

REPORT OF PROPERTY AND BUSINESS FACTORS

L2

OPERATING AND NONCARRIER PROPERTY
For Commercial Passenger and Cargo Airlines
As of December 31, 1999

Name of Taxpayer _____

INSTRUCTIONS ON REVERSE

(A) PROPERTY FACTORS				
Nonmobile Property Only—Exclude Aircraft	Total Everywhere Amount	Reference in Regulatory Report	Total in Kentucky Amount	Kentucky Percent
(1) Plant in Service (Investment)				
(2) CWIP—Real and Personal				
(3) Materials and Supplies and Fuel Inventory ..				
(4) Spare Parts, Assemblies and Engines				
(5) Operating Leased Property—Real @ Mkt		From Schedule N, Column (H)		
(6) Operating Leased Property—Personal @ Mkt		From Schedule N, Column (H)		
(7) Gross Book Value				
(8) Depreciation				
(9) Net Book Value				
(B) OTHER PROPERTY FACTORS				
	Total Everywhere Amount		Total in Kentucky Amount	Kentucky Percent
(10) Arrivals				
(11) Departures				
(12) Equated Arrivals				
(13) Equated Departures				
(14) Actual Operated Flight Miles				
(15) Equated Flight Miles				
(16) Flight Time (Hours Airborne)				
(17) Ground Time (Hours Block to Unblock)				
(18) Equated Total Ground Time				
(C) BUSINESS FACTORS				
	Total Everywhere Amount		Total in Kentucky Amount	Kentucky Percent
(19) Gross Operating Revenue				
(20) Net Operating Revenue				
(21) Enplane Passengers Number				
(22) Deplane Passengers Number				
(23) Enplane Passengers (Tons)				
(24) Deplane Passengers (Tons)				
(25) Enplane Freight, Express and Mail (Tons) ...				
(26) Deplane Freight, Express and Mail (Tons) ...				
(27) Revenue Passenger Miles				
(28) Revenue Passenger Ton Miles				
(29) Revenue Freight, Express and Mail Ton Miles				
(30) Total Revenue Ton Miles				
(31) Other _____				

**INSTRUCTIONS
FOR
SCHEDULE L2**

DEFINITION OF FACTORS

- (1) **Cost (Investment):** Original cost of all nonmobile operating property (including capitalized leased property) except that listed in 2, 3, 4, 5 and 6.
- (2) **Construction in Progress:** Cost of property under construction, both real and personal.
- (3) **Materials and Supplies:** Cost of materials, supplies, fuel and merchandise inventories.
- (4) **Spare Parts, Assemblies and Engines:** Cost of spare parts, aircraft assemblies and engines.
- (5 & 6) **Operating Leased Property:** Reported market value of operating leased property from Schedule N, Column (H).
- (7) **Gross Book Value:** Sum of factors 1, 2, 3, 4, 5 and 6.
- (8) **Depreciation:** Depreciation attributable to the property in factor 7 as of December 31.
- (9) **Net Book Value:** Gross book value less depreciation (factor 7 minus factor 8).

NOTES REGARDING THE ALLOCATION FACTORS

An equating adjustment shall be applied to the property factors only. It shall be based upon the original cost of the aircraft plus the cost of improvements and modifications. As a future option, the Kentucky Revenue Cabinet may utilize market derived aircraft values to determine the equating adjustment.

The arrivals and departures factor shall include all performed scheduled and nonscheduled arrivals and departures associated with interchange flights, connecting flights, overhaul, maintenance, flight testing and training. No adjustments shall be allowed to this factor.

The operating flight miles shall include all performed scheduled and nonscheduled service miles from civilian, government and military passenger, freight, express and mail service. A written explanation regarding the computation of the Kentucky miles shall be required. The Kentucky and system flight miles shall exclude nontaxable nonallocated fly-over miles for nonoriginating and nonterminating flights. A written explanation shall be required from the company regarding the method and computation of this factor.

The total time factor shall include all revenue and nonrevenue hours in flight and on the ground including hours associated with interchange flights, overhaul, maintenance, flight testing and training. No "time caps" shall be applied to ground time. The maximum number of hours associated with any given aircraft shall not exceed 8,760 hours of total time. Foreign time shall be included in the total system time factor. The Kentucky and system total time shall exclude nontaxable nonallocated fly-over time for nonoriginating and nonterminating flights. A written explanation shall be required from the company regarding the method and computation of this factor.

The total revenue ton miles factor shall include all performed scheduled and nonscheduled service miles, tons and revenues from civilian, government and military passenger, freight, express and mail service. A written explanation shall be required from the company regarding the method and computation of this factor. Also, a written explanation shall be required regarding the determination and allocation of revenues and miles between states.

The tons enplaned and deplaned factor shall include all passengers, freight, express and mail tons loaded and unloaded from scheduled and nonscheduled flights for twelve months ending December 31. All tons shall be reported including civilian, government and military passengers, freight, express and mail. Passengers should be converted to tons based upon the industry standard of 200 pounds per person. The Kentucky enplane and deplane tonnage shall exclude certain interchange and transshipped tons as specified by the Revenue Cabinet. A written explanation shall be required from the company regarding any exclusions claimed and the method used to derive the factors.