

Decision No. ~~82266~~

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TRANS WORLD AIRLINES, INC., for authority to increase certain intrastate passenger fares.

Application No. 54464
(Filed November 23, 1973)

O P I N I O N

Trans World Airlines, Inc. (TWA) is a passenger air carrier engaged in intrastate and interstate transportation of passengers, property, and mail. Its intrastate service in California includes service between Los Angeles and San Francisco and Oakland. TWA utilizes Boeing 727, 707, 747, and Convair 880 equipment for its California intrastate operations.

In this application TWA seeks an increase in its intrastate jet commuter air fares (exclusive of security charges) as follows:

	<u>Present</u>			<u>Proposed</u>		
	<u>Fare</u>	<u>Tax</u>	<u>Total</u>	<u>Fare</u>	<u>Tax</u>	<u>Total</u>
Between LAX and SFO/OAK	\$15.00	\$1.20	\$16.20	\$16.20	\$1.30	\$17.50

The application states that the increased jet commuter fares for which authority is sought herein correspond to the fares between competitive points authorized to Pacific Southwest Airlines (PSA) by Decision No. 81793 dated August 21, 1973 in Application No. 53525. The application shows that TWA's present jet commuter fares between LAX and SFO/OAK were authorized by Decision No. 76661 dated January 13, 1970 in Application No. 51511.

The application states that it is well settled that this Commission has historically considered PSA to be the rate-making carrier in the California intrastate jet commuter market (Western Air Lines, Inc., Decision No. 81921, and United Air Lines, Inc., Decision No. 81922 dated September 25, 1973). The application avers

that in accordance with that historical pattern, the increase in fares authorized to PSA by Decision No. 81793 reflects the first increase in California jet commuter fares since most of the present commuter fares were authorized in December 1970. The application recites that the Commission has recognized in prior decisions that competition between Western Air Lines, United Air Lines, PSA, and TWA will not permit any one air carrier to maintain commuter air fares substantially different from those of its competitors (Pacific Southwest Airlines, 69 CPUC 739, 749). The application states that TWA believes that the public interest would be served by maintaining uniformity of fares among air carriers offering similar commuter services in the affected markets. Such uniformity of fares assertedly would maintain historical fare relationships among the major carriers providing intrastate service within California.

Attached to the application are exhibits showing the financial results of TWA's operations in the contiguous 48 states, and a development of the results of TWA's operations over its Los Angeles-San Francisco/Oakland route for the year ended December 31, 1972. The application also contains attachments showing operating statistics over this route and a development of the estimated increase in revenue that would result from the granting of the proposed increased fares.

The application states that on the basis of estimated traffic during the twelve months ended December 31, 1973, the proposed fares would yield increased revenue of \$70,668. Applicant forecasts that, on the basis of estimates of traffic and expense for the year 1973 and the application of the proposed fares to its Los Angeles-San Francisco/Oakland route, it will experience in 1973 an operating loss from its operations over that route (interstate and intrastate) of \$1,367,000. Applicant also forecasts that on the basis of present fares and estimated expenses, it would experience an operating loss for its Los Angeles-San Francisco/Oakland route of \$1,431,000. (Exhibit 14 to the application.)

The application states that in view of the operating losses now being incurred by TWA from its California intrastate jet commuter/coach operations over the route involved, and the desirability of maintaining a parity of jet commuter fares between TWA and PSA, an ex parte order is requested. The application shows that it was served in accordance with the Commission's procedural rules and notice of the filing of the application also appeared in the Commission's Daily Calendar. There are no protests or request for public hearing.

The Commission finds:

1. Trans World Airlines, Inc. seeks authority to increase its intrastate jet commuter air fares to the levels authorized to Pacific Southwest Airlines in Decision No. 81793 dated August 21, 1973 in Application No. 53525.
2. Historically, TWA has been authorized to maintain the same level of jet commuter air fares as other major airlines serving the Los Angeles-San Francisco/Oakland market.
3. TWA's estimate of the financial results of operations over its Los Angeles-San Francisco/Oakland route shows that such operations over this route in 1973 will conduct at a loss under both present and proposed fares.
4. The increased fares proposed herein are justified and will result in reasonable and nondiscriminatory jet commuter air fares.

The Commission concludes that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Trans World Airlines, Inc. is authorized to establish increased air fares as proposed in Application No. 54464.
2. Tariff publications authorized to be made as a result of this order herein shall be filed on or after the effective date of this order and may be made effective on five days' notice to the Commission and the public.

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3. 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 S. Quinn 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.