

Decision No. 62119

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of AVALON AIR TRANSPORT, INC.,)
for order authorizing increase)
of certain local intrastate)
passenger fares.)

Application No. 43195

OPINION AND ORDER

Avalon Air Transport, Inc., transports passengers by aircraft as a common carrier between Avalon Bay and Santa Catalina Airport, Santa Catalina Island, on the one hand, and Long Beach Harbor, Long Beach Municipal Airport, Los Angeles Airport and Lockheed Air Terminal, Burbank, on the other hand. It proposes to discontinue passenger service to Catalina Airport and to Lockheed Air Terminal, Burbank. It seeks authority herein to increase certain passenger fares. The present and proposed fares are set forth in Appendix A, attached hereto.

Applicant inaugurated air service between Long Beach Municipal Airport and Avalon Bay on August 27, 1953. Service to other points was established thereafter; Long Beach Harbor in 1957, Lockheed Air Terminal and Catalina Airport in 1960. The fares have never been increased. In April 1960 a 25 cent per passenger tax imposed by the City of Avalon, which had been assessed by applicant separately, was incorporated into the fares to and from Avalon. The book-ticket fares were established May 16, 1960.

Service to Avalon Bay is performed with Grumman Goose (G21A-amphibian) and Sikorsky (VS-44-seaplane) aircraft. Douglas DC-3 aircraft is used to serve Catalina Airport. The demand for

service is greatest during the summer months by reason of the tourist and vacationing public on Santa Catalina Island.

Financial statements appended to the application show that for the year ended December 31, 1960, applicant had a loss of \$101,122. Operating expenses, not including depreciation expense, exceeded the operating revenues. The loss was attributed to increases in wages, taxes and insurance and loss of traffic occasioned by the return to service of the S.S. Catalina.

Applicant presented an estimate of the operating results for a future year under present fares and under proposed fares.

AVALON AIR TRANSPORT, INC.
Forecast 1961 Results

	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues	\$590,200	\$599,600
Expenses:		
Flight Expense	186,500	183,300
Maintenance	128,700	126,300
Station Expense	129,500	124,500
Insurance	58,000	56,100
Administrative	95,700	95,200
Depreciation	<u>62,300</u>	<u>62,300</u>
Total Expense	\$660,700	\$647,700
Operating Income	\$(70,500)	\$(48,100)

(Red Figure)

The Commission's Transportation Division made a study of the operations of applicant, which study is hereby made a part of this record and identified as Exhibit No. 1. The study made by an associate transportation engineer, also shows that operations under the proposed fares would be conducted at a loss.

The City of Burbank protests the discontinuance of air service by applicant between Lockheed Air Terminal and Santa Catalina Island. The jurisdiction of the Commission over airlines includes the regulation of intrastate fares (People v Western Airlines, Inc. (1954) 42 Cal. 2d 621; appeal dismissed 348 U.S. 359),

but the Commission is without power to grant, withhold, or modify operating authority.

Upon consideration of all of the facts and circumstances we find that the increases in fares are justified and that a public hearing is not necessary.

The month of June commences the peak season of traffic; accordingly, applicant will be authorized to place the proposed changes in fares in effect within the earliest possible time. Therefore,

IT IS ORDERED that Avalon Air Transport, Inc., is authorized to establish, on not less than three days' notice to the Commission and to the public, the proposed passenger fares as set forth in Appendix A attached hereto; provided, however, that such authority shall expire unless exercised within sixty days after the date hereof.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 7th day of June, 1961.

Paul E. Mitchell
President

George T. Hoover

Frederick B. Holbrook
Commissioners

APPENDIX A

AVALON AIR TRANSPORT, INC.

Passenger Fares in Dollars

TYPE	ROUTE BETWEEN	PRESENT FARE	PROPOSED FARE
Adult One-Way	Long Beach Harbor-Avalon Bay	4.75	5.50
Child One-Way	" " " " "	2.38	3.00
Book Ticket	" " " " "	40.38**	45.00**
Adult One-Way	Los Angeles-Avalon Bay	7.25	8.50
Child One-Way	" " " " "	3.63	4.25
Book Ticket	" " " " "	61.63**	70.00**
Adult One-Way	Long Beach Airport-Avalon Bay	6.00	6.00*
Child One-Way	" " " " "	3.00	3.00*
Book Ticket	" " " " "	51.00**	50.00R**
Adult One-Way	Burbank-Avalon Bay	9.00	Cancel
Child One-Way	" " " "	4.50	"
Book Ticket	" " " "	76.50**	"
Adult One-Way	Long Beach Airport-Catalina Airport	4.00	Cancel
Child One-Way	" " " " "	2.00	"
Book Ticket	" " " " "	34.00**	"
Adult One-Way	Los Angeles-Catalina Airport	5.50	Cancel
Child One-Way	" " " " "	2.75	"
Book Ticket	" " " " "	46.75**	"
Adult One-Way	Burbank-Catalina Airport	7.00	Cancel
Child One-Way	" " " " "	3.50	"
Book Ticket	" " " " "	59.50**	"

* No Change

** Ticket Books 10 Rides Each

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