

ORIGINAL

Decision No. 82649

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Swift Aire Lines,
Inc. for an Ex Parte Order to
increase intrastate passenger
fares.

Application No. 54575
(Filed January 14, 1974;
amended March 4, 1974)

SECOND INTERIM OPINION

In this application Swift Aire Lines, Inc. (Swift) seeks authority to increase its air fares to compensate for recent increases in the cost of aircraft fuel.

Decision No. 82389 dated January 22, 1974 in this application and others authorized Swift to increase its air fares by 70 cents per passenger (Appendix E to Decision No. 82389). That decision found that Swift and other applicants had incurred an unprecedented increase in aviation fuel costs of such magnitude as to impair their operations unless an immediate revenue increase was authorized to offset such fuel cost increases. The decision also found that on an interim basis Swift should be allowed to raise its fares by the same amount per passenger that Pacific Southwest Airlines, Inc. (PSA) was authorized to raise its fares pending further action of the Commission. The several fuel cost increase applications filed by passenger air carriers were joined with Case No. 9646 for hearing.^{1/}

^{1/} Case No. 9646 is an investigation into methods of adjusting air common carrier rates to offset aviation fuel cost increases.

Public hearings in the consolidated proceeding were held on January 19, 20, 21, and 22, 1974 before Examiner Mallory in San Francisco, and the consolidated proceeding was adjourned to April 3, 1974.

A representative of Swift testified at the hearing and presented data concerning fuel costs experienced by Swift. The substance of the testimony of the witness was that Swift uses aviation gasoline rather than jet fuel in its aircraft; Swift has no contract for bulk purchases of fuel with its suppliers except at San Luis Obispo, therefore, it pays prices which fluctuate between locations; that the prices (including taxes) paid by Swift on February 18, 1974 are from 19.1 cents to 35.0 cents per gallon greater than were paid at corresponding locations on September 1, 1973; and that such increases average 21.6 cents per gallon. The witness testified that the carrier currently uses an average of 75,700 gallons per month. The witness determined that fuel costs now represent approximately 30 percent of Swift's total operating expenses. The increase in fuel costs from September 1, 1973 through February 18, 1974 amounts to \$7,624.60 per month. Using Swift's current average monthly passenger levels, the increased fuel costs amount to \$1.27 per passenger.

The initial application sought an increase of 92 cents per passenger, of which 70 cents per passenger was authorized on an interim basis by Decision No. 82389, supra. The first amendment to Application No. 54575, filed March 4, 1974, seeks an additional increase of 57 cents per passenger on an interim basis.

The original application contains a profit and loss statement covering the period January 1 through November 30, 1973. The net income for the eleven-month period was \$1,514.26 on total revenues of \$360,329.63. It is apparent that Swift cannot absorb the increased fuel costs experienced by it and also continue profitable operations.

Based on the information contained in the application and amendment and based on the evidence adduced in the consolidated proceeding, the Commission finds that Swift has incurred increased costs of aviation gasoline in the period September 1, 1973 through February 18, 1974; that such fuel cost increases amount to approximately \$7,600 per month; that prior to incurring fuel cost increases Swift's operations were only marginally profitable; that Swift cannot absorb such increased costs and continue profitable operations; that the total increase in fuel costs in the foregoing period amounts to \$1.27 per passenger; that Swift was authorized an interim increase of 70 cents per passenger; and that a further interim increase of \$1.27 per passenger in lieu of the 70 cents per passenger heretofore authorized is justified.

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

SECOND INTERIM ORDER

IT IS ORDERED that:

1. Swift Aire Lines, Inc. is authorized to establish the increased air fares set forth in Appendix A hereto, which appendix supersedes Appendix E of Decision No. 82389 in this proceeding.

2. Tariff publications authorized to be made as a result of the 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 to 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 26th
day of MARCH, 1974.

I abstain:

Edward J. Stinson, Commissioner

William L. Stinson
President

William L. Stinson
Commissioners

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

APPENDIX A

Swift Aire Lines, Inc.
Schedule of Proposed Fares
 (Supersedes Appendix E
 to Decision No. 82389)

Market	: Base Fare : As Per : Dec. 82036	: Second : Interim : Increase	: Total : Without : Tax
San Francisco-San Jose	\$11.11	\$1.27	\$12.38
-Paso Robles	24.07	1.27	25.34
-San Luis Obispo	26.85	1.27	28.12
-Santa Maria	27.78	1.27	29.05
San Jose-Paso Robles	22.22	1.27	23.49
-San Luis Obispo	25.00	1.27	26.27
-Santa Maria	26.85	1.27	28.12
Paso Robles-Los Angeles	26.85	1.27	28.12
San Luis Obispo-Sacramento	29.63	1.27	30.90
-Fresno	22.22	1.27	23.49
-Los Angeles	25.00	1.27	26.27
Sacramento-Fresno	22.22	1.27	23.49
-Visalia	25.00	1.27	26.27
-Bakersfield	31.48	1.27	32.75
-Santa Maria	31.48	1.27	32.75
Fresno-Visalia	11.11	1.27	12.38
-Bakersfield	17.59	1.27	18.86
Santa Maria-Los Angeles	20.37	1.27	21.64
-Fresno	25.00	1.27	26.27
Bakersfield-Los Angeles	18.52	1.27	19.79
-Visalia	13.89	1.27	15.16
-San Luis Obispo (1)	34.26	1.27	36.53
-Santa Maria (1)	30.56	1.27	31.83
Visalia-San Luis Obispo (1)	37.96	1.27	39.23
-Santa Maria (1)	34.26	1.27	36.53

(1) Via Los Angeles.