

Decision No. 61225**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
 of PACIFIC AIR LINES, INC. for an
 increase in Intrastate Air Passenger
 Fares and authority for Short Notice
 Filing.

Application No. 42750

OPINION AND ORDER

By this application filed October 13, 1960, Pacific Air Lines, Inc., an Arizona corporation, engaged in the transportation of passengers and property by air between points in California, Oregon and Nevada, seeks authority to increase its California intrastate local and joint passenger fares by 2½ percent plus \$1.00 per one-way ticket. Applicant increased its interstate first class fares effective July 1, 1960, and its interstate coach fares effective August 1, 1960, by 2½ percent plus \$1.00 following announcement by the Civil Aeronautics Board on June 17, 1960, of its intent to permit such increase.

Applicant serves numerous California points and, in fact, provides the only common carrier air service to a number of the smaller cities in this State. For traffic between some of the larger cities it competes with such major trunk line air carriers as United Air Lines, Inc., Trans World Airlines, Inc., and Western Air Lines, Inc. The only points outside California served by applicant are Las Vegas, Nevada; Portland, Oregon and Medford, Oregon.

Financial statements appended to the application show that for the eight months ended August 31, 1960, Pacific operated at a loss and had received over two million dollars in federal subsidy. The total passenger revenues earned during the period were less than the aircraft expenses which include flying expense, maintenance of flight equipment and depreciation of flight equipment. The ground expenses and indirect expenses amounted to over three and one-half million dollars. Even with the Federal subsidy referred to above and an income tax credit of \$378,562, the net loss for the period was \$300,461.

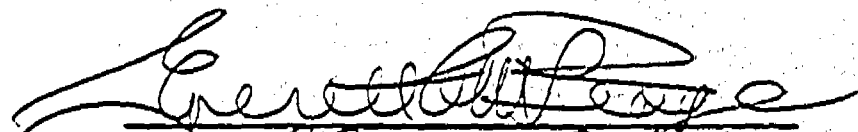
Applicant furnished results of California intrastate operations for the twelve months ended September 30, 1960. These results show that even with the federal subsidy there was a loss on California intrastate operations of \$1,722,295. Applicant estimates that with the proposed increases, the results of California intrastate operations for a future twelve months period will be a loss after federal subsidy of \$387,695. We find that the proposed increases are justified. A public hearing is not necessary, therefore;

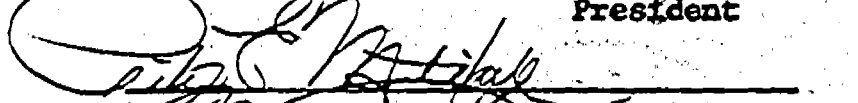
IT IS ORDERED that Pacific Air Lines, Inc., is authorized to establish, on not less than five days' notice to the Commission and to the public the increased local and joint passenger fares set


forth in its application herein. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

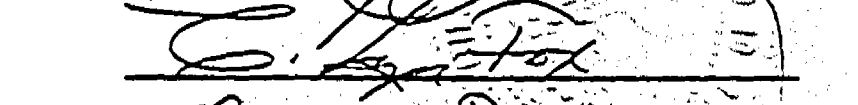
The effective date of this order shall be twenty days after the date hereof.

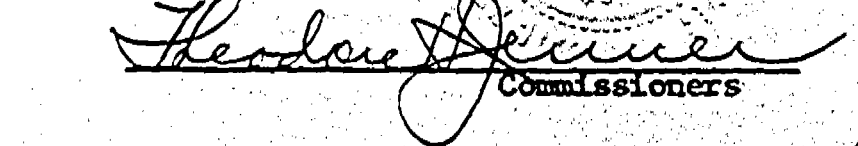
Dated at San Francisco, California, this 20th day of December, 1960.



President








Commissioners