

VP

Decision No. 84085

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Petition of

HUGHES AIRWEST

For a waiver of the long haul, short haul)
provision in Section 461.5 of the Public)
Utilities Code and General Order 105A)

Application No. 55438
(Filed January 13, 1975)

INTERIM ORDER

In this application Hughes Air Corp., doing business as Hughes Airwest (Airwest), requests that the Commission grant it a waiver of the long haul, short haul provision set forth in Section 461.5 of the California Public Utilities Code and General Order No. 105-A, regarding flights serving Santa Maria, California.

By petition filed December 27, 1974, Swift Aire Lines, Inc. (Swift Aire) sought suspension and investigation of commuter "K" class passenger fares between Santa Maria and certain other cities in California filed by Airwest in a revised tariff issued December 9, 1974.

Airwest's revised tariff provided for reduced commuter fares at 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 Santa Maria and San Francisco.

By Decision No. 83976, dated January 7, 1975, the Commission issued its Order of Investigation and Suspension of Airwest's tariff referred to above and authorized the airline to file revised fares on an interim basis, providing for the reduced commuter fares, except for the fares between Santa Maria-Los Angeles and Santa Maria-San Francisco, pending hearing and further order of the Commission.

Airwest alleges that its revised tariff, which includes fares between Santa Maria and Los Angeles of \$18.01 and between Santa Maria and San Francisco of \$23.09, are necessary to support

its Flights 831 (SFO-SMX-SBA-LAX) and 751 (LAX-SMX-SFO) without violating the long-short haul provision. The Commission's Order of Investigation and Suspension of these fares has the effect of reinstating the standard Santa Maria fares, which are:

Santa Maria-Los Angeles..... \$25.93

Santa Maria-San Francisco..... \$34.26

These fares to and from Santa Maria exceed Airwest's commuter fares from Los Angeles to San Francisco and from San Francisco to Santa Barbara, which are:

San Francisco-Santa Barbara..... \$23.09

San Francisco-Los Angeles..... \$23.09 ^{1/}

The Commission finds that Airwest's schedules include commuter services which operate from San Francisco to Santa Barbara and Los Angeles via Santa Maria. The operation of these flights at the fare levels now established as a result of the Commission's suspension order would result in a higher fare for the San Francisco-Santa Maria service (\$34.26) than for the services San Francisco-Santa Barbara and San Francisco-Los Angeles (\$23.09).

These developments result in a situation under which Airwest is unable to operate commuter services between San Francisco and Santa Barbara/Los Angeles via Santa Maria unless it is granted a waiver of the long-short haul prohibition under the Commission's rules in General Order No. 105-A and Section 461.5 of the California Public Utilities Code, which reads in part:

"461.5 ...It shall be unlawful for any railroad or other transportation company to charge or receive any greater compensation in the aggregate for the transportation of passengers or of like kind of property for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates.

1/ Suspended with authority to refile, Decision No. 83976.

"Upon application to the commission such company may, in special cases, after investigation, be authorized by the commission to charge less for longer than for shorter distances for the transportation of persons or property and the commission may from time to time prescribe the extent to which such company may be relieved from the prohibition to charge less for the longer than for the shorter haul..."

Because Santa Maria is a relatively small traffic-generating point, it is necessary that flights that serve Santa Maria also serve other points to provide adequate revenues to offset the cost of operating the service.

There is competitive service by large carriers (United, PSA, Western, etc.) between San Francisco and Santa Barbara/Los Angeles; it is essential, therefore, that Airwest establishes reasonably competitive fares in these markets in order to attract the traffic necessary to support the Santa Maria service.

The enforcement of long-short haul rule in this situation would be in conflict with the public interest because it would prevent Airwest from providing needed service to the intermediate points between San Francisco and Los Angeles.

The public interest will be served by authorizing Airwest to deviate from the long-short haul rule until the completion of the Commission's investigation and decision regarding Airwest's lower Santa Maria fares. A hearing is not necessary.

IT IS ORDERED that:

Hughes Airwest may deviate from the long-short haul prohibition under the Commission's rules in General Order No. 105-A and Section 461.5 of the California Public Utilities Code regarding the use of standard passenger fares between Santa Maria and other

cities served on flights designated as commuter flights between Los Angeles and San Francisco.

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

Dated at San Francisco, California, this 11th day of FEBRUARY, 1975.

I abstain:

William J. Sullivan, Commissioner

Vernon L. Sturgeon
President

William J. Sullivan
Commissioner

Leonard Ross
Commissioners