

Scenic Airlines, Inc.
Calculation of Subsidy Requirement
at Ely, Nevada

Route: ELY-EKO – 12 RT per week
 ELY-LAS – 6 RT per week

Total block hours 1,506 ^{1/}

Passenger revenue	<u>Fare</u>	<u>Passengers</u>	<u>Revenue</u>
ELY-EKO	\$60.00	2,000	\$120,000
ELY-LAS	\$96.00	1,000	\$96,000
<u>Freight</u>			<u>\$3,000</u>
Total operating revenue			\$219,000

<u>Direct operating expense (Beech 1900)</u>	<u>Unit cost</u>	<u>Expense</u>
Flying Operations	\$75.00 per BH	\$112,950
Aircraft Lease		\$318,000
Insurance		\$30,000
Fuel & Oil	\$109.20 per BH	\$164,455
Maintenance	\$175.00 per BH	\$263,550
Other		<u>\$20,000</u>
Total direct operating expenses		\$908,955

<u>Indirect operating expense</u>	<u>Expense</u>
Counter Rental	\$24,000
Customer Service	\$105,000
Passenger Inconvenience	\$10,000
General & Administrative	\$50,000
Training	\$15,000
Landing Fees	\$16,100
Liability Insurance	\$27,478
Commissions @ 10%	\$21,600
Advertising	\$5,000
CRS @ \$4 per passenger	\$12,000
Other	\$29,000
Depreciation	<u>\$20,000</u>
Total indirect operating expense	\$335,178

Total operating expense	\$1,244,133
Operating loss	\$1,025,133
Profit element @ 5 percent of total operating expense	<u>\$62,207</u>

Compensation requirement @ 95% completion \$1,087,340

^{1/} Total block hours computed as follows:

Block hours:	ELY-EKO	ELY-LAS	Total
Scheduled daily hours	2.76	2.3	5.06
times .95 completion factor	2.62	2.19	4.81

Total daily block hours (4.81) times 313 service days = 1,506