

ORIGINAL

Decision No. 74543

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of HOLIDAY AIRLINES,
INC. to add new route.

} Application No. 49827
(Filed November 30, 1967;
Amended May 10, 1968) /

Robert S. Rutledge, of Janvier and Rutledge,
for Holiday Airlines, Inc., applicant.
R. E. Costello, for Air West, Inc., interested
party.
David R. Larrouy, Counsel, and Kenji Tomita,
for the Commission staff.

O P I N I O N

By this application Holiday Airlines, Inc. seeks authority to carry passengers and cargo between Los Angeles, California, Burbank Airport and South Lake Tahoe, Tahoe Valley Airport. By amendment filed May 10, 1968 it requested temporary authority to fly this route. Such temporary authority was granted by Decision No. 74154 dated May 21, 1968.

Public hearing was held before Examiner Porter at South Lake Tahoe on May 14-15, 1968, at which time the matter was submitted.

Holiday Airlines, Inc., by Decision No. 71648, was granted a certificate of public convenience and necessity on December 6, 1966 for air travel between the Tahoe Valley Airport, on the one hand, and Oakland International Airport and San Jose Municipal Airport, on the other hand. By Decision No. 78805 dated April 18, 1967, the certificate of public convenience and necessity granted to Holiday Airlines, Inc., by Decision No. 71648, was amended to authorize Holiday Airlines, Inc. to transport passengers by air in either direction on said route by Douglas DC-3 aircraft. By Decision No. 73812 dated March 5, 1968, the certificate of public convenience and necessity granted to Holiday Airlines, Inc., by Decision

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No. 71648, was further amended to authorize Holiday Airlines, Inc. to transport passengers by air in either direction on said route by Douglas DC-6 aircraft or Douglas DC-3 aircraft.

Applicant has ample insurance coverage pursuant to General Order No. 120-A adopted October 22, 1964, effective January 1, 1965.

Applicant stated that its major shareholders agreed to have on deposit \$75,000 and to maintain such balance in a separate bank account, for a period of six months after commencement of the Lake Tahoe - Burbank service, as a reserve to be used in an unrestricted manner when, as and if necessary, in the operation of Holiday Airlines, Inc.

Key technical and management personnel now operating Holiday Airlines, Inc. will be supplemented by additional personnel to support the new proposed route.

At the present the applicant proposes to use DC-6 aircraft on the Burbank-Lake Tahoe route. Later, when financial conditions are favorable, it proposes to utilize Lockheed Electra Jets.

The need for the service was attested to by members of the Chamber of Commerce and civic groups at South Tahoe who testified to the rapid growth of the South Tahoe area as a recreation center.

Applicant proposes to vary the number of schedules and trips with the seasons, but will offer not less than one round trip per day.

There were no protests to the application.

The proposed fares to be charged are: Burbank-Lake Tahoe-one-way - \$19.95 and round trip - \$39.90.

Findings

1. Holiday Airlines, Inc. possesses the business experience in the field of air operations, the financial stability and the requisite insurance coverage to receive a certificate of public convenience and necessity.

2. There presently exists a public need for the passenger air carrier service proposed by Holiday Airlines, Inc.

3. Holiday Airlines, Inc. can economically give adequate service to the communities involved flying the type of aircraft and minimum schedule proposed and charging the fares set forth in the ensuing order.

Based upon the foregoing findings of fact, the Commission concludes that the application should be granted.

Holiday Airlines, Inc. is hereby 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. A certificate of public convenience and necessity be granted to Holiday Airlines, Inc., authorizing it to operate as a passenger air carrier as defined in Section 2741 of the Public Utilities Code, as set forth in Appendix A, attached hereto and hereby made a part hereof.

2. The authority granted in paragraph 1 is limited to the specific route segment set forth in Appendix A and shall not be combined with previously granted authorities.

3. In providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations:

- (a) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its 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.
- (b) Within one hundred and twenty days after the effective date hereof, applicant shall establish the service herein authorized and file tariffs, in triplicate, in the Commission's office.
- (c) The tariff filings shall be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the establishment of the service herein authorized.
- (d) The tariff filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 105-A.

- (e) Subsequent to the commencement of the Burbank - Lake Tahoe service, applicant for a period of six months, shall file monthly financial statements separating common carrier operations from its nonutility operations as well as statistics as to passengers carried, number of scheduled flights, and number of actual flights for each route.
- (f) Prior to commencement of the Burbank - Lake Tahoe service, applicant shall file with the Commission appropriate evidence that applicant's shareholders have deposited \$75,000 in a bank account available to Holiday Airlines, Inc. for unrestricted use when, as and if necessary, in Holiday's operations.

4. This order shall supersede the authority granted by Decision No. 74154 dated May 21, 1968.

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

Dated at San Francisco, California, this 13th day of AUGUST, 1968.

William M. Bennett
President
John E. McArthur
August
Commissioners

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

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.

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APPENDIX A

HOLIDAY AIRLINES, INC.

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Holiday Airlines, Inc., by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to transport passengers by air in either direction at a minimum of one scheduled round trip flight daily between Hollywood-Burbank Airport and Tahoe Valley Airport.

The authority granted herein is limited to the specific route segment set forth and shall not be combined with previous granted authorities.

Issued by California Public Utilities Commission.

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