Decision No. 76174

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

AIR CALIFORNIA, a California corporation,

Complainant,

vs.

Case No. 8937

PACIFIC SOUTHWEST AIRLINES, a California corporation,

Defendant.

ORDER TO SHOW CAUSE

Upon reading the Affidavit and Application for Order to Show Cause of William W. Dunlop, filed herein,

IT IS ORDERED that PACIFIC SOUTHWEST AIRLINES, a California corporation, appear before Commissioner John P. Vukasin and/or Examiner Robert A. Barnett at 2:00 o'clock p.m. on Tuesday, the 16th day of September, 1969, in the courtroom of the Public Utilities Commission, State Building, San Francisco, California, and then and there show cause, if any it has, why it should not be adjudged to be in contempt of the Public Utilities Commission of the State of California, and punished therefor in the manner prescribed by law, for each and every offense of alleged contempt set forth in the aforementioned Affidavit and Application, a certified copy of which is attached hereto and incorporated herein by reference as if fully set forth herein.

IT IS FURTHER ORDERED that public necessity requires a hearing at an early date.

Dated at San Francisco, California, this 11th day of

September, 1969.

William Jungush Fresident Juneary Commissioners

Commissioner J. P. Vukasin. Jr., being necessarily absent. did not participate in the disposition of this proceeding.

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA $F\ I\ L\ E\ D$ Public utilities commission

AIR CALIFORNIA, a California corporation,

Complainant,

SEP I 1 1969

Case No. 18937

NO.____

vs.

PACIFIC SOUTHWEST AIRLINES, a California corporation,

Defendant.

AFFIDAVIT AND APPLICATION FOR ORDER TO SHOW CAUSE

State of California ss.
City and County of San Francisco

WILLIAM W. DUNLOP, being first duly sworn, alleges that:

I

First Offense

He is the duly appointed, qualified and acting Secretary of the Public Utilities Commission of the State of California; that he is the officer required to keep full and true records of all proceedings of said Commission.

Said Public Utilities Commission is a public body of said State created under and by Sections 22 and 23 of Article XII of the Constitution of California, and exercises such powers, including the power to punish for contempt, as have been conferred on it by Sections 20, 21, 22, 23 and 23a of Article XII of said Constitution, by the Public Utilities Code, and by various other statutes.

Affiant makes this Affidavit and Application for Order to Show Cause in his capacity as Secretary of the Public Utilities Commission and upon the request and direction of said Public Utilities Commission.

II Pacific Southwest Airlines, a California corporation, (PSA) is a passenger air carrier within the meaning of Section 2740 et seq. of the Public Utilities Code. III On August 26, 1969, in the matter of "Air California, a California corporation, Complainant, vs. Pacific Southwest Airlines, a California corporation, Defendant," Case No. 8937, the Commission by Decision No. 76104 ordered as follows: "It is ordered that Pacific Southwest Airlines shall, within ten days after the effective date of this order, cease and desist from carrying passengers by air on a through route between San Diego and San Jose via Hollywood-Burbank Airport. "The effective date of this order shall be the date hereof." A certified copy of said decision is attached hereto and incorporated by reference herein. PSA had notice and knowledge of the issuance of said decision and of the contents thereof. Affiant is informed and believes and upon such information and belief alleges that PSA, while having notice and knowledge of the contents of said decision and while having the ability to comply therewith and while said decision and order remained in force and effect, has continuously since the service of said decision to the present time failed and refused to comply with said decision and order in that it has carried and continues to carry passengers by air on a through route between San Diego and San Jose via Hollywood-Burbank Airport, in a single plane, at a through fare which is less than the sum of the fares from San Diego to Hollywood-Burbank and from Hollywood-Burbank to San Jose. 2.

VI Attached hereto and made a part hereof are the supporting declaration of Norriss M. Webb and affidavit of Daniel J. Callaghan. This affiant states that based upon the allegations herein and said supporting declaration and affidavit, PSA has been and continues to be in violation of law and in contempt of this Commission, and further states that each of said failures and refusals to obey the lawful order of the Commission constitutes a separate and distinct act of contempt. VII Affiant is informed and believes and upon such information and belief alleges that on September 7, 1969, PSA, having notice and knowledge of said decision and order, sold a ticket at its counter in Oakland to Mr. Norriss M. Webb for a through flight from San Jose to San Diego via Hollywood-Burbank for a through fare of \$20.95 plus tax for a total of \$22.00, and thereafter PSA on said date carried Mr. Webb by air from San Jose to Hollywood-Burbank Airport; that the service between San Jose-San Diego is a single plane service, and the passengers flying the San Diego-Hollywood-Burbank segment do not debark the aircraft at Hollywood-Burbank. Upon the arrival at Hollywood-Burbank the following announcement was made on the September 7, 1969, flight on which Mr. Webb was a passenger: "For those of you continuing on to San Diego with us, please remain seated as our stop here will be a brief one." Second Offense For a second, separate and distinct offense, affiant

alleges that:

I

Affiant hereby refers to and incorporates by reference herein paragraphs I through VI of the first offense as if set forth fully herein.

II

Affiant is informed and believes and upon such information alleges that on September 10, 1969, PSA, having notice and knowledge of said decision and order, sold a ticket to Daniel J. Callaghan for a through flight from San Jose to San Diego via Hollywood-Burbank Airport for a through fare of \$20.95 plus tax for a total of \$22.00, and thereafter PSA on said date carried Mr. Callaghan by air on PSA Flight 302 on a through route in a single plane from San Jose to San Diego via the Hollywood-Burbank Airport.

Third Offense

For a third, separate and distinct offense, affiant alleges that:

I

Affiant hereby refers to and incorporates by reference herein paragraphs I through VI of the first offense as if set forth fully herein.

II

Affiant is informed and believes and upon such information and belief alleges that on September 10, 1969, PSA, having notice and knowledge of said decision and order, sold a ticket to Daniel J. Callaghan for a through flight from San Diego to San Jose via Hollywood-Burbank Airport for a through fare of \$20.95 plus tax for a total of \$22.00, and thereafter PSA on said date carried Mr. Callaghan by air on PSA Flight No. 403 from San Diego to San Jose via the Hollywood-Burbank Airport.

WHEREFORE, affiant prays that the Public Utilities

Commission issue its order requiring Pacific Southwest Airlines,
a corporation, to appear before said Commission and show cause,

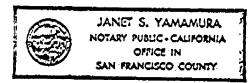
if any it has, why it should not be punished in the manner provided by law for each and all of its contempts of said Commission and of its order in Decision No. 76104.

Affiant further prays that he be permitted to amend this affidavit and application for order to show cause by the addition of allegations of further acts of contempt of said decision and order and additional supporting affidavits, if he is so advised.

William W. Dunlop

Subscribed and sworn to before me this 11th day of September, 1969.

Notary Public in and for the City and County of San Francisco, State of California.



My commission expires wastin 19, 1970

Decision No.	7610:
•	- COMPLETE CONY

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

AIR CALIFORNIA, a California Corporation,

Complainant,

Case No. 3937 (Filed July 21, 1969)

VS.

PACIFIC SOUTHWEST AIRLINES, a California Corporation,

Defendant.

Brownell Merrell, Jr., for Air
California, complainant.

John W. McInnis, for Pacific
Southwest Airlines, defendant.

B. A. Peeters, Counsel, for the
Commission staff.

OPINION

Air California complains that Pacific Southwest Airlines (PSA) is providing passenger air carrier service between San Diego and San Jose, California, via Hollywood-Burbank Airport (Burbank) in violation of law, in that PSA is unlawfully "tacking" its San Diego-Burbank route to its Burbank-San Jose route to provide through service, San Diego-San Jose via Burbank. Air California asserts that this tacking subsidizes an excessive scheduling of PSA flights between Burbank and San Jose to the detriment of Air California, which also has a Burbank-San Jose route. Air California sought an exparte cease and desist order to prevent this violation. By Decision No. 75957, dated July 24, 1969, this

Commission refused to issue a temporary restraining order in this matter and set the case for hearing at Los Angeles on July 31, 1969. On request of PSA the matter was continued to August 13, 1969 at Los Angeles. On August 13, 1969 the case was heard by Examiner Robert Barnett and the matter was submitted.

The method of operation of PSA between San Diego and San Jose via Burbank is not disputed. PSA has a filed tariff rate of \$7.14 for travel between San Diego and Burbank; a filed tariff rate of \$14.52 for travel between Burbank and San Jose; and a filed tariff of \$20.95 for travel between San Diego and San Jose. The total fare of the two routes, San Diego to Burbank plus Burbank to San Jose is \$21.66 as compared to the fare of \$20.95 for the flight San Diego to San Jose. PSA's published schedules show through flights between San Diego and San Jose with a stop at Burbank. PSA asserts that this routing is lawful. It claims that Public Utilities Code Section 2762 permits the tacking of its San Diego-Burbank route to its Burbank-San Jose route to provide through service San Diego-San Jose via Burbank, unless such tacking is expressly prohibited by its certificate of public convenience and necessity, and that there is no express prohibition against such tacking in its certificate. Air California and the staff contend that PSA's certificate does prohibit the tacking of the two segments under discussion.

Public Utilities Code Section 2762 provides as follows:

Unless prohibited by the terms and conditions of any certificate that may be involved, any one passenger air carrier may establish through routes and joint rates, charges and classifications between any and all points served by it under any and all certificates or operative rights issued to or possessed by it.

(Formerly 2758, added Stats. 1965, c. 736, p. 2147, l. Renumbered 2762 and amended Stats. 1967, c. 318, p. 1510, 10.)

In this case we are concerned only with two routes of PSA: San Diego-Burbank, and Burbank-San Jose. PSA's Route 7 (between Burbank and San Jose) is subject to the restriction "this route authorization is limited to the specific segment of Route 7." The sole question presented for decision may be stated as follows: Does the restriction on Route 7 prohibit the tacking of PSA's San Diego-Burbank route to PSA's Burbank-San Jose route, and thereby prevent through service San Diego-San Jose via Burbank? In our opinion, for the reasons stated below, the restriction does prohibit such tacking.

Since the advent of Air California into the California intrastate air passenger market there has been extensive competition between Air California and PSA for passengers and routes. From the beginning we have recognized the need to protect Air California from destructive competition, at least until it becomes a viable operation. To that end we have authorized the

I/ Tacking, when it is permitted, means that a carrier may give through service from point A to point C where it has two routes, one to serve point A to point B, and the other to serve point B to point C.

extension of its routes from its original Orange County-San Jose route so that it now serves Oakland, San Francisco, Burbank, and Ontario. During the period of Air California's expansion we have also authorized the expansion of PSA to such points as Ontario and San Jose. But, recognizing the need to give some protection to Air California we have denied authority to PSA to serve Orange County, and we have placed restrictions on some PSA routes, e.g. Burbank-San Jose, and Ontario-San Francisco. We have also placed restrictions on Air California routes.

The dispute in this case results from differences in the language used by the Commission in placing restrictions on routes. PSA has two route restrictions. Its route 6 (between Ontario and San Francisco) is restricted by the following language:

Route 6
(2) No non-stop service may be operated between Ontario International Airport (ONT) and any other points served by Pacific Southwest Airlines under other authorization with the exception of San Diego. 2/

Its Route 7 (Burbank-San Jose) is restricted by the following language: "This route authorization is limited to the specific segments of Route 7".

This restriction is itself ambiguous. It appears in Decision No. 75297 which expressly restated all operating authority granted to PSA by this Commission. Therefore, there is no "other authorization" outstanding. This restriction should read: No nonstop service may be operated between Ontario International Airport and any other points served by Pacific Southwest Airlines with the exception of San Diego.

Sacramento; why prohibit PSA if the need is there? But there is a valid reason to prohibit tacking on the Burbank-San Jose route. This route is in direct competition with Air California. To permit PSA-to tack would increase the load factor on PSA's flights through Burbank thereby making them more economical and efficient, and thereby enhancing its competitive position in relation to Air California. Clearly, routing San Diego-San Jose passengers through Burbank rather than through Los Angeles does not affect the passengers' trip, but it does create more traffic for the Burbank-San Jose flights.

In this case we are only determining the meaning of a route restriction. We are not concerned with the affect of competition between Air California and PSA (except as it is a reason for the route restriction in the first place), nor the

The converse of this argument leads to serious and complex problems of air carrier regulation and interpretation of Section 2762. That is, if the restriction is interpreted as PSA would have it then the total absence of the restriction would permit service Burbank-Sacramento. As Applied to PSA's other routes which have no point restrictions, e.g., Los Angeles-San Francisco (route 1) and Los Angeles-Sacramento (route 5), this interpretation would permit PSA to serve San Francisco-Sacramento. Prior applications of PSA before the Commission show that PSA does not believe it can serve San Francisco-Sacramento merely because it serves the points San Francisco and Sacramento. In Application No. 49512 PSA sought authority to serve San Francisco-Sacramento and such authority was denied (Decision No. 74114 dated May 14, 1963). PSA accepted that decision. Air California also agrees with this interpretation. (See Decision No. 75473 dated March 25, 1969 in Application No. 48406.) The precise question of combining any and all points is before the Commission in Cases No. 8780 and 8781.

operating efficiency of PSA. Elimination of the route restriction can only be considered in a separate proceeding.

PSA argues that at one time a similar restriction was placed against Air California (Decision No. 74248 dated June 11, 1968 in Application No. 50072); that at that time Air California had no mutes that could be tacked and, therefore, the restriction could not be against tacking. PSA is correct only in the sense that the restriction was not to prevent Air California's immediate tacking, because Air California had no routes with a common point. But the restriction served to prohibit Air California from tacking to its Burbank-San Jose route any new routes it might obtain. More to the point, Decision No. 74248 granted authority to both PSA and Air California to enter the Burbank-San Jose market and placed similar route restrictions on both authorities. The Commission wanted competition on that route. And the way the Commission sought to insure fair competition between an established carrier and a comparatively new carrier was to restrict both carriers from tacking other routes, present or future to the authorized route.

Findings of Fact

- Air California is a passenger air carrier as defined in Section 2741 of the Public Utilities Code.
- PSA is a passenger air carrier as defined in Section 2741 of the Public Utilities Code.

The Commission concludes:

- 1. That PSA is operating between San Diego and San Jose via Burbank in violation of its certificate of public convenience and necessity.
- 2. Pursuant to Public Utilities Code Section 2763 PSA should be ordered to cease and desist from operating between San Diego and San Jose via Burbank.

ORDER

IT IS ORDERED that Pacific Southwest Airlines shall, within ten days after the effective date of this order, cease and desist from carrying passengers by air on a through route between San Diego and San Jose via Hollywood-Burbank Airport.

The effective date of this order shall be the date hereof.

		Dated at	San Francisco ,	California,	this	2640
day	ο£	AUGUST	, 1969.		r.	

WILLIAM SYMONS, JR.
President
A. W. GATOV
J. P. VUKASIN, JR.
Commissioners

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ASSISTANT SECRETARY
PUBLIC UTILITIES COMMISSION
BIATE OF CALIFORNIA

Commissioner Fred P. Morrissey

Present but not participating.

Commissioner THOMAS MORAN

Present but not participating.

2 OF THE STATE OF CALIFORNIA 3 AIR CALIFORNIA, a California Corporation. 4 Complainant, Case No. 8937 5 DECLARATION IN SUPPORT VS. 6 PACIFIC SOUTHWEST AIRLINES, OF ORDER TO SHOW CAUSE 7 a California Corporation. 8 Defendant. 9 10 I. Norriss M. Webb, declare as follows: 11 Pacific Southwest Airlines has failed to abide 12 by the terms of Decision No. 76104 in the 13 following respects: 14 a) Pacific Southwest Airlines flight schedule 15 effective July 25, 1969, continues to offer direct service between San Diego and San 16 Jose via Hollywood-Burbank and the flight frequencies and scheduling by Pacific Southwest Airlines through Hollywood-Burbank have re-17 mained unchanged since the effective date of the Commission Order. The only "change" in 18 the flight schedule of Pacific Southwest Air-19 lines has been a "Schedule Amendment" which purports to renumber the Hollywood-Burbank/ San Diego segment of the San Jose/San Diego 20 through flights which the Commission found 21 illegal. A copy of the so-called "Schedule Amendment" is attached hereto as Exhibit "A" 22 and made a part hereof. Pacific Southwest Airlines flight schedule is attached hereto as 23 Exhibit "B". 24 b) Pacific Southwest Airlines continues to sell one ticket for service between San Diego and 25 San Jose via Hollywood-Burbank. Said ticket is perforated into three parts; the upper part 26 being the receipt for the through flight and the lower two parts representing the San Jose/ 27 Hollywood-Burbank and Hollywood-Burbank/San Diego segments, respectively. On September 7, 28 1969, I purchased at the Pacific Southwest Airlines Airlines counter in Oakland a ticket 29 for a through flight from San Jose to San Diego

via Hollywood-Burbank.

I boarded Pacific

Southwest Airlines Flight 202 originating in Oakland. Immediately after departure of Flight

202 from San Jose Municipal Airport, the San Jose/Hollywood-Burbank protion of the ticket

was detached by the Pacific Southwest Airlines

BEFORE THE PUBLIC UTILITIES COMMISSION

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stewardess. At that time, I inquired of the stewardess whether or not the remaining portion of the ticket would also be detached and the stewardess stated that it would be detached after the departure from Hollywood-Burbank. The ticket purchased by me with the unused Hollywood-Burbank/San Diego portion remaining thereon is attached hereto as Exhibit "C".

- c) The fare offered by Pacific Southwest Airlines for service between San Diego and San Jose is a through fare. The ticket I purchesed showed a total of \$22.00 including tax (\$20.95 net of tax). Pacific Southwest Airlines advertises a net fare for service between Hollywood-Burbank and San Jose of \$14.52, and between Hollywood-Burbank and San Diego a net fare of \$7.14, or a total net fare of \$21.66 (\$22.74 with tax).
- d) The service between San Jose/San Diego is a single plane service and passengers flying the San Diego/Hollywood-Burbank segment do not debark the aircraft at Hollywood-Burbank. Upon arrival at Hollywood-Burbank, the following announcement was made on the September 7, 1969 flight on which I was a passenger:

"For those of you continuing on to San Diego with us, please remain scated as our stop here will be a very brief one."

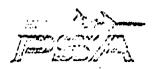
2. I am informed and believe that Flight 202 on September 7, 1969 is representative of all flights offered by Pacific Southwest Airlines between San Diego and San Jose via Hollywood-Burbank.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Newport Beach, California this 11th day of September, 1969.

Norriso M. Webt

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SOUTERE AUGUSTION

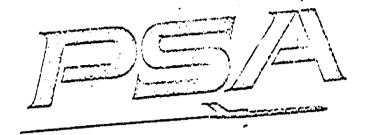
Effective September 5, 1969

THE FOLLOWING ADJUSTMENTS IN <u>FLIGHT NUMBERS</u> WILL DE MADE TO THE CURRENT SCHEDULE DATED JULY 25, 1969, REGARDING SAN/HWB/SÁN FLIGHTS AS LISTED BELOW:

MONDAY THRU THURSDAY			
SAN/HWB ONLY	HWB/SAN ONLY		
FLT 101 BECOMES FLT 11	FLT 102 BECOMES FLT 10.		
FLT 103 BECOMES FLT 17	FLT 202 BECOMES FLT 14		
FLT 201 BECOMES FLT 21	FLT 302 BECOMES FLT 18		
FLT 203 BECOMES FLT 25	FLT 404 BECOMES FLT 22		
FLT 403 BECOMES FLT 33	•		
	•		
FRIDAY ONLY			
SAN/FIWB ONLY	HWB/SAN ONLY		
FLT 101 BECOMES FLT 14	FLT 102 BECOMES FLT 10		
FLT 103 BECOMES FLT 17	FLT 202 BECOMES FLT 14		
FLT 201 BECOMES FLT 21	FLT 302 BECOMES FLT 18		
FLT 203 BECOMES FLT 25	FLT 402 DECOMES FLT 20		
FLT 307 BECOMES FLT 31	FLT 404 BECOMES FLT 22		
FLT 403 BECOMES FLT 33	•		
SATURDAY ONLY	· · · · · · · · · · · · · · · · · · ·		
SAN/HWB ONLY	HWB/SAN ONLY		
FLT 101 BECOMES FLT 11	FLT 102 BECOMES FLT 10		
FLT 103 BECOMES FLT 17	FLT 206 BECOMES FLT 16		
FLT 203 BECOMES FLT 25	FLT 402 BECOMES FLT 20		
FLT 303 BECOMES FLT 31	FLT 406 BECOMES FLT 22		
FLT 403 BECOMES FLT 33	·		
. 22 100 22 01120 12 12 12	•		
SUNDAY ONLY			
SAN/UWB ONLY	HWB/SAN ONLY		
FLT 103 BECOMES FLT 17	FLT 202 BECOMES FLT 14		
FLT 203 BECOMES FLT 25	FLT 302 BECOMES FLT 18		
FLT 303 BECOMES FLT 31	FLT 402 BECOMES FLT 20		
FLT 403 BECOMES FLT 33	FLT 502 BECOMES FLT 24		
t is the disconnection of the			

ALL HWB/SJC, HWB/OAK AND HWB/SJC/OAK FLIGHT NUMBERS REMAIN AS SHOWN ON OUR CURRENT SCHEDULE DATED JULY 25, 1969.

Exwibit "A"



PACIFIC SOUTHWEST AIRLINES
FLIGHT SCHEDULE

effective July 25, 1969

LOS ANGELES/SAN FRANCISCO/LOS ANCELES SAN DIEGO/SAN FRANCISCO/SAN DIEGO
LOS ANCELES/SAN DIEGO/LOS ANGELES
LOS ANGELES/SAN DIEGO/LOS ANGELES
LOS ANGELES/SAN JOSE/LOS ANGELES
LOS ANGELES/SAN JOSE/LOS ANGELES
LOS ANGELES/OAKLAND/LOS ANGELES
EVERY 30 MINUTES
EVERY 30 MINUTES

Sacramento
San Francisco
Oakland
San Jose
Hollywood-Burbank
Los angeles
Ontario
San Diego

Schedule subject to change without notice

Exhibit "B"

51.-700 292012-8-032833 22.00

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Exhibit"C"

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

AIR CALIFORNIA, a California corporation,

Complainant,

vs.

Case No. 8937

PACIFIC SOUTHWEST AIRLINES,

Defendant.

AFFIDAVIT OF DANIEL J. CALLACHAN IN SUPPORT OF APPLICATION FOR ORDER TO SHOW CAUSE

STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO
ss.

DANIEL J. CALLAGHAN being duly sworm deposes and says:

I

That he is now and at all times herein mentioned was a citizen of the State of California, over the age of 21 years and employed by the Public Utilities Commission of the State of California.

II

That on September 10, 1969, he bought a ticket from Pacific Southwest Airlines for a through flight from San Jose to San Diego via Hollywood-Burbank at a through fare of \$20.95, plus excise tax for a total of \$22. He boarded PSA Flight 302 originating in San Jose on said date, and PSA carried him by air on a through route in a single plane between San Jose and San Diego via Hollywood-Burbank.

III

That on September 10, 1969, he bought a ticket from Pacific Southwest Airlines on a return through flight from San Diego to

San Jose, via Hollywood-Burbank Airport, at a through fare of \$20.95, plus excise tax, for a total of \$22. He boarded PSA Flight 403 originating in San Diego on said date, and PSA carried him by air on a through route in a single plane between San Diego and San Jose via Hollywood-Burbank Airport.

Daniel J. Callaghan

Subscribed and sworn to before

me on September 11, 1969

Notary Public in and for said City, County and State

(SEAL)

WILLIAM W. DUNLOP
NOTARY PUBLIC-CALIFORNIA
CITY AND COUNTY OF
SAN FRANCISCO
My Commission Expires June 21, 1973