

**ORIGINAL**

Decision No. 74248

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of AIR CALIFORNIA for a certificate )  
of public convenience and necessity. )

Application No. 50072  
(Filed March 5, 1968)

Application of PACIFIC SOUTHWEST )  
AIRLINES for a certificate of public )  
convenience and necessity, in either )  
direction, between San Jose/Oakland )  
and Hollywood-Burbank Airports. )

Application No. 50083  
(Filed March 11, 1968)

- J. Thomas Talbot, for Air California.
- John W. McInnis, for Pacific Southwest Airlines.
- John E. Nolan, for Board of Port Commissioners - Port of Oakland;
- Gordon W. Stanton, for Lockheed Air Terminal and Lockheed Aircraft Corporation; Lloyd S. MacDonald, for SFO Helicopter Airlines; Kenneth C. Delaney, for Los Angeles Area Chamber of Commerce and Hollywood-Burbank Airport; Donald C. Atkinson, for the City of San Jose, interested parties.
- S. M. Boikan, for the Commission staff.

O P I N I O N

By the instant applications, Air California (AC) and Pacific Southwest Airlines (PSA) request authority to operate between Hollywood-Burbank, on the one hand, and San Jose and Oakland, on the other hand. In addition AC requests authority to operate between Ontario, on the one hand, and San Jose and Oakland, on the other hand.

Public hearing was held before Examiner Daly at San Francisco on May 21 and 22, 1968, with the matters being submitted on the latter date. Except for initially filed mutual protests, which were withdrawn by applicants during the course of hearing, no appearance was made in protest to the applications.

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AC proposes four round trips daily between Ontario and Oakland and San Jose and four round trips daily between Hollywood-Burbank and San Jose and Oakland. Service would be provided in L-188 Electra Turbo-Prop Aircraft and DC-9 Jet Aircraft. The proposed one-way fares, regardless of aircraft used, are as follows:

Ontario and San Jose	\$14.85
Ontario and Oakland	14.85
Hollywood-Burbank and Oakland	13.50
Hollywood-Burbank and San Jose	13.50

As of December 31, 1967, AC indicated a net worth in the amount of \$1,536,412. According to the controller of AC this applicant presently has in effect insurance policies which comply with the Commission's rules and regulations.

PSA also proposes to operate four round trips daily between Hollywood-Burbank and San Jose and Oakland. Service would be provided by a variety of aircraft including L-188 Electra Turbo-Prop, Boeing 727-100, Boeing 727-200, Boeing 737 and DC-9's. The proposed one-way fares are as follows:

Electra Aircraft

Between Hollywood-Burbank and San Jose/Oakland \$11.43

DC-9, Boeing 727, Boeing 737

Between Hollywood-Burbank and San Jose/Oakland 13.50

As of December 31, 1967, PSA indicated a net worth in the amount of \$38,524,913. According to the finance officer of PSA his company has in effect insurance policies in compliance with the Commission's rules and regulations.

Each of the applicants introduced market studies prepared by independent research consultants. Both of the expert witnesses who prepared the studies were of the opinion that the Hollywood-Burbank and San Jose, Oakland markets are capable of supporting two carriers. Based upon an estimated annual growth of approximately

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18 percent for the next seven years, it is expected that operations between these corridors will contribute greatly towards reducing congestion at the Los Angeles and San Francisco airports. A representative of the Los Angeles Airport Authority testified that a program of satellite airports has been inaugurated in an attempt to alleviate the present and anticipated burden upon the Los Angeles International Airport facilities.

With respect to the Ontario, San Jose, Oakland operation the AC study indicates that the 1969 potential traffic for the Ontario-Oakland market should approximate 268,213 and the Ontario-San Jose market should be approximately 184,769.

After consideration, the Commission finds that public convenience and necessity require the granting of the applications; that applicants possess the necessary experience in the field of air operations, financial ability to economically and adequately conduct the proposed services and have in effect insurance policies in compliance with the Commission's rules and regulations.

Air California and Pacific Southwest Airlines are placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. Certificates of public convenience and necessity are hereby granted to Air California and Pacific Southwest Airlines, authorizing them to operate as passenger air carriers as defined in Section 2741 of the Public Utilities Code, as set forth in Appendices A and B, respectively, attached hereto and hereby made a part hereof.

2. In providing service pursuant to the certificates herein granted, applicants shall comply with and observe the following service regulations:


Within thirty days after the effective date hereof, applicants shall file a written acceptance of the certificates herein granted. By accepting the certificates of public convenience and necessity herein granted, applicants are placed on notice that they will be required, among other things, to file annual reports of their operations and to comply with and observe the insurance requirements of the Commission's General Order No. 120-A. Failure to file such reports in such form and at such time as the Commission may direct, or to comply with and observe the provisions of General Order No. 120-A, may result in a cancellation of the operating authority granted by this decision.


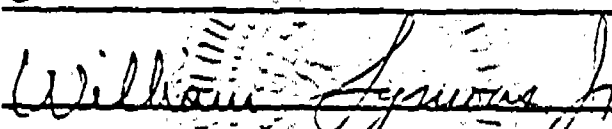
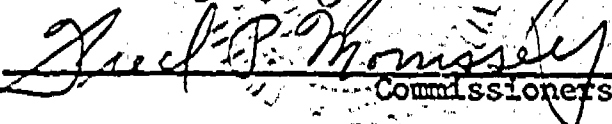
Within one hundred and twenty days after the effective date hereof, applicants shall amend their tariffs and timetables to reflect the authority herein granted. Such filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public and shall comply with the regulations governing the construction and filing of tariffs in the Commission's General Order No. 105-A.

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

Dated at Los Angeles, California, this 11<sup>th</sup>  
day of JUNE, 1968.

  
President

  
  
  
Commissioners

Commissioner William M. Bennett, being  
necessarily absent, did not participate  
in the disposition of this proceeding.

Commissioner A. W. GATOV

Present but not participating.

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APPENDIX A

AIR CALIFORNIA

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Air California, by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to transport passengers in either direction in Lockheed L-188 (Electra) Aircraft or Douglas DC-9 Aircraft with a minimum of four round trips daily:

Between San Jose Municipal Airport and Oakland International Airport, on the one hand, and Hollywood-Burbank Airport and Ontario International Airport, on the other hand.

Restriction:

The authorization granted herein is limited to the specific route segments set forth herein.

Issued by California Public Utilities Commission.

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APPENDIX B

PACIFIC SOUTHWEST AIRLINES

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Pacific Southwest Airlines, by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to transport passengers in either direction in Lockheed L-188 (Electra) Aircraft, Douglas DC-9, Boeing 727-100, Boeing 727-200 and Boeing 737 Aircraft with a minimum of four round trips daily:

Between San Jose Municipal Airport and Oakland International Airport, on the one hand, and Hollywood-Burbank Airport, on the other hand.

Restriction:

The authorization granted herein is limited to the specific route segments set forth herein.

Issued by California Public Utilities Commission.

Decision No. 74248, Application No. 50083.