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Decision No. 83976

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Petition of SWIFT AIRE LINES, INC.,)
for Investigation and Suspension of) (I&S) Case No. 9850
HUGHES AIRWEST Tariff No. PF-1,)
Cal PUC No. 2, Revision Transmittal)
No. 25.)

ORDER OF INVESTIGATION AND SUSPENSION

By petition filed December 27, 1974, Swift Aire Lines, Inc., (Swift Aire) seeks suspension and investigation of commuter "K" class passenger fares between Santa Maria and certain other cities in California, filed by Hughes Airwest in a revised tariff issued December 9, 1974. Notice was given to Swift Aire and other competitive air carriers, as required by General Order No. 105-A. These fares, which are published in Hughes Airwest California Intrastate Local Passenger Tariff No. PF-1, Cal PUC No. 2, Revision Transmittal No. 25, to become effective January 9, 1975, provide for reduced commuter fares between points served generally between San Francisco and Stockton on the north and Los Angeles on the south, including fares between Santa Maria and Los Angeles and between Santa Maria and San Francisco.

Petitioner alleges by reference to its previous petition filed in I&S Cases Nos. 9704 and 9772 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but fares of the two airlines must be competitive and historically have been so in past years Hughes Airwest has withdrawn service for economic reasons at Paso Robles and San Luis Obispo, leaving Swift Aire to provide this public service; Swift Aire without benefit of Federal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 carriers, has repeatedly sought fare increases to offset rapidly rising fuel and other costs; reductions in fares of approximately 25% and 18% 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. 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 December 27, 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 between Santa Maria-Los Angeles and Santa Maria-San Francisco herein in issue should be postponed pending an investigation to determine the lawfulness of the Los Angeles-Santa Maria and Santa Maria-San Francisco fares. The other fares herein at issue should be allowed to become effective, provided that a revised tariff filing is made to become effective on not less than 5 days' notice, which contains no long-short haul violations.

IT IS ORDERED that:

1. The operation of Hughes Airwest California Intrastate

Local Passenger Tariff No. PF-1, Cal PUC No. 2, Revision Transmittal No. 25 filed to become effective January 9, 1975, is hereby suspended and the use thereof deferred until further order of the Commission.

2. Hughes Airwest may file revised fares on an interim basis to become effective on not less than 5 days' notice to the Commission and the public, providing for the reduced commuter fares involved herein, except for the fares between Santa Maria-Los Angeles and Santa Maria-San Francisco, pending hearing and further order of the Commission. This shall not be construed as an authorization to deviate from the long and short haul provisions of the Constitution.

3. The requests for additional relief set forth in the petition shall be the subject of a further order of the Commission.

4. 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 7th day
of JANUARY, 1975.

I abstain

[Signature] : Commissioner

Vernon L. Stinson
President
William Synovis, Jr.

Commissioners