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Decision No. 77225

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GOLDEN WEST AIRLINES,)
INC. for Ex-parte Order authorizing)
increase of certain local Intrastate)
Passenger Fares and Fares between)
the Mainland and Catalina Island.)

Application No. 51605
(Filed January 6, 1970;
Amended April 7, 1970)

O P I N I O N

Golden West Airlines, Inc., is a common carrier of passengers by aircraft with principal base of operations at Long Beach. It here seeks authority to increase certain of its passenger fares. The amounts of the increase in individual fares vary, ranging from no increase to a little more than 25 percent. The overall increase in revenue is estimated to be approximately 10 percent. Copies of the application and the amendment were served upon officials of the cities and counties served by applicant and upon other air carriers serving said points. Notice of the filing of the application and the amendment appeared in the Commission's Daily Calendar. There are no protests.

The application and the amendment show that applicant has encountered severe losses on its operations and that even with the proposed increases in fares it will continue to operate at a loss until sufficient traffic is generated. Applicant estimates an annual revenue for the immediate 12 months in the future of \$4,925,722 under present fares and \$5,392,862 under proposed fares and corresponding operating losses of \$1,674,278 and \$1,207,138. Applicant anticipates that a "break-even" point under the proposed fares will be achieved when it has a 42 percent system-wide load factor. This it anticipates will occur in the middle of the year 1971.

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Golden West Airlines, Inc., is the surviving corporation of a consolidation of a number of airlines that provided service throughout Southern and Central California and to Catalina Island. Following the consolidation, applicant restructured the routes in providing service to the various points and suspended service as between certain other points. It presently has before the Commission its Application No. 51216 for "grandfather rights" as a passenger air carrier. Since the filing of that application, and since the original application herein was filed, applicant has suspended service to additional points and has filed appropriate amendments to Application No. 51216. This has been done assertedly because of severe financial problems and the necessity for maximum economy of operations.

There is no doubt that applicant will operate at a loss under the proposed fares for a rate year, and that applicant needs the additional revenues the proposed increases will provide in order to be able to continue to provide service. We find that the proposed increases are justified.

Applicant should be authorized to make the increases in fares effective on not less than five days' notice and subject to the condition that it will not urge before the Commission in Application No. 51216, or in any other proceeding, that the authority granted herein constitutes a finding, implied or expressed, of the authority of applicant to conduct passenger service by air between any points in California. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Golden West Airlines, Inc., is authorized to establish the increased fares proposed in its amendment filed April 7, 1970 to Application No. 51605. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. The authority herein granted is subject to the express condition that applicant shall never urge before the Commission in Application No. 51216 or in any other proceeding that the Opinion and Order herein constitute an expression or finding by the Commission of the authority of applicant to conduct passenger service by air between any points in California, and that the filing of fares pursuant to the authority herein granted constitutes an acceptance and consent by applicant of said condition.

3. The authority granted herein shall expire unless exercised within ninety days after the effective date of this order.

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

Dated at San Francisco, California, this 19th
day of MAY, 1970.

William Lyons, Jr.
President
Augusta
Q. M. Brown
Thomas Van
Vernon L. Stinson
Commissioners