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Decision No. 82687

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AIR CALIFORNIA for an Ex-Parte Order to Increase its Intrastate Passenger Fares.	Application No. 53308 (Filed May 3, 1972; amended August 24, 1973 and January 15, 1974)
Application of AIR CALIFORNIA, INC. for an ex parte order to increase intrastate passenger fares.	Application No. 54546 (Filed December 31, 1973; amended January 8, 1974)
Application of AIR CALIFORNIA for an Ex Parte Order to add a Security Charge to passenger fares.	Application No. 53987 (Filed April 23, 1973)
Application of Air California for an Ex Parte Order for authority to increase the Security Charge for passenger fares.	Application No. 54106 (Filed June 18, 1973)

Friedman, Heffner, Kahan & Dysart, by C. Hugh Friedman and Vincent P. Master, Attorneys at Law, and Frederick R. Davis, for Air California, applicant.
Brownell Merrell, Jr., Attorney at Law, for Pacific Southwest Airlines, interested party.
Robert T. Baer, Attorney at Law, Richard Brozosky, and A. L. Gieleghem, for the Commission staff.

FINAL OPINION

Air California is a passenger air carrier and common carrier of property serving the airports of San Francisco, San Jose, Oakland, Sacramento, Orange County, Ontario, Palm Springs, and San Diego. Air California utilizes Boeing 737-200 and Lockheed Electra aircraft in performing its service.

In this application Air California seeks authority to increase its passenger air fares. The application states that Air California serves satellite markets; in the 17 city pairs served by it, only one pair does not involve service to a satellite airport. The second amended application shows that Air California has direct competition with other air carriers in the following markets:

Market	Carrier
Ontario - San Jose	Continental
San Diego - San Jose/Oakland	PSA
San Diego - Sacramento	PSA
Ontario - Sacramento	PSA and Western
Palm Springs - San Francisco/ Oakland	Western
Palm Springs - Sacramento	Western

In each of the above markets Air California proposes to meet the present or proposed fares of its competitors.[1] In other markets, Air California seeks comparable increases in fares.

1/ In the period since this application was filed, PSA was authorized a permanent increase in fares in Decision No. 81793 dated August 21, 1973 in Application No. 53525. Western, TWA, and United were authorized corresponding increases in their competitive fares.

Interim Decision No. 81923 dated September 25, 1973 in this application authorized Air California to establish the following increased fares to the level of PSA, its principal competitor in those markets.

San Diego - San Jose	$23.50
San Diego - Oakland	$23.50
San Diego - Sacramento	$23.97

(Exclusive of tax and security charge)

The interim decision found that, historically, Air California has been authorized to maintain the same level of fares as other major airlines between directly competitive points [Decision No. 78207 dated January 19, 1971 in Application No. 52372 (unreported)]. The interim decision also found that PSA historically has been considered to be the low-cost (rate-making) carrier in the California corridor, and other major carriers have been authorized to raise their fares to PSA's level between directly competing points.

Public hearing was held before Examiner Mallory at San Francisco on January 21 and 23, 1974, and the matter was submitted subject to receipt of a late-filed exhibit which has been received.

Applicant's Evidence

The application, as amended, contains copies of Air California's 1971 and 1972 annual reports to its stockholders.2/ Inasmuch as operating revenues and expenses for the full year 1973 were not available at the time of hearing, applicant supplied additional financial data covering its operations for the first nine months of 1973. Annual reports to stockholders show the following changes in the financial condition of Air California in the period 1970 thru 1972:

Stockholders' Equity

	Year Ended December 31		
	1972	1971	1970
Common Stock	$880,000	$852,000	$408,000
Shares issued	879,533	851,934	408,198
Additional paid-in capital	4,544,000	4,280,000	2,203,000
Retained earnings	(5,975,000)	(6,703,000)	(5,780,000)
Total Stockholders' Equity	$(551,000)	$(1,571,000)	$(3,169,000)

(Deficit)

Results of Operations

	Year Ended December 31		
	1972	1971	1970
Operating revenues	$22,905,000	$19,729,000	$16,144,000
Operating expenses and interest	22,314,000	20,798,000	16,591,000
Income taxes	88,000	(146,000)	-
Net earnings	503,000	(923,000)	(447,000)

(Red Figure)

2/ Inasmuch as the Commission has not established a uniform system of accounts for passenger air carriers, reports to stockholders are the best historical record available of applicant's past operating results.

The above data show that in 1972 Air California turned the corner from continued annual losses to an operating profit. The data for the first nine months of 1973 show that Air California had total operating income of $19,660,000, operating expenses of $17,541,000 and a net operating revenue (before income tax) of $2,119,000. The operating profit for the nine-month period is more favorable than for the year 1972.

The vice president - market development and the executive vice president-treasurer and secretary of Air California presented evidence in support of the sought increase. The witnesses testified that Air California is operating at a modest profit due to traffic growth, strong management, and efficient use of people and machinery; however, the time has come where the cost of doing business has increased beyond the ability of the carrier to counter with more efficiency. Their testimony shows that prior to the energy crisis and the need for rescheduling to reflect reduced availability of aircraft fuel, Air California's utilization of its aircraft averaged 7.2 hours per day and was the highest utilization of B-737 equipment of any United States airline. As another measure of productivity, Air California in 1973 boarded over 2,400 passengers per employee, which the witness stated was also the highest in the airline industry.

The evidence shows that the sought fare increase will increase revenues by approximately 4.4 percent. The operating witness compared the sought fares with fares maintained by other airlines in California to show that Air California's sought fares are low on a per-mile basis, as follows (fares exclusive of interim adjustments for fuel cost increases and for security and armed guard charges):

Market	Distance	Airline	Fare	Per Mile Fare
SNA-SFO	378	Air Cal	$20.90	5.53¢
SBA-SFO	272	United	22.00	8.09
LAX-MRY	273	United	22.00	8.09
SFO-ACV	239	Air West	26.00	10.88
LAX-TVL	356	Holiday	26.39	7.41

The witness also testified that the percentage increase in fares sought herein is lower than that authorized to competing carriers in the period since Air California received its last permanent fare increase in September 1970.

The financial witness developed estimated revenues and expenses under present and proposed fares for a test year ending June 30, 1975. These estimates reflect the expected availability of aircraft fuel in that period. The present indication is that commercial airlines will be allocated the same amount of fuel as was used in the year 1972, without provision for expansion of operations since that date. The operating witness stated that Air California will substantially reduce charter and contract operations and devote the fuel formerly used for that purpose to its common carrier operations. Even with change in fuel usage, there will not be sufficient fuel available to continue the recorded growth in passengers up to the current period. The financial witness testified that Air California's load factor in 1973 averaged 67 percent. In developing his estimates for the test year, a 67 percent load factor was assumed.

In Air California's test-year projections revenues at present fares are inclusive of security charges and proposed fares are inclusive of security charges and fuel increases. At the present time interim orders have authorized Air California and other commuter airlines to maintain surcharges totaling 46 cents per passenger for security and armed guard services and 70 cents per passenger as an emergency fuel increase. Thus Air California seeks to incorporate into its permanent fares the amounts included in its projections. The expense projections of Air California (and of the Commission staff) reflect all known levels of operating expenses including those associated with providing armed guard and security services. The record shows that Air California and other airlines will continue to provide such services in the test periods used by applicant and the staff pursuant to federal regulations. No reason appears for continuing the interim surcharges for armed guard and security services.

The financial witness projected test-year expenses by developing actual unit costs for each category of expense based on recorded expenses for the first eleven months of 1973 and by adjusting the unit costs for estimated increases in expenses. Where wage contracts are applicable the wage costs were adjusted by the specific amounts set forth in the wage contracts. Where there are no current labor contracts for the category of employee involved, the 1973 wage cost was increased 10 percent. The estimated unit costs for flying operations reflect aviation fuel costs as of January 1, 1974. No further increases in fuel costs are reflected in applicant's test-year projections. Aircraft service unit costs reflect current landing fees at all airports. The witness testified that its principal point of operation, Orange County Airport, intends to increase landing fees, but the exact amount is not yet determined.

The estimated unit costs for traffic services include the wages and related expenses for security policing and armed guards, including charges billed to the carrier by airports.

The following table sets forth applicant's estimate of its operating results for the test year ended June 30, 1975 under present and proposed fares:

TABLE 1

Air California

Comparison of Statement of Operations
Present and Proposed Fares
Fiscal Year Ending June 30, 1975
($000)

	Present Fares (Includes 46¢ Per Passenger For Security Service Charge)	Proposed Fares (Includes 72¢ Per Passenger For Fuel Increase)	Proposed Fares (Includes Security, Fuel Increase, And Proposed Fare Increase)
Number of passengers	1,306,000	1,306,000	1,306,000
Flight hours	17,080	17,080	17,080
Revenues			
Passenger transportation	$24,725	$25,618	$26,741
Charter/contract	240	240	240
Total	24,965	25,858	26,981
Freight	420	420	420
Liquor	261	261	261
Nontransport & other	75	75	75
Total	756	756	756
Total operating revenue	25,721	26,614	27,737
Operating Expenses			
Flying operations	6,446	6,446	6,446
Direct maintenance	2,064	2,064	2,064
Aircraft lease cost	4,238	4,238	4,238
Depreciation	360	360	360
Total direct	13,108	13,108	13,108
Maintenance burden	1,072	1,072	1,072
Passenger services	1,903	1,903	1,903
Aircraft services	1,785	1,785	1,785
Traffic services	3,398	3,398	3,398
Sales & promotion	2,990	3,017	3,050
General administration	1,385	1,385	1,385
Depreciation & amortization	210	210	210
Total indirect	12,743	12,770	12,803
Total operating expenses	25,851	25,878	25,911
Operating income (loss)	(130)	736	1,826
Nonoperating Income (Expenses)			
Interest income	120	120	120
Interest expense	(420)	(420)	(420)
Debt expense amortization	(21)	(21)	(21)
Total nonoperating income (expense)	(321)	(321)	(321)
Income (loss) before income taxes	(451)	415	1,505
Income taxes	-	237	858
Net income (loss)	$ (451)	$ 178	$ 647
Operating ratio	100.5%	97.2%	93.4%

Staff Evidence

Exhibit 3 introduced by a financial examiner from the Commission's Finance and Account Division contains the report of the witness relative to the financial condition, investment in carrier operating property, and operating results of applicant on an historical basis. The witness accepted applicant's recorded results of operations as being reasonable, except that he eliminated a management fee of $10,800 from operating expenses for the year 1972. This amount is for consolidating tax returns of Air California with other Westgate corporate entities. This expense assertedly was incurred solely for the benefit of stockholders.

Exhibit 3 comments as follows on applicant's ownership of its facilities: Applicant leases all nine aircraft used in its operations. Currently, the applicant leases six Boeing 737's and two spare engines from GATX-Boothe Corporation, and two Boeing 737's and an Electra from West Coast Properties, an affiliate. The aircraft lease of 1968 with GATX-Boothe Corporation, a nonrelated lessor, is presumed to be arms-length. In such situations, the staff usually does not substitute ownership expenses in its determination of operating results, or impute ownership to such leased aircraft. Under the circumstances, the capitalization of the leasehold value at present worth after discounting the remaining lease payments, for rate of return or cost of money considerations of either the lessor or the lessee, would not be a proper additive to rate base of the lessee for the GATX-Boothe equipment. A rate of return on this segment of rate base would result in a second profit on the rental equipment, a profit to the lessor already having been included in the rent paid by the lessee.

Exhibit 3 further states that the aircraft leased in 1970 and 1971 from affiliate West Coast Properties could be treated from the standpoint of substitution of ownership or capitalization of leasehold value. The Boeing 737 leased in 1971 from West Coast Properties cost $4,308,345, which amount includes $265,455 additional charges for interest, storage, handling, and ferrying to Wichita, Kansas (the plane having been readied six months before it was put in service). Elimination of the additional charges would indicate that the approximate base cost of the 737 leased in 1970 was $4,042,890. Based on 15 percent salvage value and 15 years service life, the following owner's depreciation substitution has been estimated and is compared with the present annual lease rental for these two aircraft:

Date Acq.	No.	Approx. Basic Cost	Salvage Value	Annual Deprec.	Annual Rental
9/15/70	N468AC	$4,042,890	$ 606,434	$229,097	$ 512,400
6/1/71	N469AC	4,308,345	646,252	244,140	540,000
		$8,351,235	$1,252,686	$473,237	$1,052,400

All other maintenance expense and taxes are borne by lessee. The witness concluded that on the basis of costs to applicant for lease of aircraft from affiliates, no rate-making adjustment appears to be warranted, and no adjustment was made by him in the development of historical operating results.

The staff financial witness reached the following conclusions with respect to use of rate of return versus operating ratio as a test of applicant's financial needs and as a measure of the reasonableness of applicant's earnings. To apply a rate of return to a rate base which includes lessor's investment in nine aircraft and two engines would be of little import because of factors expressed in the preceding paragraph. Net carrier operating property as of June 30, 1973 was about $2,325,000. Net carrier operating property would be the major component of a rate base. Net operating income for the fiscal year ended June 30, 1973, after taxes, was about $1,182,900 or a return of 50.8 percent. If approximately $25,675,000 were added, representing the estimated depreciated cost of leased equipment, the net carrier operating property would be about $28,000,000, for a return of 4.2 percent, imputing ownership of aircraft now leased, and excluding rental cost associated with leased aircraft. Such a treatment would make the reasonableness or unfairness of the rate of return dependent upon the imputed depreciated cost of leased equipment. This appears to be impractical in the circumstances; therefore, this rate proceeding should rely upon operating ratios alone as a standard and guide as to reasonableness of earnings. The witness stated that an operating ratio (after income taxes) in the range of 92 to 95 percent would not be unreasonable for applicant's operations.

Concerning income taxes, the staff financial witness pointed out that, as a result of the issuance of additional common stock upon conversion of certain long-term debt to equity, Westgate-California now holds less than 80 percent of the outstanding shares of Air California. As a consequence, applicant must file its own federal income tax return and cannot file a consolidated return with Westgate-California under federal regulations. The witness also testified that applicant, in filing its own federal income taxes, no longer can utilize loss carry-forwards which have served to eliminate federal income taxes in prior years. In any event, the tax savings generated by past losses should not be considered as a reduction or offset to test-year income taxes in determining reasonable expenses for fare setting purposes.

The following is the recorded and adjusted financial data developed by the staff witness in his Exhibit 3:

TABLE 2

Air California

Comparative Operating Statements
Fiscal Year Ended June 30, 1972 and 1973

Item	Recorded Fiscal Year Ended June 30, 1973	Recorded 1972	Adjusted 1972
Operating Revenues			
Passenger transportation			
Commuter	$21,420,091	$19,968,724	$19,968,724
Charter/contract	1,099,755	1,342,173	1,342,173
Total	22,519,846	21,310,897	21,310,897
Freight	456,848	383,293	383,293
Liquor	248,688	253,686	253,686
Nontransport & other	1,350,519	953,022	953,022
Total	2,056,055	1,590,001	1,590,001
Total operating revenues	24,575,901	22,900,898	22,900,898
Operating Expenses			
Flying operations	5,183,364	5,132,838	5,132,838
Direct maintenance	1,852,098	1,710,103	1,710,103
Aircraft lease cost	4,238,400	4,238,400	4,238,400
Depreciation	330,287	321,321	321,321
Total	11,604,149	11,402,662	11,402,662
Maintenance burden	867,269	839,464	839,464
Passenger services	1,705,291	1,670,527	1,670,527
Aircraft services	1,455,148	1,388,057	1,388,057
Traffic services	2,605,756	2,316,440	2,316,440
Sales and promotion	2,787,954	2,785,832	2,785,832
General & administration	1,279,049	1,241,044	1,230,244(a)
Depreciation and amortization	167,186	154,663	154,663
Total	10,867,653	10,396,027	10,385,227
Total operating expenses	22,471,802	21,798,689	21,787,889
Net operating income	$2,104,099	$1,102,209	$1,113,009
Other income/expense (net)	(318,422)	(373,777)	(384,577)
Net profit for period	$1,785,677	$ 728,432	$ 728,432
Operating ratios before taxes	91.4%	95.2%	95.1%
Operating ratios after taxes	95.2%	96.8%	96.7%

(a) Management fee of $10,800 eliminated.

A senior and an associate transportation engineer jointly presented in evidence Exhibit 4, which contains estimates of operating results for a test year ending December 31, 1974. The test-year operating results were developed largely in the same manner as applicant's test-year operating results and give effect to current fuel prices and costs associated with the furnishing of security and armed guard services in the test year.

The principal difference between the revenues under proposed fares developed by the associate engineer and applicant's witness is that due to different estimates of passenger volumes. The principal difference in expenses is that the engineer made no provision for increased wages with respect to nonunion personnel in the absence of a wage contract.

The senior transportation engineer testified that Air California has the option of retiring some of its stock and increasing Westgate's ownership to 80 percent and, therefore, not paying income taxes. It is the opinion of the staff engineer that the application should be treated as if no taxes are paid. With no income taxes to be paid, the operating ratio would be 89.7 percent at present fares in the test year. The staff engineer recommended that the application be denied because such operating ratio would provide more than adequate earnings in the test year. To support this conclusion, the witness introduced late-filed Exhibit 4, which is a federal district court judgment of permanent injunction and equitable relief by consent in Securities & Exchange Commission v Westgate-California Corporation, entered in January 1974 (SD Cal 1974, Civ A No. 72-217-N). The witness further recommended that if the Commission recognizes income tax for Air California, that any fare increase granted as a result be of an interim nature.

The following table sets forth the transportation engineers' estimates of Air California's operating results for a 1974 test year:

TABLE 3

Air California

Estimated Results of Operation Year Ending December 31, 1974

Item	Historical Year 7/1/72-6/30/73	Rate Year 1974 Present Fares(a)	Rate Year 1974 Proposed Fares(b)
Statistics			
Passengers	1,171,000	1,396,000	1,396,000
Flight hours	17,100	17,900	17,900
Revenue			
Scheduled passengers	$21,420,000	$27,158,000	$28,383,000
Charter/contract	1,100,000	240,000	240,000
Beverages	249,000	293,000	293,000
Freight	457,000	790,000	790,000
Nontransport & other	1,351,000	248,000	248,000
Total revenue	24,577,000	28,729,000	29,954,000
Expenses			
Flying operations	5,183,000	6,588,000	6,588,000
Direct maintenance	1,852,000	2,082,000	2,082,000
Aircraft lease cost	4,238,000	4,238,000	4,238,000
Depreciation	330,000	360,000	360,000
Total direct	11,603,000	13,268,000	13,268,000
Maintenance burden	867,000	915,000	915,000
Passenger services	1,705,000	2,036,000	2,036,000
Aircraft services	1,455,000	1,767,000	1,767,000
Traffic services	2,606,000	3,183,000	3,183,000
Sales and promotion	2,788,000	3,028,000	3,065,000
General administration	1,279,000	1,355,000	1,355,000
Depreciation & amortization	167,000	210,000	210,000
Total indirect	10,867,000	12,494,000	12,531,000
Total operating expenses	22,470,000	25,762,000	25,799,000
Operating income	2,107,000	2,967,000	4,155,000
Income tax		1,335,000	1,961,000
Operating ratio (Assuming no income tax)	91.4%	89.7%	86.1%
Operating ratio (Assuming income tax)		94.3%	92.7%

(a) Includes $0.46 security and recently authorized $0.70 fuel offset.

(b) Includes requested $0.59 security and requested $0.72 fuel offset.

(See Appendix C of Second Amended Application, column entitled "Proposed (Fare Increase)".)

Discussion

The conclusion that the Westgate can acquire sufficient shares to again own more than 80 percent of Air California's common stock in 1974 is so remote as not to require further consideration. Air California has a negative stockholders' equity. The State Corporations Code provides for the acquisition of a corporation's own shares from earned surplus, of which Air California has none. Because of its current extremely poor financial condition Westgate is in no position to expend cash for acquisition of the common stock of Air California. (Since the matter was submitted Westgate has filed for voluntary reorganization under Chapter 10 of the federal bankruptcy act.)

Therefore, it appears, and we so find, that Air California will be required to pay federal and state income taxes on its operating income in both the test year used by applicant and that used by the staff. If income taxes are taken into consideration, the resulting operating ratio of 92.7 percent under the staff's estimate of 1974 operations under proposed fares is within the range of reasonableness recommended by the staff financial witness.

Inasmuch as the test-year operating results of both applicant and the Commission staff give effect in revenues and expenses to fuel cost increases and armed guard and passenger screening charges, these separately stated charges should be discontinued on the effective date of the fares authorized herein. The Commission is mindful of the fact that applicant is a party to the consolidated proceedings in Applications Nos. 53987, et al., which relate to the appropriate charges for armed guards and security screening, as well as the method of including such charges in the tariffs of passenger air carriers. To the extent that this decision resolves these issues for Air California, the Commission will entertain a motion to dismiss Air California from these consolidated proceedings.

Findings

1. Air California is a passenger air carrier operating wholly within the State of California. In this application it seeks permanent authority to increase its air fares. Interim authority was granted in this application to increase certain air fares between points directly competitive with Pacific Southwest Airlines (PSA).

2. In prior proceedings this Commission has found that PSA was the predominant carrier in intra-California jet air commuter operations, that PSA was the only air carrier providing jet commuter service that was operating profitably, and that PSA was the low-cost (fare-setting) carrier in the aforementioned markets.

3. In this proceeding, Air California has shown that it is now conducting profitable operations, although it continues to have a negative stockholders' equity. The results of operations developed by the staff and by applicant indicate that such negative stockholders' equity will be reduced but not eliminated if the full amount of the fare increases sought by Air California is authorized.

4. Although Air California has achieved profitable operations, its financial strength is not so great as to materially change the historical competitive situation nor to warrant the negation of findings in prior Commission decisions in airline fare increase applications as capsulized in Finding 2.

5. The estimated operating revenues and expenses for the year 1974 as developed by the staff and set forth in Table 3 of this opinion are reasonable for the purposes of this proceeding. The results of operations which include federal and state income taxes in the test-year operating results are suitable and appropriate inasmuch as the evidence and the requirements of the State Corporations Code and Federal Internal Revenue Regulations indicate that Air California and Westgate-California Corporation will not qualify for the filing of a consolidated federal income tax return for 1974.

6. Rate of return on rate base would not provide a reasonable test of applicant's earnings under present or proposed fares, inasmuch as the major components of applicant's property used to produce the services rendered for the public are leased rather than owned. The use of an operating ratio (after taxes) to determine the reasonableness of applicant's earning is therefore proper for the purposes of this proceeding.

7. As shown in Table 3, an operating ratio (after taxes) of 92.7 percent will result from the granting of the full amount of the fares proposed by Air California in this application and those current applications seeking increased fares to offset armed guard and security services and fuel cost increases. The granting of the full amounts sought would increase applicant's revenues by $1,225,000 annually. A return on rate base is of no significance in this proceeding and a return on stockholders' equity cannot be computed, as Air California would continue to have a negative stockholders' equity in the test year.

8. The increased fares sought in this application are justified.

Conclusions

1. The application should be granted.

2. No useful purpose would be served by keeping this proceeding open and authorizing the sought fares as interim fares, as requested by our Transportation Division staff.

3. Applicant should be authorized to establish as permanent fares the fares sought in this application. Concurrently with the effective date of such fares, the separately stated interim surcharge fare increases authorized in Decision No. 82389 in Application No. 54546, Decision No. 82190 in Application No. 54106, and Decision No. 81390 in Application No. 53987 should be canceled.

4. Concurrently with the establishment of the permanent fares referred to in the preceding paragraph, the accounting procedures required by Decision No. 82190 in Application No. 54106 and Decision No. 82191 in Application No. 53987 should be rescinded.

5. Nothing in this order should be construed as a finding of reasonableness of any particular charge for security or armed guard services or for fuel costs.

FINAL ORDER

IT IS ORDERED that:

1. Air California, Inc. is authorized to establish as permanent air fares the increased fares proposed in Application No. 53308, as more specifically set forth in the column headed "Proposed (Fare Increase)" in Exhibit C to the Second Amended Application. Concurrently with the establishment of said increased fares, the interim surcharge increases in fares authorized in Decision No. 82389 in Application No. 54546, Decision No. 82190 in Application No. 54106, and Decision No. 81390 in Application No. 53987 shall be canceled.

2. Concurrently with the establishment of the permanent fares authorized in the preceding ordering paragraph the accounting procedures ordered in Decisions Nos. 82190 and 82191 are rescinded with respect to Air California.

3. 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 ten days after the effective date of this order on not less than ten days' notice to the Commission and to the public.

4. The authority 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 2nd day of APRIL, 1974.

Vernon L. Sturgeon
President

William Symons, Jr.

Commissioners