

**ORIGINAL**Decision No. 82909

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TRANS WORLD AIRLINES, )  
 INC., for authority to increase )  
 certain intrastate passenger fares. }

Application No. 54861  
 (Filed May 9, 1974)

INTERIM OPINION

Trans World Airlines, Inc. (TWA) is engaged in intrastate and interstate air transportation of passengers, property, and mail. It also performs international air service between the United States and various points in Europe, the Near East, and Asia. Its intrastate services in California include service to and from Los Angeles, San Francisco, and Oakland. TWA utilizes for its California intrastate passenger operations Boeing 727, 707, and 747 equipment.

In this application TWA seeks to increase its intrastate jet commuter passenger fares to the level authorized to Pacific Southwest Airlines (PSA) in Application No. 54387. In support of this request, TWA alleges as follows:

Applicant's present jet commuter fares between Los Angeles, San Francisco, and Oakland were authorized by Decision No. 82266 dated December 18, 1973. These fares became effective December 26, 1973. By Decision No. 81752 dated August 14, 1973, applicant was authorized to apply and collect on an interim basis a surcharge of 34 cents per passenger for the purpose of enabling applicant to recover the costs of special security precautions required by the Federal Aviation Agency. By Decision No. 82190 dated December 4, 1973, applicant was authorized to apply and collect from each intrastate passenger an additional 12 cents for the purpose of defraying the airport operators' cost of providing law enforcement officers at passenger screening points.

By Decision No. 82752 dated April 16, 1974 in Application No. 54387, the Commission granted PSA authority to increase its intrastate jet fares between Los Angeles and San Francisco to \$20.14, rounded to the nearest quarter dollar. It is well settled that the Commission has historically considered PSA to be the ratemaking carrier in the California intrastate jet commuter market.<sup>1/</sup> In addition, the Commission has noted, in prior decisions, that competition between Western Air Lines, PSA, United, and the applicant will not permit one of them to maintain commuter air fares substantially different from those of its competitors.<sup>2/</sup>

The application states that, by reason of the relatively short distance involved and the effect of PSA's fares upon TWA's fares, TWA's services within California have been conducted at an operating loss. Attached to the application is a summary of the applicant's losses from operations, both interstate and intrastate, on this route for the 12 months ended September 30, 1973, which is set forth in the following table:

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<sup>1/</sup> See Decisions Nos. 81921 (Western Air Lines, Inc.) and 81922 (United Air Lines, Inc.) wherein the Commission noted that PSA is the faremaking carrier in the California corridor.

<sup>2/</sup> Decision No. 78206 in Application No. 52361 (Western Air Lines, Inc.); Decision No. 75899 in Application No. 50847 (PSA).

TABLE 1

## TRANS WORLD AIRLINES, INC.

## Profit and Loss Statement

Domestic Scheduled Service - Passenger  
 Los Angeles - San Francisco  
Year Ended September 30, 1973

	<u>Amount</u> <u>(\$000)</u>
<u>Operating Revenues</u>	
Passenger	\$6,100
Cargo <sup>a/</sup>	600
Other <sup>a/</sup>	<u>150</u>
Total Operating Revenue	\$6,850
<u>Operating Expenses</u>	
Capacity (Except Fuel & Oil)	\$4,911
Fuel & Oil <sup>b/</sup>	2,585
Noncapacity	<u>2,375</u>
Total Operating Expense	\$9,871
<u>Operating Profit/(Loss)</u>	(\$3,021)

<sup>a/</sup> Includes excess baggage and incidental revenue.

<sup>b/</sup> Actual experienced domestic division average fuel price per gallon, March 1974.

On the basis of traffic during the 12 months ended September 30, 1973, application of the proposed fares to the Los Angeles-San Francisco route would have resulted in a revenue increase of \$351,400 annually for the combined interstate and intrastate jet commuter service of TWA in this market, of which \$120,447 is estimated to be applicable to intrastate passengers.

TWA urges that the public interest would be served by maintaining uniformity of fares among air carriers offering similar commuter services in the affected market. Such uniformity of fares would maintain historical fare relationships among the major carriers providing intrastate service within California.

Findings

1. TWA provides passenger air service between points in the United States (including California) and various points in Europe, the Near East, and Asia. Within California TWA maintains service between Los Angeles and San Francisco/Oakland.

2. TWA seeks to increase its jet commuter air fares for its service between Los Angeles and San Francisco/Oakland to the level authorized to PSA in Application No. 54387. Commuter air fares heretofore authorized to TWA between such points are not higher than the corresponding fares authorized to PSA, United, and Western.

3. In a separate decision issued today, PSA has been authorized further interim adjustments in air fares to offset increased costs of aviation fuel which became effective May 1, 1974. Although TWA will not incur increased fuel costs in the same magnitude as PSA, it seeks increased air fares in the same amount as PSA in order to maintain the historical parity of air fares in the markets in which TWA competes with PSA.

4. Data appended to the application show that TWA's intra-California operations were conducted at a loss in 1973. The proposed fare increases sought in this application will not be sufficient to eliminate that annual loss if such increased fares are granted.

5. In view of the foregoing, the increases resulting from the establishment of the fares sought herein are justified and will be reasonable to the extent such fares do not exceed those concurrently authorized to be maintained by PSA.

Conclusion

The relief sought in the application herein should be granted to the extent provided by the order which follows.

INTERIM ORDER

IT IS ORDERED that:

1. Trans World Airlines, Inc. is authorized to establish increased commuter air fares between Los Angeles and San Francisco/Oakland as follows:

AUTHORIZED FARES

<u>Fare</u>	<u>Security Surcharge</u>	<u>Tax</u>	<u>Total</u>
\$18.06	\$0.46	\$1.48	\$20.00

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 two days' notice to the Commission and the public.

3. The authority granted herein will expire unless exercised within ninety days after the date of this order.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 29<sup>th</sup>  
day of MAY, 1974.

Vernon L. Sturgeon  
President  
William J. Grooms, Jr.  
[Signature]  
[Signature]  
Commissioners

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