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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of AIR CALIFORNIA for an order)
of exemption.)

Application No. 50231
Filed May 10, 1968

O P I N I O N

This is an application for an order of the Commission exempting Air California from the provisions of Article 5, Chapter 4, Part 1, Division 1 of the California Public Utilities Code. Such article defines the jurisdiction of this Commission over the issuance of securities by public utilities.

Applicant is a California corporation operating as an intrastate air carrier pursuant to certificated authority granted by this Commission. The application shows that the company operates also pursuant to certification by the Federal Aviation Agency.

In connection with a proposed issuance of convertible debentures the company reports that on April 1, 1968 it filed a registration statement with the Securities and Exchange Commission, and on April 18, 1968, it filed an application with the California Division of Corporations for an appropriate permit.

Section 829 of said Article 5 reads as follows:

"This article shall not apply to any person or corporation which transacts no business subject to regulation under this part, except performing services or delivering commodities for or to public utilities or municipal or other public corporations primarily for resale or use in serving the public or any portion thereof but shall nevertheless apply to any public utility if the commission finds, in a proceeding to which the public utility is or may become a party, that the application of this article is required by the public interest. The commission may from time to time by order or rule, and subject to such terms and conditions as may be prescribed therein, exempt any public utility or class of public utility from the provisions of this article if it finds that the application thereof to such public utility or class of public utility is not necessary in the public interest."

Carriers by air are not public utilities as defined in the Public Utilities Act (Part 1 of Division 1 of the California Public Utilities Code) and this Commission consequently has not asserted jurisdiction over the issuance of securities by such carriers. However, Article XII of the Constitution of the State of California, and Chapter 4, Part 2, Division 1 of the Public Utilities Code confer certain jurisdiction on this Commission with respect to air carriers. Because of the jurisdiction thus conferred some question has been raised regarding the regulatory authority of this Commission over security issues of carriers by air. Applicant filed this application for the purpose of clarifying the jurisdictional question.

After consideration we find that, if and to the extent this Commission may now have jurisdiction over the issuance of securities by carriers by air, the application of said Article 5 to Air California is not necessary in the public interest. On the basis of this finding we conclude that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that, to the extent this Commission may now have jurisdiction over the issuance of securities by Air California, such issuance is hereby exempted from the provisions of Article 5, Chapter 4, Part 1, Division 1 of the California Public Utilities Code.

The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 14th day of MAY, 1968.

[Signature]
President

[Signature]

[Signature]

[Signature]

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Commissioners