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Decision No. 88901 MAY 31 1978

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CONTINENTAL AIR  
LINES, INC. for authority to  
increase intrastate passenger  
fares. ) Application No. 58026  
(Filed April 25, 1978)

O P I N I O N

Continental Air Lines, Inc. (Continental) seeks an ex parte order for authority to increase intrastate passenger air fares. Within the State of California, Continental operates in intrastate as well as interstate commerce, providing service between Ontario and Burbank on the one hand and San Jose on the other.

Continental seeks to increase fares as follows:

	<u>Ontario-San Jose</u>			<u>Burbank-San Jose</u>		
	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
Coach	\$25.69	\$27.55	\$1.86	\$23.61	\$26.02	\$2.41
Adult Standby	\$15.74	\$17.96*	\$2.22	\$15.74	\$17.96	\$2.22

Continental alleges that the proposed fare increases will produce added revenue of \$40,195, assuming no loss of traffic and based upon passengers handled for the year ended December 31, 1977. According to the profit and loss statement attached to the application as Exhibit 1, the carrier alleges net losses (before tax) in the above intrastate California operations for the calendar year 1977 of \$2,406,300 based on existing fares. Had the proposed fares been in effect during that period, the carrier alleges losses would have been reduced to \$2,366,300.

Continental bases its request for the increased fares upon the fact that the Pacific Southwest Airlines is presently

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\* By letter dated April 28, 1978, Continental Airlines has indicated that it wishes to correct a typographical error appearing in its application. It stated the proposed adult standby fare for the Ontario-San Jose market was \$17.39, but the fact is it should read \$17.96. The correction of the typographical error does not alter any of the other data included in the application.

charging the proposed fare (standby and commuter fare) between San Jose and Burbank and that Air California is presently charging the proposed commuter fare between San Jose and Ontario. It asks that the Commission take official notice of its prior holdings that these two carriers are considered the fare setting carriers in the State of California. ✓

The application was served in accordance with Commission rules. In addition, notice of the filing of the application appeared on the Commission's Daily Calendar of April 26, 1978. There are no protests or requests for public hearing.

Inasmuch as the Commission has historically found PSA and Air California to be the low-cost rate making carriers in California and has authorized other passenger air carriers to raise their commuter air fares to the same levels authorized for PSA and Air California between competitive points, it appears Continental should be authorized to increase its commuter fares to the level sought in this application.

After consideration the Commission finds:

1. Applicant seeks to increase its intrastate commuter air fares and standby fares applicable over the route segments served by it in California.

2. The fares sought in this application are identical to fares previously authorized by this Commission to Pacific Southwest Airlines and Air California for the same city pairs.

3. The proposed fare increases are estimated to produce an added annual revenue of approximately \$40,195.

4. PSA and Air California are considered by the Commission to be the fare setting carriers in intra-California markets.

5. The proposed increased commuter fares between Ontario or Burbank and San Jose are justified.

6. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted in the following order:

O R D E R

IT IS ORDERED that:

1. Continental Air Lines, Inc. is authorized to establish its proposed increased commuter fares and standby fares between Ontario/Burbank and San Jose.
  2. Tariff publications authorized to be made as a result of the order herein may be made effective on or 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 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 thirty days after the date hereof.

Dated at San Francisco, California, this 31st day  
of MAY, 1978.

Robert Batistovich

President

William Symons Jr.

Vernon L. Sturgeon

Richard D. Howell

Commissioners

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