

ORIGINAL

Decision No. 85552

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TRANS WORLD AIRLINES, INC.,  
for authority to increase certain intra-  
state passenger fares.

} Application No. 56253  
(Filed February 2, 1976;  
amended February 18, 1976) ✓

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 and the Near East. Its intrastate services in California include service to and from Los Angeles, San Francisco/Oakland, and San Jose.

TWA seeks authority to increase its intrastate first class, jet commuter, and military standby fares to correspond to those applicable between competitive points authorized to Pacific Southwest Airlines (PSA) by Decision No. 85339 in Application No. 55160, to United Air Lines, Inc. (United) by Decision No. 85341 in Application No. 55615, and to Western Air Lines, Inc. (Western) in Decision No. 85342 in Application No. 55604, all dated January 13, 1976. The present and proposed intrastate first class, jet commuter, and military standby fares (including security charge), applicable tax, and the resulting amount of increase proposed are set forth in Appendix A.

TWA states that 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, PSA, United, and TWA 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. 85341 the Commission granted to United increases in first class fares in the markets in which TWA 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> As shown in exhibits appended to the application, approval of TWA's request will not cause its intra-California operations to be operated at a profit.

TWA believes that the public interest would be served by maintaining uniformity of fares among air carriers offering similar services in the affected markets. Such uniformity of fares would maintain historical fare relationships among the major carriers providing intrastate service within California.

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<sup>1/</sup> See Decision No. 81921 (Western Air Lines, Inc.), Decision No. 81922 (United Air Lines, Inc.), and Decision No. 83814 wherein the Commission notes that PSA is the ratemaking carrier in the California corridor.

<sup>2/</sup> Cf. Decision No. 78206 in Application No. 52361 (Western Air Lines, Inc.); Decision No. 75889 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.

The application states that by reason of the relatively short distance involved and the effect of PSA's fares upon TWA's fares, TWA's services within California have been conducted at an operating loss. Attached to the application is a summary of TWA's losses from operations, both interstate and intrastate, on that route for the twelve months ended December 31, 1975. On the basis of traffic during the twelve months ended December 31, 1975, application of the proposed fares to the Los Angeles-San Francisco route would have resulted in an annual revenue increase of \$172,917. The following table shows the results of operations summary for 1975 and the added revenue estimated to result from the proposed fares:

TABLE 1

TRANS WORLD AIRLINES, INC.

Domestic Scheduled Service - Passenger

Segment Profit/(Loss) Statement  
(Year Ended December 31, 1975)  
+(000)

	<u>Los Angeles - San Francisco</u>
<u>Operating Revenues</u>	
Passenger	\$ 8,080
Cargo (Includes Freight, Express, & Mail)	640
Transport Related Revenues	523
Total Operating Revenues	<u>\$ 9,243</u>
<u>Operating Expenses</u>	
Aircraft Operating Expenses	
Excluding Fuel and Oil	\$ 5,447
Fuel and Oil	3,010
Traffic Handling	8,437
Transport Related Expenses	436
Total Operating Expenses	<u>\$17,330</u>
Operating Profit/(Loss)	<u>\$(8,087)</u>
Added Revenue from Fares Proposed Herein	\$ 173

TWA requests that this application be acted upon without hearing in view of the operating losses now being incurred by it from its California intrastate first class and jet commuter/coach operations over the routes involved and because of the asserted desirability of maintaining a parity of first class and jet commuter fares published by TWA, PSA, United, and Western. The application shows it was served in accordance with the Commission's procedural rules and notice of the filing of the application appeared on the Commission's Daily Calendar. There are no protests.

In the circumstances, the Commission finds that the proposed increased fares are justified. A public hearing is not necessary. The application will be granted. The effective date of the order will be the date of issuance inasmuch as TWA's present operations over its California intrastate routes are not conducted at a profit.

O R D E R

IT IS ORDERED that:

1. Trans World Airlines, Inc. is authorized to establish the proposed increased air fares set forth in Appendix A attached hereto.
2. 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.

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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 9<sup>th</sup>  
day of MARCH, 1976.

President  
William J. Brown  
Vernon L. Stenger  
Flora  
Robert F. ...  
Commissioners

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.

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APPENDIX A

TRANS WORLD AIRLINES, INC.

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	- Oakland/ - San Francisco/ - San Jose	\$29.49	\$2.36	\$31.85	\$32.22	\$2.58	\$34.80
Oakland	- San Francisco	\$12.08	\$0.97	\$13.05	\$13.15	\$1.05	\$14.20
		Jet Commuter					
		<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	- Oakland/ - San Francisco/ - San Jose	\$20.83	\$1.67	\$22.50	\$23.61	\$1.89	\$25.50
Oakland	- San Francisco	\$ 8.98	\$0.72	\$ 9.70	\$ 9.31	\$0.74	\$10.05
		Military Standby					
		<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	- Oakland/ - San Francisco/ - San Jose	\$16.71	\$1.34	\$18.05	\$18.19	\$1.46	\$19.65
Oakland	- San Francisco	\$ 9.68	\$0.77	\$10.45	\$10.56	\$0.84	\$11.40