

ltc

Decision No. 84070

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of NOR-CAL AVIATION,
INC., for authority to increase
intrastate passenger fares.

} Application No. 54842
(Filed May 2, 1974;
amended September 13, 1974)

FINAL OPINION AND ORDER

Nor-Cal Aviation, Inc. is a passenger air carrier with operations between Sacramento and Redding via Oroville, Chico, and Red Bluff. It here requests authority to increase all fares by \$4.63 (\$5.00 including tax). By Decision No. 83205 dated July 30, 1974, the Commission authorized applicant to establish the proposed increased fares on an interim basis pending further investigation.

The Commission's Finance and Accounts Division reviewed the records of applicant and has submitted a report which is received in evidence in this application as Exhibit 1. A profit and loss statement prepared by the staff for the six-month operations ended June 30, 1974 shows a loss from all operations of \$28,634. The staff separated revenues and allocated expenses to arrive at the following results for that six-month period:

Income Statement
Allocation by Operation
Six Months Ended June 30, 1974

	<u>Passenger Operation</u>	<u>Charter and Freight Operation</u>
Revenues	\$53,054	\$82,614
<u>Operating Expenses</u>		
Direct Costs	\$56,845	\$72,805
Gen. & Admin.	<u>16,199</u>	<u>18,453</u>
Total Operating Expenses	73,044	91,258
Operating Loss	\$19,990	\$ 8,644

During the three months ended June 30, 1974 applicant transported 1,835 passengers. Assuming double that number of passengers for the six months ended June 30, 1974, the proposed increase of \$4.63 per passenger would provide almost \$17,000 additional passenger revenue which would not have been sufficient to offset the operating loss incurred from passenger operations.

On September 13, 1974 applicant filed an amendment to its application setting forth a projected statement of income and expense for the year ending December 31, 1974. The projection shows an estimated \$32,280 additional revenue for twelve months under the proposed fare increase and an operating loss with the proposed increased fares amounting to \$20,532.

It is reasonably evident that the proposed increase in fares offers only a remote possibility of applicant's achieving a breakeven point from passenger air carrier operations, let alone reasonable earnings.

The proposed increase has been shown to be justified. The interim authority granted in Decision No. 33205 should be made final. A public hearing is not necessary.

IT IS ORDERED that the interim authority granted in
Decision No. 83205 is made final.

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

Dated at San Francisco, California, this 11th
day of FEBRUARY, 1975.

Vernon L. Stenger
President
William J. Quinn
Edward R. ...
Leonard R. ...
Commissioners