

ORIGINAL

Decision No. 88921 MAY 31 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Southwest Airlines
for a certificate of public convenience
and necessity to provide nonstop passenger
air service in either direction between
San Diego and San Jose.

Application No. 57064
(Filed February 7, 1977)

Brownell Merrell, Jr., Attorney at Law,
for applicant.
Graham & James, by Boris H. Lakusta and
David J. Marchant, Attorneys at Law,
for Air California, protestant.
Thomas F. Grant, Attorney at Law, for
the Commission staff.

O P I N I O N

This is an application by Pacific Southwest Airlines (PSA) for a certificate of public convenience and necessity authorizing its operation as a passenger air carrier over a nonstop route between San Diego International Airport (SAN) and San Jose Municipal Airport (SJC). The application is protested by Air California (AC), a passenger air carrier, and is opposed by the Commission staff. Public hearing was held before Administrative Law Judge J. E. Thompson at Los Angeles on July 12 and 13 and on August 8, 1977. The matter was submitted on briefs filed October 14, 1977.

PSA is presently authorized to operate between SAN and SJC via three routes, all of which require stopping at an intermediate point, namely: Los Angeles International Airport (LAX), Long Beach Airport (LGB), and Hollywood-Burbank Airport (BUR). It is currently

operating mainly via BUR with some direct flights and connecting flights via LAX. It does not operate via LGB. AC is authorized to operate between SAN and SJC nonstop and one-stop via Orange County Airport (SNA) or Ontario International Airport (ONT). Its basic weekday operation consists of two round trips nonstop, two round trips via SNA, and two round trips via ONT.

The intense rivalry of PSA and AC in obtaining passenger air carrier authority has been a lawyer's delight. The history of proceedings involving the routes served by these airlines has not necessarily been a long one, but it certainly has been active. We do not recount it at length, but some background is necessary to an understanding of the issues here.

PSA has been operating as a passenger air carrier since 1949. At the time of the enactment of the Passenger Air Carriers Act in 1965 it had been providing service between SAN, LAX, BUR, Oakland International Airport (OAK), and San Francisco International Airport (SFO). Immediately thereafter it was granted authority to operate between SJC and LAX. It then combined its SJC-LAX route with the LAX-SAN route to provide service between SJC and SAN via LAX.

AC commenced passenger air carrier operations pursuant to a certificate granted on September 20, 1966 between SNA and SFO. Just before it had initiated that operation, PSA filed an application (No. 49001) requesting authority to serve SNA to and from SFO, among other points.^{1/} Before that application was submitted AC filed an

^{1/} There were extended proceedings in this application and a number of decisions were issued therein. The final determination was a denial without prejudice. PSA later filed another application for authority to serve SNA. Following proceedings therein it was determined that there were no longer facilities available to PSA at SNA and the application was denied.

application (No. 49522) requesting a certificate to operate between SNA and SJC and between SNA and OAK. Nineteen days later PSA filed for the same authority and the hearings were consolidated.

The end result of those proceedings was to grant AC the routes to SNA and to deny PSA routes to SNA. A reading of the several majority opinions, concurring opinions, and dissents in the decisions of those proceedings reflects the viewpoint that competition in transportation redounds to the public interest, but in the short run the fledgling AC could not hope to successfully compete with the aggressive well financed PSA, and in the long run the public would benefit if the fledgling were protected at its home base market (SNA) until it became established and secure.

The next confrontation^{2/} was when both carriers filed applications for routes between BUR and SJC and between BUR and OAK. They were both granted the certificates on June 11, 1968. AC operated for less than one year on those routes and requested its

2/ Since 1967 these carriers have filed applications, complaints, petitions, motions, and other pleadings by the bushel basket. When one carrier would apply for a route, the other would also file. We cannot recall of any time in which there were not several contested route proceedings before the Commission brought by these carriers. On a number of occasions the matters pending were consolidated for prehearing conference in order to establish priorities in the scheduling of hearings. Almost every one of the proceedings involved a multiplicity of filings of petitions and motions. In one such instance the Commission issued a procedural order to stop any further additional amendments, motions, or petitions. (D.78276, 71 CPUC 798.) We cannot think of any proceeding in which the two carriers were adverse parties where a petition for rehearing was not filed by the losing party. It is probable that route proceedings involving these two carriers over the past ten years have provided a full workload for one Administrative Law Judge, one court reporter, two staff attorneys, and two other staff members.

certificate be revoked. That gave some credence to the views expressed in some of the prior opinions, concurring opinions, and dissenting opinions that the smaller and weaker AC could not hope to successfully compete directly with PSA. This circumstance influenced the Commission in latter route proceedings. AC remained financially weak for a number of years; indeed there was some thought by the stockholders that it could not survive when it negotiated in December 1969 with PSA for the latter to acquire its certificates. When those negotiations broke off in June 1970 AC entered into negotiations with Westgate-California Corp. for the sale of its stock. That sale was authorized by the Commission on March 2, 1971. The new ownership was not optimistic regarding AC's survival because it soon entered into negotiations with PSA to merge into the latter. The Commission held little hope for AC's survival when it approved the proposed merger on February 23, 1973.^{3/} Actually, the gloomy forecasts proved to be erroneous. AC turned the corner from operating loss to operating profit in the last quarter of 1972. After May 1973 when PSA declined to exercise the authority to acquire AC by merger, the fledgling took off to successful operations and has been improving its financial condition ever since. This has been due in some part to the Commission's policy of apportioning routes among AC and PSA to permit AC expansion beyond SNA where it would not be in intensive competition with the larger trunkline carriers and protecting those routes so

3/ The situation at this time regarding AC's financial condition and prognostications for its survival, and a description of the Commission's policy towards making AC a viable airline in the California intrastate network, are described in Pacific Southwest Airlines Aquisition of Air California (1973) 75 CPUC 1.

as to permit only indirect competition with PSA.^{4/} It may be noted that on most of its routes PSA competes with United Airlines or one of the other giant CAB carriers. AC competes only on a few routes with Western Air Lines and Continental Airlines on those carriers' feeder routes. One of the issues presented in this application is whether the time has arrived when AC no longer needs to be protected from direct competition with PSA.

Another basic issue is whether there is a need for PSA's proposed service. This issue involves a number of considerations, one of which is the traffic potential for nonstop service between SAN and SJC. As is usual in these cases there were conflicting estimates in that regard. One of the estimates was a trend analysis made by the staff based upon historical origin and destination traffic between the points. To understand the reasons why we do not adopt the staff's estimate it is necessary to describe the manner in which operations were conducted and the reasons therefor.

As previously indicated, around 1966 PSA commenced transporting passengers between SJC and SAN via LAX. In 1968, as part of its application for authority to serve Long Beach, AC requested authority to operate between SAN and SJC nonstop. At about that time PSA began experiencing high load factors on the SJC-LAX segment. It commenced operating flights between SJC and SAN via BUR. AC filed a complaint. In hearings in AC's application PSA contended that there was no market for nonstop service between SAN and SJC, but hardly had the ink dried on the presiding officer's proposed report recommending a grant of authority, then it filed A-51059 requesting nonstop authority between SAN and SJC.

^{4/} The manner in which the Commission has apportioned routes between AC and PSA is described in Pacific Southwest Airlines (1975 Unreported) D.84769 in A.54206.

On August 6, 1969 the Commission ordered PSA to cease and desist operating the route, SJC-BUR-SAN. On September 3, 1969 the Commission granted AC the certificate to operate between SAN and SJC and between SAN and OAK a minimum of two daily round trips. On February 17, 1970 PSA was granted authority to operate between SJC and SAN via BUR.

Although AC received its certificate in September 1969 providing for a minimum of two daily nonstop round trips between SJC and SAN, it was not until May of 1976 that it achieved 40 percent of the traffic. However, it was not until April 1976 that it initiated two daily round trips between the points. After it received the certificate it requested extensions of time in which to inaugurate the service, which were granted. AC had requested that its certificate be modified to permit it to operate flights via SNA. This was granted in 1970 and in November of that year AC commenced a daily one-stop service between SJC and SAN and two nonstop flights per week. At that time AC's financial condition was very weak. It did not have the capital to acquire equipment for two daily nonstop round trips nor could it provide any frequency of service with viable load factors without an operation via an intermediate point such as SNA. AC continued that operation until September 8, 1971 when it instituted one daily nonstop round trip; however, it ceased that operation in July 1972. The Commission then ordered AC to reinstitute the one daily nonstop round trip by December 12, 1972. AC responded that it could not then comply and requested an extension of time. That was granted; however, on May 8, 1973 the Commission ordered a public hearing to be held to determine whether AC's

nonstop certificate should be revoked. On September 5, 1973, just a few days prior to prehearing conference in that matter, AC resumed one daily nonstop round trip. In April 1976 AC initiated two daily nonstop round trips.^{5/}

AC's difficulties with respect to providing service between SAN and SJC have been recounted in a number of Commission decisions. Basically, its problem until April 1976 was one of being able to offer sufficient frequency of one-stop service to support the nonstop service. Until then the only one-stop route it had was via SNA. It is limited in the number of daily takeoffs at SNA which resulted in SAN-SJC passengers competing with SNA-SJC passengers for seats on those flights. AC's load factors on the SNA-SJC segment were in excess of 70 percent and the flights on its SAN-SNA-SJC route were virtually booked to capacity by SNA-SJC passengers. That in turn had an adverse effect upon load factors for nonstop flights by AC because of the difficulty by passengers of obtaining passage on flights during the day which were not nonstop. That circumstance was alleviated in March 1976 when AC was granted authority to operate between SJC and SAN via ONT. In essence, prior to April 1976 AC's service was not a desirable one from the passenger's point of view, and the use of passenger statistics for AC would not reflect passenger demand.

^{5/} It should be noted that on August 12, 1975 in D.84769 in PSA's A.54206 the Commission expressed dissatisfaction with AC's service between SAN and SJC, and that on November 17, 1975 PSA filed A.56075 again requesting nonstop authority between SAN and SJC. Also, on March 23, 1976 the Commission granted AC authority to substitute two round trips per day between SAN and SJC via ONT for two round trips via SNA. Those circumstances influenced AC in the establishment of two nonstop round trips in April 1976.

The situation is somewhat similar in the case of PSA's service. While it is authorized to transport passengers between SAN and SJC via LGB, it does not do so. It is limited to operations it may perform at LGB and because of those limitations does not operate the short segment between LGB and SAN. In the past, PSA has scheduled only a few direct through flights between SJC and SAN via LAX, and those mainly on weekends and in the late evening during the week. Its daytime service on weekdays via LAX was predominantly a connecting service with other flights. The reason for this is high load factors on the SJC-LAX route. Until recently virtually all of PSA's direct through weekday service between SJC and SAN has been via BUR; however, it has encountered the same situation on that route as it did on the LAX route. PSA suffered a strike during December 1973 and the first part of 1974. From April 1974 through March 1977 there have been only three quarters out of the twelve when PSA's load factor over the SJC-BUR segment has been less than 70 percent. That means passengers are turned away on the peak hour flights. In essence the SAN-SJC passengers compete with BUR-SJC passengers for seats on the same flights.

The restraints upon the free flow of passenger air traffic between SAN and SJC described above are reflected in the passenger statistics. Between April 1974 and April 1976 AC transported between 12,167 and 16,473 passengers per quarter, and between April 1976 and April 1977 it transported between 24,635 and 27,775 passengers per quarter. During the 1974 to 1976 period AC averaged about 14,000 passengers per quarter. After April 1976 when it was able to schedule two round trips via ONT and the two nonstops, AC averaged about 26,000 passengers per quarter, or an increase of 86 percent.

At the beginning of 1976 PSA reduced its SAN-SJC connecting flight operations and changed its direct flights between SAN and SJC via BUR to operations with B-727-200 aircraft with 158 seats. Prior thereto it operated a number of daily flights with smaller aircraft (B-737s or B-727-100). We mentioned above that from April 1974 to April 1977 PSA's load factor on the SJC-BUR segment was consistently high, the average over that period was about 72.9 percent. During the 12 months ended March 31, 1977 its load factor on that segment averaged 71.1 percent. The inference to be derived is that when PSA made available more seats on its direct weekday flights they were quickly occupied.

As we have stated, the staff's estimate of potential passenger traffic is predicated upon a trend using raw historical O & D traffic data between SAN and SJC for the years 1971 through 1976. Even under ordinary circumstances passenger traffic volume is influenced by the service that is made available so that under optimum conditions projections of that type must be carefully evaluated. In this case, because of the operational considerations described above, at no time during that period until April 1976 did the service offered by either carrier, and both of them combined, provide the passenger desiring air transportation between SAN and SJC with any reasonable expectation of obtaining a seat on a direct flight that would be satisfactory and convenient to him. In other words, the service provided did not keep pace with the demand. Under such circumstances a projection based upon historical passenger traffic has little value in ascertaining the available traffic under conditions where operational restraints would be removed. We believe that were PSA to initiate two nonstop roundtrips per day between SAN and SJC as it proposes, that the total nonstop and one-stop traffic between those points would be stimulated by at least 50 percent of the additional seats that would be placed in that market.

There is not any question of PSA being able to do what it proposes to do and that the operation will add to PSA's profits. There also is not any question that the proposed operation will provide greater convenience for the passenger desiring to travel between SAN and SJC. In determining whether a proposed airline operation should be authorized we are required to consider a number of factors and weigh them in an evaluation of whether the proposed operation will contribute toward the establishment of an orderly, efficient, economical, and healthy intrastate passenger air network to the benefit of the people of this State, its communities, and the State itself. (Section 2739 of the Public Utilities Code.) In making the evaluation here we consider the advantages and disadvantages if the authority is granted and if it is denied.

If the application is granted the SJC-SAN passenger will have a better service. Assuming that PSA will maintain its level of service between BUR and SJC, it will afford passengers traveling between those points better opportunity to obtain seats on flights. Generally the public benefits from competition among competing forms of transportation; some exceptions are when the field is so dominated by one competitor that others cannot survive and another is when there is such rivalry among the competitors over a single route that they divert resources from other services in attempts to destroy or diminish the position of a competitor on a particular route, a situation such as PSA shifting its resources from its BUR-SJC route or from its BUR-SAN route where it virtually enjoys a monopoly to the detriment of adequate and convenient services between those points in order to submerge the SAN-SJC route with such service as to drive AC out of that market. We have little fear of either of these carriers diverting resources from other routes. Not because the carriers may not wish to, but because it is within the jurisdiction of the Commission to issue

orders to prevent it. The Commission has already ordered its staff to present suggested reasonable rules and procedures for the exercise by the Commission of its power under Section 2754 of the Public Utilities Code to receive and revise minimum schedules at intervals not exceeding one year, and for prescribing such minimum schedules of PSA and AC as terms and conditions required by public convenience and necessity for the exercise of the rights granted by certificates awarded to passenger air carriers. (D.88133 of November 22, 1977 in A.52291 and A.53441.) While it is not our intention in the exercise of that power to impair reasonable flexibility which will enable the carriers to schedule flights to meet changing public needs, it is also not our intention to receive minimum schedules which provide for a reduction in service on routes below the level of service the carrier has held itself out to perform and which is lower than the level of adequate service to meet the requirements of public convenience and necessity. When the adequacy and dependability of needed passenger air carrier service is affected no gamesmanship will be tolerated.

Another consideration of permitting PSA to compete directly with AC over this route is a possibility that AC could not effectively cope with that competition and would be driven from the SAN-SJC market. We do not foresee this occurring. AC has had two years of being able to provide a superior service in the market, and it has been able to obtain and hold 42 percent of the traffic even though it provides a much lesser percent of the total seats in that market. It has had opportunity to entrench itself. Also, even though PSA has a much greater identification in SAN than does AC, that is not the case at SJC. Out of SJC, PSA provides service only to LAX, LGB,

BUR, and SAN. AC provides service to Lake Tahoe, Sacramento, Fresno, ONT, SNA, Palm Springs, and SAN out of SJC. There is no denying that SJC is an important point on AC's route structure. SJC and SNA are the hubs of its service, just as LAX and SFO are the principal terminals and connecting points on PSA's route structure.^{6/} A diversion of traffic from AC at SJC would lessen its ability to promote and maintain efficiencies in operations through its principal connecting point on its routes. That is one reason, but not the only reason, why the Commission in 1975 denied PSA authority to operate nonstop between SAN and SJC.^{7/} The situation now is considerably different than it was in 1974 and 1975. AC has become a financially strong carrier. It finally has become a viable competitor with PSA in the SAN-SJC market. It has obtained additional routes to SJC, more particularly to Lake Tahoe and Fresno so that successful operation over its route structure, and more particularly to and from SNA, is not as dependent upon the SAN-SJC route.

We now consider the effects of a denial of this application. Unless there are changes in airport conditions at LGB, LAX, and BUR which we presently do not foresee, PSA is providing the maximum level of one-stop service between SAN and SJC that it can efficiently provide. It is effectively stopped from scheduling additional peak period schedules to meet existing and future needs by the public for expeditious air service between SAN and SJC. The situation where the BUR-SJC and the LAX-SJC passengers compete for seats during peak periods with the SAN-SJC passengers can only become worse until all three categories of passengers become so dissatisfied as to be driven away. PSA's problem is similar but inverse to what

^{6/} This matter is discussed fully in D.84769 in A.54206.

^{7/} Ibid.

was AC's problem on the SAN-SJC route. AC's prime time nonstop flights were not acceptable to the public because of the difficulty in getting a seat at other times on aircraft routed via SNA. Passengers will soon avoid PSA's service because of the difficulty in obtaining a seat during prime time on flights between BUR and SJC and between LAX and SJC. A continuance of that situation would not only make PSA an ineffective competitor in the SAN-SJC market but would also impair its ability to provide adequate, dependable, and efficient passenger air service between BUR and SJC and possibly between LAX and SJC.

In weighing the advantages and disadvantages to the public, the balance leans toward the granting of the authority sought. We do not foresee the disaster to AC that it and the staff portend; however, if head-on competition between these two carriers will be destructive of adequate and dependable passenger air carrier service to the public, it is at this time, and on this route particularly, that we should find out, because the carriers already compete for SAN-SJC passengers, and, because of the load factors on AC's SNA-SJC route, operations out of SAN are not as vital to AC's successful operations out of SNA as they were several years ago. If the dire portents that PSA will drive AC out of this market actually result, from an operational standpoint it will affect AC much less than would be the case on other of its routes and markets.

As we said earlier, the unrestricted free flow of commerce which results from competition among agencies of transportation ordinarily redounds to the public benefit. Of course, there is no real competition between a full grown hawk and a fledgling, but it can scarcely be maintained that AC is any longer a fledgling with respect to operations between SAN and SJC.

Findings

1. PSA is a passenger air carrier with extensive experience in the field of air operations in the transportation of passengers as a common carrier between numerous points in California. It is currently authorized to conduct operations between SAN and SJC over three routes, namely, via LAX, via BUR, and via LGB.

2. By this application it seeks authority to operate a nonstop service via a direct route with minimum schedules of two daily round trip flights. It proposes to conduct those operations with 158-passenger B-727-200 aircraft.

3. PSA has the insurance coverage and the financial ability to initiate and maintain the proposed operation.

4. The only other passenger air carrier service between SAN and SJC is performed by AC which is authorized and does operate between the points over the following routes: via nonstop direct, via SNA, and via ONT.

5. PSA initiated service between SAN and SJC in about 1966 via LAX. It shifted to providing service between SAN and SJC via BUR in 1968 because of load factors on the LAX-SJC route.

6. PSA commenced operations between LGB and SFO and between LGB and SAN in 1970 pursuant to a certificate awarded by the Commission. In 1974 it was awarded a certificate to operate between LGB and SJC/OAK. The city of Long Beach prescribed a maximum number of 6 total daily operations by PSA at LGB, and the Commission limited PSA's certificate accordingly.^{8/} Those limitations,

^{8/} Applications of Pacific Southwest Airlines and Air California
(1974) 76 CPUC 355.

together with the volume of traffic between LGB and other points, preclude PSA from offering service between SAN and SJC via LGB. In fact, PSA no longer operates between LGB and SAN.

7. Since April 1974 PSA's direct one-stop flights between SAN and SJC have ranged from 80 to 110 per week. Most of the weekday and peak hour flights have been via BUR. During the period April 1, 1974 to March 31, 1977 the load factor of PSA's flights between SJC and BUR averaged about 72.9 percent. In April 1976 PSA provided more seats on direct flights between SAN and SJC by substituting B-727-200 aircraft for smaller aircraft without any significant diminishing of load factors on the SJC-BUR segment. PSA has operated many more flights between SJC and LAX than between SJC and BUR. During the period April 1, 1974 to March 31, 1977 the load factors on PSA's flights between SJC and LAX averaged about 62.6 percent.

8. Even though PSA has maintained a high frequency of service between SJC and SAN, between SJC and BUR, and between SJC and LAX, it has not been able to accommodate the public demand for service during peak hours between those points by reason of the volume of traffic on the SJC-BUR and SJC-LAX segments during those peak times.

9. Until April 1976 AC's airline service between SAN and SJC was inadequate and unattractive to the public. When in April 1976 AC rerouted two of its one-stop round trips between SAN and SJC from the SNA route to the ONT route and increased the number of daily round trip nonstop flights from one to two, its traffic increased by 86 percent.

10. A projection of potential traffic between SAN and SJC based upon a trend of the number of passengers transported by PSA and AC during the historical period 1971 through March 1977 without

adjustments to reflect the circumstances related in Findings 5 through 9 above is inadequate and unreliable.

11. If PSA provides a minimum of two nonstop round trips daily between SAN and SJC as it proposes during traffic peaks, it will open up seats for additional traffic on PSA's SJC-BUR and SJC-LAX routes, and will increase the total O & D traffic between SAN and SJC by at least 50 percent of the additional seats that it places in that market. It is a needed service.

12. AC is in a strong and healthy position both financially and with respect to routes to and from SJC. It has had reasonable and sufficient opportunity to develop and entrench itself in the SAN-SJC market and it has done so. It transports over 40 percent of the traffic between those points even though it offers much less than that percentage of seats in that market. It is, and should continue to be, a viable competitor with PSA for traffic between SAN and SJC. If PSA institutes nonstop operations between SAN and SJC, its proportionate share of that market will increase by reason of that new service; however, any diversion of passengers from AC's operation should not be significant.

13. The operation of nonstop flights by PSA between SAN and SJC will not only provide a needed service but will also enable that carrier to conduct more economical and efficient operations, including the more efficient use of fuel, between SJC, on the one hand, and LAX, BUR, and SAN, on the other hand; and will contribute towards an orderly, efficient, economical, and healthy intrastate passenger air network to the benefit of the people of this State, its communities, and the State itself.

14. PSA now conducts operations with B-727-200 aircraft at SJC and SAN, and there are a number of other carriers that operate

that aircraft and larger jet aircraft at those airports. PSA and the other carriers now may increase operations at those airports without authority of this Commission. The authorization of the operation proposed by PSA will not have any significant effect upon the environment.

15. Public convenience and necessity require the operation by PSA as proposed in this application.

16. In order to facilitate the printing and distribution of the summer timetables the order should be made effective on the date hereof.

We conclude that the application should be granted.

PSA is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Pacific Southwest Airlines, a corporation, authorizing it to operate as a passenger air carrier, as defined in Section 2741 of the Public Utilities Code, over a direct nonstop route between San Diego International Airport and San Jose Municipal Airport.

2. Appendix A of Decision No. 79085, as amended, is further amended by incorporating therein Eighth Revised Page 2 attached hereto, and by this reference made a part hereof.

3. The motions by Air California for dismissal and for a proposed report are denied.

4. PSA and Air California are to report to the Commission each month the prior month's load factors on a day-to-day basis between San Diego and San Jose. The Commission will expect that flight schedules will be arranged so that the overall load factors between San Diego and San Jose will remain compensatory for each carrier.

5. In providing service pursuant to the authority granted by this order, applicant shall comply with the following service regulations. Failure so to do may result in a cancellation of the authority.

- (a) Within thirty days after the effective date of this order, applicant shall file a written acceptance of the certificate granted. By accepting the certificate applicant is placed on notice that it will be required, among other things, to file annual reports of its operations and to comply with the requirements of the Commission's General Orders Nos. 120-Series and 129-Series.
- (b) Within one hundred twenty days after the effective date of this order, applicant shall establish the authorized service and file tariffs, in triplicate, in the Commission's office.
- (c) The tariff filings shall be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the establishment of the authorized service.

- (d) 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 No. 105-Series.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 31st
day of 1 MAY, 1978.

I concur:

Ordering paragraph 4 provides the means by which we are to be assured that PSA & Air California do not engage in destructive competition. We should keep close watch over the conduct of each carrier in face to face competition.

Richard P. Howell

*I concur in part
and dissent in part.
William Syronus, Jr.*

Robert Bateman
President
William Syronus, Jr.
Vernon L. Sturgeon
Richard P. Howell

Commissioners

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

Routes (Continued)

19. Between San Diego International Airport and Sacramento Metropolitan Airport via intermediate point of Oakland Metropolitan International Airport.
20. Between San Diego International Airport and Sacramento Metropolitan Airport via intermediate point of Hollywood-Burbank Airport.
21. Between San Diego International Airport and Sacramento Metropolitan Airport via intermediate points of Hollywood-Burbank Airport and Oakland Metropolitan International Airport.
22. Between San Francisco International Airport and Los Angeles International Airport via Stockton Metropolitan Airport and Fresno Air Terminal, with San Francisco International Airport and/or Los Angeles International Airport being a terminal point on the route and with Stockton Metropolitan Airport and/or Fresno Air Terminal being served as intermediate points or as a terminal point on the route; and with the right to conduct direct and/or connecting service to San Diego International Airport from the Los Angeles International Airport, and to Sacramento Metropolitan Airport from the San Francisco International Airport.
23. Between San Francisco International Airport and San Diego International Airport via Stockton Metropolitan Airport and Fresno Air Terminal, with San Francisco International Airport and/or San Diego International Airport being a terminal point on the route and with Stockton Metropolitan Airport and/or Fresno Air Terminal being served as intermediate points or as a terminal point on the route.
24. Between Lake Tahoe Airport, on the one hand, and Sacramento Metropolitan Airport, San Francisco International Airport, Hollywood-Burbank Airport, Los Angeles International Airport and San Diego International Airport, on the other hand, with each of the last five named airports being either a terminal or intermediate point for this route.
25. Between San Francisco International Airport and Los Angeles International Airport via Monterey Peninsula Airport, with San Francisco International Airport and/or Los Angeles International Airport being a terminal point on the route and with Monterey Peninsula Airport being served as an intermediate point or as a terminal point on the route.
- #26. Nonstop between San Diego International Airport and San Jose Municipal Airport.

Issued by California Public Utilities Commission.

#Added by Decision No. 88921, Application No. 57064.