

Decision No. 85440**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Golden West )  
 Airlines, Inc. For An Ex Parte )  
 Order To Increase Intra-State )  
 Passenger Fares )

Application No. 56120  
 (Filed December 15, 1975)

O P I N I O N

Golden West Airlines, Inc. (GWA) is a passenger air carrier providing intrastate service to Southern California. GWA operates DeHavilland Twin Otter jet prop aircraft which uses Jet A-50 fuel, the middle distillate fuel also used by PSA and Air California in Boeing 727 and 737 type jet aircraft. In this application GWA seeks an ex parte order to increase its air fares to offset recent additional increases in the price of fuel.

By Decision No. 82355 on January 15, 1974 and Decision No. 82389 on January 22, 1974 the Commission granted GWA its first requested fuel increase offset totaling thirty-eight cents per passenger. This increase was required to cover the unprecedented increase in aviation fuel during the period September 1973 through January 1, 1974. By Decision No. 83548 on October 8, 1974, the Commission granted GWA a further increase of twenty-eight cents per passenger in response to substantial fuel cost increases from January 1, 1974 through September 1, 1974.

On July 8, 1975 in Decision No. 84658 the Commission in an interim order approved GWA's request for a general 5.6 percent fare increase. This proceeding remains open for the purpose of receiving evidence concerning the impact of GWA's interstate joint fares upon its intrastate passenger air carrier service and fares.

Applicant states that since January 1, 1975 it has incurred additional fuel price increases which, effective with the latest increase from the Shell Oil Company, Inc., on November 24, 1975, will require an increase of twenty-eight cents (\$0.30 including tax) per passenger. GWA asserts that the increases were caused by an

escalation in the posted prices of crude oil to applicant's fuel suppliers, which, in accordance with existing agreements between applicant and its suppliers, resulted in an increase in charges by the suppliers to applicant.

GWA estimates that for the calendar year 1976, its total fuel cost will increase by \$88,628. This cost is based on the use of DeHavilland Twin Otter jet prop aircraft only, and relates to the present stations used by GWA where fuel is loaded. It takes into account certain shifting of volumes of fuel from the various fueling points to use the most economical means of fueling in 1976. Applying applicant's requested \$0.28 fare increase to its 327,240 forecasted passengers for 1976 yields \$91,627 of additional passenger revenue, or \$2,999 more than the estimated fuel increase.

Applicant points out that this Commission has granted rate increases in order to compensate for unprecedented conditions today with respect to the cost of fuel and that this Commission has stated these conditions require action over and above the consideration of fuel cost in the course of hearing applications for general fare increases.

We find that applicant has incurred additional fuel price increases from Shell Oil Company, Inc., and that such fuel cost increases are of such magnitude as to impair applicant's operations unless an immediate revenue increase is authorized to offset such fuel increases. GWA's request is not excessive, and this request is similar to the requests of other carriers which have been granted by this Commission.

The Commission concludes that ex parte relief should be granted as provided in the following order:

O R D E R

IT IS ORDERED that:

1. Golden West Airlines, Inc., is authorized to establish the increased fares proposed in Application No. 56120.


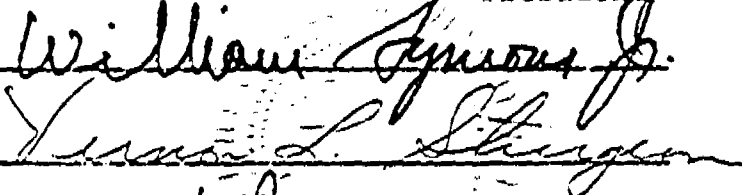


2. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

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

4. The tariff filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 105 series.

The effective date of this order is the date hereof.

Dated at San Francisco, California,  
this 10th day of FEBRUARY, 1973.

  
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President  
  
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Commissioners