

Decision No. 87209

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TRANS WORLD AIRLINES,  
INC. for authority to increase  
intrastate passenger fares.

Application No. 57147  
(Filed March 14, 1977)

O P I N I O N

Trans World Airlines, Inc. (TWA) 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 between the United States and points in Europe and the Near East. In the State of California, TWA operates in intrastate as well as interstate commerce providing local service between Los Angeles and San Francisco, Oakland, and San Jose.

By this application, TWA seeks authority to increase its intrastate fares by 1.76 percent, and the experimental fares between Los Angeles and San Francisco, Oakland, and San Jose by \$1.85 one way. This increase would produce revenue to offset known aircraft fuel cost increases since TWA's last fare increase granted by Decision No. 85552 dated March 9, 1976 in Application No. 56253. The fares requested by TWA, except for the experimental fares, would match those sought by PSA in Application No. 56907; and, in addition, TWA would increase its other fares by a corresponding percentage. This increase is expected to produce additional annual revenues of \$93,937.

By Decision No. 87207 issued today, PSA was authorized to establish the increased fares it sought in Application No. 56907. PSA's Application No. 56907 does not request any increases in its experimental fares, and since TWA's request is to match PSA fares we shall not allow an increase in its experimental fares.

TWA's application states that its fuel costs for the year ended December 30, 1975 was 25.1 cents per gallon, and for the year ended December 30, 1976 it was 27.1 cents per gallon, an increase of 2.0 cents per gallon. Applicant states that its total California intrastate operations are conducted at a net loss.

TWA requests that the fares shown in Appendix A of its application be made effective on five days' notice. Application No. 57147 was served in accordance with Commission rules, and notice of the filing appeared in the Commission's Daily Calendar. There are no protests.

Findings

1. TWA seeks authority by this application to increase its fares 1.76 percent and the experimental fares by \$1.85 one way to offset increased fuel costs and to match the increase requested by PSA in 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. Since TWA's Application No. 57147 seeks the authority to increase fares to the same levels authorized for PSA in its original Application No. 56907, TWA's request for increases in experimental fares should not be granted.

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

6. A public hearing is not necessary.

Conclusion

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

O R D E R

IT IS ORDERED that:

1. Trans World Airlines, Inc. is authorized to establish the fares set forth in Appendix A attached hereto and made a part hereof.
2. The increase in experimental fares is denied.
3. Tariff publication 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
4. 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 12<sup>th</sup> day of APRIL, 1977.

*See attached*

*enclosure:*

*Robt*

Commissioner

*I dissent. offsets  
are nothing more  
than underlying.*

*Robert B. Farnick  
Edward R. Coe*

Commissioner 5

*William J. Quinn Jr.*  
President  
*Vernon L. Sturgeon*  
*Richard D. Howell*  
Commissioners

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APPENDIX A

TRANS WORLD AIRLINES, INC.

		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	\$32.22	\$2.58	\$34.80	\$32.78	\$2.62	\$35.40
	-San Jose						
Oakland	-San Francisco	13.15	1.05	14.20	13.38	1.07	14.45
		COACH/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	\$23.61	\$1.89	\$25.50	\$24.03	\$1.92	\$25.95
	-San Jose						
Oakland	-San Francisco	11.34 <sup>1/2</sup> / <sub>2</sub>	0.91	12.25	11.53 <sup>1/2</sup> / <sub>2</sub>	0.92	12.45
		9.31 <sup>1/2</sup> / <sub>2</sub>	0.74	10.05	9.49 <sup>1/2</sup> / <sub>2</sub>	0.76	10.25
		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	\$18.19	\$1.46	\$19.65	\$18.52	\$1.48	\$20.00
	-San Jose						
Oakland	-San Francisco	10.56	0.84	11.40	10.74	0.86	11.60

1/ Coach  
2/ Jet Commuter

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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