

JR

Decision No. 84096

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TRANS WORLD AIRLINES,)
INC., for authority to increase)
certain intrastate air freight rates.)

Application No. 55423
(Filed January 3, 1975)

O P I N I O N

Trans World Airlines, Inc. (TWA) is engaged in intrastate and interstate air transportation of passengers, property, and mail. TWA also performs international air service between the United States and various points in Europe, the Near East, and Asia. TWA's intrastate services in California include service to and from Los Angeles, San Francisco, and Oakland.

TWA seeks authority to increase its general commodity freight rate between Los Angeles and San Francisco/Oakland from \$4.78 per 100 pounds to \$7.10 per 100 pounds.^{1/} TWA also seeks to cancel all specific commodity rates applicable between the aforementioned points.

In support of this request, the application alleges as follows:

By reason of the relatively short distance involved and the effect of intrastate carrier fares and rates upon TWA's fares and rates, TWA's service within California has been conducted at an operating loss. The following table is a summary of TWA's losses from operations, both interstate and intrastate, on this route for the twelve months ended December 31, 1973.

^{1/} Both rates are subject to a minimum charge of \$10.00 per shipment.

TABLE 1

TRANS WORLD AIRLINES, INC.

Profit and Loss Statement
 Domestic Scheduled Service - Passenger and Cargo
 Los Angeles - San Francisco
 Calendar Year Ended December 31, 1973

<u>Description</u>	<u>\$(000)</u>	<u>Amount</u>
<u>Operating Revenues</u>		
Passenger		\$ 6,690
Cargo ^{1/}		680
Transport Related Revenues ^{2/}		<u>584</u>
Total Operating Revenues		7,954
<u>Operating Expenses</u>		
Capacity (Less Fuel & Oil)		5,469
Fuel & Oil ^{3/}		3,205
Noncapacity		<u>2,577</u>
Total Operating Expense		11,251
Operating Profit/(Loss)		(3,297)

^{1/} Includes Freight, Express, and Mail.

^{2/} Includes Mutual Aid.

^{3/} At a cost per gallon of \$.2722, which is the TWA domestic average cost per gallon for October 1974.

On the basis of traffic during the twelve months ended December 31, 1973, application of the proposed rates to the Los Angeles-San Francisco route would have resulted in an annual revenue increase of \$45,000. This increase in revenue would not offset the loss incurred on the route segment involved herein.

TWA further alleges that the special commodity rates in its present Tariff A-2 were instituted for the purpose of generating traffic of large volume from surface transportation to air freight.

Unfortunately, TWA's desired objective has not been achieved in this regard. TWA has found that in this market there are no significant economies associated with large volume shipments. TWA asserts that the present lower rates for 1,000 pounds and larger shipments are no longer viable and should be discontinued.

The proposed basic rate of \$7.10 per 100 pounds is the same as that provided in the intrastate tariff of Continental Air Lines, Inc.

TWA requests this application be acted upon without a hearing, in view of the operating losses now being incurred by TWA from its California intrastate operations over the routes involved and the desirability of maintaining a parity of air freight rates with other carriers operating in intrastate service. The application was served in accordance with Commission rules and notice of the filing of the application appeared on the Commission's Daily Calendar. No protests or request for hearing have been received.

In the circumstances, the Commission finds:

1. TWA's California intrastate passenger and freight operations were conducted at a loss in 1973.
 2. The increased revenue from the freight rates sought herein would not cause TWA's California intrastate operations to be profitable
 3. Simplification of TWA's tariff structure as proposed herein will provide reasonable rates.
 4. The increased freight rates proposed herein are justified.
 5. A public hearing is not necessary.
- The application should be granted.

ORDER

IT IS ORDERED that:

1. Trans World Airlines, Inc. is authorized to increase its California intrastate air freight rates as proposed in Application No. 55423.

2. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and may be made effective not less than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public.

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

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

Dated at San Francisco, California, this 19th
day of FEBRUARY, 1975.

William L. Steiner
President
William G. ...
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Leonard Ross
Commissioners