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Decision No. 77404

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

HOLIDAY AIRLINES, INC.,)

for authority to modify its passenger
air carrier fares, as occasioned by the
increase in the federal transportation
tax.)

Application No. 51950
(Filed June 8, 1970)

O P I N I O N

Holiday Airlines, Inc. (Holiday), is a passenger air carrier which is authorized to operate between airports located at Burbank, Los Angeles, Long Beach, Oakland, San Jose, South Lake Tahoe and Truckee. In this application it seeks an immediate ex parte order authorizing it to increase its fares by rounding said fares upward to end in quarter-dollar amounts after application of federal transportation tax, as set forth in Appendix A hereto.

Holiday was granted a general fare increase in Decision No. 76814, dated February 17, 1970, on Application No. 51403. The fares authorized in said decision were put into effect on March 4, 1970. The application alleges that Holiday's present fare structure was designed to take into account the existing federal tax of 5 percent on passenger air transportation, so that the total amount paid by the passenger is not an amount in which pennies are involved. The application states that the federal tax on passenger air traffic has been increased from 5 to 8 percent effective July 1, 1970 pursuant to a federal statute signed into law by President Nixon on May 21, 1970. The application further states the utilization of an 8 percent tax rate applied to Holiday's present fares will result in all of Holiday's fares being an odd amount. The application asserts

A. 51950 hjh

that odd-cent fares will be very inconvenient for the public (both passengers and travel agents) and for Holiday because odd-cent fares increase the time required to process passengers at Holiday's ticket counters on ticket sales in order to make change involving pennies and compute the amount due on multiple ticket sales. Holiday asserts that the fare modifications proposed herein are only the minimum amount necessary to eliminate an odd-cent fares structure in order to have a quarter-dollar fare structure based on the new 8 percent tax rate, as shown in Appendix A.

Holiday estimates that the proposed fares will produce increased revenues of \$10,000 per year, or an 0.5 percent increase in annual revenues. Holiday asserts that said increase in annual revenues will have no appreciable effect on its operating income. The following table depicts Holiday's revenues, expenses and operating income for the latest available period.

HOLIDAY AIRLINES, INC.
STATEMENT OF INCOME AND EXPENSE FOR
THE SIX MONTHS ENDED APRIL 30, 1970

Revenue

Scheduled Service	\$ 758,095
Charter and Contract	<u>160,381</u>
Total Revenue	<u>918,476</u>
<u>Operating Expense</u>	
Flight Operations	517,071
Aircraft Maintenance	299,627
Passenger Service	31,677
Aircraft & Traffic Servicing	154,691
Reservations, Sales & Promotion	266,251
General & Administrative	261,609
Depreciation	<u>171,505</u>
Total Operating Expense	<u>\$1,702,431</u>
Income (Loss) from Operations	\$ (783,955)
Non-Operating Income (Expense)	<u>28,436</u>
Net Income (Loss)	<u>\$ (755,519)</u>

A. 51950 hjh

The application asserts that in view of Holiday's financial situation, as shown in the above table, and for the reasons of convenience and time saving, the proposed fare increase will be reasonable. Holiday requests that it be authorized to increase its fares on July 1, 1970, concurrently with the increase in federal tax.

The application was served on interested parties on June 8, 1970, and notice of the filing of the application appeared on the Commission's Daily Calendar of June 9, 1970. There are no protests.

The Commission finds that the proposed fares will be reasonable and the increases therein are justified. A public hearing is not necessary. The application should be granted.

O R D E R

IT IS ORDERED that:

1. Holiday Airlines, Inc., is authorized to establish the increased fares proposed in Application No. 51950. 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 July 1, 1970, on not less than two days' notice to the Commission and the public.

A. 51950 hjh

2. The authority granted herein shall expire unless exercised within forty-five days after the effective date of this order.

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

Dated at Los Angeles, California, this 23rd day of JUNE, 1970.

William J. ...
President

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...

...
Commissioners

I abstain
J. ...

APPENDIX A

HOLIDAY AIRLINES, INC.PRESENT AND PROPOSED FARES WITH 8 PERCENT FEDERAL
TRANSPORTATION TAX EFFECTIVE JULY 1, 1970

	<u>Present fares</u> <u>8% tax (effective 7-1-70)</u>			<u>Proposed fares</u> <u>8% tax</u>			<u>Amount of</u> <u>Fare Increase</u>
	<u>Fare</u>	<u>Tax</u>	<u>Total</u>	<u>Fare</u>	<u>Tax</u>	<u>Total</u>	
<u>Between Lake Tahoe and</u> <u>Oakland-San Jose</u>							
<u>One-way</u>	\$13.57	\$1.09	\$14.66	\$13.66	\$1.09	\$14.75	\$.09
<u>Round-Trip</u>							
Mon-Thurs	23.00	1.84	24.84	23.15	1.85	25.00	.15*
Fri-Sun	27.14	2.17	29.31	27.31	2.19	29.50	.17*
<u>Between Lake Tahoe and</u> <u>Los Angeles-Burbank-</u> <u>Long Beach</u>							
<u>One-way</u>	\$24.52	\$1.96	\$26.48	\$24.54	\$1.96	\$26.50	\$.02
<u>Round-trip</u>							
Mon-Thurs	39.90	3.19	43.09	40.05	3.20	43.25	.15*
Fri-Sun	49.05	3.92	52.97	49.07	3.93	53.00	.02*

Notes:

(1) Fares shown are adult fares.

(2) The Monday through Thursday round-trip fare is applicable only when both portions of the round-trip are taken during those days of any week.

*This fare increase is the total for both segments of the round-trip.