

Decision No. 84843**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. 55787  
 (Filed July 3, 1975;  
 amended August 14, 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 TWA seeks to increase its intrastate first class, jet commuter and military standby passenger fares between Los Angeles and San Francisco/Oakland/San Jose, and between Oakland and San Francisco as shown in Appendix A.

The application states that increased fares for which authority is sought correspond to those applicable between competitive points authorized to Pacific Southwest Airlines (PSA) by Decision No. 84544 dated June 17, 1975 in Application No. 55160, and authorized to United Air Lines, Inc. (United) by Decision No. 84598 dated June 24, 1975 in Application No. 55615.

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 calendar year ended December 31, 1974:

TABLE 1

## TRANS WORLD AIRLINES, INC.

Profit and Loss Statement  
 Domestic Scheduled Service - Passenger  
 Los Angeles - San Francisco  
Calendar Year Ended December 31, 1974  
 \$(000)

<u>Description</u>	<u>Amount</u>
<u>Operating Revenues</u>	
Passenger	\$ 8,171
Cargo	744
Transport Related Revenues	<u>423</u>
Total Operating Revenues	\$ 9,338
<u>Operating Expenses</u>	
Aircraft Operating Expenses	
Excluding Fuel & Oil	\$ 6,023
Fuel & Oil	3,360
Traffic Handling	6,696
Transport Related Expenses	<u>292</u>
Total Operating Expenses	\$16,371
 Operating Profit/(Loss)	 \$(7,033)

Applicant estimates that the proposed fares will produce additional annual revenue of \$128,936. 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 support of its request, TWA alleges as follows:

By Decisions Nos. 84544 dated June 17, 1975 and 84767 dated August 5, 1975, the Commission granted PSA authority to increase its intrastate jet fares between Los Angeles and San Francisco, pursuant to PSA's request for interim relief. It is well settled that the Commission has historically considered PSA to be the ratemaking

carrier in the California intrastate jet commuter market.<sup>1/</sup> In addition, the Commission has noted, in prior decisions, that competition between Western Air Lines, Inc., (Western), PSA, United, and the applicant will not permit one of them to maintain commuter air fares substantially different from those of its competitors.<sup>2/</sup>

Additionally, by Decision No. 84598 the Commission granted to United increases in first class fares in the markets in which applicant offers service. In so doing, the Commission noted that United's proposed fare increase will not cause the operations of United in the markets under consideration to be operated at a profit.<sup>3/</sup>

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 operations over the routes involved and the desirability of maintaining a parity of jet commuter fares published by applicant, PSA, and United.

The application was 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.

---

<sup>1/</sup> See Decisions Nos. 81921 (Western), 81922 (United), and 83814, where the Commission notes that PSA is the faremaking carrier in the California corridor.

<sup>2/</sup> Cf. Decision No. 78216 in Application No. 52361 (Western) and Decision No. 75899 in Application No. 50847 (PSA).

<sup>3/</sup> The Commission also noted that it has historically authorized carriers proportionate increases in fares for classes of service not provided by PSA.

Findings

1. Applicant seeks to increase its intrastate jet commuter and first class air fares applicable over the route segment served by it in California.
2. The fare increases sought are to a level heretofore authorized to PSA and/or United.
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 should be granted.

O R D E R

IT IS ORDERED that:


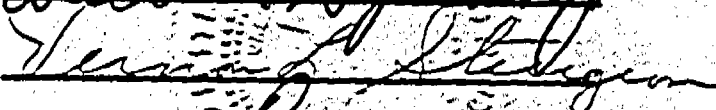


1. Trans World Airlines, Inc. is authorized to establish the increased air fares sought in Application No. 55787, as more specifically set forth in Appendix A hereto.
2. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this 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.

A. 55787 kw

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

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 26th  
day of AUGUST, 1975.

  
William J. Harrison President  
  
Vernon L. Sturgeon  
  
John R. ...  
  
Peter ... Commissioners

## APPENDIX A

## TRANS WORLD AIRLINES, INC.

## Domestic Scheduled Service - Passenger

TWA'S PRESENT AND PROPOSED  
INTRASTATE FARES

		FIRST CLASS					
<u>Between</u>	<u>And</u>	<u>Present Fare</u>			<u>Proposed Fare</u>		
		<u>Fare*</u>	<u>Tax</u>	<u>Total</u>	<u>Fare*</u>	<u>Tax</u>	<u>Total</u>
Los Angeles-San Francisco/ Oakland/San Jose		\$27.18	\$2.17	\$29.35	\$29.49	\$2.36	\$31.85
Oakland - San Francisco		11.11	.89	12.00	12.08	.97	13.05
		COMMUTER					
<u>Between</u>	<u>And</u>	<u>Present Fare</u>			<u>Proposed Fare</u>		
		<u>Fare*</u>	<u>Tax</u>	<u>Total</u>	<u>Fare*</u>	<u>Tax</u>	<u>Total</u>
Los Angeles-San Francisco/ Oakland/San Jose		\$19.21	\$1.54	\$20.75	\$20.83	\$1.67	\$22.50
Oakland - San Francisco		8.24	.66	8.90	8.98	.72	9.70
		MILITARY STANDBY					
<u>Between</u>	<u>And</u>	<u>Present Fare</u>			<u>Proposed Fare</u>		
		<u>Fare*</u>	<u>Tax</u>	<u>Total</u>	<u>Fare*</u>	<u>Tax</u>	<u>Total</u>
Los Angeles-San Francisco/ Oakland/San Jose		\$15.37	\$1.23	\$16.60	\$16.71	\$1.34	\$18.05
Oakland - San Francisco		8.89	.71	9.60	9.68	.77	10.45

\*Present and Proposed Fares include \$0.23 security surcharge.