

Great Lakes Aviation, Ltd., d/b/a United Express
Essential Air Service to be Provided at
Fairmont, Minnesota, Brookings and Yankton, South Dakota
Devils Lake and Jamestown, North Dakota, and
Norfolk, Nebraska
Calculation of Compensation Requirement

Total block hours (p.3) 10,115

Operating revenue:
Passenger revenue

City Pair	Distance	Fare	Passengers	RPMs	Revenue
BKX-MSP	182	\$75.00	4,000	728,000	\$300,000
FRM-MSP	104	\$65.00	2,000	208,000	\$130,000
SPW-MSP	155	\$67.00	4,200	651,000	\$281,400
DVL-MSP	381	\$116.00	8,500	3,238,500	\$986,000
JMS-MSP	299	\$83.00	6,500	1,943,500	\$539,500
GRI-MSP	397	\$110.00	8,500	3,374,500	\$935,000
OFK-MSP	313	\$84.00	4,200	1,314,600	\$352,800
YKN-MSP	249	\$78.00	4,000	996,000	\$312,000
Totals			41,900	12,454,100	\$3,836,700
<u>Freight revenue</u>	(1% of passenger revenue)				<u>\$38,367</u>
Total operating revenue					\$3,875,067

Direct operating expense (Beech 1900-C):

	Months/Block hours		Unit rate	Expense
Aircraft lease	10,115 hours	*	\$117.45 1/	\$1,188,007
Hull insurance	10,115 hours	*	\$6.18 2/	\$62,511
Flying operations	10,115 hours	*	\$102.91	\$1,040,935
Fuel & oil	10,115 hours	*	\$136.15	\$1,377,157
Maintenance	10,115 hours	*	\$116.21	\$1,175,464
Total direct operating expense				\$4,844,074

Total indirect operating expense (detailed on next page) \$2,722,893

Total operating expense \$7,566,966

Operating loss \$3,691,899

Profit element @ 5 percent of total operating expense \$378,348

Annual compensation requirement @ 98 percent \$4,070,247

1/ The aircraft lease expense for three aircraft at \$33,000 per month divided by 10,115 block hours.
2/ The cost of hull insurance for three aircraft at \$20,850 per aircraft divided by 10,115 block hours.

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Indirect operating expense:

Facility lease at all six EAS cities plus DVL hangar				\$57,720
Landing fees at all six EAS cities				\$45,544
Local advertising				\$30,000
Station managers	6		\$22,600 per year	\$135,600
Station agents	12		\$17,300 per year	\$207,600
GRI turn fees	920		\$71.00	\$65,320
MSP turn and landing fees	3,425		\$218.00	\$746,650
SPW turn fees	664		\$107.00	\$71,048
Liability insurance	12,454,100 RPMs @		0.00419 per RPM	\$52,183
Marketing	41,900 @		\$1.54 per passenger	\$64,526
Accounting	41,900 @		\$1.38 per passenger	\$57,822
Communications	41,900 @		\$1.15 per passenger	\$48,185
Reservations	41,900 @		\$7.44 per passenger	\$311,736
Supplies	41,900 @		\$1.91 per passenger	\$80,029
Commissions	\$3,836,700 @		0.087 of revenue	\$333,793
Training expense	\$4,844,074 @		0.0257 of directs	\$124,493
<u>Administrative</u>	\$4,844,074 @		0.06 of directs	<u>\$290,644</u>
Total indirect operating expense				\$2,722,893

Annual Scheduled Block Hours

Fairmont, Minnesota, and Brookings, South Dakota:

Spencer-Fairmont-Minneapolis

$$2 \text{ rt flts.} \times (22 + 38 + 42 + 21 \text{ min.})/60 \times 313 \text{ service days} \times .98 = 1,258$$

$$1 \text{ rt flt.} \times (22 + 38 + 42 + 21)/60 \text{ min.} \times 52 \text{ service days} \times .98 = 104$$

Minneapolis-Fairmont-Brookings

$$1 \text{ rt flt.} \times (42 + 38 + 37 + 38 \text{ min.})/60 \times 261 \text{ service days} \times .98 = 661$$

Minneapolis-Brookings

$$2 \text{ rt flts.} \times (61 + 52 \text{ min.})/60 \times 313 \text{ service days} \times .98 = 1,155$$

$$1 \text{ rt flt.} \times (61 + 52 \text{ min.})/60 \times 52 \text{ service days} \times .98 = 96$$

3,274

Devils Lake and Jamestown, North Dakota:

Devils Lake-Jamestown-Minneapolis

$$3 \text{ rt flts.} \times (29 + 74 + 79 + 28 \text{ min.})/60 \times 313 \text{ service days} \times .98 = 3,221$$

Norfolk, Nebraska and Yankton, South Dakota:

Grand Island-Norfolk-Yankton-Minneapolis

$$3 \text{ rt flts.} \times (28 + 24 + 64 + 70 + 23 + 27 \text{ min.})/60 \times 313 \text{ service days} \times .98 = 3,620$$

Total Annual Block Hours

10,115