

ORIGINALDecision No. 75968

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of ARABESCO AIR, INC., a corpora-)
tion, for an order authorizing an)
increase in tariff rate between)
the herein named points, pursuant)
to the provisions of P.U.Code,)
Section 454.)

Application No. 51144
Filed June 9, 1969

O P I N I O N

Arabesco Air, Inc. (Arabesco) is a California corporation operating as an air freight carrier. It commenced operations on July 8, 1968, under authority of Rule 2.6 of General Order No. 105-A, which permits air freight carriers to begin intrastate service by the filing of a tariff with this Commission. Arabesco's California Intrastate Local Air Freight Tariff No. 1, Cal. P.U.C. No. 1 provides rates between San Francisco, on the one hand, and Sacramento, Stockton, Modesto, Salinas and Fresno, on the other hand. In this application it seeks authority to increase its air freight rate and minimum charge applicable between San Francisco and Sacramento from \$5 per 100 pounds, minimum charge \$5, to \$6.90 per 100 pounds, minimum charge \$6.90.

As justification for the authority sought the application alleges that applicant's cost of doing business has increased since the air freight service was initiated, and that applicant has not earned a profit since it began service. Attached to the application are a balance sheet as of December 31, 1968; a condensed operating statement covering air freight and air charter operations for the period June 1, 1967 through December 31, 1968; and an analysis of

traffic transported, expense of operations, and average rate per pound of air freight traffic transported between San Francisco and Sacramento by months, during the period July 1968 through March 1969. The data show that applicant incurred an operating loss of \$6,658 during the period June 1967 through December 1968 on air freight and air charter operations. The statement analyzing San Francisco-Sacramento operations indicates that in the 9-month period applicant transported 204,937 pounds of air freight at an average revenue of \$5.33 per 100 pounds. Operating revenues on this traffic amounted to \$10,957 and estimated operating expenses amounted to \$15,036, resulting in a loss of \$4,079. If the freight rate increase sought in the application had been in effect during the 9-month period, revenues would have been \$14,141, resulting in a loss of \$895 for the traffic in question.

The application indicates that it was served in accordance with the Commission's procedural rules. Notice of the filing of the application appeared on the Commission's Daily Calendar of June 10, 1969. There are no protests.

1. Applicant's present operations are conducted at a loss, and its services between San Francisco and Sacramento are presently being conducted at a loss.

2. Under rates proposed in the application, the operating loss for service between San Francisco and Sacramento would be reduced, but not eliminated.

3. Applicant is in need of additional revenues.

4. The rate increases proposed in the application are justified.

A public hearing is not necessary.

The Commission concludes that the application should be granted. In view of applicant's need for additional revenues, it

will be authorized to increase rates, as proposed in the application, on five days' notice.

O R D E R

IT IS ORDERED that:

1. Arabesco Air, Inc., a corporation, is authorized to increase air freight rates as proposed in Application No. 51144. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and may be made effective not earlier than the fifth day after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. The authority herein granted shall expire unless exercised within ninety days after the date hereof.

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

Dated at San Francisco, California, this 29th day of JULY, 1969.

William Seymour G.
President
Richard M. Morrison
Thomas Moran
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.