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AIR CALIFORNIA

Decision No. 89743

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Air California to increase its Intrastate Passenger Fares.

Application No. 58126
(Filed June 9, 1978)

SECOND INTERIM OPINION AND ORDER

In Decision No. 89161 dated July 25, 1978 Air California was authorized "to establish increased air fares and discount air fare programs not to exceed 15 percent by way of increase over present fares and not to exceed 35 percent by way of discount under present fares..." This authority will expire July 25, 1979. On motion made November 27, 1978 Air California seeks authority to round its fares to the nearest dollar. No protests have been received. ✓

Air California asserts that at present all of its fares are stated in even dollar amounts. Under the authority granted in Decision No. 89161, however, certain increases will result in a fare which includes a portion of fifty cents or more and some with a portion less than fifty cents. Because of the 15 percent limit on fare increases the portion of fifty cents or more cannot be rounded up to an even dollar. If rounding is authorized Air California will round all portions of fifty cents or more up to the nearest dollar and all portions of less than fifty cents down to the nearest dollar. The net effect on rates is expected to be minimal.

Air California asserts that the resultant rounding will benefit both the traveling public and the airline. Air California states that even dollar fares are easiest and fastest for the passenger to understand, compute, compare, and negotiate; even dollar fares are easiest for the carrier's agents and travel agents to use in quoting fares and preparing tickets; the computer tapes which store the rate information for Air California and for all major carriers are programmed to the nearest dollar, and any other kind of fare must be specially programmed at considerable cost in manpower and expense; and

fares on file with the Civil Aeronautics Board are rounded to the nearest dollar, except for those covering some intrastate routes.

Pursuant to Decision No. 89161 Air California wants to increase some fares on December 18, 1978. Air California seeks authority to round to the nearest dollar in time for this increase. The Commission, having considered the motion in the light of the record, makes the following findings and conclusion.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Rounding fares to the nearest dollar (fifty cents or more rounded up; forty-nine cents or less rounded down) will be beneficial to the traveling public, travel agents, and the airline.
3. Any increase in rates authorized herein is justified and the rates and charges authorized herein are reasonable.
4. Air California should be permitted to file the tariff publication authorized to be made as a result of this order on not less than five days notice to the Commission and the public.
5. In order to implement the program of experimental rates provided for in Decision No. 89161, this order should be made effective on the date hereof.

Air California should be authorized to round its fares to the nearest dollar after instituting the increases and decreases in rates authorized by Decision No. 89161.

IT IS ORDERED that:

1. Air California is authorized to round its fares to the nearest dollar after instituting the increases and decreases authorized by Decision No. 89161.
2. The tariff filings made pursuant to this order may be made on not less than five days notice to the Commission. In all other respects they shall comply with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 105-Series.

3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its terminals a printed explanation of its proposed fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 12th day of DECEMBER, 1978.

Robert Bateman
President
William J. ...
Vernon L. ...
Charles B. ...
Walter T. ...
Commissioners