

Decision No. 84881**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of AIR CALIFORNIA, a California corporation, for the removal of restriction "a" from its existing Certificate of Public Convenience and Necessity permitting AIR CALIFORNIA to carry passengers between San Francisco International Airport and San Jose Municipal Airport.

Application No. 55778

O P I N I O N

Air California by this application seeks authority to transport local passengers between San Francisco International Airport (SFO) and San Jose Municipal Airport (SJC).

Applicant now conducts flight operations between SFO and SJC on a closed door basis on routes authorized by its Certificate of Public Convenience and Necessity. Applicant already has the facilities at each airport necessary to accommodate any passenger desiring transportation between the points. The fare from even one passenger would improve applicant's revenues without increasing its cost so that there is no doubt whatever the applicant can economically provide service between the points.

SFO and SJC, together with Oakland International Airport, are the major air terminals in the San Francisco Bay Area. The airports are served in connection with passenger air carrier operations conducted by applicant between the San Francisco Bay Area and points in Southern California. They are considered to be co-terminals by the major interstate airlines operating between the Bay Area and points outside of the State. The airports are only a short distance apart and are connected by freeways and major highways making the airports not more than one hour apart by motor transportation. With respect to air transportation between the airports, applicant's scheduled block time between the airports is one-half hour.

Passenger traffic between the airports consists of persons who have had prior, or who will have subsequent, air transportation from or to more distant points. Illustrative of that type of traffic is the passenger living in the San Jose area wishing to connect with SFO for air transportation overseas.

SFO and SJC are points on routes operated by the applicant. The usual compelling reason for prescribing a "closed door" restriction on operations by an airline over a route is that there is a probability from the facts in the particular case that additional competitive airline service between the points would be detrimental to the people, the communities involved, or other communities, by reason of curtailment of services or increases in the cost of obtaining transportation. The airlines that offer passenger service between SFO and SJC are Swift Aire Lines and Hughes Airwest. Neither of those airlines have protested the granting of this application. Swift Aire Lines operates between the points over routes between SFO on the one hand, and Paso Robles, San Luis Obispo, and Santa Maria on the other hand. SFO and SJC are co-terminals for Airwest in connection with operations to and from distant points. The traffic that they enjoy between SFO and SJC is of the type previously mentioned. The traffic potential is directly related to the amount of service available and the time between the connecting flights at either airport. It would appear to be doubtful that the airlines presently providing service between the points would lose traffic to applicant, but if traffic were to be diverted it would not significantly affect the ability of those carriers to continue to provide service between those points or to or from other points at existing fare levels.

In the circumstances we find that the additional competitive airline service that will result from authorizing applicant to transport passengers between the points will not be detrimental to the people, the communities involved, or other

communities, by reason of curtailment of existing services or increases in the cost of transportation. The additional services will contribute to the establishment of an orderly, efficient, economical, and healthy intrastate passenger air network to the benefit of the people of this State, its communities, and the State itself.

Inasmuch as this application involves only the ticketing of passengers on flights between SFO and SJC already authorized by Certificate of Public Convenience and Necessity, we find with reasonable certainty that granting this application will not have a significant effect on the environment.

We find that public convenience and necessity require the operations by applicant as a passenger air carrier in the transportation of passengers between SFO and SJC on flights operated by it over routes between those points authorized by the existing Certificate of Public Convenience and Necessity.

We conclude that the application should be granted as provided in the ensuing order and that a public hearing is not necessary.

Applicant is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate-fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

#### O R D E R

IT IS ORDERED that:

1. Air California, a corporation, is authorized to transport passengers solely between San Francisco International Airport and

San Jose Municipal Airport on any certificated route that includes both airports.

2. Appendix A of Decision No. 80439, as amended, is further amended by incorporating therein Fifth Revised Page 5, attached hereto, in revision of Fourth Revised Page 5.

3. In providing service pursuant to the authority granted by this order, applicant shall comply with the following service regulations. Failure to do so may result in a cancellation of the authorities.

- (a) Within thirty days after the effective date of this order, applicant shall file written acceptance of the authority granted.
- (b) Within one hundred twenty days after the effective date of this order, applicant shall establish the authorized service and file tariffs, in triplicate, in the Commission's office.
- (c) The tariff filings shall 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 the public, and the effective date of the tariff filings shall be concurrent with the establishment of the authorized service.
- (d) 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.

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

Dated at San Francisco, California, this 10<sup>th</sup> day of SEPTEMBER, 1975.

 President

William J. Sproul

Vernon L. Sturgeon



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Commissioners

Commissioner Robert Batinovich, being necessarily absent, did not participate in the disposition of this proceeding.

Appendix A  
(Dec. 80439)

AIR CALIFORNIA  
(a corporation)

Fifth Revised Page 5  
Cancels  
Fourth Revised Page 5

RESTRICTIONS

No passenger shall be accepted for transportation solely between the following pairs of points:

- #a. Deleted.
- b. San Francisco International Airport - Oakland International Airport.
- c. San Francisco International Airport/Oakland International Airport - Sacramento Municipal Airport.
- d. San Francisco International Airport - Ontario International Airport.
- e. San Diego International Airport and other airports already served by Air California, except as authorized by Routes 3, 4, 10, 14 and 15. No passengers traveling between San Diego International Airport and San Francisco International Airport shall be carried on flights operated on Routes 3, 4, 10, 14, and 15.

Issued by California Public Utilities Commission

#Revised by Decision No. 84881, Application No. 55778.