

Decision No. 82906

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC SOUTHWEST
AIRLINES for an ex parte order or
expedited authority to increase
its intrastate fares.

Application No. 54387
(Petition filed April 24, 1974)

SUPPLEMENTAL OPINION

Decision No. 82752 dated April 16 1974 granted Pacific Southwest Airlines (PSA) an additional interim increase in its passenger air fares to recover increased fuel costs effective May 1, 1974. That order authorized PSA to increase the fares established pursuant to Decision No. 81793 (effective August 21, 1973) by 12.3 percent and to concurrently cancel the 70-cent per passenger interim increase authorized in prior orders.

By petition filed April 24, 1974, PSA seeks an order modifying the relief granted in Decision No. 82752 by substituting specific increases in fares ranging in amounts from \$1.62 per passenger to \$4.17 per passenger for regular fares and from 70 cents per passenger to \$1.86 per passenger for midnite-flyer service. (See Appendix A attached hereto.)

In support of the foregoing request, the petition alleges as follows: The percentage increase of 12.3 percent authorized in Decision No. 82752, supra, is applied to the base fare irrespective of trip length, load factor, or per-passenger fuel consumption for the particular segment to which the increase is applied. PSA believes that a fairer and more equitable distribution of the authorized fare increase is on a per-passenger basis which reflects these variables. It has been PSA's experience and that of other carriers serving the California markets that operating costs and per-passenger fuel consumption in short-haul markets are substantially above those in long-haul markets. Examples of such airport pairs in which PSA is experiencing higher operating costs and per-passenger fuel consumption are San Diego-Los Angeles/Burbank/Ontario/Long Beach, Fresno-Stockton, Fresno/Stockton-San Francisco, and Oakland/San Francisco-Sacramento. In addition, as to certain of these and other airport pairs, PSA has experienced load factors generally lower than those prevailing systemwide resulting in a proportionately higher allocation of fuel usage per passenger served between such points. Furthermore, with respect to San Diego-Los Angeles route segments and the routes serving Fresno and Stockton, no fare relief was applied for or granted in connection with Decision No. 81793, and accordingly the base fare in such markets is proportionately lower than that prevailing in other route segments.

In view of the foregoing, PSA submits that an across-the-board percentage increase applied to all markets has the effect of unfairly and arbitrarily burdening passengers utilizing the more efficient longer-haul routes to the unjustifiable benefit of segments which have experienced higher operating costs and lower load factors. To correct this alleged inequity, PSA proposes a reduction in authorized fares on the most heavily traveled long-haul routes, i.e., between Los Angeles-Burbank to San Francisco/Oakland/San Jose, between Burbank/Long Beach/Ontario and Sacramento, and between San Diego-Oakland/San Jose/Sacramento. In this connection, PSA requests that Appendix B to Decision No. 82752 be amended to reflect a corresponding increase in passenger fares on the short-haul and/or low-yield segments, all as more specifically set forth in Appendix A hereto.

Exhibit B attached to the petition shows that the proposed fare increases requested in the petition will produce an estimated total annual revenue increase of \$12,447,000, whereas the fares authorized in Appendix B to Decision No. 82752 were designed to produce an estimated total annual revenue increase of \$12,480,000. Thus, the fares produced in the petition would result in an annual revenue increase of \$33,000 less than that estimated by the Commission to result from the fares authorized in Decision No. 82752.

The Commission finds that the alternate fare structure proposed in the petition filed April 24, 1974 in this proceeding will not produce annual revenues in excess of that estimated to be produced by the fares authorized in Decision No. 82752 in this proceeding; that such alternate fare structure recognizes competitive factors in the markets served by PSA; that such alternate fare will be reasonable; and that the increases resulting from the establishment of such alternate fare structure are justified.

In the circumstances, the Commission concludes that the petition filed on April 24, 1974 should be granted.

SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Pacific Southwest Airlines is authorized to establish the proposed increased passenger air fares specifically set forth in Appendix A to this order in lieu of the increased passenger air fares authorized to be established in Appendix B of Decision No. 82752 in this proceeding.

2. In all other respects, Decision No. 82752 shall remain in full force and effect.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 29th
day of MAY, 1974.

Concurring in part,
Dissenting in part.

~~Stated~~, Commissioner

Vernon L. Stinson
President
William Synovitz

John M. Vukasin, Jr.

Commissioner J. P. Vukasin, Jr., being
necessarily absent, and Commissioners
in the disposition of this proceeding.

I concur that PSA
should be allowed
to keep the amount previously granted them by
the commission to offset the increased cost of
fuel. I disagree & dissent to the rate spread
granted PSA in this decision. I feel that public
convenience and necessity dictates that the
amount be spread on the same percentage basis
on all routes, regardless of profitability.

APPENDIX A

PACIFIC SOUTHWEST AIRLINES

REVISED APPENDIX B TO DECISION NO. 82752

SCHEDULE OF AUTHORIZED FARES

REFLECTING FUEL INCREASES EFFECTIVE MAY 1, 1974

Airport-Pairs		Base Fare Eff. :Aug. 21, 1973 :Per D. 81793	Proposed :Authorized :Increase	Proposed :Authorized :Fare	Armed Guard: and Screening Surcharges	Proposed Total Fare W/o Tax	Proposed Total Fare With Tax
<u>Regular Fares</u>							
San Diego	-Los Angeles						
	-Burbank						
	-Ontario						
	-Long Beach	\$ 7.41	\$2.32	\$ 9.73	\$0.46	\$10.19	\$11.00
LA/Burbank	-San Francisco						
	-Oakland						
	-San Jose	16.20	1.86	18.06	0.46	18.52	20.00
Burbank/Ontario/							
Long Beach	-Sacramento	20.37	2.32	22.69	0.46	23.15	25.00
San Diego	-Sacramento	24.07	1.63	25.70	0.46	26.16	28.25
Ontario/							
Long Beach	-San Francisco	17.59	2.09	19.68	0.46	20.14	21.75
Los Angeles	-Sacramento	17.59	2.09	19.68	0.46	20.14	21.75
San Diego	-San Francisco						
	-Oakland						
	-San Jose	23.61	1.62	25.23	0.46	25.69	27.75
San Francisco	-Sacramento						
	-Stockton	7.41	2.32	9.73	0.46	10.19	11.00
Fresno	-Stockton	7.41	2.32	9.73	0.46	10.19	11.00
Los Angeles	-Fresno	14.81	2.55	17.36	0.46	17.82	19.25
Los Angeles	-Stockton	18.52	3.24	21.76	0.46	22.22	24.00
Fresno	-San Francisco	10.19	1.62	11.81	0.46	12.27	13.25
San Diego	-Fresno	22.22	3.48	25.70	0.46	26.16	28.25
San Diego	-Stockton	25.93	(0.23)	25.70	0.46	26.16	28.25
Oakland	-Sacramento	7.41	2.32	9.73	0.46	10.19	11.00
<u>Midnite Flyers</u>							
San Diego	-Los Angeles	6.48	.70	7.18	0.46	7.64	8.25
San Diego	-Sacramento	15.74	1.86	17.60	0.46	18.06	19.50
Los Angeles	-San Francisco	11.11	1.39	12.50	0.46	12.96	14.00
Los Angeles	-Sacramento	13.89	1.62	15.51	0.46	15.97	17.25
San Francisco	-Sacramento	6.48	.70	7.18	0.46	7.64	8.25

A. 54387 et *