

ORIGINAL

Decision No. 82265

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of WESTERN AIR LINES,
INC. for authority to increase
certain intrastate passenger fares
and cargo charges.

} Application No. 53234
(Filed March 27, 1972,
amended July 17, 1972
and September 4, 1973)

SECOND INTERIM OPINION

In this application Western Air Lines, Inc. (Western) seeks authority to increase its intrastate commuter and first-class air fares and freight charges. Western is a common carrier by air of passengers and property between various points in the United States (including California), Canada, and Mexico. Within California, Western serves San Francisco, Oakland, San Jose, Sacramento, Long Beach, Ontario (San Bernardino), Palm Springs, and San Diego. Its intrastate passenger operations utilize Boeing 707, 720, 720B, 727-200, and 737 aircraft.

Interim Decision No. 81921 dated September 25, 1973 in this proceeding authorized Western to increase its jet commuter air fares to the levels authorized to Pacific Southwest Airlines in Decision No. 81793 dated August 21, 1973 in Application No. 53525, between directly competitive points (or to levels sought by Air California in Application No. 53308, where lower).^{1/}

The Commission's Transportation Division staff has analyzed the remaining relief requested by Western, and has made the following recommendation to the Commission (Exhibit 1 herein):

^{1/} Application No. 53308 is scheduled for hearing on January 21, 1974.

"Exclusive of the fares granted by Decision 81921, the Transportation Division recommends that Western's proposed commuter fares which parallel Air California's proposed fares in Application 53308 be held in abeyance pending the outcome of the Air California fare proceeding. The airport pairs are: PSP-OAK, PSP-SMF, PSP-SJC, and PSP-SFO. As stated in Western Air Lines' original application, Western recognizes the fact that the Commission has found that the cost structure of PSA and Air California should be used to determine the price of transportation in California.

"Based on data included in Western's Application 54043, dated May 17, 1973 (request of \$.25 to offset cost of providing armed guards) Western is still operating at a loss for intra-California operations of \$10,688,317 for the 12 months ended June 30, 1973.

"It is recommended that the remaining commuter fares between LAX-ONT, LAX-PSP, LAX-SAN, OAK-SJC, ONT-SAN, ONT-PSP, PSP-SAN and SFO-SJC be granted. The attached table indicates that Western's proposed fares for these airport pairs are comparable to other carriers' present fares.^{2/} However, it should be noted that the proposed increase for LAX-SAN and ONT-SAN may seriously affect Western's load factors and passenger carrying capacity. Western may elect via the provisions of General Order 105-A to reduce its higher fare to that of competing fares to obtain parity in these matters. This does not constitute a recommendation for granting Western a fare window as requested in the original application.

"It is recommended that the proposed first class fare revisions, discount fares, and air freight rates be granted."

^{2/} The fare comparisons referred to above are set forth in Appendix A attached hereto.

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The Commission staff recommendation that a hearing be held in Application No. 53234 is withdrawn.

In the circumstances, the Commission finds:

1. Western seeks authority in Application No. 53234 to increase its commuter and first-class air fares and cargo charges applicable within California.

2. The Commission historically has considered PSA to be the low cost (rate-making) carrier in the California corridor and, in the past, has authorized other passenger air carriers to raise their commuter air fares to the levels authorized to PSA between directly competitive points.

3. Between points in the California corridor not directly served by PSA, the Commission has considered Air California to be the rate-making carrier, and jet commuter air fares between those points have been established for other carriers on the level authorized to Air California.

4. Western's California intrastate operations were conducted at a loss in the latest fiscal period for which financial data are available (year ended June 30, 1973).

5. Western's proposed commuter air fares between LAX-ONT, LAX-PSP, OAK-SJC, ONT-PSP, PSP-SAN, and SFO-SJC will not exceed fares maintained by competing carriers, and increases resulting from the establishment of those proposed fares are justified.

6. The proposed fares between LAX-SAN and ONT-SAN will exceed present fares of competing air carriers. Western's present fares exceed the fares of competing air carriers, and maintenance of the higher proposed fares will not change the existing competitive situation. Increases in said fares are justified.

7. Increases in first-class fares, discount fares, and air freight rates proposed in Application No. 53234 are justified.

The Commission concludes that increases found justified in the preceding findings should be authorized to be established and that the proposed increases in commuter air fares between PSP-OAK, PSP-SMF, PSP-SJC, and PSP-SFO be deferred until Application No. 53308 of Air California is decided.

SECOND INTERIM ORDER

IT IS ORDERED that:

1. Western Air Lines, Inc. is authorized to establish the first-class fares, discount fares, and air freight rates proposed in Application No. 53234.

2. Western Air Lines, Inc. is authorized to establish the increased commuter air fares proposed in Application No. 53234 between the following points:

Los Angeles	-	Ontario	Oakland	-	San Jose
Los Angeles	-	Palm Springs	Ontario	-	San Diego
Los Angeles	-	San Diego	Ontario	-	Palm Springs
San Francisco	-	San Jose	Palm Springs	-	San Diego

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

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

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 18th day of DECEMBER, 1973.

William Symons Jr. President

[Signature]
[Signature] Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

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

APPENDIX A
COMPARISON OF FARES OF VARIOUS
AIR CARRIERS

Airport Pair	Present Western Commuter	Proposed Western Commuter	American Coach	Delta Coach	Delta Economy	National Coach	National Economy	United Commuter	PSA	Golden West	Hughes Airwest	Valley	Swift	Borrego Springs
LAX-ONT	\$ 8.00	\$12.04								\$12.96	\$12.04			
LAX-PSP	13.00	16.67	\$16.67								16.67			
LAX-SAN	9.00	10.19	8.00	\$8.00	\$6.35	\$8.00	\$6.35	\$7.41	\$7.41					
OAK-SJC	10.19	11.11									13.89	\$11.11		
ONT-SAN	10.00	11.11							7.41					
ONT-PSP	11.00	12.96									15.74			
PSP-SAN	10.00	15.74									17.59			\$18.52
SFO-SJC	10.19	11.11											\$11.11	

Note: All fares are without 8% tax and security surcharges.