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Decision No. 84746

**ORIGINAL**

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. 55537  
(Filed March 4, 1975;  
amended April 14, 1975)

O P I N I O N

Applicant SFO Helicopter Airlines, Inc., a passenger air carrier with authority to provide scheduled passenger service between points within a 50-mile radius of the Oakland International Airport (OAK), requests authority to increase its fares by \$1.39 per passenger in every segment of its operation except between OAK and the Emeryville Heliport (JEM) and between OAK and the Marin Heliport (JMC) where fares would be increased by \$3.70 and \$3.24, respectively. Additionally, applicant requests that the words "military fares" be inserted in its tariff in lieu of the words "military standby fares" and that those fares as well as children's fares be increased from 50 to 66-2/3 percent of the adult fares. Applicant also requests the cancellation of youth standby fares and clergy standby fares. The proposed change in fares is estimated by applicant to result in an increase in gross revenue from intrastate operations of approximately \$27,898 for the year 1975, bring applicant's intrastate fares to the same level as its interstate fares, and bring applicant's discounted fares in direct line with all trunk and local service carriers with whom it makes direct interline connections. No protests to the application have been received.

During the calendar year 1974 applicant carried 239,669 passengers, 9 percent of whom were traveling in intrastate commerce and the remainder in interstate and foreign commerce. For that year its net income before taxes was \$175,178 on a gross revenue of \$2,921,080. For the year 1975 applicant expects its traffic to decrease by approximately 3,850 passengers as compared to the number carried in 1974 due to the current recession while at the same time it projects substantial increases in its operating costs based on an average rise in its operating expenses during 1974 over 1973 of 10.9 percent, an increase in its cost of fuel of \$.0833 per gallon effective November 1974 to \$.3322 per gallon resulting in an overall fuel cost increase of \$63,986 based upon the projected use of 768,135 gallons, an increase of \$55,000 in General Service and Administration wages as called for by present collective bargaining contracts, and advice from its two major suppliers of parts that the one will increase its 1975 catalog prices for parts by 36 percent and the other by 20 percent for parts and 13 percent for labor. (Applicant used over \$300,000 in parts and labor from each of its two major suppliers in 1974.) Additionally, applicant's collective bargaining agreement with its pilot group expires in March 1975 and it expects the negotiations to result in additional unknown expenses.

The increase in fares between the points of OAK and JEM of \$3.70 and the points of OAK and JMC of \$3.24, two of applicant's lightest traveled routes, is a required adjustment to bring those rates up to a nondiscriminatory level in comparison with applicant's other rates. So few passengers travel over those routes that the revenue effect of the increase will be minimal.

The current level of rates sought to be charged by applicant are those which are now being charged by applicant for transporting passengers traveling in interstate or foreign commerce and became effective as to those passengers on April 29, 1975.

A representative of the Commission's Finance and Accounts Division conducted an audit of applicant's books and records for the years 1973 and 1974 and generally confirmed the accuracy of applicant's Comparative Statement of Income and Expenses for those years which were submitted with the application, recommended that the full requested fares be authorized, and concluded that such increases would, for the future, not result in excessive or unreasonable earnings.

A representative of the Commission's Transportation Division submitted projections which showed that if the expected level of total passengers which applicant would haul in the year 1975 were carried at the present intrastate fare levels, it would return to applicant \$2,782,440 and, along with other revenues of \$163,920, would result in an operating ratio of 101.5 based on expenses adjusted to reflect all known factors which will affect 1975 expenses, such as increase in wages due to a recent union labor agreement, fuel price increases, landing fees, maintenance expenses due to increases in labor and parts, etc. However, at the proposed fare levels applied systemwide applicant would experience a 91.6 operating ratio. The intrastate portion of the gross revenue increase for the year is estimated to be \$28,783.

After consideration the Commission finds that the increases in fares authorized by this decision are justified. A hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. SFO Helicopter Airlines, Inc. is authorized to establish the increased rates proposed in Application No. 55537. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and 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.

3. 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-Series.

4. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its terminals a printed explanation of its proposed fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

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

Dated at San Francisco, California, this 5th  
day of AUGUST, 1975.

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President  
William J. ...  
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Robert ...  
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Commissioners