

End of Workshop #2 Industry Check-in CAPITAL AEROPORTER

Issues	Industry Comments
Rate/Fares Methodologies	
1. Establish a banded rate methodology. (As proposed, this option would remove the need for fuel surcharge filings).	① Establish banded fare methodology to respond to current market conditions in a timely manner (including fuel prices). ② Adjust annual reports to reflect accurate operating ratios.
2. Establish a return on investment methodology.	③ Use annual reports as oversight of operating ratios. If ratio falls below established level (e.g. 85) require fare adjustment.
3. Maintain status quo – entry and ratemaking methodology (Operating Ratio 93).	NOTE: Allowing ratio to fall below "93" will encourage investment, efficiency and expense control
4. Develop alternative approaches within the operating ratio method using Lurito/Gallagher and Kosh turnover ratio methodology.	*Combination of banded and operating ratio methods.
5. Rate base rate of return.	
Proposals to change current UTC procedures	
6. Create a pass-through process for fuel expenses with true up.	APPROPRIATE WITH OPERATING RATIO, NOT NECESSARY IN BANDED FARE METHOD
7. Allow carriers to file promotional rates on one-day notice. Valid for 90 days.	GOOD IDEA FOR PROMOTIONAL FARES. OTHER REDUCED FARES FOR SPECIFIC MARKETS MAY NEED PERMANENT DISCOUNT.
Operations	
8. Maintain strict entry standards.	INCLUDING FINANCIAL VIABILITY STANDARD
9. Create rules outlining ratemaking methodology.	NECESSARY TO ORGANIZE AND CONSISTENTLY APPLY.
10. Increase enforcement against illegal carriers.	NECESSARY TO PROTECT STABILITY OF INDUSTRY, ESPECIALLY WITH RATE/PRICE CONTROL
11. Additional emphasis on safety standards and service quality.	NECESSARY TO INSURE THAT ALL CARRIERS ARE ALLOCATING RESOURCES (EQUAL) TO MEET STANDARDS
Legislation	
12. Propose legislation to eliminate entry and rate regulation, but maintain registration, safety standards and insurance.	BEYOND SCOPE OF WORKSHOP. THE PURPOSE WAS TO MAKE FARE CONTROL LESS PUNITIVE AND MORE FLEXIBLE.
Other issues for consideration	