

ORIGINAL

Decision No. 76449

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of WESTERN AIR LINES,)
INC., for authority to increase)
certain of its intra-California)
passenger fares.)

Application No. 51398
(Filed October 1, 1969)

O P I N I O N

Western Air Lines, Inc., (Western) 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 and Oakland	\$14.52	\$15.00

Applicant's commuter air fares were last adjusted pursuant to Decision No. 75897, dated July 8, 1969, in Application No. 50888. Applicant sought increased fares between Los Angeles and San Francisco/Oakland in that proceeding on the same level as are sought herein. Among other things, the Commission found in Decision No. 75897 that the full amount of the increase sought in Application No. 50888 was not justified, inasmuch as Western could not maintain higher air fares for its jet commuter operations than those maintained by Pacific Southwest Airlines (PSA), its principal competitor. The application states that Western accepted the lesser fares authorized by Decision No. 75897 because it recognized, as found by the Commission, that under present conditions Western could not compete successfully in the market where its jet commuter air fares are maintained at fares higher

than those maintained by PSA, although Western believes that the higher fares sought in its Application No. 50888 were and are necessary to produce minimum reasonable earnings for services by it in the California corridor. PSA has since filed Application No. 51278, which seeks authority to increase corresponding air fares to the same levels as sought by Western in the instant application. By decision entered today PSA is authorized to increase its fares to the same levels as sought herein.

The application herein alleges that, under the present level of fares, Western's California intrastate operations were conducted at a loss in 1968 of approximately \$3,000,000. The application alleges that the increased fares sought herein would produce an estimated increase in annual revenues of \$150,000; and that such increase in revenues would help to reduce Western's intrastate losses, but would not cause Western to operate its intrastate services at a profit.

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 October 2, 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 by 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. Western Air Lines, Inc. is authorized to establish the increased commuter air fares set forth in Application No. 51398. 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. ...
President

August ...

J. P. Vukasin, Jr.

James L. Sturgeon
Commissioners

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