

Decision No. 85630**ORIGINAL**

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)

FINAL 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 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. Second Interim Decision No. 84846 issued August 26, 1975 authorized Western to further increase certain intra-California passenger fares by 1.92 percent to match a similar increase in competitive markets granted to PSA in Decision No. 84767 dated August 5, 1975. Western was also granted authority in Decision No. 84846 to increase its passenger fares in intrastate markets where it competes with Air California (Air Cal) by the amounts granted to Air Cal in Decision No. 84821 dated August 26, 1975 in Application No. 55784. Air Cal was authorized in that decision to increase its fares by 18 cents per passenger to offset fuel cost increases.

Third Interim Decision No. 85342 issued January 13, 1976 authorized Western to match the lower of the fares authorized to be concurrently established by PSA in Decision No. 85339 in Application No. 55160 or by Air Cal in Decision No. 85340 in Application No. 55784. PSA was granted a permanent fare increase of 9 percent. Air Cal was granted a further interim increase of 47 cents per passenger.

Decision No. 85342 stated that Western's operating losses for its intra-California operations would not be eliminated by an increase in fares of 9 percent as authorized to PSA.

Decision No. 85629 issued today in Application No. 55784 authorized Air Cal to establish permanent fares which result in an additional annual revenue increase of 5.7 percent, a revenue increase less than the 9 percent increase authorized to PSA as a permanent fare adjustment.

The Commission has found in prior fare application proceedings involving Western, PSA, Air Cal, and United Air Lines that PSA and Air Cal are the low-cost and fare-setting carriers in the California corridor; and that interstate air carriers whose intra-California operations are conducted at a loss should be granted fare increases paralleling those granted to PSA and Air Cal. In the circumstances, Western should be authorized to establish competitive fares at the levels authorized to Air Cal in Decision No. 85629.

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 to 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. Western subsequently was authorized in Decision No. 85342 to match the lower of the fare increases authorized to PSA in Decision No. 85339 or to Air Cal in Decision No. 85340.

3. Decision No. 85629 issued today in Application No. 55784 authorized Air Cal a final increase in air fares averaging 5.7 percent.

4. 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 under the increase in fares hereinafter authorized that loss would be reduced, but not eliminated.

5. 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.

6. A further increase in Western's commuter air fares to the same level as Air Cal in Decision No. 85629 is reasonable and the resulting increases are justified. Such action is consistent with past decisions of the Commission involving fares of Western, PSA, and Air Cal.

7. A public hearing is not necessary.

Conclusion

The Commission concludes that Western should be granted further authority to increase its fares to the extent found reasonable above. The order herein will be made effective on the date hereof as there is no known opposition and there is no reason to delay granting the relief requested. Moreover there is an immediate need for the rate relief.

FINAL ORDER

IT IS ORDERED that:

1. Western Air Lines, Inc. is authorized to establish the increased commuter 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.

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 30th
day of MARCH, 1976.

Labstein
Leonard Ross
Commissioner

[Signature]
President
William Lynne, Jr.
[Signature]
Robert K. Korman
Commissioners

APPENDIX A

WESTERN AIR LINES, INC.

COACH, COMMUTER, AND NIGHT COACH FARES
(All fares below apply via the routings
now shown for present fares)

<u>Between/And</u>	<u>Authorized Fares</u> (Excluding Tax)
Oakland - Ontario	\$25.69
Oakland - Palm Springs	32.41
Oakland - San Diego	29.17*
Oakland - San Jose	14.07*
Ontario - Palm Springs	16.20*
Ontario - Sacramento	25.88*
Palm Springs - Sacramento	32.87
Palm Springs - San Francisco	32.41
Sacramento - San Diego	29.68*
San Diego - San Jose	29.17*
San Francisco - San Jose	14.07*
Children's fares 50 percent of proposed fares.	

*No change in fares.