

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of

HUGHES AIR CORP.
d/b/a HUGHES AIRWEST

under the Shortened Procedure Tariff)
Docket to file fares governing the)
introduction of a new Business)
Coach Class of service.)

Application No. 58298
(Filed August 17, 1978)

O P I N I O N

By this application, Hughes Air Corporation, d.b.a. Hughes Airwest, seeks Commission authorization to introduce not later than October 1, 1978, increased fares governing a new type of service which will be designated as Business Coach Class. The carrier states that it plans to implement this new class of service on October 1, 1978, on all of its Douglas DC-9 aircraft in a newly configured forward section of this aircraft, consisting of four rows of four-abreast seating versus five-abreast seating in the rear commuter section. It states that four rows of new wider seats are to be installed at a minimum/maximum seat pitch of 35/38 inches. Concurrently, the seat pitch in the commuter section will be modified to 34/36 inches. The carrier is asking to publish fares for the Business Coach service at 125 percent of the applicable commuter fare (rounded to reflect even dollar amounts when the eight percent transportation tax is added). The carrier states that it will not offer the extensive in-flight amenities normally associated with forward compartment First-Class service.

Hughes Airwest asserts that the 25 percent fare differential will provide a revenue return compensatory to the increase in seating, comfort and work space provided by the more expensive seating arrangement. The carrier further claims that the introduction of the proposed Business Coach service will increase its gross revenue approximately \$183,700 annually, which it states is less than one percent of its total revenue.

The carrier claims that it does not believe a public hearing is required for the introduction of these new fares nor does it believe that a fare increase as defined in Rule 2.5 of General Order 105-A exists.

Rule 2.5 of General Order 105-A states:

"Changes in a rate not resulting in an increase may be made by an air transportation company on not less than 30 days' notice to the Commission and to the public by filing with the Commission an appropriate tariff. Unless rejected or suspended by the Commission, such rate shall become effective upon the effective date shown in the tariff." (Emphasis added).

Rule 2.6 states:

"Tariffs may be issued and filed on not less than 5 days' notice to the Commission and to the public prior to the effective date thereof for any of the following purposes:

"To publish rates governing a new type of service not involving an increase." (Emphasis added).

The staff contends that Hughes Airwest is in error when it claims no authority is required for publication of rates that are 125 percent of the present fares. We agree. There is no doubt that this new service results in a higher fare even though the seating may be more spacious.

The application was filed on August 17, 1978, and appeared on the Commission Calendar on August 18, 1978. No protests or requests for public hearing have been received. After due consideration, the Commission finds that the applicant's request is within reason and should be granted in order to give the public an opportunity to avail itself of this new type of service. A public hearing is not necessary.

In order to allow Hughes Airwest to implement its new service by October 1, 1978, the order should be made effective on the date hereof.

O R D E R

IT IS ORDERED that:

1. Hughes Airwest is authorized to establish its proposed Business Coach class fares as proposed in this application.
2. Tariff publications authorized to be made as a result of this order may be made effective on not less than five days' notice to the Commission and to the public.
3. The authority shall expire unless exercised within 90 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 is the date hereof.

Dated at San Francisco, this 19th day of SEPTEMBER, 1978.

President
William J. Sweeney

Thomas L. Sturgeon

Robert D. Howell

Clair L. Schick
Commissioners

Commissioner Robert Batnovich, being necessarily absent, did not participate in the disposition of this proceeding.