

ORIGINAL

Decision No. 77965

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of VALLEY AIRLINES, INC., a)
California Corporation, for a)
certificate of public convenience)
and necessity to establish, main-)
tain and operate passenger and)
cargo airline service between San)
Jose, California and other points)
noted in this application.)

Application No. 52172
(Filed September 1, 1970)

O P I N I O N

Applicant Valley Airlines, Inc. (Valley), a California corporation, requests a certificate of public convenience and necessity, pursuant to Sections 2742 through 2765 of the Public Utilities Code, to transport passengers by air between San Jose and Bakersfield; and between San Jose and Santa Barbara in each direction.

Valley was incorporated in 1967 and commenced actual operations in 1968. Applicant presently operates under certificates of public convenience and necessity granted by the Commission in Decision No. 77424 (Application No. 51211), and Decision No. 77644 (Application No. 52133).^{1/} These certificates authorize Valley to transport passengers between the following points:

- (1) San Jose, Fresno, and Tahoe Valley Airport.
- (2) Between San Francisco and San Jose.

The application relates that as of June 30, 1970 Valley had total assets of \$71,469. Valley operates with three, 9-passenger Beech Tradewind propeller driven aircraft, which it leases. As

^{1/} This certificate is a temporary one pending a hearing on Valley's application for a prescriptive certificate to operate from San Francisco to various points.

A. 52172 ds

of the same date, Valley's stockholder deficit was \$169,465.

Applicant states that it has a valid operating certificate from the Federal Aviation Administration, and that it is certified by the Civil Aeronautics Board as a commuter air carrier. The application relates that Valley maintains insurance protection as required by Section 5503 of the Public Utilities Code and General Order No. 120-B.

Valley's proposed initial schedule between San Jose and Bakersfield and between San Jose and Santa Barbara will be two round trips daily on each route. Flights are tentatively scheduled at 7:00 a.m. and 4:00 p.m. southbound from San Jose to Bakersfield and 8:20 a.m. and 5:30 p.m. northbound from Bakersfield. Flights to Santa Barbara from San Jose are scheduled for 7:15 a.m. and 4:30 p.m. and for 8:35 a.m. and 5:50 p.m. northbound. The proposed one-way fare on each route is \$26.00.

The application states that there is no direct air passenger carrier service operating on these two routes at the present time. Applicant also states that its present passenger load factors are rapidly nearing 50 percent and that its income and expenses are approaching the break-even point. Applicant has attached to its application numerous letters from business organizations supporting its proposal.

Notice of Valley's application was published in the Commission's Daily Calendar on September 2, 1970. No protests have been received.

After consideration the Commission finds that:

1. Applicant possesses the necessary equipment, experience, insurance coverage, and financial ability to provide passenger air carrier service between San Jose and Bakersfield and between San Jose and Santa Barbara.

2. Public convenience and necessity require the granting of the authority sought.

3. A public hearing is not necessary.

Based upon the foregoing findings of fact the Commission concludes that the application of Valley Airlines, Inc. for a certificate of public convenience and necessity between San Jose and Bakersfield, and between San Jose and Santa Barbara should be granted. For convenience all operating authority which has been granted to Valley by this Commission heretofore will be restated in the Appendix A attached hereto.

Valley 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 Valley Airlines, Inc., authorizing it to operate as a passenger air carrier as defined in Section 2741 of the Public Utilities Code, between the points and over the routes particularly 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. Failure so to do may result in a cancellation of the operating authority granted by this decision.

- (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-B.
- (b) Within one hundred and twenty days after the effective date hereof, applicant shall establish the service herein authorized and file tariffs and timetables, in triplicate, in the Commission's office.
- (c) The tariff and timetable 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 and timetable 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.

3. The certificate of public convenience and necessity granted in paragraph 1 of this order shall supersede the certificate of public convenience and necessity as set forth in the appendix to Decision No. 77424, which certificate shall be

A. 52172 ds

revoked effective concurrently with the effective date of the tariff and timetable filings required by ordering paragraph 2(b) hereof.

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

Dated at San Francisco, California, this 24th day of NOVEMBER, 1970.

[Signature]
Chairman
[Signature]
William J. Sproull
[Signature]
Yunon L. Sturgeon
Commissioners

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Appendix A

VALLEY AIRLINES, INC.

Original Page 1

The authority granted herein to Valley Airlines, Inc., supersedes the previously granted certificate of public convenience and necessity granted in Decision No. 77424.

Valley Airlines, Inc., by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to operate as a passenger air carrier over the routes and between the points listed below:

Route 1 SAN JOSE - FRESNO

SJC - FAT

Route 2 SOUTH LAKE TAHOE - FRESNO

TVL - FAT

Route 3 SOUTH LAKE TAHOE - SAN JOSE

TVL - SJC

Route 4 SAN JOSE - BAKERSFIELD

SJC - BFL

Route 5 SAN JOSE - SANTA BARBARA

SJC - SBA

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Decision No. 77965, Application No. 52172.

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Conditions

1. Authority granted herein is limited to passenger air carrier operations over the specific routes and between the airport pairs listed thereunder as described above.
2. Operation between an airport on one route and an airport on any other route shall not be provided except through an airport that is common to the two routes.
3. On each route each airport shall be served with a minimum of one flight in each direction on each of five days a week.
4. No aircraft having more than 25 revenue passenger seats shall be operated.
5. The following airports shall be used:

<u>Symbol</u>	<u>Location</u>	<u>Name</u>
FAT	Fresno	Fresno Air Terminal
SJC	San Jose	San Jose Municipal Airport
TVL	South Lake Tahoe	Tahoe Valley Airport
BFL	Bakersfield	Bakersfield Meadows Field
SBA	Santa Barbara	Santa Barbara Municipal Airport

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