

**ORIGINAL**Decision No. 54918

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation into the practices )  
of CALIFORNIA COASTAL AIRLINES, )  
a corporation, doing business as )  
CALIFORNIA CENTRAL AIRLINES. )

Case No. 5867

H. R. Phinney, Perry H. Taft and E. K. Sherman, for respondent.  
James M. Cooper and Charles C. Miller,  
for San Francisco Chamber of Commerce,  
interested party.  
Harold J. McCarthy, for the Commission  
staff.

O P I N I O N

This investigation was instituted by the Commission on December 27, 1956. Three purposes are stated: first, to determine if respondent has violated provisions of its filed tariff; second, to determine whether a cease and desist order should issue; third, to issue any other lawful order justified by the evidence. Public hearings were held in San Francisco on January 28, March 1 and 20, and in Los Angeles on February 11, 1957. The first hearing was held before Commissioner Untereiner and Examiner Power. The last three before the examiner only.

A rate expert of the Commission staff testified. Through this witness five exhibits were introduced into the record. The last four of these represented a continuing tabulation of information derived from informal complaints by patrons of respondent's services.

Thirty-three public witnesses testified concerning practices of respondent. Three of these testified on behalf of the Better Business Bureaus of San Francisco, Oakland and Los Angeles, respectively. The remainder were customers of respondent.

The oral evidence supports the staff exhibits completely. No defense was ever offered. Respondent's participation was restricted to occasional cross-examination of witnesses and requests for continuances.

It is clear from the record that at least since early October, respondent has not complied with its filed rules and regulations relating to refunds; that it has canceled and seriously delayed scheduled flights without promptly notifying passengers; that in many such cases passengers have had to purchase transportation on other lines, and refunds have been delayed for months; and that in all more than 200 informal complaints were received.

The overwhelming majority of the complaints were not settled up to the date of the final hearing.

The ensuing order will direct respondent to cease violating its tariff, to stop selling tickets when flights are not likely to be operated and to pay refunds that are due, and will provide that this investigation be continued until such time as all refunds have been accomplished.

#### O R D E R

Public hearings having been held and the Commission basing its order on the evidence referred to in the foregoing opinion,

IT IS ORDERED:

1. That respondent California Coastal Airlines, doing business as California Central Airlines, cease and desist from violations of its tariff rules and regulations currently on file with this Commission.
2. That respondent cease and desist from soliciting or accepting fares from or ticketing passengers on any flight unless respondent has the intention and apparent ability to operate the schedule

for which such solicitation, acceptance of fares or ticketing have been performed.

3. That respondent shall immediately institute a program for making refunds to all persons entitled thereto, including, but not limited to, those listed in Exhibits Nos. 2, 2-A, 2-B and 2-C in evidence in this proceeding.

4. That respondent shall file written reports with the Commission on the first and sixteenth days of each calendar month commencing on the first day of the first month after the effective date of this order, detailing the progress made in compliance with paragraph 3 hereof during the preceding period.

5. That respondent be, and it is ordered to publish a revised Rule and Regulation No. 15, paragraphs (A) and (B) in lieu of respondent's presently filed Rule and Regulation No. 15, paragraphs (A) and (B) which shall read as follows:

"RULE 15 - REFUNDS

(A) Involuntary.

(1) Refund will be paid immediately by CCA upon surrender of the unused portion of a passenger's ticket at any ticket office.

(2) Subject to Rules 11(B) and/or 14(C) the amount of refund shall be determined as follows:

(a) If no portion of the ticket has been used, an amount equal to the fare and charges applicable to the ticket issued to the passenger,

(b) If a portion of the ticket has been used - either - (i) At a Point on Routing - an amount equal to the one-way fare and charges applicable to the transportation covered by the unused portion of the ticket, less the same rate of discount that was applied in computing the original cost of the ticket, except on round-trip tickets, the amount will be one half of the round-trip fare or fares applicable to the transportation covered by the unused portion of the ticket.

(B) Voluntary.

(1) Subject to Rule 19 CCA will immediately at the request of a passenger and upon surrender of the unused portion of a ticket, refund

(a) If no portion of the ticket has been used, an amount equal to the fare and charges applicable to the ticket issued to the passenger.

(b) If a portion of the ticket has been used, an amount equal to the difference between the fare and charges applicable to the ticket issued to the passenger and the fare and charges applicable to the transportation of the passenger covered by the used portion of the ticket.

6. That respondent shall make the filing required by paragraph 5 of this order on or before the fifth day after the effective date hereof and shall make the revision effective on five days notice to the Commission and public.

7. That this investigation will be continued to a date hereafter to be set.

The effective date of this order shall be twenty days after the date hereof.

Dated at Los Angeles, California, this 30th day of April, 1957.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners