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Decision No. 77740

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
GOLDEN PACIFIC AIRLINES, INC. for
authority to increase its Intrastate
passenger air carrier fares. }

Application No. 52083
(Filed July 29, 1970)

O P I N I O N

Golden Pacific Airlines, Inc. (GPA) is a passenger air carrier providing service between 15 northern California points. In this application, GPA seeks authority to increase its adult one-way fares and to make certain modifications in its excursion, military and commuter fares on five days' notice.^{1/} The application requests that such authority be granted without hearing, because of the urgent need for the increased revenues which will result from the proposed fares.

The application states that GPA's fares were initially established in the period February through April of 1969, and have not been increased in the intervening period to date. The application states that the original fares were established utilizing the best information available concerning anticipated passenger loads and projected operating costs. The application indicates that during GPA's 16 months of operating history passenger movements have been at or under original projections while expenses have exceeded projections. The fare increase sought herein assertedly takes this historical data into consideration in determining a series of fares more consistent with such actual passenger movements and operating costs.

1/ The GPA's present and proposed fares are set forth in Appendix A.

A. 52083 hjh

Attached to the application are: a balance sheet (statement of condition) as of May 31, 1970; an operating statement for the year ended December 31, 1969; an operating statement for the month of May, 1970 and for the five-month period January through May, 1970; and a restated operating statement for the period January through May, 1970 showing estimated operating results under proposed fares for this period.

Applicant's balance sheet as of May 31, 1970 shows retained earnings in the deficit amount of \$1,926,447. The operating statement for the year ended December 31, 1969 indicates that applicant had revenues of \$528,084, operating expenses of \$2,496,557 and an operating loss of \$1,968,473. Applicant's operating statement for the five-month period ended May 31, 1970 shows revenues of \$442,986, operating expenses of \$1,045,241 and an operating loss of \$602,255. If the proposed fares had been in effect in the five-month period, the net operating loss would have been \$518,899, or a reduction in operating loss of \$83,356. Applicant estimates that for the year ended December 31, 1971 it will achieve the following operating results under proposed fares:

TABLE 1
Golden Pacific Airlines, Inc.
Estimated Results of Operations
Under Proposed Fares

	<u>Year Ended 12/31/71</u>
Revenue Passengers	156,600
Operating Revenues	\$2,319,300
Operating Expenses	2,447,900
Operating Income (Loss)	(128,600)
Non-Operating Income and Expense (Net)	(48,000)
Net Income (Loss)	(176,600)

(Red Figure)

The above estimate assumes a continuing increase in the number of revenue passengers transported.

In further support of the requested fares, the application alleges that GPA has been faced with increased costs over its 16 months of operations, particularly in increased wages and costs of parts and supplies; although revenues per month have continuously increased, monthly operating expenses have been reduced because of efficiencies in operations and elimination of non-productive schedules; continued operations have been feasible only because of additional infusions of investors' capital in the amount of \$1,625,000; and only partial relief from continued losses would be achieved by the granting of the sought revenue increases. The application also alleges that the sought fare increases have been put into effect for GPA's interstate passengers, which assertedly amount to 63 percent of total passengers.

The application indicates that it was served in accordance with Commission rules. Also, notice of the filing of the application appeared on the Commission's Daily Calendar of July 30, 1970. There are no protests or requests for public hearing.

The Commission finds:

1. Applicant's operations have been conducted at a loss since their inception.

2. Applicant's operating loss for the year 1969 was \$1,968,473. Its operating loss for the first five months of 1970 was \$602,255. If the proposed fares had been in effect in said five-month period, applicant's operating loss would have been \$518,899, a reduction of \$83,356.

3. Applicant is in urgent need of additional revenues.

4. The fare increases proposed herein are justified.
5. A public hearing is not necessary.

The Commission concludes the application should be granted.

O R D E R

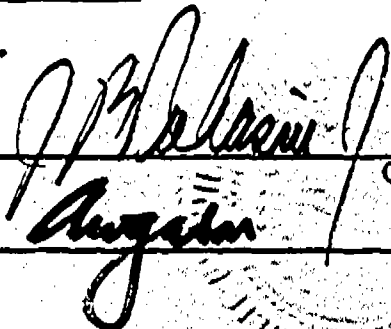
IT IS ORDERED that:

1. Golden Pacific Airlines, Inc. is authorized to establish the increased fares proposed in Application No. 52083. 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 five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. The authority granted herein shall expire unless exercised within sixty 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 22nd day of SEPTEMBER, 1970.



Chairman



Commissioners

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

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

APPENDIX A
Page 1 of 2

GOLDEN PACIFIC AIRLINES
SCHEDULE OF EXISTING AND PROPOSED FARES

CITY																	
SFO		SFO	ACV	APC	RNO	CCR	FAT	MCE	MOD	SMF	SNS	SJC	STS	SCK	TVL	UKI	
ACV		25.93															
		22.00															
APC		10.19	31.48														
		8.50	23.50														
RNO		25.93	38.89	31.48													
		22.00	34.50	20.00													
CCR		10.19	31.48	10.19	31.48												
		8.00	23.50	6.00	20.00												
FAT		21.30	36.11	25.93	25.00	25.93											
		18.50	31.00	19.50	21.50	19.00											
MCE		14.81	33.33	20.37	33.33	19.44	12.04										
		12.50	29.00	17.00	19.50	13.50	9.00										
MOD		12.96	32.41	17.59	29.63	17.59	25.93	10.19									
		11.00	27.50	21.00	18.50	12.00	22.00	8.00									
SMF		11.11	28.70	15.74	18.52	15.74	16.67	20.37	18.52								
		9.00	24.00	10.00	15.00	12.00	15.00	13.00	11.50								
SNS		12.96	32.41	18.52	32.41	18.52	27.78	21.30	19.44	18.52							
		10.50	28.50	16.50	26.50	16.50	16.00	14.50	12.00	19.00							
SJC		X	27.78	14.81	24.07	15.74	13.89	17.59	15.74	12.96	10.19						
			24.50	12.50	22.00	12.00	13.00	12.50	11.00	10.50	9.00						
STS		11.11	24.07	11.11	31.48	16.67	26.85	20.37	18.52	16.67	18.52	15.74					
		9.00	21.00	6.00	20.00	15.00	23.50	19.00	14.50	11.00	16.50	11.00					
SCK		11.11	32.41	16.67	29.63	16.67	26.85	20.37	12.96	16.67	18.52	16.67	17.59				
		9.50	26.00	11.00	17.00	12.00	13.00	11.00	9.00	9.00	11.00	9.50	13.00				
TVL		20.37	36.11	25.00	10.19	25.93	23.15	27.78	26.85	11.11	26.85	21.30	25.93	25.93			
		17.00	28.50	18.00	7.00	18.00	18.50	17.50	16.50	9.00	22.50	19.00	18.00	16.00			
UKI		19.44	18.52	19.44	35.18	25.00	30.55	26.85	25.93	25.00	25.93	24.07	10.19	25.00	30.55		
		16.50	15.00	10.50	27.50	17.50	24.50	22.00	20.50	15.50	18.50	17.50	7.50	18.50	20.00		
VIS		24.07	37.96	29.63	31.48	28.70	10.19	20.37	20.37	22.22	24.07	18.52	28.70	24.07	28.70	33.33	
		22.50	32.50	29.50	24.50	23.00	6.00	11.00	13.00	17.00	16.00	15.00	24.50	15.00	20.00	27.00	

NOTE: Lower fare in each box is the existing regular one way fare.
Upper fare in each box is the proposed regular one way fare.

A. 52083 JR

APPENDIX A
Page 2 of 2
GOLDEN PACIFIC AIRLINES
SCHEDULE OF PROPOSED AND PRESENT FARES

A. 52083
JR

I. EXCURSION FARES

ROUTE	PRESENT EXCURSION ROUND TRIP FARE	PROPOSED ROUND TRIP FARE
SMF/FAT	\$22.50	\$27.78
FAT/SJC	19.50	22.22
SFO/ACV	33.00	35.19
SFO/TVL	25.50	30.56
SJC/VIS	22.50	30.56
SJC/SMF	15.75	22.22

Note: 1. Proposed excursions are good for seven days,
Present excursions are good for 24 hours only.

II. MILITARY FARES

Proposed - 66-2/3% of regular fare - space available
Present - 50% of regular fare - space available

III. COMMUTER BOOKS

Proposed - 10 tickets 10% off, valid for 6 months available
on the following routes:
Between SFO and STS/APC/CCR/MCE/MOD/SCK/UKI.
Present - None.