

ORIGINALDecision No. 82975

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SFO HELICOPTER
AIRLINES, INC. for authority to
increase intrastate passenger
fares.

Application No. 54703
(Filed March 4, 1974;
amended April 22, 1974)

O P I N I O N

SFO Helicopter Airlines, Inc. is a corporation engaged in the transportation of passengers, baggage, and express as a common carrier by aircraft between points within a 50-mile radius of Oakland International Airport pursuant to a current certificate of public convenience and necessity issued by the Federal Government. At present this service is provided between San Francisco International Airport, Oakland International Airport, Marin Heliport, and the Berkeley Heliport. By this application, as amended, it seeks authority to establish increased intrastate local and joint fares to the same level as its interstate fares between the same points authorized by the Civil Aeronautics Board on April 1, 1974 pursuant to its Special Tariff Permission No. 33656. The proposed increases in fares range between 1.0 percent and 8.7 percent. The maximum fare increase is \$1.00. Applicant's present fares were authorized by the Commission in its Decision No. 76064 dated July 31, 1969 in Application No. 51286.

From July 31, 1970 through July 31, 1973 applicant operated under Chapter X Bankruptcy proceedings and emerged on August 1, 1973 as a reorganized company. During the calendar year 1972 applicant's operating expenses exceeded its gross revenues. Applicant had a profit from operations of \$173,212 for the calendar year 1973 or an operating ratio of 93.46 percent. Nonoperating expenses in the form of fees involved in the bankruptcy and interest by far exceeded

the operating profit. A reduction of \$56,232 in aircraft insurance expense contributed largely to the more favorable operating results in 1973 over 1972.

During the calendar year 1973 applicant incurred substantial increases in expenses of both labor and materials. For example, applicant had increases in the price of fuel in May, August, and December totaling a 28 percent increase over the January 1973 price;^{1/} wages and payroll taxes have increased, and, in addition, applicant will shortly enter into negotiations with its station and ramp agents and office personnel which it anticipates will result in additional increases in labor expense.

Applicant projects a 5 percent increase in passenger traffic and with that projection estimates that the proposed increased fares will provide it with approximately \$175,700 additional gross revenue.

Copies of the application were served in accordance with the Commission's procedural rules. Notice of the filing of the application appeared in the Commission's Daily Calendar. No protests have been received.

By its amended application applicant asserts that pursuant to the authority of the Civil Aeronautics Board, it has effected the increase on interstate fares and is now ticketing interstate

^{1/} Applicant asserts that in March 1974 it was informed by its major fuel supplier that the price of fuel will be 24.89 cents per gallon which represents an additional cost increase of \$77,887 which is 68.7 percent over 1973, and 93.1 percent over 1972 fuel costs. Such fuel cost increase was not forecast or taken into account by applicant in its projections.

fares on one level, and intrastate fares on another, creating considerable confusion not only in applicant's business but that of other airlines and travel agencies as well. It asks the Commission to authorize it to establish the proposed increased fares.

Upon consideration of all of the facts and circumstances recited herein we find that the proposed fare increases have been shown to be justified. We conclude that the application should be granted and that applicant should be authorized to establish the increased fares on not less than five days' notice to the Commission and to the public. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. SFO Helicopter Airlines, Inc., a corporation, is authorized to establish the increased fares proposed in Application No. 54703. Tariff publications authorized to be made as a result of this order shall be made effective on not less than five days' notice to the Commission and to the public.

A. 54703 JR

2. The authority shall expire unless exercised within ninety days after the effective date of this order.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 5th
JUNE day of _____, 1974.

Vernon L. Sturgeon
President
William J. Lyons
William J. Lyons
William J. Lyons
William J. Lyons
Commissioners