

9745  
QA

BEFORE THE  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C.

RECEIVED  
DOCKET SECTION  
MAY 20 3 53 PM '83  
CIVIL AERONAUTICS  
BOARD

-----  
Designation of Carrier to Provide :  
Essential Air Transportation at :

HASTINGS, NEBRASKA :  
KEARNEY, NEBRASKA :  
MCCOOK, NEBRASKA :  
-----

OST-96-1473-10  
Docket 41291

RESPONSE TO  
ORDER TO SHOW CAUSE  
IN ORDERING PARAGRAPH 2  
OF ORDER 83-4-100

Communications with respect to this document should be  
addressed to:

Mr. David R. Forward, President  
Pioneer Airways, Inc.  
Hangar #5, Stapleton Int'l.  
Denver, Colorado 80207

Mr. William V. Cheek  
Executive Vice President  
Chief Administrative Officer  
Pioneer Airways, Inc.  
Hangar #5, Stapleton Int'l.  
Denver, Colorado 80207

Telephone: 303/398-2115

May 20, 1983

BEFORE THE  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C.

-----  
Designation of Carrier to Provide :  
Essential Air Transportation at :

HASTINGS, NEBRASKA :  
KEARNEY, NEBRASKA :  
MCCOOK, NEBRASKA :  
-----

Docket 41291

RESPONSE TO  
ORDER TO SHOW CAUSE  
IN ORDERING PARAGRAPH 2  
OF ORDER 83-4-100

Comes now Pioneer Airways, Inc. ("Pioneer"), through William V. Cheek, and responding to the direction of this Board to show cause and in support of its objections noted herein would show the Board, as follows:

1. By Order 83-4-100, served April 21, 1983, Pioneer was designated to provide essential air service at Hastings, McCook, and Kearney, Nebraska.

2. In Paragraph 2 of Order 83-4-100, the Board sought to make final an interim rate of compensation established by Order 82-15-55 for the provision of essential air service paid to Pioneer for the period between November 16, 1982 and April 23, 1983 (inclusive) to include service to Columbus, Nebraska, as well (Order 82-12-63).

3. Pioneer obtained an extension of time, until June 1, 1983, to file any objections to the interim rate being made final and to show cause why that rate should not become the interim rate for the period.

4. Pioneer has now completed its study of the operating results in southern Nebraska for the interim period and responds to the show cause order as follows:

- a. Pioneer objects to the interim rate set in Order 82-15-55 becoming the final rate for

the period between November 16, 1982 and April 23, 1983, inclusive.

- b. Pioneer was "held in" in these cities during the interim period and is entitled to full compensation for losses sustained in the provision of air service during the interim period.
- c. Pioneer's losses directly attributable to this service were \$ 728,481 , after giving effect to interest and a return element as shown by Exhibits JB-A through JB-G attached hereto and made a part hereof.
- d. Pioneer requests that this Board modify Order 83-4-100 to establish the rate of compensation which should be paid to it for service during the interim period to \$ 728,481 to fully compensate it for losses sustained in the provision of said service, as shown by the exhibits attached hereto.

WHEREFORE, premises considered, Pioneer Airways, Inc. ("Pioneer") prays that the Board record Pioneer's objections to the interim rate being made final and modify Order 83-4-100 to order the payment of \$ 728,481 as loss compensation for the provision of essential air service to Hastings, McCook, Kearney and Columbus, Nebraska, for the period between November 16, 1982, and April 23, 1983, inclusive.

Respectfully submitted,  
PIONEER AIRWAYS, INC.

BY: *William V. Clark*  
Executive Vice President-  
Administration

May 20, 1983

CERTIFICATE OF SERVICE

I certify that I served copies of the foregoing pleading on the parties below named by first class mail, postage

prepaid, this 20th day of May, 1983.

The Honorable Mayor  
City of Columbus  
Columbus, Nebraska 68601

Airport Manager  
Municipal Airport  
Columbus, Nebraska 68601

The Honorable Mayor  
City of Hastings  
Hastings, Nebraska 68901

Airport Manager  
Municipal Airport  
Hastings, Nebraska 68901

The Honorable Mayor  
City of McCook  
McCook, Nebraska 69001

Airport Manager  
Municipal Airport  
Kearney, Nebraska 68847


The Honorable Governor  
State of Nebraska  
Lincoln, Nebraska 68051

Mr. William Chatfield  
Regional Director - OCCCA  
Civil Aeronautics Board  
Post Office Box 61646  
Dallas/Ft. Worth Airport, TX 75261

Mr. John Auer, Director  
Department of Aeronautics  
Post Office Box 82088  
Lincoln, Nebraska

Airport Manager  
Municipal Airport  
McCook, Nebraska 69001

The Honorable Mayor  
City of Kearney  
Kearney, Nebraska 68847

  
\_\_\_\_\_  
William V. Cheek

SUBSIDY NEED COMPUTATION  
NOVEMBER 16, 1982 - APRIL 23, 1983

ITEM	AMOUNT
-----	-----
Passenger Revenue	407338
Freight Revenue	13320
	-----
TOTAL REVENUE	421158
Flying Ops            B99	93703
SWM	49949
Fuel                    B99	125189
SWM	52721
Maintenance        B99	161778
SWM	79969
Rentals                B99	43496
SWM	89430
Depreciation        B99	40144
	-----
Total Directs	746379
Passenger & Traffic	236911
G & A	53479
Other Depr/Amort	7987
	-----
TOTAL EXPENSE	1044756
OPERATING LOSS	523598
Interest            B99	55519
Other	7574
Return	41790
	-----
TOTAL SUBSIDY NEED	723481
SUBSIDY PAID	452513
	-----
ADDITIONAL SUBSIDY DUE PIONEER	275953

SUBSIDY NEED COMPUTATION  
NOVEMBER 1982

ITEM	UNIT RATE	UNITS	AMOUNT
-----	-----	-----	-----
Passenger Revenue	68.87	533	36709
Freight Revenue	3.79	36709	1391
			-----
TOTAL REVENUE			38100
Flying Ops	59.864	188.2	11266
B99			
SWM			
Fuel	95.753	188.2	18021
B99			
SWM			
Maintenance	106.385	188.2	20022
B99			
SWM			
Rentals	29.738	188.2	5597
B99			
SWM			
Depreciation	19.053	188.2	3586
B99			
			-----
Total Directs			58492
Passenger & Traffic			22917
G & A	7.60	72226	5489
Other Depr/Amort	.4525	1523.6	689
			-----
TOTAL EXPENSE			87587
OPERATING LOSS			49487
Interest	32.945	188.2	6200
B99			
Other	.34	87587	298
Return	4.00	137587	3503
			-----
TOTAL SUBSIDY NEED			59488

UNIT RATE CALCULATIONS  
NOVEMBER 1982

ITEM	SYSTEM AMOUNT	UNITS	UNIT RATE	BASIS
Freight Revenue	25343	631698	3.79	Pax Revenue
Flying Operations 1/	124001			
B99	40061	669.2	59.864	Block Hours
SWM	83940	1274.7	55.851	Block Hours
Fuel 2/	206433			
399	64078	669.2	95.753	Block Hours
SWM	142355	1274.7	111.677	Block Hours
Maintenance 3/	206801	1943.9	106.385	Block Hours
Rentals 4/	179666			
B99	19901	669.2	29.738	Bl of k Hours
SWM	159765	1274.7	125.335	Block Hours
Depreciation 5/ B99	12750	669.2	19.053	Block Hours
G & A	58755	773148	7.60	Cash Costs less Rentals
Other Depr/Amort 6/	6837	15110.8	.4525	Wgtd Deps
Interest 7/	25532			
B99	22047	669.2	32.945	Block Hours
Other	3485	1031156	.34	Oper Expense

SOURCE: Pioneer Monthly Financial Statements

NOTE: Pioneer does not break out expenses by aircraft type. Therefore, each expense item is first allocated to each aircraft type, then the unit rate is calculated.

- 
- 1/ Allocation between aircraft types is based on weighted block hours. There is no crew pay differential between the B99 and Metro.
  - 2/ Allocation between aircraft types is based on gallons of fuel.
  - 3/ Maintenance expense per block hour is assumed to be the same for each aircraft type.
  - 4/ This expense is broken out by aircraft type.
  - 5/ Only some B99 equipment is owned.
  - 6/ This expense is fixed monthly and will not always match the amount in the financial statement due to out-of-period adjustments.
  - 7/ A portion represents interest on B99 loans, while the remainder represents interest on working capital loans.

ALLOCATION OF PASSENGER AND TRAFFIC SERVICING  
NOVEMBER 4982

I TEM	AMOUNT	ALLOCATION	COST TO SO NEB
-----		-----	-----
<b>Salary-Related:</b>			
So Neb 1/	13571	x 15/30	6836
Denver 2/	16339	x 4.90%	800
Alloc 3/	24660	x 10.29%	2538
Rent:			
So Neb 1/	1450	x 15/30	725
Denver 4/	4749	x 5.83%	277
Landing Fees:			
So Neb 1/	1645	x 266/553	791
Denver 5/	2092	x 4.65%	97
Communications: 6/	17616	x 9.51%	1-575
Enplanement-Related: 7/	7939	x 6.83%	542
Station-Related: 8/	32653	x 6/21 x .5	4665
Revenue-Related: 9/	73671	x 5.39%	3971
			-----
<b>TOTAL</b>			22927

- 
- 1/ Direct Assignment.
  - 2/ 2/3 on DEN Enplanements and 1/3 on DEN Departures.
  - 3/ 40% on System Enplanements, 20% on System Departures and 40% on Salary-Related Expense.
  - 4/ DEN Departures.
  - 5/ DEN Wgtd Departures.
  - 6/ 50% on System Enplanements and 50% on System Departures.
  - 7/ System Enplanements.
  - 8/ Stations.
  - 9/ Passenger Revenue.



PASSENGER AND TRAFFIC SERVICING EXPENSE  
NOVEMBER 1982

ITEM	DIRECTLY ASSIGNABLE			ALLOC	TOTAL
	SO NEB	DENVER	OTHER		
Salaries & Benefits	12480	14916	27055	22512	76963
Payroll Taxes	844	1008	1829	1522	5202
Personnel Expenses	347	415	752	626	2140
	-----	-----	-----	-----	-----
<b>Total Salary-Related</b>	<b>13671</b>	<b>16339</b>	<b>29636</b>	<b>24660</b>	<b>84305</b>
<b>Rent</b>	<b>1450</b>	<b>4749</b>	<b>5552</b>		<b>11751</b>
<b>Landing Fees</b>	<b>1545</b>	<b>2092</b>	<b>4241</b>		<b>7978</b>
Communications					17616
Tariffs & Schedules					7047
Interrupted Trip					892
					-----
<b>Total Enplanement-Related</b>					<b>7939</b>
Utilities					494
Outside Services					15829
Stationery, Printing					2865
Other					13465
					-----
<b>Total Station-Related</b>					<b>32653</b>
Traffic Commissions					56645
Advertising					15942
Other Promotion					1034
					-----
<b>Total Revenue-Related</b>					<b>73671</b>
<b>TOTAL</b>					<b>235913</b>

SOURCE: Pioneer Monthly Financial Statements

TRAFFIC AND CAPACITY STATISTICS  
NOVEMBER 1982

ITEM	SOUTHERN NEBRASKA			SYSTEM		
	B99	SWM	TOTAL	B99	SWM	TOTAL
TOTAL --						
BLOCK HOURS	133.2		133.2	669.2	1274.7	1943.9
WGTD BLK HRS 1/				669.2	1402.2	2071.4
GALLONS FUEL 2/				59960	133206	193166
DEPARTURES	293	.	293	954	1450	2404
WGTD DEPS 3/	1523.6		1523.6	4960.8	10150	15110.8
ENPLANEMENTS			533			7806
STATIONS 4/			6			21
AT DENVER --						
DEPARTURES	27		27	123	340	463
WGTD DEPS 3/	140.4		140.4	639.6	2380	3019.6
ENPLANEMENTS			131			2959

NOTE: The Southern Nebraska service includes statistics for the November 16 - 30 period only.

1/ At 1.0 for B-99 and 1.1 for SWM.

2/ At 89.6 gallons per hour for B-99 and 104.5 gallons per hour for SWM.

3/ At 5.2 for B-99 and 7.0 for SWM, based on landing weights.

4/ JB served 16 cities plus Denver and operated five separate routes out of Denver. Thus, Denver was counted five times.

SUBSIDY NEED COMPUTATION  
DECEMBER 1982

I T E M	UNIT RATE	UNITS	AMOUNT
-----	-----	-----	-----
Passenger Revenue	78.56	995	78163
Freight Revenue	3.03	78163	2368
			-----
TOTAL REVENUE			80531
Flying Ops      B99	68.35	352.3	24080
SWM			
Fuel            B99	99.659	352.3	35110
SWM			
Maintenance   B99	148.97	352.3	52482
SWM			
Rentals        B99	26.129	352.3	9205
SWM			
Depreciation   B99	15.713	352.3	5888
			-----
Total Directs			126765
Passenger & Traffic			42713
G & A	6.56	154385	10128
Other Depr/Amort	.4857	2771.6	1346
			-----
TOTAL EXPENSE			180952
OPERATING LOSS			100421
Interest      B99	22.852	352.3	8051
Other	0.40	180952	724
Return	4.00	180952	7238
			-----
TOTAL SUBSIDY NEED			116434

UNIT RATE CALCULATIONS  
DECEMBER 1982

ITEM	SYSTEM AMOUNT	UNITS	UNIT RATE	BASIS
Freight Revenue	18421	608870	3.03	Pax Revenue
Flying Operations 1/	133242			
B99	52144	762.9	68.35	Block Hours
SWM	81098	1078.6	75.188	Block Hours
Fuel 2/	201398			
B99	76030	762.9	99.659	Block Hours
SWM	125368	1078.6	116.232	Block Hours
Maintenance 3/ ,	274328	1841.5	148.97	Block Hours
Rentals 4/	173787			
E399	19954	762.9	26.129	Block Hours
SWM	153853	1078.6	142.641	Block Hours
Depreciation 5/ B99	12750	752.9	16.713	Block Hours
G & A	54500	831146	6.56	Cash Costs less Rentals
Other Depr/Amort 6/	6837	14076.8	.4857	Wgtd Deps
Interest 7/	21740			
B99	17434	762.9	22.852	Block Hours
Other	4306	1079020	0.40	Oper Expense

SOURCE: Pioneer Monthly Financial Statements

NOTE: Pioneer does not break out expenses by aircraft type. Therefore, each expense item is first allocated to each aircraft type, then the unit rate is calculated.

- 1/ Allocation between aircraft types is based on weighted block hours. There is no crew pay differential between the B99 and Metro.
- 2/ Allocation between aircraft types is based on gallons of fuel.
- 3/ Maintenance expense per block hour is assumed to be the same for each aircraft type.
- 4/ This expense is broken out by aircraft type.
- 5/ Only some B99 equipment is owned.
- 6/ This expense is fixed monthly and will not always match the amount in the financial statement due to out-of-period adjustments.
- 7/ A portion represents interest on B99 loans, while the remainder represents interest on working capital loans.

ALLOCATION OF PASSENGER AND TRAFFIC SERVICING  
DECEMBER 1982

ITEM	AMOUNT	ALLOCATION	COST TO SO NEB
-----	-----	-----	-----
Salary-Related:			
SO Neb 1/	11723		11723
Denver 2/	15966	X 9.48%	1514
Alloc 3/	27763	x 19.14%	5314
Rent:			
So Neb 1/	1450		1450
Denver 4/	6219	x 10.71%	666
Landing Fees:			
So Neb 1/	1528		1528
Denver 5/	2050	x 8.90%	182
Communications: 6/	27306	x 18.07%	4934
Enplanement-Related: 7/	3434	x 12.77%	439
Station-Related: 8/	27126	x 6/21	7750
Revenue-Related: 9/	56175	X 12.84%	7213
			-----
TOTAL			42713

- 
- 1/ Direct Assignment.
  - 2/ 2/3 on DEN Enplanements and 1/3 on DEN Departures.
  - 3/ 40% on System Enplanements, 20% on System Departures and 40% on Salary-Related Expense.
  - 4/ DEN Departures.
  - 5/ DEN Wgtd Departures.
  - 6/ 50% on System Enplanements and 50% on System Departures.
  - 7/ System Enplanements.
  - 8/ Stations.
  - 9/ Passenger Revenue.

PASSENGER AND TRAFFIC SERVICING EXPENSE  
DECEMBER 1982

ITEM	D I R E C T L Y   A S S I G N A B L E			ALLOC	TOTAL
	SO NEE	DENVER	OTHER		
Salaries & Benefits	10790	14695	2.5554	25552	77591
Payroll Taxes	71.3	971	1755	1689	5129
Personnel Expenses	220	300	542	522	1584
<b>Total Salary-Related</b>	<b>11723</b>	<b>15966</b>	<b>29851</b>	<b>27763</b>	<b>84304</b>
Rent	1450	6219	2971		10640
Landing Fees	1528	2050	9615		13193
Communications					27306
Tariffs & Schedules					1698
Interrupted Trip					1736
<b>Total Enplanement-Related</b>					<b>3434</b>
Utilities					444
Outside Services					11140
Stationery, Printing					540
Other					15002
<b>Total Station-Related</b>					<b>27126</b>
Traffic Commissions					46271
Advertising					6065
Other Promotion					3839
<b>Total Revenue-Related</b>					<b>56175</b>
<b>TOTAL</b>					<b>222178</b>

SOURCE: Pioneer Monthly Financial Statements

TRAFFIC AND CAPACITY STATISTICS  
DECEMBER 1982

ITEM	SOUTHERN NEBRASKA			SYSTEM		
	B99	SWM	TOTAL	B99	SWM	TOTAL
TOTAL --						
BLOCK HOURS	352.3		352.3	762.9	1078.6	1841.5
WGTD BLK HRS 1/				762.9	1186.5	1949.4
GALLONS FUEL 2/				68356	112714	181070
DEPARTURES	533		533	1054	1228	2282
WGTD DEPS 3/	2771.6		2771.6	5480.8	8596	14076.8
ENPLANEMENTS			995			7793
STATIONS 4/			6			21
AT DENVER --						
DEPARTURES	51		51	196	280	476
WGTD DEPS 3/	265.2		265.2	1019.2	1960	2979.2
ENPLANEMENTS			251			2829

1/ At 1.0 for B-99 and 1.1 for SWM.

2/ At 89.6 gallons per hour for B-99 and 104.5 gallons per hour for SWM.

3/ At 5.2 for B-99 and 7.0 for SWM, based on landing weights.

4/ JB served 16 cities plus Denver and operated five separate routes out of Denver. Thus, Denver was counted five times.

SUBSIDY NEED COMPUTATION  
JANUARY 1983

ITEM	UNIT RATE	UNITS	AMOUNT
-----	-----	-----	-----
Passenger Revenue	79.70	937	74679
Freight Revenue	3.72	74679	2778
			-----
TOTAL REVENUE			77457
Flying Ops      B99	79.976	377.1	30159
SWM			
Fuel             B99	98.84	377.1	37273
SWM			
Maintenance    B99	100.786	377.1	38006
SWM			
Rentals          B99	29.214	377.1	11017
SWM			
Depreciation    B99	19.09	377.1	7199
			-----
Total Directs			123654
Passenger & Traffic			44371
G & A	6.39	149809	9573
Other Depr/Amort	.4611	2588.4	1240
			-----
TOTAL EXPENSE			178838
OPERATING LOSS			101381
Interest        B99	25.907	377.1	9770
Other	0.30	178838	1431
Return	4.00	178838	7154
			-----
TOTAL SUBSIDY NEED			119726



UNIT RATE CALCULATIONS  
JANUARY 1983

ITEM	SYSTEM AMOUNT	UNITS	UNIT RATE	BASIS
Freight Revenue	21424	575680	3.72	Pax Revenue
Flying Operations 1/	160976			
B99	53416	667.9	79.976	Block Hours
SWM	107560	1222.6	87.976	Block Hours
Fuel 2/	206606			
B99	66015	667.9	98.84	Block Hours
SWM	140591	1222.6	114.993	Block Hours
Maintenance 3/	190536	1890.5	100.786	Block Hours
Rentals 4/	208390			
B99	19312	667.9	29.214	Block Hours
SWM	188878	1222.6	154.489	Block Hours
Depreciation 5/ B99	12750	667.9	19.09	Block Hours
G & A	49974	792138	6.39	Cash Costs less Rentals
Other Depr /Amort 6/	6837	14827.6	.4611	Wgtd Deps
Interest 7/	25752			
B99	17303	667.9	25.907	Block Hours
Other	8449	1060089	0.80	Oper Expense

SOURCE: Pioneer Monthly Financial Statements

NOTE: Pioneer does not break out expenses by aircraft type. Therefore, each expense item is first allocated to each aircraft type, then the unit rate is calculated.

- 1/ Allocation between aircraft types is based on weighted block hours. There is no crew pay differential between the B99 and Metro.
- 2/ Allocation between aircraft types is based on gallons of fuel.
- 3/ Maintenance expense per block hour is assumed to be the same for each aircraft type.
- 4/ This expense is broken out by aircraft type.
- 5/ Only some B99 equipment is owned.
- 6/ This expense is fixed monthly and will not always match the amount in the financial statement due to out-of-period adjustments.
- 7/ A portion represents interest on B99 loans, while the remainder represents interest on working capital loans.

ALLOCATION OF PASSENGER AND TRAFFIC SERVICING  
JANUARY 1983

ITEM	AMOUNT	ALLOCATION	COST TO SO NEB
-----	-----	-----	-----
Salary-Related:			
so Neb	12393		12393
Denver	16196	X 8.44%	1367
Alloc	29230	x 19.15%	5598
Rent:			
So Neb	1440		1440
Denver	5524	X 10.15%	561
Landing Fees:			
So Neb	1490		1490
Denver	254 1	X 8.32%	195
Communications:	27950	X 17.26%	4824
Enplanement-Related:	4056	X 12.79%	519
Station-Related:	30205	X 6/21	8630
Revenue-Related:	56703	X 12.97%	7354
			-----
TOTAL			44371

- 
- 1/ Direct Assignment.
  - 2/ 2/3 on DEN Enplanements and 1/3 on DEN Departures.
  - 3/ 40% on System Enplanements, 20% on System Departures and 40% on Salary-Related Expense.
  - 4/ DEN Departures.
  - 5/ DEN Wgtd Departures.
  - 6/ 50% on System Enplanements and 50% on System Departures.
  - 7/ System Enplanements.
  - 8/ Stations.
  - 9/ Passenger Revenue.

PASSENGER AND TRAFFIC SERVICING EXPENSE  
JANUARY 1983

ITEM	DIRECTLY ASSIGNABLE			ALLOC	TOTAL
	SO NEB	DENVER	OTHER		
Salaries & Benefits	11102	14509	25266	26185	77062
Payroll Taxes	1097	1433	2476	2587	7613
Personnel Expenses	194	254	442	458	1349
	12393	16196	28204	29230	86024
 Rent	 1440	 5524	 2744		 9708
Landing Fees	1490	2341	5543		9374
Communications					27950
 Tariffs & Schedules					 2875
Interrupted Trip					1181
					4056
 Total Enplanement-Related					 4056
 Utilities					 526
Outside Services					14563
Stationery, Printing					2197
Other					12919
					30205
 Total Station-Related					 30205
 Traffic Commissions					 50639
Advertising					1727
Other Promotion					4337
					56703
 Total Revenue-Related					 56703
  TOTAL					  224020

SOURCE: Pioneer Monthly Financial Statements

TRAFFIC AND CAPACITY STATISTICS  
JANUARY 1953

ITEM	SOUTHERN NEBRASKA			SYSTEM		
	B99	SWM	TOTAL	B99	SWM	TOTAL
TOTAL --						
BLOCK HOURS	377.1		377.1	667.9	1222.6	1890.5
WGTD BLK HRS 1/				667.9	1344.9	2012.8
GALLONS FUEL 2/				59844	127448	187292
DEPARTURES	517		517	1018	1362	2380
WGTD DEFS 3/	2688.4		2688.4	5293.6	9534	14827.6
ENPLANEMENTS			937			7325
STATIONS 4/			6			21
AT DENVER --						
DEPARTURES	54		54	193	339	532
WGTD DEFS 3/	280.8		280.8	1003.6	2373	3376.6
ENPLANEMENTS			219			2890

1/ At 1.0 for B-99 and 1.1 for SWM.

2/ At 89.6 gallons per hour for B-99 and 104.5 gallons per hour for SWM.

3/ At 5.2 for B-99 and 7.0 for SWM, based on landing weights.

4/ JB served 16 cities plus Denver and operated five separate routes out of Denver. Thus, Denver was counted five times.

SUBSIDY NEED COMPUTATION  
FEBRUARY 1983

ITEM	UNIT RATE	UNITS	AMOUNT
-----	-----	-----	-----
Passenger Revenue	82.18	981	80620
Freight Revenue	3.80	80620	3064
TOTAL REVENUE			83684
Flying Ops	B99 92.406	113.3	10470
	SWM 101.644	187.3	19038
Fuel	B99 100.549	113.3	11392
	SWM 117.27	187.3	21965
Maintenance	B99 141.674	113.3	16052
	SWM 141.674	187.3	26536
Rentals	B99 49.69	113.3	5630
	SWM 170.497	137.3	31934
Depreciation	B99 69.256	113.3	7847
Total Directs			150864
Passenger & Traffic			52100
G & A	6.61	157553	10414
Other Depr/Amort	.548	3086.2	1691
TOTAL EXPENSE			215069
OPERATING LOSS			131385
Interest	B99 93.389	113.3	10581
	Other 1.62	215069	3484
Return	4.00	215069	8603
TOTAL SUBSIDY NEED			154053

UNIT RATE CALCULATIONS  
FEBRUARY 1983

ITEM	SYSTEM AMOUNT	UNITS	UNIT RATE	BASIS
Freight Revenue	18898	497099	3.80	Pax Revenue
Flying Operations 1/ B99	135854 17012	184.1	92.406	Block Hours
SWM	113842	1169.2	101.644	Block Hours
Fuel 2/ B99	155623 19511	184.1	100.549	Block Hours
SWM	137112	1169.2	117.27	Block Hours
Maintenance 3/	191727	1353.3	141.674	Block Hours
Rentals 4/ B99	208493 9148	184.1	49.69	Block Hours
SWM	199345	1169.2	170.497	Block Hours
Depreciation 5/ B99	12750	184.1	69.256	Block Hours
G & A	47622	720603	6.61	Cash Costs less Rentals
Other Depr/Amort 6/	6837	12476.2	.548	Wgtd. Depr
Interest 7/ B99	33296 17193	184.1	93.389	Block Hours
Other	16103	996305	1.62	Oper Expense

SOURCE: Pioneer Monthly Financial Statements

NOTE: Pioneer does not break out expenses by aircraft type. Therefore, each expense item is first allocated to each aircraft type, then the unit rate is calculated.

- 1/ Allocation between aircraft types is based on weighted block hours. There is no crew pay differential between the B99 and Metro.
- 2/ Allocation between aircraft types is based on gallons of fuel.
- 3/ Maintenance expense per block hour is assumed to be the same for each aircraft type.
- 4/ This expense is broken out by aircraft type.
- 5/ Only some B99 equipment is owned.
- 6/ This expense is filed monthly and will not always match the amount in the financial statement due to out-of-period adjustments.
- 7/ A portion represents interest on B99 loans, while the remainder represents interest on working capital loans.

## EXHIBIT JB-E-3

ALLOCATION OF PASSENGER AND TRAFFIC SERVICING  
FEBRUARY 1983

ITEM	AMOUNT	ALLOCATION	COST TO SO NEB
<b>Salary-Related:</b>			
So Neb 1/	12931		12931
Den ver 2/	14104	x 11.65%	1650
Alloc 3/	31205	x 22.52%	7027
<b>Rent:</b>			
So Neb 4/	1428		1428
Denver 4/	5524	x 13.44%	742
<b>Landing Fees:</b>			
So Neb 1/	1452		1452
Denver 5/	1740	x 12.84%	223
Communications: 6/	23185	x 21.54%	4974
Enplanement-Related: 7/	2643	x 16.84%	445
Station-Related: 8/	34279	X 6/21	9794
Revenue-Related: 9/	70368	x 16.22%	11414
TOTAL			52100

- 
- 1/ Direct Assignment.
  - 2/ 2/3 on DEN Enplanements and 1/3 on DEN Departures.
  - 3/ 40% on System Enplanements, 20% on System Departures and 40% on Salary-Related Expense.
  - 4/ DEN Departures.
  - 5/ DEN Wgtd Departures.
  - 6/ 50% on System Enplanements and 50% on System Departures.
  - 7/ System Enplanements.
  - 8/ Stations.
  - 9/ Passenger Revenue.

PASSENGER AND **TRAFFIC** SERVICING EXPENSE  
FEBRUARY 1983

DIRECTLY ASSIGNABLE

ITEM	SO NEB	DENVER	OTHER	ALLOC	TOTAL
Salaries & Benefits	10340	11326	22604	24952	69222
Payroll Taxes	1060	1161	2318	2559	7098
Personnel Expenses	1531	1677	3347	3694	10249
	s-m--	-----	-----	-----	-----
<b>Total Salary-Related</b>	<b>12931</b>	<b>14164</b>	<b>28269</b>	<b>3 1205</b>	<b>86569</b>
Rent	1428	5524	3748		10700
Landing Fees	1452	1740	6463		9655
<b>Communications</b>					<b>23185</b>
Tariffs & Schedules					1585
Interrupted Trip					1058
<b>Total Enplanement-Related</b>					<b>2643</b>
Utilities					623
Outside Services					13010
Stationery, Printing					3869
Other					16777
					-----
<b>Total Station-Related</b>					<b>34279</b>
Traffic Commissions					42217
Advertising					1234
Other Promotion					26917
					-----
<b>Total Revenue-Related</b>					<b>70368</b>
<b>TOTAL</b>					<b>237399</b>

SOURCE: Pioneer Monthly Financial Statements



TRAFFIC AND CAPACITY STATISTICS  
FEBRUARY 1983

ITEM	SOUTHERN NEBRASKA			SYSTEM		
	B99	SWM	TOTAL	B99	SWM	TOTAL
TOTAL --						
BLOCK HOURS	113.3	187.3	300.6	184.1	1169.2	1353.3
WGTD BLK HRS 1/				184.1	1286.1	1470.2
GALLONS FUEL 2/				16495	122182	138677
DEPARTURES	156	325	481	201	1633	1834
WGTD DEFS 3/	811.2	2275	3086.2	1045.2	11431	12476.2
ENFLANEMENTS			981			5825
STATIONS 4, '			6			21
AT DENVER --						
DEPARTURES	15	35	50	49	323	372
WGTD DEFS 3/	78	245	323	254.8	2261	2515.8
ENFLANEMENTS			228			2121

1/ At 1.0 for B-39 and 1.1 for SWM.

2/ At 89.6 gallons per hour for B-99 and 104.5 gallons per hour for SWM.

3/ At 5.2 for B-99 and 7.0 for SWM, based on landing weights.

4/ JB served 16 cities plus Denver and operated five separate routes out of Denver. Thus, Denver was counted five times.

SUBSIDY NEED COMPUTATION  
MARCH 1933

ITEM	UNIT RATE	UNITS	AMOUNT
-----	-----		-----
Passenger Revenue	81.23	1043	34728
Freight Revenue	2.29	84726	1940
			-----
TOTAL REVENUE			86 & 6
Flying Ops	899	66.752	193.8
	SWM	73.43	177.4
Fuel	899	91.932	198.8
	SWM	107.274	177.4
Maintenance	899	136.962	198.8
	SWM	136.962	177.4
Rentals	999	39.59	198.8
	SWM	149.493	177.4
Depreciation	399	50.756	193.3
			-----
Total Directs			159617
Passenger & Traffic			43386
G & A	5.10	158523	9670
Other Depr/Amort	.474	3483.4	1651
			-----
TOTAL EXPENSE			214324
OPERATING LOSS			127658
Interest	899	68.061	198.8
	Other	.38	214324
Return	4.00	214324	8573
			-----
TOTAL SUBSIDY NEED			150576

UNIT RATE CALCULATIONS  
MARCH 1983

ITEM	SYSTEM AMOUNT	UNITS	UNIT RATE	BASIS
Freight Revenue	14137	616990	2.29	Fax Revenue
Flying Operations 1/ 999	125188			Block Hours
SWM	16768	251.2	66.752	Block Hours
	108420	1476.5	73.43	
Fuel 2/ 399	181496			Block Hours
SWM	23106	251.2	91.952	Block Hours
	158390	1476.5	107.274	
Maintenance 3/	236629	1727.7	136.962	Block Hours
Rentals 4/ B99	230672			Block Hours
SWM	9945	251.2	39.59	Block Hours
	220727	1476.5	149.493	
Depreciation 5/ B99	12750	251.2	50.756	Block Hours
G & A	46569	763170	6.10	Cash Costs less Rentals
Other Depr/Amort 6/	6837	14423.6	.474	Wgtd Deps
Interest 7/ B99	21110			Block Hour5
Gther	17097	251.2	68.061	Oper Expense
	4013	1059998	.38	

SOURCE: Pioneer Monthly Financial Statements

NOTE: Pioneer does not break out expenses by aircraft type. Therefore, each expense item is first allocated to each aircraft type, then the unit rate is calculated.

- 1/ Allocation between aircraft types is based on weighted block hours. There is no crew pay differential between the B99 and Metro.
- 2/ Allocation between aircraft types is based on gallons of fuel.
- 3/ Maintenance expense per block hour is assumed to be the same for each aircraft type.
- 4/ This expense is broken out by aircraft type.
- 5/ Only some B99 equipment is owned.
- 6/ This expense is fixed monthly and will not always match the amount in the financial statement due to out-of-period adjustments.
- 7/ A portion represents interest on B99 loans, while the remainder represents interest on working capital loans.

ALLOCATION OF PASSENGER AND TRAFFIC SERVICING  
MARCH 1983

ITEM	AMOUNT	ALLGCATXGN	COST TO SO NE3
Salary-Related:			
So Neb 1/	12095		12095
Denver 2/	19729	x 10.32%	2036
Alloc 3/	27307	X 20.72%	5658
Rent:			
So Neb 1/	1434		1434
Denver 4/	3855	x 12.39%	478
Landing Fees:			
So Neb 1/	1717		1717
Denver 5/	2097	x 11.33%	238
Communications: 6/	17335	X 20.44%	3543
Enplanement-Related: 7/	4193	X 14.18%	593
Station-Related: 8/	23251	X 6/21	6643
Revenue-Related: 9/	65196	X 13.73%	8751
TOTAL			43386

- 
- 1/ Direct Assignment.
  - 2/ 2/3 on DEN Enplanements and 1/3 on DEN Departures.
  - 3/ 40% on System Enplanements, 20% on System Departures and 40% on Salary-Related Expense.
  - 4/ DEN Departures.
  - 5/ DEN Wgt'd Departures.
  - 6/ 50% on System Enplanements and 50% on System Departures.
  - 7/ System Enplanements.
  - 8/ stations.
  - 9/ Passenger Revenue.

PASSENGER AND TRAFFIC SERVICING EXPENSE  
MARCH 1983

ITEM	DIRECTLY ASSIGNABLE			ALLOC	TOTAL
	SO NEB	DENVER	OTHER		
Salaries & Benefit5	10758	17548	23488	24288	76082
Payroll Taxes	1134	1850	2476	2561	8021
Personnel Expenses	203	331	443	453	1434
Total Saiary-Related	12095	19729	26407	27307	85537
Rent	1434	3855	9411		14700
Landing Fees	1717	2097	5841		9655
Communications					17335
Tariffs & Schedules					1597
Interrupted Trip					2586
Total Enplariement-Related					4183
Utilities					690
Outside Services					7508
Stationery, Printing					2176
Other					12877
Total Station-Related					23251
Traffic Commissions					44079
Advertising					13332
Other Promotion					7785
Total Revenue-Related					65176
TOTAL					219857

SOURCE: Pioneer Monthly Financial Statements

TRAFFIC AND CAPACITY STATISTICS  
MARCH 1953

ITEM	SOUTHERN NEBRASKA		SYSTEM	
	B79	SWM	B79	SWM
TOTAL				
BLOCK HOURS	178.8	177.4	376.2	
WGTD BLK HRS 1/ GALLONS FUEL 2/			251.2	1476.5
			251.2	1624.2
			22508	154294
				175802
DEPARTURES	297	277	574	
WGTD DEPS 3/	1544.4	1939	3483.4	1809.6
				12614
				14425.6
ENPLACEMENTS			1043	
STATIONS 4/			6	
				21
AT DENVER				
DEPARTURES	23	32	55	
WGTD DEPS 3/	119.6	224	343.6	42
				218.4
				2814
				3032.4
ENPLACEMENTS			254	
				2843

1/ At 1.0 for B-99 and 1.1 for SWM.

2/ At 89.6 gallons per hour for B-99 and 104.5 gallons per hour for SWM.

3/ At 5.2 for B-99 and 7.0 for SWM, based on landing weights.

4/ JB served 15 cities plus Denver and operated five separate routes out of Denver. Thus, Denver, was counted five times.

SUBSIDY NEED COMPUTATION  
APRIL 1983

ITEM -----	UNIT RATE -----	UNITS -----	AMOUNT -----
Passenger Revenue	37.00	603	52941
Freight Revenue	3.36	52941	1779
TOTAL REVENUE			54720
Flying Cps	76.987	57.9	4458
	SWM 84.681	211.2	17885
Fuel	88.201	57.9	5107
	SWM 102.869	211.2	21726
Maintenance	137.954	57.9	7988
	SWM 137.954	211.2	29136
Rentals	72.144	57.9	4177
	SWM 146.668	211.2	30976
Depreciation	95.577.	57.9	5534
Total Directs			126987
Passenger & Traffic			31424
G & a	A.97	117724	8205
Other Depr/Amort	.49'51	2750.4	1370
TOTAL EXPENSE			167986
OPERATING LOSS			113266
Interest	127.571	57.9	7386
	Other .49	167986	823
Return	4.00	167986	6719
TOTAL SUBSIDY NEED			128194

UNIT RATE CALCULATIONS  
APRIL 1983

ITEM	SYSTEM AMOUNT	UNITS	UNIT RATE	BASIS
Freight Revenue	21011	624628	3.36	Pax Revenue
Flying Operations 1/	131356			
B99	10270	133.4	76.987	Block Hours
SWM	121086	1429.9	84.681	Block Hours
Fuel 2/	158858			
B99	11766	133.4	88.201	Block Hours
SWM	147092	1424.9	102.869	Block Hours
Maintenance 3/	215663	1563.3	137.954	Block Hours
Rentals 4/	219345			
B99	9624	133.4	72.144	Block Hours
SWM	209721	1429.9	146.668	Block Hours
Depreciation 5/ B99	12750	133.4	95.577	Block Hours
G & A	49913	7 16509	6.97	Cash Costs less Rentals
Other Depr/Amort 6/	6337	13726.8	.4981	Wgtd Deps
Interest 7/	21945			
B99	17018	133.4	127.571	Block Hours
Other	4927	1005354	.49	Oper Expense

SOURCE: Pioneer Monthly Financial Statements

NOTE: Pioneer does not break out expenses by aircraft type. Therefore, each expense item is first allocated to each aircraft type, then the unit rate is calculated.

- 
- 1/ Allocation between aircraft types is based on weighted block hours. There is no crew pay differential between the B99 and Metro.
  - 2/ Allocation between aircraft types is based on gallons of fuel.
  - 3/ Maintenance expense per block hour is assumed to be the same for each aircraft type.
  - 4/ This expense is broken out by aircraft type.
  - 5/ Only some B99 equipment is owned.
  - 6/ This expense is fixed monthly and will not always match the amount in the financial statement due to out-of-period adjustments.
  - 7/ A portion represents interest on B99 loans, while the remainder represents interest on working capital loans.



ALLOCATION OF PASSENGER AND TRAFFIC SERVICING  
APRIL 1983

ITEM -----	AMOUNT -----	ALLOCATION -----	COST TO SO NE% -----
<b>Salary-Related:</b>			
So Neb    1/	11561	X 23/30	8940
Denver   2/	18559	x 9.34%	1733
Alloc     3/	27503	x 14.99%	4123
<b>Rent:</b>			
So Neb   1/	1434	x 23/30	1099
Denver   4/	4000	x 12.41%	496
<b>Landing Fees:</b>			
So Neb   1/	1716	x 2386.6/3138.2	1305
Denver   5/	2040	x 12.36%	252
Communications: 6/	17935	x 14.7'3%	2658
Enplanement-Related: 7/	5888	x 9.02%	531
Station-Related: 8/	27123	X 6/21 x 23/30	594 1
Revenue-Related: 9/	51249	x 8.43%	4346
			-----
<b>TOTAL</b>			<b>31424</b>

- 
- 1/ Direct Assignment.
  - 2/ 2/3 on DEN Enplanements and 1/3 on DEN Departures.
  - 3/ 40% on System Enplanements, 20% on System Departures and 40% on Salary-Related Expense.
  - 4/ DEN Departures.
  - 5/ DEN Wjtd Departures.
  - 6/ 50% on System Enplanements and 50% on System Departures.
  - 7/ System Enplanements.
  - 8/ Stations.
  - 9/ Passenger Revenue.

PASSENGER AND TRAFFIC SERVICING EXPENSE  
APRIL 1983

ITEM	DIRECTLY ASSIGNABLE			ALLOC	TOTAL
	SO NEB	DENVER	OTHER		
Salaries & Benefits	10513	16733	25594	24797	77737
Payroll Taxes	921	1465	2250	2171	6807
Personnel Expenses	227	361	554	535	1676
<b>Total. Salary-Related</b>	<b>11661</b>	<b>18559</b>	<b>28498</b>	<b>27503</b>	<b>86220</b>
Rent	1434	4000	8733		14167
Landing Fees	1716	2040	4244		8000
Communications					17985
Tariffs & Schedules					516%
Interrupted Trip					720
<b>Total Employee-Related</b>					<b>5888</b>
Utilities					274
Outside Services					9081
Stationery, Printing					6184
Other					11584
<b>Total Station-Related</b>					<b>27123</b>
Traffic Commissions					48989
Advertising					1765
Other Promotion					495
<b>Total Revenue-Related</b>					<b>51249</b>
<b>TOTAL</b>					<b>210632</b>

SOURCE: Pioneer Monthly Financial Statements

TRAFFIC AND CAPACITY STATISTICS  
APRIL 1983

ITEM	SOUTHERN NEBRASKA			SYSTEM		
	B99	SWM	TOTAL	B99	SWM	TOTAL
TOTAL --						
BLOCK HOURS	57.9	211.2	269.1	133.4	1429.9	1563.3
WGTD BLK HRS 1/				133.4	1572.9	1706.3
GALLONS FUEL 2/				11953	14942s	161378
DEPARTURES	82	332	414	214	1802	2016
WGTD DEPS 3/	426.4	2324	2750.4	1112.8	12614	13726.8
ENPLANEMENTS			603			6682
STATIONS 4/			6			21
AT DENVER --						
DEPARTURES	4	49	53	26	401	427
WGTD DEPS 3/	20.8	343	363.8	135.2	2807	2942.2
ENPLANEMENTS			218			2790

NOTE: The Southern Nebraska service includes statistics for the April 1 - 23 period only.

1/ At 1.0 for B-99 and 1.1 for SWM.

2/ At 89.5 gallons per hour for B-99 and 104.5 gallons per hour for SWM.

3/ At 5.2 for B-99 and 7.0 for SWM, based on landing weights.

4/ JB served 16 cities plus Denver and operated **five** separate routes out of Denver. Thus, Denver was counted five times.