

ORIGINAL

Decision No. 87208

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of UNITED AIR LINES, INC. for authority to increase intrastate passenger fares.

Application No. 56951
(Filed December 17, 1976)

O P I N I O N

United Air Lines, Inc. (United) operates as an air common carrier of passengers and property between points located in various states of the United States, including the State of California, and the provinces of British Columbia and Ontario in Canada. In the State of California, United operates in intrastate as well as interstate commerce providing local service between various California cities and service between these cities and points in other states.

By this application, United seeks authority to increase its intrastate fares by 1.76 percent. This increase would produce revenue to offset known aircraft fuel cost increases since United's last fare increase granted by Decision No. 85341 dated January 13, 1976 in Application No. 55615. The fares requested by United would match those sought by PSA in its original Application No. 56907 and, in addition, United would increase its other fares by a corresponding percentage. This increase is expected to produce additional annual revenues of \$506,362.

By Decision No. 87207 issued today, PSA was authorized to establish the increased fares it sought in its original Application No. 56907.

United's application states that its fuel cost for the year ended December 30, 1975 was 26.902 cents per gallon, and for the 10-month period ended October 1976 it was 31.585 cents per gallon, an increase of 4.683 cents per gallon. Applicant states that its total California intrastate operations are conducted at a net loss.

United requests that the fares shown in Appendix A attached hereto be made effective on five days' notice. Application No. 56951 was served in accordance with Commission rules, and notice of the filing appeared in the Commission's Daily Calendar on December 20, 1976. There are no protests.

Findings

1. United seeks authority by this application to increase its fares 1.76 percent to offset increased fuel costs and to match the increase requested by PSA in its original Application No. 56907 and to extend the increase to its other intrastate fares in California.

2. PSA was authorized today to increase its fares to the level requested by its original Application No. 56907.

3. The Commission historically has found PSA to be the low-cost ratemaking carrier in California, has authorized other passenger air carriers to raise their commuter air fares to the levels authorized for PSA between competitive points, and has authorized proportionate increases in fares for other routes and classes of service.

4. The proposed fares set forth in Appendix A are justified. Such action is consistent with past decisions of the Commission involving fares of United and PSA.

5. A public hearing is not necessary.

Conclusion

We conclude that United should be granted authority to increase its fares to the extent found reasonable above.

O R D E R

IT IS ORDERED that:

1. United Air Lines, Inc. is authorized to establish the fares set forth in Appendix A attached hereto and made a part hereof.

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

3. The authority granted herein shall expire unless exercised within ninety days after the date hereof.

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

Dated at San Francisco, California, this 12th day of APRIL, 1977.

*See attached
concur
R.D.G.*

Commissioner

William J. Lyons, Jr. President

Vernon L. Sturgeon

Richard D. Spool Commissioners

*I dissent - offsets
are nothing more
than indexing -
Robert Butman
Bernard Ross*

Commissioner

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<u>BETWEEN</u>	<u>AND</u>	<u>Present Fares</u> (Without Tax)				<u>Proposed Fares</u> (Without Tax)			
		<u>F</u>	<u>Y</u>	<u>K</u>	<u>Military Standby</u>	<u>F</u>	<u>Y</u>	<u>K</u>	<u>Military Standby</u>
Bakersfield	Fresno	\$21.16	\$16.90	\$ -	\$10.56	\$21.53	\$17.22	\$ -	\$10.74
	Los Angeles	21.16	16.90	-	10.56	21.53	17.22	-	10.74
	Merced	26.44	20.93	-	11.85	26.90	21.30	-	12.04
	Modesto	28.84	20.93	-	13.15	29.35	21.30	-	13.38
	Oakland	35.93	20.93	-	15.83	36.57	21.30	-	16.11
	Sacramento	34.77	28.84	-	15.83	35.37	29.35	-	16.11
	(Via SFO) Sacramento	-	-	-	18.47	-	-	-	18.80
	San Diego	31.20	25.14	-	14.54	31.76	25.60	-	14.81
	San Francisco	35.93	20.93	-	15.83	36.57	21.30	-	16.11
	Santa Barbara	18.47	14.54	-	10.56	18.80	14.81	-	10.74
	Stockton	31.20	20.93	-	14.54	31.76	21.30	-	14.81
	Visalia	17.18	14.54	-	10.56	17.50	14.81	-	10.74
	Fresno	Los Angeles	30.00	18.52	-	13.15	30.51	18.84	-
Merced		17.18	11.06	-	10.28	17.50	11.25	-	10.46
Modesto		19.81	11.06	-	10.28	20.14	11.25	-	10.46
Oakland		24.86	14.82	-	11.57	25.28	15.09	-	11.76
Sacramento		25.14	21.16	-	11.85	25.60	21.53	-	12.04
(Via SFO) Sacramento		30.00	23.80	-	13.15	30.51	24.21	-	13.38
San Diego		42.45	28.24	-	18.47	43.19	28.75	-	18.80
San Francisco		24.86	14.32	-	11.57	25.28	15.09	-	11.76
Stockton		22.22	11.34	-	10.28	22.59	11.53	-	10.46
Visalia		15.83	13.15	-	10.56	16.11	13.38	-	10.74

F = First Class
Y = Coach
K = Commuter

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<u>BETWEEN</u>	<u>AND</u>	<u>Present Fares</u> (Without Tax)				<u>Proposed Fares</u> (Without Tax)			
		<u>F</u>	<u>Y</u>	<u>K</u>	<u>Military Standby</u>	<u>F</u>	<u>Y</u>	<u>K</u>	<u>Military Standby</u>
Los Angeles (Nonstop) (Via SFO) (Nonstop) (Via OAK) (Nonstop)	Merced	\$35.93	\$22.78	\$ -	\$15.83	\$36.57	\$23.19	\$ -	\$16.11
	Modesto	38.29	22.78	-	17.18	38.98	23.19	-	17.50
	Monterey-Salinas	37.13	30.00	-	15.83	37.78	30.51	-	16.11
	Oakland	32.22	-	-	-	32.78	-	-	-
	Oakland	41.57	-	-	18.19	42.31	-	-	18.52
	Sacramento	43.06	-	-	19.81	43.80	-	-	20.14
	Sacramento	-	-	-	21.16	-	-	-	21.53
	San Diego	20.93	-	11.34	10.28	21.30	-	11.53	10.46
	San Francisco	32.22	-	-	-	32.78	-	-	-
	San Francisco	41.57	-	-	-	42.31	-	-	-
	San Francisco	-	-	23.61	18.19	-	-	24.03	18.52
	Santa Barbara	19.81	15.83	-	-	20.14	16.11	-	-
	Santa Barbara	21.16	17.18	-	10.56	21.53	17.50	-	10.74
	Stockton	40.37	23.61	-	18.19	41.06	24.03	-	18.52
Visalia	27.64	20.93	-	11.85	28.15	21.30	-	12.04	
Merced	Modesto	15.83	11.06	-	10.56	16.11	11.25	-	10.74
	Oakland	22.50	14.77	-	10.56	22.92	15.05	-	10.74
	Sacramento	21.16	17.18	-	10.56	21.53	17.50	-	10.74
	San Diego	44.21	29.40	-	19.81	45.00	29.91	-	20.14
	San Francisco	22.50	14.77	-	10.56	-	-	-	-
	Stockton	17.18	11.06	-	10.56	17.50	11.25	-	10.74
	Visalia	19.81	17.18	-	10.56	20.14	17.50	-	10.74

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		<u>F</u>	<u>Y</u>	<u>K</u>	<u>Military Standby</u>	<u>F</u>	<u>Y</u>	<u>K</u>	<u>Military Standby</u>
Modesto	Oakland	\$19.81	\$14.77	\$ -	\$10.56	\$20.14	\$15.05	\$ -	\$10.74
	Sacramento	18.47	14.54	-	10.56	18.80	14.81	-	10.74
	San Diego	47.78	29.40	-	21.16	48.61	29.91	-	21.53
	San Francisco	19.81	14.77	-	10.56	20.14	15.05	-	10.74
	Stockton	17.18	11.06	-	10.56	17.50	11.25	-	10.74
	Visalia	23.80	18.47	-	10.56	24.21	18.80	-	10.74
Monterey-Salinas	Oakland	18.47	14.54	-	10.56	18.80	14.81	-	10.74
	Sacramento	26.44	21.16	-	11.85	26.90	21.53	-	12.08
	San Diego	45.42	38.29	-	21.16	46.20	38.98	-	21.53
	San Francisco	18.47	14.54	-	10.56	18.80	14.81	-	10.74
	Santa Barbara	28.84	23.80	-	13.15	29.35	24.21	-	13.38
	Stockton	23.80	19.81	-	10.56	24.21	20.14	-	10.74
Oakland	Sacramento	18.47	-	-	-	18.80	-	-	-
	Sacramento	-	11.34	-	10.56	-	11.53	-	10.74
	San Diego	51.25	-	-	22.50	52.13	-	-	22.92
	San Francisco	13.15	11.34	9.31	10.56	13.38	11.53	9.49	10.74
	Santa Barbara	35.93	30.00	-	15.83	36.57	30.51	-	16.11
	Stockton	16.90	11.34	-	10.28	17.18	11.53	-	10.46
	Visalia	28.84	19.68	-	13.15	29.35	20.05	-	13.38

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		<u>F</u>	<u>Y</u>	<u>K</u>	<u>Military Standby</u>	<u>F</u>	<u>Y</u>	<u>K</u>	<u>Military Standby</u>
Sacramento (Via SFO)	San Diego	\$52.55	\$ -	\$ -	\$23.80	\$53.47	\$ -	\$ -	\$24.21
	San Diego	56.06	-	-	25.14	57.04	-	-	25.60
	San Francisco	18.47	-	-	-	18.80	-	-	-
	San Francisco	-	11.34	-	10.56	-	11.53	-	10.74
	Santa Barbara	41.85	34.77	-	19.81	42.59	35.37	-	20.14
	Stockton	17.18	14.54	-	10.56	17.50	14.81	-	10.74
	Visalia	30.00	25.14	-	13.15	30.51	25.60	-	13.38
	Visalia	-	-	-	15.83	-	-	-	16.11
San Diego (Via LAX)	San Francisco	51.25	-	-	-	52.13	-	-	-
	San Francisco	-	-	29.40	22.50	-	-	29.91	22.92
	Santa Barbara	28.84	25.14	-	13.15	29.35	25.60	-	13.38
	Stockton	51.25	29.40	-	22.50	52.13	29.91	-	22.92
	Visalia	37.13	28.24	-	17.18	37.78	28.75	-	17.50
San Francisco	Santa Barbara	35.93	30.00	-	15.83	36.57	30.51	-	16.11
	Stockton	16.90	11.34	-	10.28	17.18	11.53	-	10.46
	Stockton	19.81	15.09	-	10.28	20.14	15.37	-	10.46
	Visalia	28.84	19.68	-	13.15	29.35	20.05	-	13.38
Santa Barbara	Stockton	39.49	33.15	-	18.47	40.19	33.75	-	18.80
Stockton	Visalia	25.14	19.68	-	11.85	25.60	20.05	-	12.04

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COMMISSIONER RICHARD D. GRAVELLE, Concurring

As a matter of future policy, I believe that increased fuel expense is not a proper subject for offset rate relief for airlines and that the added expense should be handled in general rate proceedings which can be heard on an expedited basis.

I sign this order only because applicant was in no way advised of such a policy at any time in the processing of this application. To the contrary, the recent past policy of this Commission has been to consider fuel as an offset expense item. The industry should be on notice from this date forward that such applications are in eminent danger of dismissal.

San Francisco, California
April 12, 1977


Richard D. Gravelle
Commissioner