

Decision No. 87339 OCT 4 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of UNITED AIR LINES,)
 INC., for authority to increase) Application No. 57503
 intrastate air freight rates.) (Filed August 5, 1977)

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:

	Present <u>Rate</u>	Proposed <u>Rate</u>
Minimum Charge	\$12.00	\$14.00
Rate per Hundredweight	\$ 8.50	\$10.00
Small Package Rate	\$20.00	\$20.00

Exhibit B to the application sets forth United's California intrastate air freight operating results for the year ended December 31, 1976. 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 December 31, 1976. Its California intrastate freight revenue was \$1,052,185 and its allocated costs

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were \$1,258,384 which results in an operating loss on California intrastate air freight operations of \$206,199. At proposed rates for the year ended December 31, 1976, the revenue would have been \$1,219,185 an increase of \$167,000 and the operating loss would have been \$39,199.

The application was served in accordance with Commission rules. Notice of the filing of the application appeared on the Commission's Daily Calendar. 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 December 31, 1976.
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 57503.
2. Tariff publications authorized to be made as a result of this order 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 4th day of OCTOBER, 1977.

Robert Batimovich
President

Vernon L. Sturgeon
Richard D. Gough

Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

The present regulation of intrastate air freight rates seem a meaningless procedure. A better approach would have the airlines only file tariffs with rates allowed to go up or down on 30 days notice.

Robert Batimovich
I concur with President Batimovich. Richard D. Gough

I concur with President Batimovich

Vernon L. Sturgeon