

**ORIGINAL**Decision No. 83550

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  
(Second Amendment filed  
August 29, 1974)

FINAL OPINION AND ORDER

In the Second Amendment to Application No. 54575, filed August 29, 1974, Swift Aire Lines, Inc. (Swift) seeks further interim authority to increase its air fares to offset additional increases in fuel costs incurred by Swift.

Decision No. 82389 dated January 22, 1974 and Decision No. 82649 dated March 26, 1974 in this proceeding authorized Swift to increase its air fares by a total of \$1.27 per passenger on an interim basis to offset fuel cost increases experienced by Swift through February 18, 1974.

The Second Amendment to this application seeks an expedited ex parte order authorizing a further increase of 39 cents per passenger to offset additional increases in fuel costs incurred in the period February 18, 1974 through August 1, 1974.

The amendment to the application shows that since the last interim increase, Swift has recently entered into a revised fuel contract with its main supplier, Standard Oil Company of California. The amendment further states that a general leveling of traffic and the most recent increases in fuel cost require a further increase in passenger fares.

The amendment states that on March 4, 1974, when the First Amendment to this application was filed, Swift's average fuel cost was \$.554 per gallon. The most recent increase by Swift's principal supplier, effective August 1, 1974, has raised the average cost per gallon to \$.596. Swift estimates that its average fuel burn per month is 79,566 gallons, and that its current passenger traffic is 8,500 passengers per month. Swift estimates that it will require an increase in revenue of \$.39 per passenger to offset the aforementioned increased fuel costs. The following table (Attachment B to the Second Amendment to the application) sets forth Swift's estimate of monthly fuel cost increases and the amount of additional revenue required to offset such increase:

TABLE 1

## SWIFT AIRE LINES, INC.

Monthly Fuel Costs

<u>Station</u>	<u>Average Gallons Enplaned</u>	<u>\$/Gal.</u>	<u>Cost of Fuel (Aug. 1, 1974)</u>
San Luis Obispo	62,410	\$.583	\$36,385.03
Bakersfield	7,567	.677	5,122.86
Sacramento	3,612	.599	2,163.59
Fresno	2,396	.630	1,509.48
San Francisco	930	.650	604.50
Santa Maria	<u>2,681</u>	.610	<u>1,635.41</u>
Total	79,596		\$47,420.87

Average cost/gallon  $\frac{47,420.87}{79,596} = \$ .596$  August 1, 1974

Average cost/gallon February 18, 1974 = \$.554

Net increase = \$.042/gallon

Increase per month = \$.042/gallon x 79,596 gallons = \$3,343.02  
 @ 8,500 passengers per month, increase amounts to  $3,343.02 \div 8,500 =$   
 \$.393 per passenger

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 the Commission finds that Swift has incurred increased costs of aviation gasoline in the period February 18, 1974 through August 1, 1974; that such fuel cost increases amount to approximately \$3,343 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 additional increase in fuel costs in the foregoing period amounts to \$0.393 per passenger; that Swift was authorized an interim increase of \$1.27 per passenger; and that a further increase of \$0.39 per passenger in addition to the increase of \$1.27 per passenger heretofore authorized is justified.

The Commission concludes that further relief should be authorized as provided in the following order and that increases heretofore granted in this proceeding and the increase granted herein should be made final. A public hearing is not necessary.

IT IS ORDERED that:

1. Swift Aire Lines, Inc. is authorized to establish the increased air fares set forth in Appendix A. The increased fares authorized herein and the increased fares authorized in Appendix A to Decision No. 82389 may be established as permanent fares.

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 sixty days after the effective date of this order.

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

Dated at San Francisco, California, this 2<sup>th</sup> day of OCTOBER, 1974.

I abstain :

[Signature], Commissioner

[Signature] President  
[Signature]  
[Signature]

Commissioners

## APPENDIX A

## SWIFT AIRE LINES, INC.

Comparison of Present and Authorized Fares

<u>Market</u>	<u>Present Fare</u>		<u>Authorized Fare</u>		<u>Increase</u>	
	<u>Base</u>	<u>With Tax</u>	<u>Base</u>	<u>With Tax</u>	<u>Base</u>	<u>With Tax</u>
San Francisco/San Jose	\$12.38	\$13.37	\$12.77	\$13.79	\$.39	\$.42
/Paso Robles	25.34	27.37	25.73	27.79	.39	.42
/San Luis Obispo	28.12	30.37	28.51	30.79	.39	.42
/Santa Maria	29.05	31.37	29.44	31.79	.39	.42
San Jose/Paso Robles	23.49	25.37	23.88	25.79	.39	.42
/San Luis Obispo	26.27	28.37	26.66	28.79	.39	.42
/Santa Maria	28.12	30.37	28.51	30.79	.39	.42
Paso Robles/Los Angeles	28.12	30.37	28.51	30.79	.39	.42
San Luis Obispo/Sacramento	30.90	33.37	31.29	33.79	.39	.42
/Fresno	23.49	25.37	23.88	25.79	.39	.42
/Los Angeles	26.27	28.37	26.66	28.79	.39	.42
Sacramento/Fresno	23.49	25.37	23.88	25.79	.39	.42
/Visalia	26.27	28.37	26.66	28.79	.39	.42
/Bakersfield	32.75	35.37	33.14	35.79	.39	.42
/Santa Maria	32.75	35.37	33.14	35.79	.39	.42
Fresno/Visalia	12.38	13.37	12.77	13.79	.39	.42
/Bakersfield	18.86	20.37	19.25	20.79	.39	.42
/Los Angeles	27.78	30.00	28.17	30.42	.39	.42
Santa Maria/Los Angeles	21.64	23.37	22.03	23.79	.39	.42
/Fresno	26.27	28.37	26.66	28.79	.39	.42
Bakersfield/Los Angeles	19.79	21.37	20.18	21.79	.39	.42
/Visalia	15.16	16.37	15.55	16.79	.39	.42
/San Luis Obispo <sup>(1)</sup>	36.53	39.45	36.92	39.90	.39	.42
/Santa Maria <sup>(1)</sup>	31.88	34.38	32.22	34.80	.39	.42
Visalia/San Luis Obispo <sup>(1)</sup>	39.23	42.37	39.62	42.79	.39	.42
/Santa Maria <sup>(1)</sup>	36.53	39.45	36.92	39.87	.39	.42

(1) via Los Angeles