

Decision No. 83556**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AIRLIFT INTERNATIONAL,)
 INC. for an Ex Parte Order to increase)
 its intrastate air freight rates. }

Application No. 54740
 (Filed March 19, 1974)

O P I N I O N

Airlift International, Inc. is a common carrier of property by air between the airports of Los Angeles and San Francisco. By this application it seeks authority to increase rates. A comparison of the present rates with the proposed rates is set forth in the margin.^{1/} Pursuant to direction, on August 5, 1974, applicant submitted additional cost and financial data which are incorporated into the record in this application as Exhibit 1. Notice of the filing of this application was given in accordance with the Commission's procedural rules. There are no protests.

<u>1/</u>	<u>Present Rate</u>	<u>Proposed Rate</u>
Rate in dollars per pound for shipments weighing less than 100 pounds	\$.08	\$.12
Minimum Charge	\$4.00	\$6.00
Rate in dollars per 100 pounds on shipments weighing over 100 pounds	\$5.26	\$7.60

Applicant's present rates became effective April 28, 1964. Exhibit 1 shows that between 1964 and 1974 applicant incurred increases in all categories of expense in its domestic operations. The average increase in total labor cost was 70 percent, in fuel cost 89 percent, in maintenance cost 125 percent, and in terminal operations cost 338 percent. For the 12 months ended December 31, 1973 applicant incurred on its domestic operations an operating loss before income taxes of \$4,161,413.^{2/} Applicant projected operating results for a 12-month period under present rates and under the proposed rates in connection with cargo service between San Francisco and Los Angeles as follows:

AIRLIFT INTERNATIONAL, INC.

Projected 12-Month Operating
Results of All-Cargo Service between
San Francisco and Los Angeles

	<u>Present Rate</u>	<u>Proposed Rate</u>
Air Freight Revenues	\$ 323,490	\$467,400
Operating Expenses	<u>441,398</u>	<u>441,398</u>
Net Revenue	\$(117,908)	\$ 26,002
Operating Ratio Before Income Taxes	136.4%	94.4%

(Red Figure)

We find that the increases in rates have been shown to be justified. The application should be granted. A public hearing is not necessary.

^{2/} Only a small portion of applicant's operations are within California. The results for domestic operations are those for operations conducted within the United States analyzed pursuant to accounting methods prescribed by the Civil Aeronautics Board.

O R D E R

IT IS ORDERED that:

1. Airlift International, Inc., a corporation, is authorized to establish the increased rates proposed in Application No. 54740. Tariff publications authorized to be made as a result of this order may 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 to the public.

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

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

Dated at San Francisco, California, this 9th day of OCTOBER, 1974.

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