

ORIGINAL

Decision No. ~~88066~~ NOV 1 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SWIFT AIRE)	
LINES, INC. for Authority)	Application No. 57487
to Increase Intra-State)	(Filed August 1, 1977)
Passenger Fares)	

O P I N I O N

Swift Aire Lines, Inc. (Swift) is an intrastate passenger air carrier serving intermediate points between Los Angeles, San Francisco and Sacramento. By this application it seeks authority to increase fares approximately 5.48 percent in order to offset increased operating costs. Present fares were authorized by the Commission in Decision No. 85969, dated June 15, 1976.

In support of its application, the carrier states as follows:

1. Swift began operation as a scheduled passenger air carrier in March 1969. Since the inauguration of service, Swift Aire has applied for a general fare increase on only one occasion in Application No. 56082, dated November 19, 1975, wherein a 4.7% increase was sought. By Decision No. 85969, dated June 15, 1976, the requested increase was granted.
2. Although applicant did not operate jet equipment prior to November 1975, it did anticipate its utilization and the estimated operating costs of its prop-jet Nord 262 equipment in its Application No. 56082. The forecasted operating cost of the Nord 262 was then based on the market price of services, material and labor. Swift Aire placed its first Nord on line on March 27, 1977 and currently operates three aircraft of this type with a fourth scheduled to arrive during the last quarter of 1977. Since the initial projections, jet fuel has risen 4¢ per gallon, engine overhaul has increased by \$17,000.00 per engine and parts, materials and outside labor have increased approximately 25%. These increases have resulted in an actual Cost of Nord operation of \$406.00 per hour as compared with the \$317.00 per hour as projected in 1975. Similar increases have been experienced with the operation of the DeHavilland Herons.

3. Increases in wage rates, terminal rents, landing fees and professional services also contribute to the increases in expenses.
4. Through traffic growth and improved efficiency of operation, Swift Aire has managed to operate at the fare levels sought in November 1975 while all other carriers in the State have sought and received increases in their fares. Swift Aire now finds that due to inflation and cost escalation of virtually every phase of the business, a relief in the form of a fare increase must be sought.

Exhibit C of the application, Swift's results of operations for the six month-period ended June 30, 1977, shows a gross operating revenue of approximately \$2,011,000, an operating expense of approximately \$2,140,000, which will result in an annual operating loss of \$258,000 and an operating ratio of 106.4 percent before taxes.

The staff estimates that the proposed fares would increase the carrier's annual gross revenues by approximately \$207,000 or an increase of 5.1 percent.

F I N D I N G S

1. Applicant seeks to increase its intrastate passenger fares to offset the increased operating costs.
2. Swift's present passenger fares were authorized by the Commission in Decision No. 85969, dated June 15, 1976.
3. The carrier's operation in the six months ended June 30, 1977, resulted in a gross operating revenue of approximately \$2,011,000, an operating expense of approximately \$2,140,000 resulting in an annual operating loss of approximately \$258,000, and an operating ratio before taxes of 106.4 percent.
4. The proposed fare increases will produce an additional annual gross revenue of approximately \$207,000 or an increase of 5.1 percent, which will not offset the current annual operating loss of \$258,000.
5. The increases in the passenger fares proposed herein are justified.
6. Notice of the filing of the application appeared on the Commission's Daily Calendar.

7. No protest has been filed with the Commission regarding this application.

We conclude that the applicant should be authorized to establish the proposed increased fares. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Swift Aire Lines, Inc. is authorized to establish fares proposed in Application 57487.

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 shall expire unless exercised within ninety days after the effective date of this order.

4. The tariff filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order 105-Series.

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

Dated at San Francisco California, this 1st
day of NOVEMBER, 1977.

Robert Batroun

President

William J. Quinn

Leon L. Sturgeon

Richard D. Swalle

Clare T. DeBriek

Commissioners