

Decision No. 67528**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of UNITED AIR LINES,)
 INC., for authority to make certain)
 changes in its intrastate passenger)
 tariff respecting family fares,)
 resulting in part in an increase)
 and in part in a decrease in fares.)

Application No. 46437
 (Filed April 6, 1964)

OPINION AND ORDER

United Air Lines, Inc. is an air transportation company operating between points located in various states of the United States, including California. It presently offers reduced family plan intrastate fares applicable to first class travel within California when such travel commences on any day except Sunday. This plan permits the spouse and children (12 through 21 years of age) to travel at 50 percent of the first class fare when the head of the family pays full first class fare. No reduced family plan is presently effective for California intrastate coach service.

Prior to January 15, 1964 the same reduced family plan fares were applicable to interstate travel. On that date, new family plan fares became effective for interstate travel pursuant to Order No. E-20324 of the Civil Aeronautics Board. Those revised fares reduced the family plan discount for first class from 50 percent to 25 percent and extended the family plan discount for spouse and children to coach service and one-class standard service. The revised family plan fares are applicable only to travel commencing between noon Monday and 6:00 a.m. Friday.

Applicant requests authority to establish the same revised family plan discounts for California intrastate travel.

There are no protests. It requests that such authority be considered temporary and be scheduled to expire January 31, 1965 because the question of whether or not family discount fares should exist for interstate transportation and, if so, in what amount is presently before the Civil Aeronautics Board for investigation.

Applicant's primary purpose in seeking revision of its California intrastate family fares is to obtain uniformity between its interstate and intrastate family fares in order to effect operating convenience and to eliminate inequities between those fares.

Applicant estimates that the revenue effect of the proposed fares is an increase of \$60,078 or 0.37 percent of its California intrastate revenues. While it is difficult to forecast the revenue effect of the proposed fares because the establishment of the fares undoubtedly would result in some deflection from first class travel to coach and one-class standard service, we find that the effect of the combined increases and decreases in fares upon the applicant's revenues will not be significant.

In view of the offsetting decreases resulting from the extension of reduced family plan fares to coach service and one-class standard service, we find that the convenience to the applicant and to the public that results from uniform interstate and intrastate fares justifies the increases in the family plan fares for first class service.

Applicant states that it wishes the authority to publish the proposed family plan discounts to expire January 31, 1965 because by that time the Civil Aeronautics Board investigation

should be concluded and that applicant will seek authorization of this Commission to establish the same family plan for California travel that may be prescribed by the Board with respect to interstate travel. When that investigation will be completed and whether any further changes will result are conjectural. Furthermore, the family plan fares proposed herein may result in such favorable patterns of passenger traffic within California that the merits of uniform discounts for interstate and intrastate travel would be outweighed. An expiration date of the proposed family plan discounts is not justified.

We conclude that applicant should be authorized to establish the proposed family plan discounts. A public hearing is not necessary.

IT IS ORDERED that:

1. United Air Lines, Inc. is authorized to establish the increased fares proposed in Application No. 46437.
2. Tariff publications of the fares proposed in Application No. 46437, including the increased fares authorized by paragraph 1 hereof, may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and to the public.
3. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

4. The request to have such fares expire January 31, 1965 is denied.

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

Dated at San Francisco, California, this 14th day of July, 1964.

Fredrick B. Holdhoff
President
Pat. L. Mitchell
George G. Trorer
William M. Bennett

Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.