

Decision No. 84124**ORIGINAL**

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. 55422
 (Filed January 3, 1975;
 amended January 27, 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. 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.

In this application, as amended, TWA seeks to increase its intrastate jet commuter passenger fares between Los Angeles and San Francisco/Oakland, as follows:

<u>Present Fare</u>		
<u>Fare Including Security Surcharge</u>	<u>Tax</u>	<u>Total</u>
\$18.98	\$1.52	\$20.50
<u>Proposed Fare</u>		
<u>Fare Including Security Surcharge</u>	<u>Tax</u>	<u>Total</u>
\$19.21	\$1.54	\$20.75

The increased jet commuter fares for which authority is sought correspond to those applicable between competitive points authorized to Pacific Southwest Airlines (PSA) by Decision No. 83814 dated December 10, 1974 in Application No. 54387, as amended.

The application states that by reason of the relatively short distance involved and the effect of PSA's fares upon applicant's fare, applicant's services within California have been conducted at an operating loss. Set forth in the following table is a summary of applicant's losses from operations, both interstate and intrastate, on this route for the 12 months ended December 31, 1973:

TABLE 1

TRANS WORLD AIRLINES, INC.

Profit and Loss Statement
Domestic Scheduled Service - Passenger
Los Angeles - San Francisco
Calendar Year Ended December 31, 1973
\$(000)

<u>Description</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.

Applicant estimates that the proposed fares will produce additional annual revenue of \$13,126. As may be seen from the above table, the increase in fares sought would not cause applicant's operations over the route segment involved to be profitable.

In further support of its application, TWA alleges as follows:

It is well settled that the Commission has historically considered PSA to be the ratemaking carrier in the California intrastate jet commuter market.^{1/} In addition, the Commission has noted, in prior decisions, that competition between Western Airlines, PSA, United, and the applicant will not permit one of them to maintain commuter air fares substantially different from those of its competitors.^{2/}

Applicant believes 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.

TWA requests that this application be acted upon without hearing in view of the operating losses now being incurred by applicant from its California intrastate jet commuter/coach operations over the routes involved and the desirability of maintaining a parity of jet commuter fares published by applicant and PSA.

The application and amendment were served in accordance with Commission rules. In addition, notice of the filing of the application and amendment appeared on the Commission's Daily Calendar. There are no protests or request for public hearing.

^{1/} See Decision No. 81921 (Western Air Lines, Inc.), Decision No. 81922 (United Air Lines, Inc.), and Decision No. 83814 wherein the Commission notes that PSA is the fare setting carrier in the California corridor.

^{2/} Cf. Decision No. 78206 in Application No. 52361 (Western Air Lines, Inc.), Decision No. 75899 in Application No. 50847 (PSA).

Findings

1. Applicant seeks to increase its intrastate jet commuter air fares applicable over the route segment served by it in California.
2. The fare increase sought is to a level heretofore authorized to PSA.
3. The Commission has held in prior proceedings that PSA is the fare setting carrier over the route segment here in issue and that competition between applicant and PSA and other carriers on such route will not permit one of them to maintain air fares substantially different from those of its competitors.
4. Substantial uniformity of air fares for the route segment will be achieved if this application is granted.
5. The increase in air fares sought herein will not cause TWA's intra-California jet commuter operations to be profitable.
6. The increase in fares sought herein is justified.
7. A public hearing is not necessary.

Conclusion

The application, as amended, should be granted.

O R D E R

IT IS ORDERED that:

1. Trans World Airlines, Inc. is authorized to establish the increased jet commuter air fares sought in Application No. 55422, as amended.
2. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order, and may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

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

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

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

Vernon L. Stearns
President
William J. Symington
Leonard Ross
Commissioners