

Decision No. 82382

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC SOUTHWEST AIRLINES for a
certificate of public convenience
and necessity in either direction
between San Francisco/Stockton/
Fresno, and Los Angeles with through
and connecting service to San Diego
and Sacramento and to overfly Stock-
ton and Fresno.

Application No. 52291

In the Matter of the Application of
AIR CALIFORNIA for removal of
restriction and correction of certif-
icate of public convenience and
necessity, and for in lieu certif-
icate.

Application No. 53441

Vincent P. Master, Jr., Attorney at Law, for
Air California; and Brownell Merrell, Jr.,
Attorney at Law, for Pacific Southwest
Airlines; petitioners.
Parlen L. McKenna, Attorney at Law, and Henry
B. Myers, Attorney at Law (New Mexico), for
Hughes Airwest; Richard H. Elkington, for
Greater Stockton Chamber of Commerce; Perry
H. Taft, Deputy City Attorney, for City of
Stockton; John E. Nolan, Assistant Port
Attorney, and J. Kerwin Rooney, Port Attorney,
for Port of Oakland; Gerald R. Barbar, for
California Division of Aeronautics; Robert
L. Pleines, Deputy County Counsel, for County
of Sacramento; Wilmer J. Garrett, for City
of Fresno; Robert J. Logan, Deputy City
Attorney, for City of San Diego; and Charles
Dixon, for County of San Joaquin; interested
parties.
Elmer Sjostrom, Attorney at Law, for the Commis-
sion staff.

O P I N I O N

By Decision No. 82103 dated November 7, 1973 and Decision No. 82138 dated November 13, 1973, Pacific Southwest Airlines (PSA) and Air California (AC) were authorized to temporarily suspend, on an emergency basis, the minimum number of daily round-trip requirements on certain certificated routes within the State.

Public hearings on the above petitions were thereafter held before Examiner Daly at San Francisco on December 6, 1973, at which time and place the matters were submitted.

The requested relief is sought because the Director of the Energy Policy Office of the Federal Government, by order dated October 13, 1973, adopted a mandatory fuel allocation program which imposes controls on "middle distillate fuels", including aircraft turbine fuel. The allocation affects all airlines operating jet powered aircraft in the United States and limits each operator to no more fuel than the amount used during the corresponding month of 1972. Any unused portions of an allotment for a month can be carried over to the next month. Beginning December 1, 1973, domestic airlines will be allocated 5 percent less than 1972 levels and beginning January 7, 1974, the allocation will be 15 percent less than 1972 levels. ^{1/}

AC requests suspension of the minimum requirements on all of its flights and PSA requests suspension on the following routes:

Route 6

Ontario - San Francisco
Four round trips per day

Route 8

San Diego - Ontario
Two round trips per day

Route 7

San Jose/Oakland - Burbank
Four round trips per day

Route 9

San Francisco - Sacramento
Four round trips per day

^{1/} We take official notice of the recently promulgated regulations under Title 10, Code of Federal Regulations, Section 211.143, Federal Energy Office Mandatory Petroleum Allocation Regulations, which now allocate domestic air carriers 95 percent of their 1972 levels; instead of 85 percent as testified to in this proceeding.

Route 15

Burbank - Sacramento (nonstop)
Two round trips per day

Route 22

San Francisco - Fresno - Los Angeles
Two round trips per day

Route 23

San Francisco - Stockton - Fresno - Los Angeles
Two round trips per day

The witness for AC testified that AC hopes to meet the problem of reduced fuel by eliminating low volume flights on its lowest traffic day, which is Saturday, but until the crisis has passed it wants the flexibility to schedule its service to meet traffic demands and fuel availability.

The witness for PSA testified that his company's fuel consumption, as of October 1973, exceeded by 9,511,836 gallons its fuel consumptions for the comparable period in 1972; that in response to the fuel allocation program PSA has revamped its schedules so as to provide the most efficient service to the largest segments of the air traveling public; and that the modifications presently in effect and below the required minimum flights are as follows:

Route 22 - SF/LA via Fresno

Reduced to one round trip on Friday and Sunday.

Reason: The available seats on other Route 23 SF/LA via Fresno and Stockton flights exceeded the passengers on flights eliminated by over 1,700. Also, because United Air Lines, Inc. provides an alternative service.

Route 8 - San Diego-Ontario

Reduced to one round trip per day Monday through Thursday and Sunday, one and one-half round trips per day on Friday, and two round trips per day on Saturday.

Reason: The seats available on other PSA SAN-ONT flights exceeded the passengers on flights which were eliminated by over 7,000. Also, AC provides alternate connecting service through Orange County Airport.

According to PSA's witness, management wants to have the flexibility to combine flights so as to provide service to the passenger, while at the same time reducing flight time and fuel, to make adjustments in the level of service as limited by competitive considerations and to position crew and aircraft so as to provide maximum efficiency to its revised schedules.

The staff contends that minimum schedules are a way of insuring that the carriers are not granted rights without responsibilities and that the community's needs are met. The staff further contends that the Commission should insure against unnecessary duplication of service, elimination of service, and that the burden of coping with the energy crisis does not unnecessarily discriminate against any sections of the State. The staff therefore recommends that the minimum flights of PSA and AC be modified as follows:

PACIFIC SOUTHWEST AIRLINES

	Points of Service (2)	Daily Round Trip Minimum (1)	Recommended Round Trips Per Week-Minimum
1.	ONT - SFO	4	20
2.	BUR - SJC and OAK	4	20
3.	SAN - ONT	2	5
4.	SFO - SMF	4	20
5.	BUR - SMF (nonstop)	2	5
6.	SFO - LAX via FAT	2	-
7.	SFO - LAX via SCK, FAT	2	14

(1) Minimums prior to temporary suspension as authorized by Decisions Nos. 82103 and 82138.

(2)

ONT - Ontario	BUR - Burbank
SFO - San Francisco	SJC - San Jose
OAK - Oakland	LAX - Los Angeles
SAN - San Diego	FAT - Fresno
SMF - Sacramento	SCK - Stockton
PSP - Palm Springs	SNA - Santa Ana

AIR CALIFORNIA

	Points of Service(2)	Daily Round Trip Minimum(1)	Recommended Round Trips Per Week-Minimum
8.	SNA - SFO	5	25
9.	SNA - SJO	3	15
10.	SNA - OAK	4	15
11.	ONT - SJC and OAK	2	10
12.	SAN - SJC	1	-
13.	SAN - SJC and OAK via SNA	2	10
14.	PSP - SJC, OAK and/or SFO	1	5
15.	SAN - OAK	2	-

(1) Minimums prior to temporary suspension as authorized by Decisions Nos. 82103 and 82138.

(2) ONT - Ontario BUR - Burbank
 SFO - San Francisco SJC - San Jose
 OAK - Oakland LAX - Los Angeles
 SAN - San Diego FAT - Fresno
 SMF - Sacramento SCK - Stockton
 PSP - Palm Springs SNA - Santa Ana

The staff also recommends that:

1. Any schedule changes should be issued and filed on not less than ten days' notice to the Commission and to the public, and should be allowed to take effect unless rejected or suspended by the Commission.

2. PSA and AC should minimize their charter operations.

3. PSA and AC should submit to the Commission a plan for a reduction in service between city pairs based on the level of fuel consumption for 1972 and 85 percent and 75 percent of that level.

Testimony in opposition to the petitions was given by the County Administrator for San Joaquin County, the Director of Aviation of the Port of Oakland, which owns and operates Metropolitan Oakland International Airport, the Manager of the Economic Development Department for the Greater Stockton Chamber of Commerce, and the Director of Transportation for the city of Fresno. All opposed

the complete removal of minimum flight requirements. In general they agreed that during the fuel emergency, reductions in service will have to be made, but they were of the opinion that certain minimum requirements should be maintained.

After consideration the Commission finds that:

1. Because of the mandatory fuel allocation program adopted by the Federal Government domestic airlines are allocated 5 percent less fuel than 1972 levels.
2. As a result of the reduction in fuel, petitioners request that certain minimum flight requirements contained in their certificates be suspended on an emergency basis.
3. To avoid any possibility of a complete cessation of service to, from, and between points in marginal areas, certain minimum flight requirements should be maintained in the public interest.
4. The minimum weekly flight requirements recommended by the staff appear to afford petitioners the necessary flexibility to reschedule their flights commensurate with the public need, the availability of fuel, and sound managerial practice.
5. Petitioners should minimize their charter operations.
6. Schedule changes shall be issued and filed on not less than ten days' notice to the Commission and to the public, and will be allowed to take effect unless rejected or suspended by the Commission.
7. Petitioners should submit to the Commission a plan for a reduction in service between city pairs based on the level of fuel consumption for 1972 and 85 percent and 75 percent of said level.

The Commission concludes that the petitions to suspend minimum flight requirements should be denied, and that the certificated minimum flight requirements of petitioners should be modified to the extent set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. The petitions of Pacific Southwest Airlines (PSA) and Air California (AC) to suspend certificated minimum flight requirements are denied.
2. Appendix A of Decision No. 79085 is amended by substituting Third Revised Pages 3, 4, and 5, attached hereto and by reference made a part hereof, in place of Second Revised Pages 3, 4, and 5.
3. Appendix A of Decision No. 80439 is amended by substituting Fourth Revised Page 4, attached hereto and by reference made a part hereof, in place of Third Revised Page 4.
4. Schedule changes shall be issued and filed on not less than ten days' notice to the Commission and to the public and shall become effective unless rejected or suspended by the Commission.
5. Within sixty days after the effective date hereof, PSA and AC shall submit to the Commission a plan for a reduction in service between city pairs based on the level of fuel consumption for 1972 and 85 percent and 75 percent of said level.
6. PSA and AC shall minimize their charter operations.

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

Dated at San Francisco, California, this 22nd day of JANUARY, 1974.

Vernon L. Stegman
President
William J. ...

I. ...
William J. ..., Commissioner

...
...
Commissioners

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Appendix A
(Dec. 79085)

PACIFIC SOUTHWEST AIRLINES
(a corporation)

Third Revised Page 3
Cancels
Second Revised Page 3

Restrictions

Route 1

No service of any type shall be operated between any of these five points and any other points authorized in other routes by the Commission, except through service between San Diego and San Jose via Los Angeles, through service between San Diego and Sacramento via Los Angeles, and the through service authorized in Route 19.

Routes 2 and 3

These route authorizations are limited to the specific segments of each route, except for the tacking of Route 3 and Route 9 to provide direct service between Burbank and Sacramento via San Francisco as provided in the restriction on Route 9.

Route 4

This route authorization is limited to the specific segment of Route 4, except for through service from San Jose to San Diego via Los Angeles.

Route 5

This route authorization is limited to the specific segment of Route 5, except for through service from Sacramento to San Diego via Los Angeles.

Route 6

- #1. Passengers shall be transported in either direction in nonstop service at a minimum of twenty scheduled round trips per week.
2. No nonstop service may be operated between Ontario International Airport (ONT) and any other points served by Pacific Southwest Airlines under other authorization with the exception of San Diego.

Issued by California Public Utilities Commission.

#Revised by Decision No. 82382, Applications Nos. 52291 and 53441.

Route 7

- #1. Passengers shall be transported in either direction at a minimum of twenty scheduled round trips per week.
2. This route authorization is limited to the specific segments of Route 7.

#Route 8

Passengers shall be transported in either direction in nonstop service at a minimum of five scheduled round trips per week.

#Route 9

Passengers shall be transported in either direction in nonstop service at a minimum of 20 scheduled round trips per week. All service to Sacramento Metropolitan Airport from any other points already served by Pacific Southwest Airlines must be provided via San Francisco International Airport, except for the nonstop service authorized between Los Angeles International Airport and Sacramento.

Routes 10, 11, 12, and 13

Service between the points authorized on these routes shall not be connected, combined, or operated in combination with points or routes previously authorized, or with each other except as herein provided. Route 10 may be connected with Routes 11, 12, or 13 at Long Beach to provide through service to passengers as follows:

San Diego - Long Beach - Oakland
San Diego - Long Beach - San Francisco
San Diego - Long Beach - San Francisco
(Intermediate point per
Route 13) - Sacramento

The points herein authorized must be operated as specified; no over flights of points authorized shall be permitted.

Route 14

Service between the points authorized on this route shall not be connected, combined, or operated in combination with points or routes previously authorized. The points herein authorized must be operated as specified; no over flights of points authorized shall be permitted.

Issued by California Public Utilities Commission.

#Revised by Decision No. 82382, Applications Nos. 52291 and 53441.

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Appendix A
(Dec. 79085)

PACIFIC SOUTHWEST AIRLINES
(a corporation)

Third Revised Page 5
Cancels
Second Revised Page 5

Route 15

1. Service between the points authorized on this route shall not be connected, combined, or operated in combination with any other authorized points or routes.
- #2. Passengers shall be transported in either direction in nonstop service at a minimum of five scheduled round trips per week.

Route 16

Service between the points authorized on this route shall not be connected, combined, or operated in combination with any other authorized points or routes.

Route 17

Service between the points authorized on this route shall not be connected, combined, or operated in combination with any other authorized points or routes.

Route 18

Service between the points authorized on this route shall not be connected, combined, or operated in combination with any other authorized points or routes.

Route 19

Service between the points authorized on this route shall not be connected, combined, or operated in combination with any other authorized points or routes.

Route 20

Service between the points authorized on this route shall not be connected, combined, or operated in combination with any other authorized points or routes.

Route 21

Service between the points authorized on this route shall not be connected, combined, or operated in combination with any other authorized points or routes.

#Route 22

Requirement for minimum schedules deleted.

#Route 23

A minimum of fourteen scheduled round trips per week shall be provided between San Francisco and Los Angeles.

Issued by California Public Utilities Commission.

#Revised by Decision No. 82382, Applications Nos. 52291 and 53441.

#CONDITIONS

Minimum number of round-trip schedules per week between points shown shall be:

a. Orange County Airport and San Francisco International Airport	25
b. Orange County Airport and San Jose Municipal Airport	15
c. Orange County Airport and Oakland International Airport	15
d. Between Ontario International Airport, on the one hand, and San Jose Municipal Airport and Oakland International Airport, on the other hand.	10
e. Between San Diego International Airport and San Jose Municipal Airport	0
f. Between San Diego International Airport, on the one hand, and San Jose Municipal Airport and Oakland International Airport, on the other hand, via the intermediate point of Orange County Airport, with San Jose Municipal Airport and Oakland International Airport being either a terminal or intermediate point for this route.	10
g. Between Palm Springs Municipal Airport, on the one hand, and San Jose Municipal Airport, Oakland International Airport and/or San Francisco International Airport, on the other hand	5
h. Between San Diego International Airport and Oakland International Airport	0

Issued by California Public Utilities Commission.

#Revised by Decision No. 82382, Applications Nos. 52291 and 53441.

COMMISSIONER J. P. VUKASIN, JR., Dissenting.

I dissent.

The foregoing order fails to adequately take into consideration and protect the public convenience and necessity.

The California Public Utilities Commission has the responsibility to provide for the "orderly, efficient, economical, and healthy intrastate" transportation of passengers by air "to the benefit of the people of this State, its communities, and the State itself."^{1/} (Emphasis added.) This mandate requires more than merely agreeing to the elimination or reduction of service, without full consideration of the effects of such cutbacks.

Proper concern for public convenience and necessity would require this Commission to consider all routes and communities served by airlines under its jurisdiction, load factors, frequency of flights, and other relevant factors. There is no discussion of such issues in the majority's opinion. The decision does not contain one word, mention, or reference, to any reductions in Pacific Southwest Airlines' (PSA) nonstop San Francisco - Los Angeles route even though there are a number of other airlines presently serving that market. It appears that PSA is prepared to scrub smaller communities while tenaciously hanging onto the largest share of a market in which there is adequate alternate service available.

1/ Section 2739, Public Utilities Code

The majority justify their action by citing the energy crisis and present fuel shortage. However, they fail to give any consideration to the energy consequences of their ruling. The Commission has ignored an opportunity to coordinate various forms of energy conservation. It appears ill-advised to authorize flight reductions which may very well result in greater energy consumption in service transportation.^{2/}

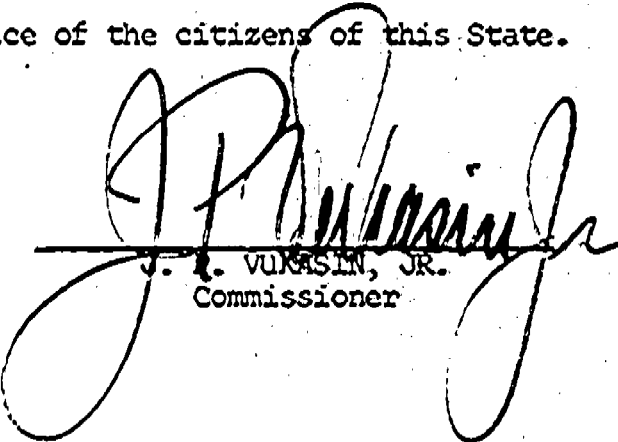
Commission rulings in this area require a careful, critical, and objective evaluation of the relevant factors involved. Such a process would not be an onerous duty to this Commission, considering its power and the resources at its disposal. Proper evaluation of the applicants' requests to reduce service should include at the least the following:

1. Market-by-market traffic versus available seats on a nonstop, one-stop, and two-stop basis.
2. Fuel consumption by type of equipment per seat mile in each market.
3. Fuel consumption by type of equipment per revenue passenger mile in each market.
4. Estimates of traffic diverted, or to be diverted, as a result of service reductions from (a) one airport to another, (b) air transportation to other forms of transportation (auto, bus, rail).

^{2/} An example of this can be found in the San Francisco-Oakland area. San Francisco enplaned 7.8 million passengers in 1972. If only a third (2.5 million) of these originated in the East Bay, and used their automobiles, and each used only two gallons of gasoline more driving to and from San Francisco International, the total gasoline wasted during the year would total about 5 million gallons.

5. A comparison of planned schedules under fuel allocation restraints versus pre-allocation schedules on a market-by-market basis, including available seats.
6. A full analysis of the reasons for the specific reductions in each market.
7. Estimates of fuel savings resulting from each schedule reductions, and total percentage reductions.

While the energy problems facing this Nation and State are real and call for meaningful action by appropriate governmental agencies, they must not be used to frustrate or nullify the good works and good plans heretofore made in the public interest. Long-established Commission policy has encouraged service to less densely populated areas as a price for the privilege of reaping the benefits from serving the more heavily travelled routes. It now appears that in the guise of energy conservation the Commission is abandoning that policy to the ultimate disservice of the citizens of this State.



J. L. VUKASIN, JR.
Commissioner

San Francisco, California

January 22, 1974.