

Decision No. 79482

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 VALLEY AIRLINES INC. for a certificate )  
 of public convenience and necessity )  
 to operate passenger and cargo airline )  
 service between Oakland, California )  
 and San Jose, Fresno, Bakersfield )  
 and Santa Barbara, California. }

Application No. 52792  
 (Filed August 5, 1971)

O P I N I O N

Applicant Valley Airlines Inc., 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 in either direction between Oakland, on the one hand, and San Jose, Fresno, Bakersfield, and Santa Barbara, on the other hand, and also to transport passengers between Fresno and Bakersfield.

Applicant proposes initially to operate between Oakland and Fresno, Bakersfield and Santa Barbara with an intermediate stop at San Jose until such time as the general public becomes aware of the new service, and traffic between these communities increases to a point where there is justification for overflying San Jose. It also seeks authority to carry passengers on this service whose origin-destination travel is between Oakland-San Jose and between Fresno-Bakersfield.

Applicant was incorporated in 1967 and commenced operations in 1968. It holds a certificate of public convenience and necessity from the Commission to serve Bakersfield, Fresno, San Jose, Santa Barbara, and South Lake Tahoe during the summer season.

The application relates that as of January 31, 1971, applicant had total assets of \$74,356. It operates with three, 9-passenger Beech Tradewind propeller driven aircraft, which it leases. During its 1968-69 and 1969-70 fiscal years, applicant sustained operating losses of \$267,500 and \$158,000, respectively. It has achieved its first operating profit during May, 1971; and it has converted \$100,000 in debt to common equity, thereby improving its capital position significantly.

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 applicant maintains insurance protection as required by Section 5503 of the Public Utilities Code and General Order No. 120-B.

According to a report by the Commission staff, applicant's proposed Oakland-Fresno, Oakland-Bakersfield, and Oakland-Santa Barbara routes would provide single-plane direct scheduled air passenger carrier service to markets that are not currently provided with such service. Where air service is available at present, plane connections are required usually involving added overall travel time because of transfer at airports between aircraft and air carriers.

At present there is no service between Oakland and the respective points of Santa Barbara, Fresno and Bakersfield without considerable circuitry. There is now one daily flight between Fresno and Bakersfield by United Air Lines and one weekly flight by Air West. Western Airlines provides daily flights between San Jose and Oakland, and Air West also provides Monday through Saturday service between these two points.

Finally, Air California has requested authority in Application No. 52165 to carry passengers between Oakland and San Jose, but it has stated in the application that it does not oppose the granting of a certificate between San Jose and Oakland to any other air carrier.

Applicant alleges that the initial service between the above-requested cities can be provided without additional aircraft being acquired for the service with the intermediate stop at San Jose. Applicant is currently using two planes in its scheduled service and the third is engaged in both mail contract work and standby as a back-up plane. According to the staff's report, its flight utilization, with two aircraft, would be eight hours per aircraft per day; and with three aircraft the flight utilization would be 5.3 hours per day per aircraft, excluding the seasonal Lake Tahoe Service. An additional aircraft is needed to provide nonstop service between Oakland-Fresno, Oakland-Santa Barbara, and Oakland-Bakersfield, as well as to continue its present service.

Applicant's proposed initial schedule and fares are set out below:

<u>FROM OAKLAND:</u>	<u>FARE, EXCLUDING TAX</u>	<u>LEAVE</u>	<u>ARRIVE</u>
To Fresno	\$19.91	700A 130P 300P 630P	815A 245P 415P 745P
To Bakersfield	29.63	700A 300P 630P	900A 500P 830P
To Santa Barbara	29.63	630A 330P	815A 515P
<u>TO OAKLAND:</u>			
From Fresno		800A 950A 500P 600P	915A 1100A 615P 715P
From Bakersfield		600A 915A 515P	720A 1100A 715P
From Santa Barbara		830A 530P	1015A 715P

## BETWEEN FRESNO &amp; BAKERSFIELD

<u>FROM FRESNO:</u>	<u>FARE, EXCLUDING TAX</u>	<u>LEAVE</u>	<u>ARRIVE</u>
To Bakersfield	\$14.35	825A 425P 755P	900A 500P 830P
<u>FROM BAKERSFIELD:</u>			
To Fresno		800A 915A 515P	835A 945A 550P

These flights would be operated at least five days a week. The schedule between Oakland-Santa Barbara calls for one-stop flights via San Jose. One of the Oakland-Fresno flights would be nonstop, while the other three would be one-stop via San Jose. The Oakland-Bakersfield flights would operate with two stops, via San Jose and Fresno.

The proposed routes from Oakland and the route between Fresno and Bakersfield would be a logical supplement to applicant's existing operations and serve a public need. The extension should enable applicant to add passenger revenue without any material increases in operating expense. Applicant has improved its operating results substantially in the year 1971.

Since applicant requires an additional aircraft in order to initiate all the proposed nonstop service, the Commission will grant it temporary authority to inaugurate such service between Oakland and Fresno, Bakersfield, and Santa Barbara. This temporary authority will expire on November 30, 1972. If applicant submits satisfactory evidence on or before September 30, 1972 that it has the aircraft and resources necessary to permanently conduct these nonstop operations, a permanent certificate will be issued.

Notice of its application was published in the Commission's Daily Calendar on August 6, 1971. 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 Oakland, on the one hand, and Bakersfield, Fresno, and Santa Barbara, on the other hand; and also between Fresno and Bakersfield.

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 Oakland, on the one hand, and Bakersfield, Fresno, and Santa Barbara, on the other hand, and between Fresno and Bakersfield should be granted. For convenience all operating authority which has been granted to applicant 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.

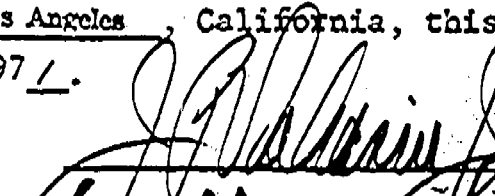
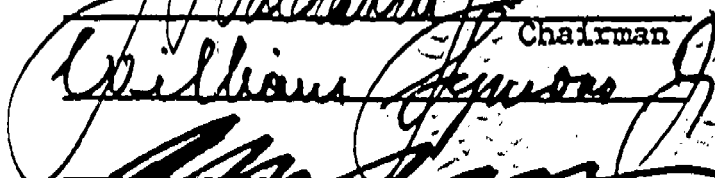
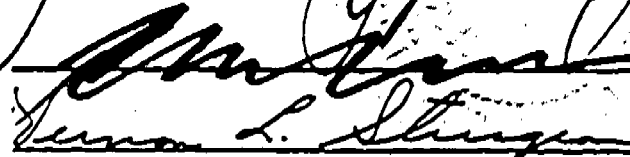

2. In providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations. Failure so to do may result in a cancellation of the operating authority granted by this decision.

- (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 two days after the effective date of this order on not less than one day's 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. 77965, which certificate shall be 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 the date hereof.

Dated at Los Angeles, California, this 14th  
day of DECEMBER, 1971.

  
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Chairman  
  
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Commissioners

The authority granted herein to Valley Airlines Inc. supersedes the previously granted certificate of public convenience and necessity.

Valley Airlines Inc., by 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 points listed below:

- Route 1 - OAKLAND - FRESNO - INTERMEDIATE POINT: SAN JOSE  
# OAK - SJC    # OAK - FAT  
SJC - FAT
- Route 2 - SOUTH LAKE TAHOE - FRESNO  
TVL - FAT (Seasonal June 1 through September 30 each year)
- Route 3 - SOUTH LAKE TAHOE - SAN JOSE  
TVL - SJC (Seasonal June 1 through September 30 each year)
- Route 4 - OAKLAND - BAKERSFIELD - INTERMEDIATE POINT: SAN JOSE  
# OAK - SJC    # OAK - BFL  
SJC - BFL
- Route 5 - OAKLAND - SANTA BARBARA - INTERMEDIATE POINT: SAN JOSE  
# OAK - SJC    # OAK - SBA  
SJC - SBA
- # Route 6 - FRESNO - BAKERSFIELD  
FAT - BFL

Issued by California Public Utilities Commission.

# Added by Decision No. 79482, Application No. 52792.



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. Passengers shall be carried between Oakland and the Cities of Fresno, Bakersfield, and Santa Barbara on a non-stop basis, per temporary authority to expire November 30, 1972.
6. The following airports shall be used:

<u>Symbol</u>	<u>Location</u>	<u>Name</u>
FAT	Fresno	Fresno Air Terminal
SFC	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
# OAK	Oakland	Oakland International Airport

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# Added by Decision No. 79482, Application No. 52792.