

Decision No. 87107

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION OF EUREKA AERO
INDUSTRIES, INCORPORATED, FOR AN)
EX-PARTE ORDER TO INCREASE ITS)
INTRASTATE PASSENGER FARES)

Application No. 57063
(Filed February 8, 1977)

O P I N I O N

Eureka Aero Industries, Inc., is a passenger air carrier providing service between the airports of Eureka, Red Bluff, Chico, Marysville, Sacramento, Oakland, Santa Rosa and Redding. Eureka Aero operates one De Havilland Twin Otter, DHC-6, and three Cessna 402 aircraft in scheduled passenger service in California. In this application Eureka Aero seeks an ex parte order to increase its air fares in all markets as shown on Exhibit A of the application. The proposed fares will result in an increase in gross revenues of \$144,672 annually. There have been no increases in applicant's fares since March 25, 1975 (Decision No. 84238, in Application No. 55278).

Applicant sets forth the following reasons for the requested increase:

1. Pilot and agent salaries have increased 13 percent.
2. The cost of a Cessna 402 engine exchange has increased 34 percent and the cost of a Pratt and Whitney, PT6-20 engine exchange has increased 26 percent.
3. Replacement parts for the PT6-20 engine have increased 32 percent.
4. Overall costs in propellers have increased 13.7 percent.
5. Fuel costs have increased 8 percent.
6. State Workmen's Compensation Insurance rates have increased 44 percent.
7. Landing fees have increased by an average of 22 percent throughout the system.

3. Passenger liability insurance costs have increased 63 percent during the past year.

A statement of projected income and expenses for the calendar year of 1977 (Exhibit B of application) discloses anticipated operating losses in passenger service under present fares at \$21,072. The projection of revenues under proposed fares shows that applicant will realize a net income before income taxes of \$123,800 and after income taxes, \$66,734. Operating ratio after taxes is calculated at 92.86 percent.

Notice of the filing of the application was made pursuant to the Commission's Rules of Practice and Procedure. No protests have been received.

F I N D I N G S

1. Applicant has experienced increases in labor costs, direct aircraft maintenance costs, fuel costs, terminal station costs, landing fees and other operating costs.

2. Applicant has not adjusted fares, for which it here seeks an increase, since March 1975.

3. The proposed fares will result in an increase in gross revenues of \$144,672 annually or approximately 18%.

4. The fare increases proposed are justified and a public hearing is not necessary.

The Commission concludes that the application should be granted ex parte.

O R D E R

IT IS ORDERED that:

1. Eureka Aero Industries, Inc., is authorized to establish the increased fares proposed in Appendix A attached hereto and made a part hereof. 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.

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 15th day of March, 1977.

Paul B. Belmont
President
William J. ...
Vernon L. ...
...
Richard D. ...
Commissioners

EUREKA AERO INDUSTRIES
PRESENT AND PROPOSED FARES

Market	Present Fares	Proposed Fares	Increase
Eureka-Oakland	\$29.63	\$34.25	\$4.62
Eureka-Sacramento	27.78	33.33	5.55
Eureka-Marysville	25.00	27.78	2.78
Eureka-Chico	23.15	27.78	4.63
Eureka-Red Bluff	21.30	23.15	1.85
Eureka-Santa Rosa	23.15	27.78	4.63
Eureka-Redding	23.15	25.00	1.85
Red Bluff-Oakland	23.15	27.78	4.63
Red Bluff-Sacramento	21.30	23.15	1.85
Red Bluff-Marysville	16.67	21.30	4.63
Red Bluff-Chico	9.26	11.11	1.85
Red Bluff-Santa Rosa	23.15	27.78	4.63
Chico-Oakland	21.30	25.92	4.62
Chico-Sacramento	19.44	24.07	4.63
Chico-Marysville	11.11	12.96	1.85
Chico-Santa Rosa	23.15	27.78	4.63
Sacramento-Oakland	16.20	23.15	6.95
Sacramento-Marysville	11.11	12.96	1.85
Sacramento-Santa Rosa	18.52	23.15	4.63
Santa Rosa-Marysville	23.15	25.00	1.85
Marysville-Oakland	20.37	23.15	2.78
Santa Rosa-Oakland	19.44	23.15	3.71