

ORIGINAL

Decision No. 88291 DEC 20 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of )  
 HUGHES AIR CORP. )  
 d/b/a HUGHES AIRWEST )  
 for authority to change certain )  
 intrastate passenger fares. )

Application No. 57510  
 (Filed August 11, 1977)

O P I N I O N

Hughes Air Corp., d.b.a. Hughes Airwest, (Airwest) operates as a common carrier by air of passengers and property between points located in various states of the United States, including the State of California, and points in Mexico and in Canada. In the State of California, applicant operates in intrastate as well as interstate commerce providing local services between various California cities, as well as service between these cities and points in other states.

In this application Airwest seeks authority to increase certain of its intrastate passenger air fares to reflect (1) the same level of fares that was granted to PSA by Decision 88180 in its Application 56973 (as amended), or to the level of fares granted to Air California by Decision 87938 in Application 56970.

The revenue effect of the proposed fares is determined as follows. Airwest estimates that during the twelve months ended March 31, 1977 it carried 132,480 intrastate passengers between the points and in the classes of service which would be subject to the proposed changed fares. Applying the proposed increases and decreases to this volume of traffic would produce estimated additional annual revenue of approximately \$212,000 over the test year's operating passenger revenues of \$21,528,000 which results in an increase of less than one percent.

Applicant requests ex parte treatment in view of the operating losses now being incurred by it from its California intrastate operations. The application shows that it was served

in accordance with Commission procedural rules. In addition, notice of the filing of the application appeared on the Commission's Daily Calendar. There are no protests or requests for public hearing.

### F I N D I N G S

1. Airwest seeks authority to increase certain passenger air fares to reflect:

- (a) The level of fares for competitive markets authorized by the Commission to PSA in its Application 56973, or to Air California in its Application 56970 based upon the fact this Commission has historically considered these two carriers to be the fare setting carriers for passenger air fares in California.
- (b) For non-competitive markets the carrier requests fare relief by the combination of its local fare plus the new corridor competitive fare. The relief will be granted only to the extent that the resultant fare does not exceed the prior fare by more than the same percentage increase granted by Decision 88180 to PSA in its Application 56973.

2. Airwest seeks authority to concurrently decrease certain passenger air fares on less than statutory notice in order to:

- (a) be competitive with other carriers
- (b) to avoid violation of the long-short haul provision of Section 461.5 of the Public Utilities Code.
- (c) to establish through fares that do not exceed the sum of the local fares.

This request is reasonable.

3. The financial data submitted with Application 57510 alleges that Airwest's operations in the markets hereunder consideration were conducted at a loss in the year ended March 31, 1977, and if the proposed increased fares are authorized, such losses would not be eliminated.

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

5. An increase in Airwest's air fares by the same percentage amounts authorized to PSA is reasonable and the resulting increases are justified. Such action is consistent with past decisions of the Commission involving fares of Airwest and PSA.

6. A public hearing is not necessary.

#### C O N C L U S I O N S

The Commission concludes that Airwest should be granted authority to increase and decrease its fares to the extent found reasonable above.

#### O R D E R

IT IS ORDERED that:

1. Hughes Airwest is authorized to establish the increased passenger air fares set forth in Appendix A to this order.

2. Hughes Airwest is authorized to establish the decreased passenger air fares shown in Appendix A of this order on short notice as to the tariff filing time.

3. Tariff publications authorized to be made as a result of this order may be made effective not earlier than January 1, 1978 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 is the date hereof.

Dated at San Francisco, California, this  
20th day of DECEMBER, 1977.

Robert Batimovich

President

William G. Geronzi

Yves L. Sturgeon

Richard D. Howell

Commissioners

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

HUGHES AIRNEST'S  
PROPOSED STANDARD CLASS FARES  
(Excluding Tax)

| <u>Between/And</u>            | <u>Present<br/>Fare</u> | <u>Requested<br/>Fare</u> | <u>Authorized<br/>Fare</u> |
|-------------------------------|-------------------------|---------------------------|----------------------------|
| Bakersfield - Crescent City   | \$62.35                 | \$62.44                   | \$62.44                    |
| - Eureka                      | 51.96                   | 54.66                     | 54.66                      |
| - Sacramento                  | 38.36                   | 27.41                     | 27.41                      |
| - San Francisco               | 25.93                   | 26.02                     | 26.02                      |
| Blythe - San Francisco        | 53.96                   | 54.63                     | 54.63                      |
| Chico - Los Angeles           | 49.05                   | 50.78                     | 50.78                      |
| - Palm Springs                | 67.59                   | 57.58                     | 57.58                      |
| Crescent City - Santa Barbara | 61.74                   | 62.44                     | 62.44                      |
| El Centro - Monterey          | 48.08                   | 52.72                     | 52.13                      |
| - San Francisco               | 52.02                   | 52.72                     | 52.72                      |
| Eureka - Los Angeles          | 47.10                   | 54.66                     | 51.02                      |
| - Palm Springs                | 67.51                   | 61.46                     | 61.46                      |
| - San Diego                   | 57.70                   | 61.05                     | 61.05                      |
| - Santa Barbara               | 47.10                   | 54.66                     | 51.02                      |
| Los Angeles - Monterey        | 25.32                   | 26.02                     | 26.02                      |
| - Redding                     | 52.02                   | 52.72                     | 52.72                      |
| - Sacramento                  | 40.30                   | 27.41                     | 27.41                      |
| - San Diego                   | 10.60                   | 12.32                     | 12.32                      |
| - San Francisco               | 20.46                   | 26.02                     | 26.02                      |
| - San Francisco <sup>1/</sup> | 25.32                   | 26.02                     | 26.02                      |
| - Stockton                    | 25.32                   | 38.34                     | 26.02                      |
| Monterey - Palm Springs       | 41.28                   | 32.82                     | 32.82                      |
| - San Diego                   | 35.92                   | 32.41                     | 32.41                      |
| Palm Springs - Redding        | 71.23                   | 59.52                     | 59.52                      |
| - Stockton                    | 61.11                   | 49.80                     | 45.14                      |
| - San Francisco               | 44.53                   | 32.82                     | 32.82                      |
| Sacramento - San Diego        | 50.00                   | 39.73                     | 39.73                      |
| - San Francisco               | 16.98                   | 12.32                     | 12.32                      |
| - Santa Barbara               | 34.47                   | 27.41                     | 27.41                      |
| San Diego - San Francisco     | 35.92                   | 32.41                     | 32.41                      |
| San Francisco - Santa Barbara | 25.32                   | 26.02                     | 26.02                      |

<sup>1/</sup> This fare will be canceled. Proposed fare now exceeds this level and will provide for intermediate stops.

HUGHES AIRWEST'S  
PROPOSED STANDARD CLASS FARES  
(Including Tax)

| <u>Between/And</u>            | <u>Present<br/>Fare</u> | <u>Requested<br/>Fare</u> | <u>Authorized<br/>Fare</u> |
|-------------------------------|-------------------------|---------------------------|----------------------------|
| Bakersfield - Crescent City   | \$67.34                 | \$67.44                   | \$67.44                    |
| - Eureka                      | 56.12                   | 59.03                     | 59.03                      |
| - Sacramento                  | 41.43                   | 29.60                     | 29.60                      |
| - San Francisco               | 28.00                   | 28.10                     | 28.10                      |
| Blythe - San Francisco        | 58.28                   | 59.00                     | 59.00                      |
| Chico - Los Angeles           | 52.97                   | 54.84                     | 54.84                      |
| - Palm Springs                | 73.00                   | 62.19                     | 62.19                      |
| Crescent City - Santa Barbara | 66.68                   | 67.44                     | 67.44                      |
| El Centro - Monterey          | 51.93                   | 56.94                     | 56.30                      |
| - San Francisco               | 56.18                   | 56.94                     | 56.94                      |
| Eureka - Los Angeles          | 50.87                   | 59.03                     | 55.10                      |
| - Palm Springs                | 72.91                   | 66.38                     | 66.38                      |
| - San Diego                   | 62.32                   | 65.93                     | 65.93                      |
| - Santa Barbara               | 50.87                   | 59.03                     | 55.10                      |
| Los Angeles - Monterey        | 27.35                   | 28.10                     | 28.10                      |
| - Redding                     | 56.18                   | 56.94                     | 56.94                      |
| - Sacramento                  | 43.52                   | 29.60                     | 29.60                      |
| - San Diego                   | 11.45                   | 13.30                     | 13.30                      |
| - San Francisco               | 22.10                   | 28.10                     | 28.10                      |
| - San Francisco               | 27.35 <sup>1/</sup>     | -                         | -                          |
| - Stockton                    | 27.35                   | 41.41                     | 28.10                      |
| Monterey - Palm Springs       | 44.58                   | 35.45                     | 35.45                      |
| - San Diego                   | 38.79                   | 35.00                     | 35.00                      |
| Palm Springs - Redding        | 76.93                   | 64.28                     | 64.28                      |
| - Stockton                    | 66.00                   | 53.78                     | 48.75                      |
| - San Francisco               | 48.09                   | 35.45                     | 35.45                      |
| Sacramento - San Diego        | 54.00                   | 42.90                     | 42.90                      |
| - San Francisco               | 18.34                   | 13.30                     | 13.30                      |
| - Santa Barbara               | 37.23                   | 29.60                     | 29.60                      |
| San Diego - San Francisco     | 38.80                   | 35.00                     | 35.00                      |
| San Francisco - Santa Barbara | 27.35                   | 28.10                     | 28.10                      |

<sup>1/</sup> This fare will be canceled. Proposed fare now exceeds this level and will provide for intermediate stops.