

ORIGINAL

Decision No. 84846

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of WESTERN AIR LINES,
INC., for authority to increase
certain intrastate passenger fares.

Application No. 55604
(Filed April 8, 1975;
amended August 11, 1975)

SECOND INTERIM OPINION

Western Air Lines, Inc. (Western) is a common carrier by air of passengers and property between points in various states of the United States, including California, and Canada and Mexico, pursuant to certificates of public convenience and necessity issued by the Federal Government. Within California, Western serves San Francisco, Oakland, San Jose, Sacramento, Los Angeles, Ontario (San Bernardino), Palm Springs, and San Diego.

Interim Decision No. 84597 issued June 24, 1975 in this proceeding authorized Western to increase its published California intrastate passenger fares by 6.5 percent on an interim basis in order to match similar interim increases authorized by the Commission to Pacific Southwest Airlines (PSA) by Decision No. 84544 issued June 17, 1975 in Application No. 55160. In its amendment filed August 11, 1975, Western seeks an additional interim increase of 1.92 percent in certain intra-California passenger fares to match a similar increase in competitive markets granted to PSA in Decision No. 84767 dated August 5, 1975. Western also requests authority to increase its passenger fares in intrastate markets where it competes with Air California (Air Cal) by the amounts sought by Air Cal in Application No. 55784 filed June 30, 1975 and amended on July 30, 1975. Air Cal will be authorized to increase its fares by 0.77 percent (or 18 cents per passenger) to offset a recent fuel cost increase, and the balance of the Air Cal application will be set for hearing.

The amended application states that in recognition of the Commission's prior findings that PSA and Air Cal are the ratemaking carriers in their respective intrastate markets where they compete with Western, the fare increases applied for by Western in these competitive markets correspond to the higher fares granted to PSA and sought by Air Cal. In noncompetitive markets, Western's proposed increases in authorized fares correspond to the 1.92 percent increase granted to PSA on the premise that increases found lawful for competitive routes should be authorized for noncompetitive routes with similar trip lengths, and therefore comparable costs.

Western's proposed increases in intra-California passenger fares are estimated to produce added annual revenues of \$357,000. The application alleges that Western's losses within California would not be meaningfully reduced; if the passenger fares proposed herein had been in effect during the 12 months ended June 30, 1974, Western's pre-tax loss on its intra-California operations for this period would have been reduced to \$7,962,000. Accordingly, Western asserts that its proposed fare increases matching PSA and Air Cal are reasonable and the resulting increases are justified.

Western requests that the Commission issue an ex parte order granting the relief sought on an interim basis. The amendment shows that it was served in accordance with Commission rules. In addition, notice of the filing of the amendment appeared on the Commission's Daily Calendar. There are no protests or requests for hearing.

Findings

1. Western seeks authority in the amendment to Application No. 55604 filed August 11, 1975 to increase its coach, commuter, and night coach; its first class and deluxe night coach; and its military fares by the same amounts authorized to PSA in Application No. 55160 or sought by Air Cal in Application No. 55784.

2. Western was authorized in Decision No. 84597 to establish an interim increase in its air fares of 6.5 percent. PSA subsequently was authorized a further fuel offset increase of 1.92 percent in Decision No. 84767 in Application No. 55160.

3. The financial data submitted with the amendment to Application No. 55604 shows that Western's intra-California operations were conducted at a substantial loss in the 12-month period ended June 30, 1974, and if the proposed increase in fares is authorized, that loss would be reduced, but not eliminated.

4. The Commission historically has considered PSA and Air Cal to be the low-cost ratemaking carriers in California and, in the past, has authorized other passenger air carriers to raise their commuter air fares to the levels authorized to PSA and Air Cal between competitive points, and also has authorized proportionate increases in fares for other classes of service.

5. A further interim increase in Western's air fares by the same percentage amount (1.92 percent) authorized to PSA is reasonable and the resulting increases are justified (except as provided below). Such action is consistent with past decisions of the Commission involving fares of Western and PSA.

6. The proposed interim increase in Western's jet commuter fares to match the interim fare increase of 18 cents per passenger authorized to Air Cal in Application No. 55784 should be granted with respect to Palm Springs service.

7. A public hearing is not necessary.

Conclusion

The Commission concludes that Western should be granted interim authority to increase its fares to the extent found reasonable above.

INTERIM ORDER

IT IS ORDERED that:

1. Western Air Lines, Inc. is authorized to establish the increased passenger air fares set forth in Appendix A attached hereto.

and made a part hereof. Western Air Lines, Inc. is also authorized to increase its jet commuter air fares between Palm Springs and other points by 18 cents per passenger (before tax) or 20 cents per passenger (after tax).

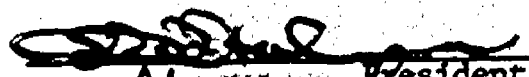
2. Experimental ninety-day promotional fares shall be constructed on the basis of the increased fares authorized in Ordering Paragraph 1 of this decision.

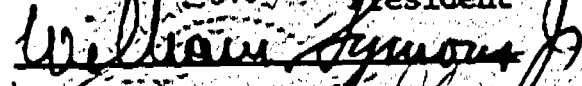
3. Tariff publications authorized to be made as a result of this order may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

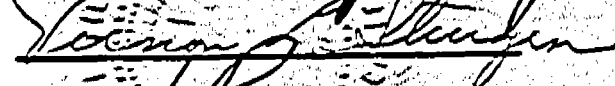
4. The authority granted herein shall expire unless exercised within ninety days after the date hereof.

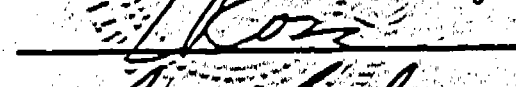
The effective date of this order is the date hereof.


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



President







Commissioners

APPENDIX A
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WESTERN AIR LINES, INC.

Proposed First Class and Deluxe Night Coach Fares
(Excluding tax; all fares below apply via the routings
now shown for present fares, except as noted)

<u>Between/and</u>	<u>Authorized Fares</u>	<u>Proposed Fares</u>	<u>Proposed Increase</u>
Los Angeles-Oakland	\$28.94	\$29.49	\$.55
Los Angeles-Palm Springs	29.40	29.95	.55
Los Angeles-Sacramento	40.51	41.25	.74
Los Angeles-San Diego	18.80	19.12	.32
Los Angeles-San Francisco	28.94	29.49	.55
Los Angeles-San Jose	28.94	29.49	.55
Oakland-Ontario	41.02	41.81	.79
Oakland-Palm Springs	42.87	43.66	.79
Oakland-San Diego	46.06	46.94	.88
Oakland-San Jose	19.86	20.23	.37
Ontario-San Francisco	41.02	41.81	.79
Palm Springs-San Francisco	42.87	43.66	.79
Sacramento-San Diego	48.43	49.35	.92
San Diego-San Francisco	46.06	46.94	.88
San Francisco-San Jose	19.86	20.23	.37

Children's fares 50 percent of proposed fares.

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WESTERN AIR LINES, INC.

Proposed Coach, Commuter and Night Coach Fares
(Excluding tax; all fares below apply via the routings
now shown for present fares, except as noted)

<u>Between/and</u>	<u>Present Fares</u>	<u>Proposed Fares</u>	<u>Proposed Increase</u>
Los Angeles-Oakland	\$20.46	\$20.83	\$.37
Los Angeles-Ontario	14.95	15.23	.28
Los Angeles-Sacramento	22.50	22.92	.42
Los Angeles-San Diego	10.60	10.79	.19
Los Angeles-San Francisco	20.46	20.83	.37
Los Angeles-San Jose	20.46	20.83	.37
Oakland-Ontario	22.50	22.92	.42
Oakland-San Diego	28.61	29.17	.56
Oakland-San Jose	13.84	14.07	.23
Ontario-Sacramento	25.37	25.88	.51
Ontario-San Diego	10.60 1/	10.79 1/	.19
Ontario-San Diego	17.31 1/	17.64 1/	.33
Ontario-San Francisco	22.50	22.92	.42
Sacramento-San Diego	29.12	29.68	.56
San Diego-San Francisco	28.61	29.17	.56
San Diego-San Jose	28.61	29.17	.56
San Diego-Oakland	28.61	29.17	.56
San Francisco-San Jose	13.84	14.07	.23

Children's fares 50 percent of proposed fares.

1/ Lower fare applies direct; higher fare applies
via Los Angeles.

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WESTERN AIR LINES, INC.

Proposed Military Fares

(Excluding tax; all fares below apply via the routings
now shown for present fares, except as noted)

<u>Between/and</u>	<u>Authorized Fares</u>	<u>Proposed Fares</u>	<u>Proposed Increase</u>
A. <u>Military Standby Fares</u>			
Los Angeles-Oakland	\$16.39	\$16.67	\$.28
Los Angeles-Ontario	9.63	9.77	.14
Los Angeles-Palm Springs	9.63	9.77	.14
Los Angeles-Sacramento	18.01	18.33	.32
Los Angeles-San Diego	9.21	9.35	.14
Los Angeles-San Francisco	16.39	16.67	.28
Los Angeles-San Jose	16.39	16.67	.28
Oakland-Ontario	17.08	17.41	.33
Oakland-Palm Springs	19.21	19.58	.37
Oakland-San Diego	20.23	20.60	.37
Ontario-Palm Springs	9.63	9.77	.14
Ontario-Sacramento	20.28	20.65	.37
Ontario-San Diego	9.63 1/	9.77 1/	.14
Ontario-San Diego	10.69 1/	10.88 1/	.19
Ontario-San Francisco	17.08	17.41	.33
Palm Springs-Sacramento	22.41	22.82	.41
Palm Springs-San Diego	9.63 1/	9.77 1/	.14
Palm Springs-San Diego	12.82 1/	13.06 1/	.24
Palm Springs-San Francisco	19.21	19.58	.37
Sacramento-San Diego	21.62	22.04	.42
San Diego-San Francisco	20.23	20.60	.37
San Diego-San Jose	20.23	20.60	.37
B. <u>Military Leave Reservation Fares</u>			
Los Angeles-Palm Springs	11.76	11.99	.23
Los Angeles-San Diego	10.60	10.79	.19
Oakland-Palm Springs	24.54	25.00	.46
Ontario-San Diego	13.89	14.12	.23
Palm Springs-San Francisco	24.54	25.00	.46
Sacramento-San Diego	28.01	28.52	.51

1/ Lower fare applies direct; higher fare applies
via Los Angeles.