PFC Top 10: No Need to Hike the Passenger Facility Charge

1. **Our Customers pay high taxes and fees.** At Southwest, our average one-way fare is $140.60 (4Q 2017). About 15-25% of a ticket price consists of up to 11 government-imposed taxes and fees, including the PFC.

2. **A PFC hike would increase fares.** A government-imposed fee (like the PFC) is not optional and must be included in the advertised ticket price (per DOT regulations).

3. **Record PFC revenues reach nearly $3.4 billion (in 2018).** PFC revenues have increased nationwide since 2008 – at over twice the rate of inflation – and continue to grow as passenger levels increase.

4. **Commercial airports have record revenues and $14.2 billion in cash.** As of late 2017, airports have $14.2 billion in unrestricted cash and investments on hand. Airports have access to the Airport and Airway Trust Fund, which grew 4.5% in 2017 and reached another record high ($15.1 billion in annual revenues).

5. **Commercial airports can raise revenue.** Sources include: a) rent and landing fees paid by airlines (the largest source of revenue), b) existing PFC collections, c) government grants, and d) monies collected from parking, concessions, rental car fees, taxi/ride share fees, advertising fees, etc. *SEE CHART ON P. 2.*

6. **Over 90% of PFC revenues are collected at the 30 largest airports.** PFCs mostly benefit the largest airports due to their high passenger traffic. These airports are government-owned, have investment-grade bond ratings, and can leverage their bonding authority at preferred rates to fund projects.

7. **A PFC hike would harm small communities.** Customers from small markets often connect through large “hub” airports. As a result, they are forced to pay PFCs up to four times per round trip.

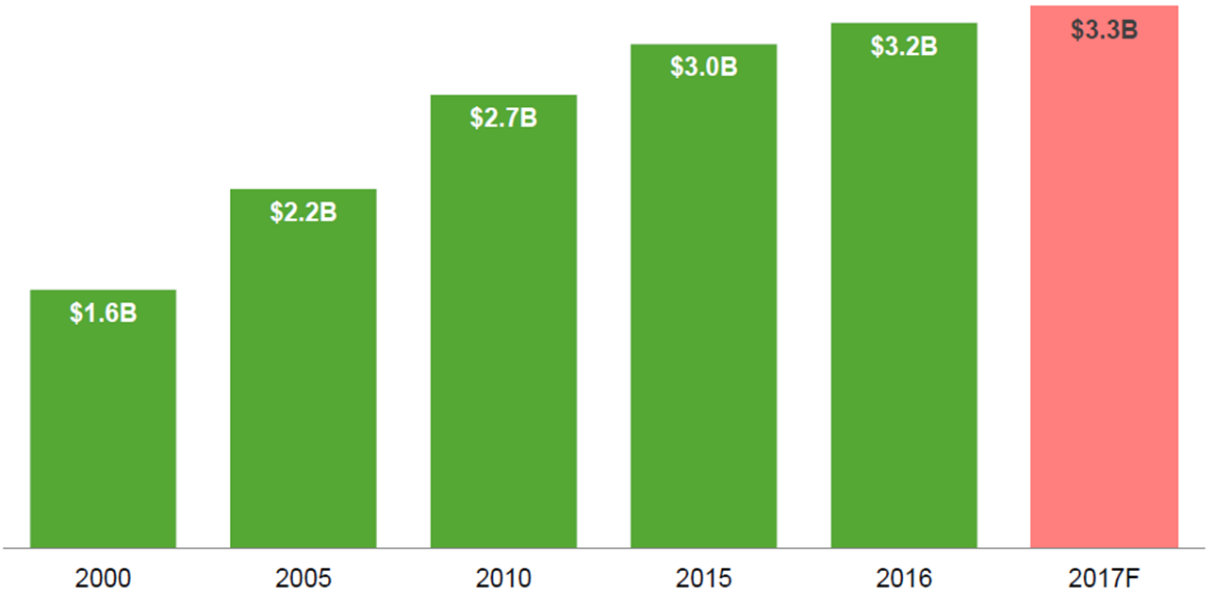
8. **Airports and airlines continue investing in facilities at BOTH large <u>and</u> small airports.** Since 2008, over $100 billion in projects have moved forward at the 30 largest airports. Southwest has financed projects at Los Angeles, Dallas-Love, Fort Lauderdale, Baltimore-Washington, and Houston-Hobby. Projects at smaller airports are advancing too, including at Columbus, Des Moines, Nashville, New Orleans, Grand Rapids, Portland (Maine), Reno-Tahoe, and Wichita.

9. **Airlines and airline passengers have no "seat at the table" when PFC revenues are spent.** PFCs must be included in advertised fares, but airports spend PFCs as they wish. Checks and balances are needed.

10. **Unchecked PFC spending leads to additional costs.** PFC revenues can only be used for construction. PFC hikes open the door for “wish list projects” (beyond actual needs). Once built, projects require ongoing operations and maintenance (O&M) costs that fall on the airports’ tenants and Customers, forever.

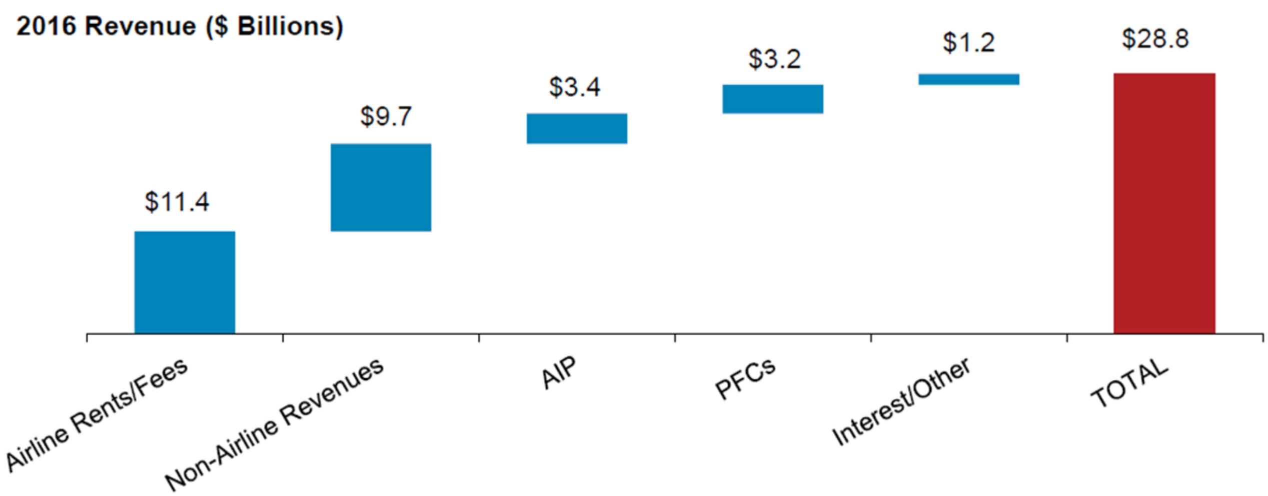
Updated February 2, 2018

2016 PFC Collections Reached $3.2 Billion – the Highest Level in the History of Program
PFC revenues have doubled since 2000 and are expected to set a new record in 2017



Source: Federal Aviation Administration

U.S. Airports Collected Nearly $29 Billion in Revenues in 2016 – a Record High



- AIP is allocated based on rules and regulations established by FAA and Congress
- PFCs are allocated to each airport on a basis proportional to passenger traffic

Source: FAA Operating and Financial Summary (Form 127)