

ORIGINAL

Decision No. 80064

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SWIFT AIRE LINES, INC., a cor-
poration, to establish family
plan fares, eliminate existing
round trip discounts, and to con-
tinue 75% military fares.

Application No. 53172
(Filed February 24, 1972)

O P I N I O N

Swift Aire Lines, Inc. (Swift) operates as a passenger air carrier between Los Angeles and San Francisco, on the one hand, and Santa Maria, San Luis Obispo, Paso Robles, and San Jose, on the other hand.

In this application, Swift seeks the following adjustments in its passenger air fares:

1. To make permanent the military air fare granted for a trial period of one year in Decision No. 78303.
2. To eliminate round trip discounted fares.
3. To establish new family plan fares.

The elimination of round trip discount fares will result in an increase. Other proposed fares result in reductions.

In support of the proposed changes the application alleges that the military confirmed-space fare based on 75 percent of the regular one-way fare has proven successful, and Swift desires to maintain such military fares on a permanent basis.

The application states that Swift's original tariff filing contained round trip fares which result in discounts of from zero to three dollars for passengers purchasing a round trip ticket. Swift desires to cancel such round-trip fares for the following reasons: At the time the reduced rate round trip fares came into existence, Swift was virtually unknown and performed 95 percent of its ticketing

"In-house". This is no longer true as Swift now has interline ticketing agreements with the major CAB carriers (which generally do not publish round trip fares), and the majority of ticketing on Swift is now performed by these carriers or by travel agents located throughout the country. As Swift's round trip fare is unique, and the majority of Swift's passengers are ticketed by other air lines or air carriers, a great deal of confusion results. Passengers often are charged twice the one-way fare when a lower round trip fare is available; passengers often are concerned as to the amount of refund to which they are entitled when using only the one-way portion of a round trip ticket; and difficulties arise regarding the proper pricing of tickets with interline billings or refunds due to passengers. Assertedly, the elimination of round trip fares will simplify Swift's fare structure and its fare structure will then conform to that maintained by trunk air carriers.

The application states that trunk air carriers also maintain family plan fares. Swift desires to establish reduced family plan fares to make its fare structure conform to the fare structure of interlining trunk air carriers.

Information to comply with the Federal Price Commission regulations was supplied by Swift.

Notice of the filing of the application appeared on the Commission's Daily Calendar and the application was served in accordance with the Commission's rules. There are no protests or requests for hearing. Swift requests an ex parte order of the Commission in the absence of protest.

The Commission finds as follows:

1. The granting of the application will result in an annual gross increase in revenues from increased round trip fares of approximately \$11,665. Based on Swift's annual report data for the fiscal year ended August 31, 1971, the anticipated annual increase in gross revenues of \$11,665 would not cause Swift's operations to be conducted at a profit.

2. It is estimated that the reduction in revenues resulting from proposed family plan fares will offset the revenue gain from cancellation of round trip fares.

3. Swift's proposal herein will bring its fare structure in line with the fare structure of trunk line air carriers with which it interlines passengers and which perform ticketing services for Swift.

4. The fare increases proposed herein are justified.

5. A public hearing is not necessary.

The Commission concludes the application should be granted.

O R D E R

IT IS ORDERED that:

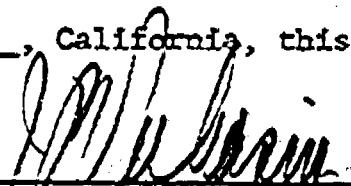
1. Swift Aire Lines, Inc., is authorized to publish the fares proposed in Application No. 53172. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and the public.

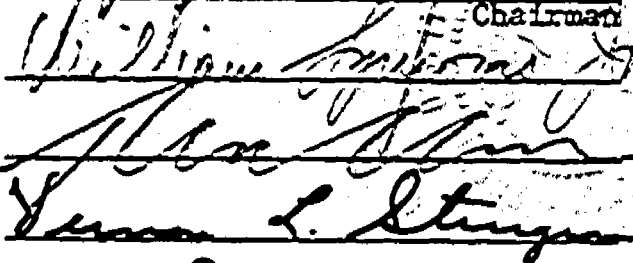
2. The authority granted herein shall expire unless exercised within ninety days after the effective date of this order.


3. Inasmuch as increases are involved the certification required by the Federal Code of Regulations is attached as Appendix A.

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

Dated at San Francisco, California, this 11th
day of MAY, 1972.



Chairman


Commissioners


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Data Regarding Increase
in Fares Authorized to
Swift Aire Lines, Inc.

(1)

Between	Existing RT fare	Proposed RT fare	Dollar Increase	Percent Increase
Los Angeles & Santa Maria	\$40.74	\$40.74	\$ -	-
Los Angeles & San Luis Obispo	48.15	50.00	1.85	3.8%
Los Angeles & Paso Robles	52.78	53.70	.92	1.7%
Santa Maria & San Jose	52.78	53.70	.92	1.7%
Santa Maria & San Francisco	54.63	55.56	.93	1.7%
San Luis Obispo & San Jose	48.15	50.00	1.85	3.8%
San Luis Obispo & San Francisco	52.78	53.70	.92	1.7%
Paso Robles & San Jose	43.52	44.44	.92	2.1%
Paso Robles & San Francisco	45.37	48.15	2.78	6.1%
San Jose & San Francisco	22.22	22.22	-	-
Average Increase			\$1.11	2.26%

- (2) Approximately 3,500 passengers are carried by Swift each month. Of these 50 percent purchase round trip tickets. Based on the \$1.11 average increase, an additional \$971.25 gross revenue would be generated monthly.
- (3) The anticipated increase in revenue as listed in Item (2) above would increase Swift's profits 0.97 percent as a percentage of total sales.
- (4) This proposed increase will not measurably affect Swift's overall rate of return on capital. The proposed increase is designed to bring Swift's fare structure into line with standard industry practices. Further, this application is also asking for a family plan fare offering 75 percent fare to certain family members traveling together. It is estimated that the reduction of revenues from this family plan fare will more than offset the revenue increases generated from elimination of current round trip discounted fares.
- (5) Sufficient evidence was supplied with the application to determine whether or not the criteria set forth in paragraph (d)(1) through (4) of Title 6, Chapter III, Part 300, Section 300.16 of the Code of Federal Regulations, as amended, are or are not met by the rate increase.

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- (6) The increase is not cost based, inasmuch as its purpose is to bring Swift's fare structure in line with industry practices. The increase does not reflect future inflationary expectations, and the increase will not increase applicant's rate of return.

This appendix to the rate decision constitutes the certification required by the Code of Federal Regulations.