

ORIGINALDecision No. 74927

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 GOLDEN PACIFIC AIRLINES, INC., a)
 California corporation, for a Cer-)
 tificate of Public Convenience and)
 Necessity to establish, maintain)
 and operate passenger and cargo)
 airline service.)

Application No. 50279
 (Filed May 31, 1968)

Glenn A. Howard and Herman D. Papa, for applicant.
Elwyn L. Johnson, for City of Modesto;
Paul R. Nordell, for City Council, City of Merced; protestants.
 Thacher, Jones, Casey & Ball, by Michael L. Ohleyer, for Skymark Airlines, Inc.;
C. R. Jernberg, Jr., and Donald S. Tahl, for California Time Airlines; R. E. Costello, for Air West, Inc.; William Warner, for himself; James H. Stanhope, for Valley Airlines, Inc.; interested parties.
Elmer Sjostrom, Counsel, Robert W. Hannam, and Lloyd Humphrey, for the Commission staff.

O P I N I O N

By this application Golden Pacific Airlines, Inc., seeks a certificate of public convenience and necessity as a passenger air carrier between Modesto, Merced, Visalia, Salinas, Concord, Napa, Santa Rosa and Ukiah, and San Francisco International Airport, together with intermediary service between Santa Rosa-Ukiah, Santa Rosa-Napa, Ukiah-Napa, Modesto-Concord, Modesto-Merced, Merced-Visalia, Modesto-Visalia and Salinas-Visalia.

Public hearing was held before Examiner Porter at San Francisco on July 8, 9, 10, 1968.

Applicant presented a Market Research witness who conducted a study of the Visalia, Salinas, Concord and Modesto areas. Based on this study it was estimated that the number of passenger round-trips per day by air with new service would be: Visalia area 236, Salinas area 336, Concord area 233, Modesto area 629, Merced area 64, Napa-Vallejo area 181, Santa Rosa area 164, and Ukiah area 45. This study indicated that the traffic levels incorporated in the applicant's application are conservative.

Public witnesses were presented as to the need and desirability for the service. The City Council of both Merced and Modesto were opposed to the application. The basis for their opposition is that these cities are served by United Airlines and competition might cause United Airlines to deny them better service or curtail the present service. United Airlines was not a protestant. The applicant after a survey of the traveling public intends to schedule flights at times it considers more convenient and attractive to the traveling public.

Applicant proposes to fly the sought routes with Convair 240 and DeHavilland Heron DH114.

Applicant presented evidence regarding the business experience of its personnel generally and in the field of air operations.

Applicant's evidence concerning insurance coverage shows there will be compliance with General Order No. 120-A.

Applicant proposes a public stock offering in the amount of approximately \$2,000,000. The original shareholders are committed to transferring \$300,000 to the corporation. A firm

commitment for an additional \$300,000 is available to applicant in the event the proposed public underwriting is not accomplished prior to operations.

Findings

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

2. Golden Pacific Airlines, Inc., can economically give adequate service to the communities involved, flying the type of aircraft and minimum schedule proposed and charging the fares proposed.

3. The protests of the Cities of Merced and Modesto based upon conjecture cannot support a denial of the authority sought.

4. There presently exists a public need for the passenger air carrier service proposed by Golden Pacific Airlines, Inc., as set forth in Exhibit 13.

Based upon the foregoing findings of fact, the Commission concludes that the application should be granted as set forth in attached Appendix A.

Golden Pacific 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 is granted to Golden Pacific 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. 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.

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

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

William L. Bennett President

Augustin

David P. Monahan Commissioners

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

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Golden Pacific 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:

- Route 1. Concord-San Francisco International
- Route 2. Modesto-San Francisco International
- Route 3. Merced-San Francisco International
- Route 4. Salinas-San Francisco International
- Route 5. Visalia-San Francisco International
(direct and/or with one stop via Merced or Salinas)
- Route 6. Napa/Vallejo-San Francisco International
- Route 7. Ukiah-San Francisco International
(direct and/or with one stop via Santa Rosa or Napa/Vallejo)
- Route 8. Santa Rosa-San Francisco International

Restrictions:

Except for the restrictive alternates in Routes 5 and 7, the authority granted herein is limited to service over the specific routes described above, and direct service between a point on one route (other than San Francisco International) and a point on any other route shall not be provided.

Issued by California Public Utilities Commission.

Decision No. 74927, Application No. 50279.