

ORIGINAL

Decision No. 85336

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
PACIFIC SOUTHWEST AIRLINES for a  
certificate of public convenience  
and necessity in either direction  
between San Diego/Ontario/Hollywood-  
Burbank/San Jose/Oakland and  
Sacramento.

Application No. 51058  
(Petition for Rehearing  
filed March 10, 1975)

Brownell Merrell, Jr., Attorney at Law, for  
Pacific Southwest Airlines, applicant.  
Samuel Gorlick, City Attorney, for the City of  
Burbank, interested party.  
Robert T. Baer, Attorney at Law, and Paul B. Katz,  
for the Commission staff.

O P I N I O N

Applicant filed a petition on December 11, 1974 to request authority to suspend nonstop service between Sacramento and Hollywood-Burbank Airports for a period of one year. Decision No. 84130 dated February 19, 1975 deleted the nonstop Hollywood/Burbank-Sacramento authority from applicant's certificate. Petitions for rehearing were filed by applicant and the city of Burbank. Decision No. 84257 dated March 25, 1975 granted a rehearing and stayed the effect of Decision No. 84130 until further order of the Commission. The rehearing was held on June 5, 1975, in Los Angeles, before Examiner Fraser. Evidence was presented by applicant, the city of Burbank, and the Commission staff.

Applicant's senior vice-president of finance testified as follows: PSA provided nonstop round trip service between Hollywood-Burbank and Sacramento Airports from February 18, 1972 through February 1975; the peak load of 55.6 percent of available seats occupied was reached in August 1973; recent load factors have ranged from the 25 percent to 35 percent level; jet fuel has increased in cost from \$.11 to over \$.30 per gallon and was rationed during 1974; fares on this route have increased from \$21 in 1972 to \$25.75, a 23 percent increase, and a fare of \$30 has been proposed; the high fare tends to discourage traffic, but applicant has no alternative; in 1972, 23 passenger fares covered the out-of-pocket operating cost for a 737 aircraft between Hollywood-Burbank and Sacramento; at least 38 passengers per flight are required to break even in 1975 and recent schedules have not maintained this minimum; finally, required changes in aircraft routing in 1972 increased the flight time on this route by five minutes, which increased cost and fuel consumption. The witness noted that PSA is opposed to any minimum service requirement. Applicant is convinced that the schedules and frequency of flights should be left to management and that nonstop service should be suspended until June 1976. It was also noted that most of the Hollywood-Sacramento service is based on Hollywood-Burbank to San Francisco service with transfers to final destination from San Francisco Airport; if nonstop service is ordered, it will require changes in allocation of crews and aircraft.

The assistant manager of the Burbank Airport testified that 1 of every 3 passengers en route from the Los Angeles area to San Jose flies out of Burbank, but only 1 of 10 destined for Sacramento. He inferred that few passengers use the latter service because most flights have a stop in transit and require an aircraft

change at an intermediate destination; the direct flights provided are scheduled at inconvenient hours and do not attract either business or family trade. He testified that in 1972 the Hollywood/Burbank-Sacramento route was serving 196 passengers a day and by the end of the year 93 of these were nonstop; in the first nine months of 1973 the daily average increased to 231, with 114 on nonstop schedules; thus the nonstop flights were carrying 50 percent of the passengers; during the last quarter in 1973 a strike and the fuel crisis prompted PSA to curtail the nonstop service and stop it completely from January 25, 1974 through June 16, 1974; service was revived on June 17, 1974 and continued to March 1975, but scheduling was inconvenient and the nonstop flights were not patronized. The witness concluded that an efficient nonstop service, scheduled at times convenient to the public, would reverse the declining passenger revenues. A city planning director testified that Hollywood-Burbank is the most convenient airport for two million residents in the Los Angeles area. He further testified that PSA has always favored Los Angeles Airport on scheduling and routes, even where several other airlines were providing identical service. He repeated the conclusion of the prior witness and added that unless service out of Hollywood-Burbank is improved, local residents will feel inclined to drive to Los Angeles Airport for flights to Sacramento, thereby increasing the use of family cars, fuel consumption, and air pollution.

The Commission staff recommended that applicant be required to provide a minimum of two nonstop round trips per day in accordance with Decision No. 79085 which originally granted PSA the authority. In addition, the staff recommended that the nonstop operations be during commute hours and that the fare between Burbank and Sacramento be not greater than that between Los Angeles and Sacramento. Staff evidence emphasized that past experience demonstrates that a single

nonstop round trip per day is not sufficient to generate demand and that decreasing load factors since June 1974 are the product of poor scheduling and higher fares than applicant's Los Angeles-Sacramento service. The staff further recommended that PSA's nonstop authority be revoked if applicant fails to reinstitute the service.

#### Discussion

Review of the evidence shows that PSA has not developed the Burbank-Sacramento market because it has never provided more than one nonstop round-trip flight per day. Further, the Commission staff exhibit shows that when PSA began experiencing low load factors (25 to 35 percent) in this market it was due to poor scheduling. This was also borne out by the testimony of the assistant manager of the Burbank Airport. In addition the higher fares maintained by PSA on its Burbank-Sacramento service when compared to its Los Angeles-Sacramento service have been detrimental to the growth of the Burbank-Sacramento traffic.

The argument that the PSA nonstop authority should be revoked is persuasive. Passenger air carriers should operate in accordance with their certificate of public convenience and necessity or relinquish these rights which are not executed. The fuel crisis that prompted PSA to cease its nonstop Burbank-Sacramento service in 1974 no longer prevails. We note that PSA has a number of applications pending before this Commission requesting new route authority. PSA should reinstate its nonstop service between Burbank and Sacramento or its nonstop authority should be revoked.

#### Findings

1. Two nonstop round-trip flights per day were required by Decision No. 79085 which initially granted PSA the authority to provide nonstop service between Burbank and Sacramento.

2. PSA has not operated two nonstop round-trip flights per day since initiating the service.

3. Present service with one-stop or connecting flights is inconvenient compared to service offered at Los Angeles International Airport and does not attract either business or family trade.

4. Two nonstop round-trip flights per day are required to accommodate the demand for air passenger service between Burbank and Sacramento and should be operated during commute hours in order to realize profitable load factors.

5. PSA has historically charged higher fares for the Burbank-Sacramento service than the Los Angeles-Sacramento service which has weakened the traffic potential of the Burbank-Sacramento market.

6. Responsibility to the public requires that a regulated air carrier exercise the rights granted to it.

#### Conclusions

1. Public convenience and necessity require that a certificated passenger air carrier exercise its authorized rights or relinquish them.

2. The application should be denied.

#### O R D E R

IT IS ORDERED that:

1. Pacific Southwest Airlines shall either reinstate nonstop service between Hollywood-Burbank and Sacramento at a minimum of two round-trips per day by June 1, 1976 or the Commission shall delete Pacific Southwest Airlines' nonstop authority between Hollywood-Burbank and Sacramento from its certificate of public convenience and necessity.

2. Ordering Paragraph 1 of Decision No. 84130 dated February 19, 1975 is hereby rescinded.

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

Dated at San Francisco, California, this 13th day of JANUARY, 1976.

*I dissent.  
In my view, the  
route should be  
available to all  
potential entrants.  
Leonard Ross*

*[Signature]*  
President  
*[Signature]*  
*[Signature]*  
*[Signature]*  
Commissioners