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Decision No. 77144

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AIR WEST, INC. for  
authority to cancel certain of its  
intra-California excursion tariffs. }

Application No. 51654  
(Filed January 27, 1970)

Edward R. Beauvais and George M. Galvin, for  
Air West, Inc., applicant.  
Raymond W. Schneider and Dave Zebo, for County  
of Humboldt; Wilmer J. Garrett, for the City  
of Fresno; Donald A. Loken, for the greater  
Eureka Chamber of Commerce; William F. Murison,  
for Humboldt State College and Arcata Chamber  
of Commerce; J. E. Pickett, for The Greater  
Chamber of Commerce in McKinleyville; and  
Chesley N. Gaylord, for the City of Eureka;  
protestants.  
Dr. Eugene J. Portugal, for the College of the  
Redwood, interested party.  
B. A. Peeters, Counsel, for the Commission staff.

INTERIM OPINION

Air West, Inc., (Air West) operates as a passenger air  
carrier between points in this state, and also within and between  
other western states, Canada and Mexico. In this application it  
seeks to cancel certain of its round trip excursion fares applicable  
to its intrastate passenger services.<sup>1/</sup>

Public hearing in this application was held before  
Examiner Mallory at Eureka on March 11, 1970 and the matter was  
submitted. The application was protested by the County of Humboldt,  
the Cities of Fresno, Eureka and Arcata; the Greater Eureka Chamber  
of Commerce; the Arcata Area Chamber of Commerce; The Greater Chamber  
of Commerce in McKinleyville; Humboldt State College, and the College  
of the Redwoods. The Commission staff moved that the application

1/ The fares proposed to be cancelled are set forth in Exhibit A to  
the application. Said fares are published in Air West, Inc.  
Local Excursion Passenger Tariffs Nos. EX-3 and EX-4, Cal. P.U.C.  
No. 7 and Cal. P.U.C. No. 11 (Pacific Air Lines, Inc. series),  
respectively.

herein be consolidated for hearing with two other fare applications of Air West, which motions were taken under submission to be ruled on in the decision herein.<sup>2/</sup> Evidence was adduced on behalf of applicant; protestants Eureka Chamber of Commerce, City of Fresno, and County of Humboldt; and the Commission staff.

Evidence in support of the application was presented by two assistant vice presidents of applicant. Their testimony shows that the excursion fares in question were established initially in the period August 1961 through May 1967 by applicant's predecessor company, Pacific Airlines, Inc. (Pacific).<sup>3/</sup> The purpose of excursion fares is to stimulate traffic on new routes, or on poorly traveled routes. The witnesses testified that once this purpose has been served, it is appropriate to cancel the reduced excursion fares. The witnesses stated that applicant has made no study of the amount of revenue increase which would accrue to it from the cancellation of excursion fares; the purpose of this application is to cancel from its tariffs depressed excursion fares which have served their purpose. The majority of the fares sought to be cancelled are not current selling fares, because no direct service is now being offered between the points where said fares apply.<sup>4/</sup> No increase in revenue would result from cancellation of those fares. In addition, there are several other points where no increase in revenues would occur, because the round trip excursion fares proposed to be cancelled are on the same level as twice the otherwise applicable one-way fare.

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<sup>2/</sup> Application No. 51723, seeking a general increase in fares, and (SPT) Application No. 51320, seeking to cancel certain jet commuter fares.

<sup>3/</sup> Air West, Inc. was formed in 1968, by the merger of three local service airlines: Pacific Airlines, Inc., Bonanza Airlines, and West Coast Airlines.

<sup>4/</sup> Direct service was defined as service without changing planes, or involving a change in planes where the layover time is 2 hours or less.

The record shows that in 1969, there were 70,158 passengers handled by Air West between Eureka/Arcata Airport (Eureka) and San Francisco International Airport (SFO); of which almost 40 percent traveled under the round-trip excursion fare sought to be cancelled. Said excursion fare is \$37.00, and the applicable one-way fare is \$20.00. Therefore, cancellation of the excursion fare would result in an increase of \$3.00 per round trip. The record indicates that Eureka-SFO is the second largest of Air West's California intrastate markets, exceeded only by Monterey/Salinas-Los Angeles International Airport.

Protestants (other than the City of Fresno) oppose the cancellation of the Eureka-SFO excursion fare. Protestants indicated that many users of Air West's services in this market have come to rely upon this fare; and upon its cancellation students, local businessmen and others will incur higher travel costs, which many cannot afford. Protestants point out that highways between the San Francisco Bay Area and Eureka are not as good as elsewhere in the state; travel by bus is slow; there is no through train service; and only one other small airline serves Eureka. Therefore, protestants urge that, because Humboldt County is relatively isolated, because it is in the midst of an economic recession, and because it must place an extraordinary reliance upon Air West to satisfy its day-to-day travel requirements, residents of Humboldt County should not be accorded an increase in air fares as proposed in the application herein.

On this record the Commission finds that increases which result from cancellation of excursion fares between points where no direct air service is provided by applicant, and those which result from cancellation of excursion fares between points where such

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excursion fares are equal to twice the lowest applicable one-way fare are justified, since no increase in transportation cost to the public and no increase in revenue to applicant will result therefrom. The Commission concludes that the application should be granted with respect to the foregoing described fares, and that the balance of the application should be consolidated for further hearing with Application No. 51723, in which Air West seeks a general increase in fares.

INTERIM ORDER

IT IS ORDERED that:

1. Air West, Inc., a corporation, is authorized to cancel round trip excursion fares as proposed in Application No. 51654, except excursion fares applicable between the following pairs of points:

<u>Between</u>	<u>And</u>	<u>Between</u>	<u>And</u>
Bakersfield	Sacramento	Los Angeles	Stockton
Crescent City	San Francisco	Monterey	Sacramento
Eureka/Arcata	San Francisco	Oxnard/Ventura	San Francisco
Lake Tahoe	San Francisco	Sacramento	Santa Barbara
Los Angeles	Palm Springs/Indio	San Francisco	Santa Maria
Los Angeles	Sacramento	San Francisco	Stockton
Los Angeles	Santa Maria	Santa Barbara	Stockton

2. Tariff publications authorized to be made as a result of the order herein may 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 the public.

3. The authority granted herein shall expire unless exercised within sixty days after the effective date of this order.

4. Except to the extent granted herein, Application No. 51654 is consolidated for hearing with Application No. 51723, filed by Air West, Inc., and such proceedings shall be set for hearing at such time and place as the Commission hereafter may designate.

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5. Except to the extent granted by the action taken herein,  
all motions are hereby denied.

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

Dated at San Francisco, California, this 28th  
day of APRIL, 1970.

William Synovis, Jr.  
President

Angela  
Robertson  
John

Vernon L. Sturgeon  
Commissioners