

Decision No. 85512**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of UNITED AIR LINES,)
 INC., for authority to increase)
 intrastate air freight rates.)

Application No. 56146
 (Filed December 26, 1975)

O P I N I O N

United Airlines, Inc., (United) is a common carrier by air of passengers and property between points in the United States, including the State of California. In this State, United operates in intrastate, as well as in interstate commerce, providing local service between various California cities.

United requests authority to increase its California intrastate air freight rates as follows:

	<u>Present Rate</u>	<u>Proposed Rate</u>
Minimum Charge	\$10.00	\$12.00
Rate per Hundred Weight	\$ 7.10	\$ 8.50
Small Package Rate	\$15.00	\$20.00

Exhibit B to the application sets forth United's California intrastate air freight operating results for the year ended September 30, 1975. The operating results for United's California operations are based on allocation methods approved by the Civil Aeronautics Board (CAB) and used by United in prior applications to this Commission. Using CAB allocation methods, Exhibit B indicates United's California operations were conducted at a loss in the year ended September 30, 1975. Its California intrastate freight revenue was \$898,253 and its allocated cost was \$1,262,324 which results in an operating loss on California intrastate air freight operations of \$364,071. At proposed rates for the year ended September 30, 1975, the revenue would have been \$1,088,508, an increase of \$190,225, and the operating loss would

have been \$173,816.

There have been substantial increases in the cost of operations in 1975, particularly in the price of jet fuel and Applicant expects these costs to continue to escalate. Hence, even greater operating losses on intrastate air freight would be expected in 1976.

The application was served in accordance with Commission rules. Notice of the filing of the application appeared on the Commission's Daily Calendar. In addition, service was made on January 22, 1975 to California Brewers Association, California Farm Bureau Federation, California Manufacturers Association, California Retailers Association, and Cannery League of California. No protest to the granting of the application or request for public hearing has been received.

Under the circumstances, the Commission finds:

1. United's California intrastate freight operations were conducted at a loss for the year ended September 30, 1975.
2. The increased revenue from the freight rates sought herein would not cause United's California intrastate operations to be profitable.
3. The increased freight rates proposed herein are justified.
4. A public hearing is not necessary.

The application should be granted.

O R D E R

IT IS ORDERED that:

1. United Airlines, Inc., is authorized to increase its California intrastate air freight rates as proposed in Application 56146.
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 less than ten days after

the effective date of this order on not less than ten days' notice to the Commission and the public.

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

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

Dated at San Francisco, California, this 2nd day of MARCH, 1976.

~~William J. Symons~~

President
William J. Symons

Vernon L. Sturgeon

L. Ron

Robert A. ...

Commissioners