ORIGINAL

Decision No. _82352_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of WESTERN AIR LINES,)
INC., for authority to increase)   Application No. 54534
certain intrastate passenger fares) (Filed December 24, 1973)
and cargo charges.)

INTERIM OPINION

Western Air Lines, Inc. (Western) is a common carrier by
air serving Oakland, Los Angeles, Ontario, Palm Springs, Sacramento,
San Diego, San Francisco, and San Jose. Western operates Boeing
707-720-B, 727-200, 737-200, and DC-10 jet aircraft in serving these
points. In this application it seeks expedited authority to increase
its air fares to compensate for the recent increases incurred by it
for aircraft fuel, similar to those granted to Pacific Southwest
Airlines (PSA).

The application shows that Western sustained an operating
loss of $10,879,155 on its intra-California operations in the year
ended September 30, 1973. It estimates that the increased fares will
produce $167,086 in annual revenue, which will not materially reduce
the aforementioned operating loss.

Decision No. 82280 dated December 18, 1973 in Application
No. 54387 authorized PSA to increase its passenger fares by 23 cents
per passenger on an interim basis pending hearing.[1] Public hearing in
Application No. 54387 is scheduled for February 19, 1974. On
January 3, 1974, the Commission instituted Case No. 9646 to inquire

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[1] On January 4, 1974 PSA filed an amendment to Application No.
54387 seeking substitution of a 70-cent increase in its
LAX-SFO and related fares, in lieu of the interim increase
of 23 cents.

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into methods of adjusting air common carrier fares to offset increased air aviation fuel costs. That investigation was consolidated for hearing with PSA's Application No. 54387, the application herein, and others filed by air common carriers seeking increased fares to offset fuel cost increases.

Western points out that this Commission has historically considered PSA to be the rate-setting (low-cost) carrier in the California corridor and has permitted competing air carriers to raise their jet commuter air fares to levels not exceeding PSA's fares between directly competitive points. The level of PSA's fares has also been a determining factor in the establishment of fare levels between satellite markets served by other carriers.

It appears, and we so find, that applicant has incurred an unprecedented increase in its aviation fuel costs within the last six months resulting from the worldwide energy crisis and pricing policies permitted by the Federal Cost of Living Council; that such fuel cost increases are of such magnitude as to impair applicant's operations unless an immediate revenue increase is authorized to offset, in part, such fuel cost increases; that PSA is the fare-setting (low-cost) carrier in the markets served by applicant; that PSA has been authorized an interim increase in fares of 23 cents per passenger pending hearing; and that an immediate interim increase in the same amount per passenger as that granted to PSA is justified pending further action of the Commission.

The Commission concludes that interim relief should be granted as provided in the following order.

INTERIM ORDER

IT IS ORDERED that:

1. Western Air Lines, Inc. is hereby authorized to increase each of its published California intrastate passenger air fares by 23 cents per passenger (exclusive of security and armed guard charges and transportation tax).

2.   Tariff publications authorized to be made as a result of this order shall be filed on or after the effective date hereof and may be made effective on five days' notice to the Commission and the public.

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 _____15th_____ day of _____JANUARY_____, 1974.

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President

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Commissioners