.29	-\$102.98	\$822.18
Percentage Change	-41.52%	5.83%	2.27%	5.72%	15.62%	-65.45%	-37.12%			
<u>Available Ton-Miles</u>										
Year Ended June 30, 2002	16,983,301	6,020,152	14,479,988	7,994,382	13,155,995	6,875,820	65,509,638			
Year Ended June 30, 2003	18,490,545	5,851,943	13,697,934	7,737,982	12,998,234	9,752,774	68,529,412			
Percentage Change	8.87%	-2.79%	-5.40%	-3.21%	-1.20%	41.84%	4.61%			
<u>Tons of Bag. & Cargo Exp.</u>										
Year Ended June 30, 2002	1,407,412	672,989	1,726,146	930,941	1,288,117	852,875	6,878,480			
Year Ended June 30, 2003	1,525,991	640,231	1,692,519	904,210	1,291,940	5,431,524	11,486,415			
Percentage Change	8.43%	-4.87%	-1.95%	-2.87%	0.30%	536.85%	66.99%			

Historical Trends in Costs Underlying International Mail Rates

ATLANTIC DATA BASE						LATIN DATA BASE			
	Order	Year	Fuel	Non-Fuel	Terminal	Order	Fuel	Non-Fuel	Terminal
	Number	Ended	\$/ATM	\$/ATM	\$/Ton	Number	\$/ATM	\$/ATM	\$/Ton
1 .	91-8-5	9/30/89	\$0.0731	\$0.1967	\$475.33	91-8-5	\$0.0614	\$0.2692	\$261.26
2 .	91-8-5	9/30/90	\$0.0882	\$0.2060	\$508.24	91-8-5	\$0.1025	\$0.2713	\$295.57
3 .	92-4-30	9/30/91	\$0.1039	\$0.2444	\$657.51	92-4-30	\$0.1196	\$0.2640	\$352.64
4 .	94-8-27	9/30/92	\$0.0775	\$0.2161	\$617.80	94-8-27	\$0.0882	\$0.2764	\$367.71
5 .	95-6-32	9/30/93	\$0.0743	\$0.2141	\$563.42	95-6-32	\$0.0809	\$0.2625	\$295.28
6 .	95-6-32	9/30/94	\$0.0653	\$0.2077	\$470.30	95-6-32	\$0.0674	\$0.2521	\$277.17
7 .	97-5-23	9/30/95	\$0.0600	\$0.1976	\$465.09	97-5-23	\$0.0636	\$0.2471	\$308.47
8 .	97-5-23	9/30/96	\$0.0661	\$0.2071	\$469.76	97-5-23	\$0.0679	\$0.2568	\$338.34
9 .	99-4-1	6/30/97	\$0.0719	\$0.1967	\$457.22	99-4-1	\$0.0758	\$0.2518	\$324.00
10 .	99-4-1	6/30/98	\$0.0573	\$0.1949	\$443.61	99-4-1	\$0.0640	\$0.2572	\$358.10
11 .	01-7-9	6/30/99	\$0.0461	\$0.1975	\$511.79	01-2-4	\$0.0520	\$0.2509	\$401.34
13 .	01-11-8	6/30/00	\$0.0613	\$0.1906	\$484.07	01-11-8	\$0.0716	\$0.2098	\$376.96
14 .	2-12-23	6/30/01	\$0.0762	\$0.1949	\$508.98	2-12-23	\$0.0924	\$0.2738	\$420.47
15 .	03-5-15	6/30/02	\$0.0626	\$0.2274	\$558.90	03-5-15	\$0.0743	\$0.3042	\$461.17
16 .	New	6/30/03	\$0.0731	\$0.2338	\$392.98	New	\$0.0758	\$0.2873	\$181.06

PACIFIC DATA BASE						TRANSBORDER DATA BASE				
	Order	Year	Fuel	Non-Fuel	Terminal	Order	\$/ATM	\$/ATM	\$/ATM	\$/TON
	Number	Ended	\$/ATM	\$/ATM	\$/Ton	Number	Fuel	Other	Terminal	Terminal
1 .	91-8-5	9/30/89	\$0.0807	\$0.1724	\$259.58	91-8-5	\$0.0877	\$0.20371	\$0.06102	\$318.19
2 .	91-8-5	9/30/90	\$0.0881	\$0.1809	\$269.40	91-8-5	\$0.1029	\$0.22114	\$0.06388	\$343.75
3 .	92-4-30	9/30/91	\$0.1066	\$0.1870	\$328.19	92-4-30	\$0.1127	\$0.23374	\$0.06822	\$353.37
4 .	94-8-27	9/30/92	\$0.0771	\$0.1925	\$331.93	94-8-27	\$0.0905	\$0.23443	\$0.06726	\$337.85
5 .	95-6-32	9/30/93	\$0.0741	\$0.1871	\$322.75	95-6-32	\$0.0851	\$0.24185	\$0.06708	\$360.13
6 .	95-6-32	9/30/94	\$0.0671	\$0.1931	\$345.47	95-6-32	\$0.0768	\$0.24608	\$0.06673	\$345.30
7 .	97-5-23	9/30/95	\$0.0665	\$0.2038	\$391.95	97-5-23	\$0.0743	\$0.24389	\$0.06248	\$355.85
8 .	97-5-23	9/30/96	\$0.0736	\$0.2125	\$378.83	97-5-23	\$0.0830	\$0.26021	\$0.06220	\$370.78
9 .	99-4-1	6/30/97	\$0.0795	\$0.2115	\$372.36	99-4-1	\$0.0914	\$0.25464	\$0.06377	\$391.56
10 .	99-4-1	6/30/98	\$0.0628	\$0.2178	\$345.92	99-4-1	\$0.0779	\$0.26798	\$0.06365	\$389.35
11 .	01-7-9	6/30/99	\$0.0507	\$0.2200	\$351.24	01-7-9	\$0.0662	\$0.27649	\$0.06646	\$424.90
13 .	01-11-8	6/30/00	\$0.0669	\$0.2054	\$376.91	01-11-8	\$0.0817	\$0.28087	\$0.06916	\$428.18
14 .	2-12-23	6/30/01	\$0.0812	\$0.2198	\$399.61	2-12-23	\$0.1084	\$0.30348	\$0.07318	\$468.51
15 .	03-5-15	6/30/02	\$0.0656	\$0.2528	\$432.36	03-5-15	\$0.0850	\$0.33288	\$0.08443	\$571.86
16 .	New	6/30/03	\$0.0702	\$0.2479	\$455.47	New	\$0.0913	\$0.3155	\$0.06610	\$359.60