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ORIGINAL

Decision No. 82750

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
Petition of SWIFT AIRE LINES, INC., for )  
investigation and suspension of Tariff ) (I&S) Case No. 9704  
No. EX-2, Cal PUC No. 8, Revision Trans- )  
mittal No. 1 of Hughes Airwest. )

ORDER OF INVESTIGATION AND SUSPENSION

By petition filed April 9, 1974, Swift Aire Lines, Inc., (Swift Aire) seeks suspension and investigation of excursion passenger fares between Santa Maria and certain other cities in California, filed by Hughes Airwest in a revised tariff issued March 20, 1974. Notice was not given to Swift Aire or other competitive air carriers, as required by General Order No. 105-A, until April 5, 1974. These fares, which are published in Hughes Airwest California Intrastate Local Passenger Tariff No. EX-2, Cal PUC No. 8, Revision Transmittal No. 1, to become effective April 19, 1974, provide for temporary considerably-reduced fares to expire October 31, 1974 unless sooner changed, cancelled or extended between Santa Maria and Los Angeles, Santa Maria and San Francisco, Santa Barbara and Los Angeles, Chico and Los Angeles, El Centro and San Francisco.

Petitioner alleges that the service provided by Swift Aire at Santa Maria is supplemental to the services provided by Hughes Airwest; Swift Aire has designed its schedules to avoid conflict with Hughes Airwest schedules; fares do not need to be identical but fares of the two airlines must be competitive and historically have been so; in past years Hughes Airwest has withdrawn service for economic reasons at Paso Robles and San Luis Obispo, leaving Swift Aire to provide this public service; Swift Aire without benefit of Federal subsidy has provided service to these and other communities at a profit; Santa Maria is one of the most profitable markets for Swift Aire and if this traffic and revenue are lost it will be impossible for Swift Aire to earn a

profit and, therefore, may fail; this might result in the total loss of scheduled air service to a number of other cities where Swift Aire is the dominant carrier; Hughes Airwest, along with other air carriers, has repeatedly sought fare increases to offset rapidly rising fuel and other costs; reductions in fares of approximately 50% and 30% are proposed by Hughes Airwest between Santa Maria-Los Angeles and Santa Maria-San Francisco while at the same time pleading for fare increases to survive; traffic diversion from Swift Aire would also occur at San Luis Obispo and Paso Robles to Hughes Airwest at Santa Maria causing collapse of Swift Aire; Hughes Airwest could then allow these "loss leader" fares to expire and thereby restore the present higher fares. Swift Aire asks that the Commission suspend these fares involving Santa Maria and the other markets included in this tariff proposal pending investigation and hearing if necessary.

The certificate of service shows that a copy of the petition was mailed to Hughes Airwest on April 3, 1974. Reply to the petition was not filed and served within five days after service of the petition as required by Rule 2 of the Commission's General Order No. 113-A.

The Commission is of the opinion and finds that the effective date of the fares herein in issue should be postponed pending a hearing to determine their lawfulness.

IT IS ORDERED that:

1. The operation of Hughes Airwest California Intrastate Local Passenger Tariff No. EX-2, Cal PUC No. 8, Revision Transmittal No. 1 filed to become effective April 19, 1974, is hereby suspended and the use thereof deferred until August 13, 1974, unless otherwise ordered by the Commission, and that no change shall be made in said fares during the period of suspension or any extension thereof unless authorized by special permission of the Commission.

2. Copies of this order shall be forthwith served upon Hughes Airwest and upon petitioner herein.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 16<sup>th</sup> day of April 1974.

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President  
*William L. Sturgeon, Jr.*  
\_\_\_\_\_  
*Vernon L. Sturgeon*  
\_\_\_\_\_  
Commissioners

I abstain:

*Vernon L. Sturgeon*, Commissioner

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