

ORIGINAL

Decision No. 76448

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of UNITED AIR LINES,
INC., for authority to increase
intrastate passenger fares for
California commuter service.

Application No. 51372
(Filed September 17, 1969)

O P I N I O N

United Air Lines, Inc. (United), a common carrier by air of passengers and property within this State, seeks authority to increase certain of its commuter air fares. The following are applicant's present and proposed fares:

<u>Between</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
Los Angeles and: San Francisco, Oakland and San Jose San Diego	\$14.52 7.14	\$15.00 7.38

In support of this request, the application alleges the following: Applicant's commuter air fares were last adjusted pursuant to Decision No. 75898, dated July 8, 1969, in Application No. 50464. Applicant sought the same increased fares in that proceeding as are sought herein. Among other things, the Commission found in Decision No. 75898 that the full amount of the increase sought in Application No. 50464, as amended, was justified, but that United could not maintain higher air fares for its jet commuter operations than those maintained by Pacific Southwest Airlines (PSA), its principal competitor. The fares authorized to United in Application No. 50464 were held down to the level authorized to PSA in Decision No. 75899, dated July 8, 1969, in Application No. 50847.

PSA has since filed Application No. 51278, which seeks authority to increase corresponding air fares to the same levels as sought by United in the instant application. By decision entered today PSA is authorized to increase its fares to the same levels as sought herein.

The application also alleges that the increased fares sought herein will not be excessive, as evidenced by finding 5 of Decision No. 75898.^{1/}

Our Transportation Division prepared a summary of the estimated results of applicant's operation based on the results set forth in Decision No. 76231 in Application No. 51075. This summary is received as Exhibit 1 and is shown in Table 1, below.

TABLE 1

UNITED AIR LINES
ESTIMATED RESULTS OF OPERATION
CALIFORNIA INTRASTATE - 1969

<u>Item</u> (a)	<u>Non-Commuter</u> (b) (000)	<u>Commuter</u> (c) (000)	<u>Total</u> (d) (000)
<u>Revenue</u>			
Passenger - Present Fares	\$8,907	\$20,325	\$29,232
Proposed Fares	-	20,875	29,782
Total Operating Expense	\$8,690	\$19,970	\$28,660
(1)			
Net Profit - Present Fares	\$ 217	\$ 355	\$ 572
Proposed Fares	-	905	1,122
(1)			
Operating Ratio - Present Fares	97.6%	98.3%	98.0%
Proposed Fares	-	95.7%	96.2%

(1) Before provision for income taxes.

1/ Said finding reads, in part, as follows:

"5.a. The estimate of commuter operations for the year 1968, as set forth in Table 1, indicates that operations under present fares will be conducted at a loss, as represented by an operating ratio (before taxes) of 105.8 percent.

"b. The estimate of 1969 operations at the full amount of the revenue increase sought herein (Table 1, Column (c)) indicates commuter operations would be conducted at a profit, as represented by an operating ratio (before taxes) of 94.8 percent. These results would be obtained only if competing carriers' fares were at the same level."

A. 51372 ds

Applicant requests that this application be granted without hearing. The application was served in accordance with the Commission's rules. Also, notice of the filing of the application appeared on the Commission's Daily Calendar on September 13, 1969. There are no protests.

Detailed analyses of applicant's intrastate revenues, expenses and rate base do not appear necessary in the instant proceeding for the following reasons: Applicant's intrastate fares were recently considered in a proceeding involving a public hearing, at which evidence was presented by applicant and the Commission staff. Moreover, the present time does not appear to be appropriate for the initiation of in-depth studies of airline operations because of the unsettled situation resulting from (a) recent acquisitions of new aircraft, and (b) applications of competing carriers to serve additional points, either recently granted or now pending before the Commission. Further, it is clear that the increases sought herein will not result in excessive earnings for applicant, nor will the resulting fares change the present competitive situation in the California corridor. From the foregoing, the Commission concludes that a public hearing in this application is not necessary.

In the circumstances it appears, and the Commission finds, that the increased air fares sought herein are justified. The application should be granted.

O R D E R

IT IS ORDERED that:

1. United Air Lines, Inc. is authorized to establish the increased commuter air fares set forth in Application No. 51372.

A. 51372 ds *

Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. 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 ten days after the date hereof.

Dated at San Francisco, California, this 18th day of NOVEMBER, 1969.

William J. Sweeney, Jr.
President

August L. Sweeney

J. P. Vukasin, Jr.

Vernon L. Sweeney
Commissioners

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