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Decision No. 89230

AUG 8 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of STOL AIR, INC.)
for authority to increase)
certain Passenger, Air Freight,)
Baggage and other fares and)
rates)

Application No. 58179
(Filed June 28, 1978)

O P I N I O N

STOL AIR, INC. (STOL) is a common carrier by air of passengers and property operating between certain points within California. Applicant is also a commuter air carrier by definition of Part 298 of the Civil Aeronautics Board's (CAB) Rules and Regulations.

STOL AIR seeks authority to adjust certain passenger fares and freight rates, as set forth in Exhibit 3 of its Application 58179, to offset the increased operating costs.

In support of its application STOL AIR states as follows:

1. Since its last fare increase, STOL AIR has experienced increases in labor costs, fuel costs, vendor costs, rentals, landing fees and other operating costs incidental to its operations.

2. The requested adjustments in the passenger fares and freight rates are required to enable applicant to conduct its operations in a proper and economically viable manner.

Exhibit 1 of the application indicates that STOL AIR's operations for the fiscal year ended July 31, 1977, resulted in a gross annual operating revenue of \$819,713 and operating expenses of \$877,290; and therefore, a net operating loss of \$57,577 and an operating ratio, before taxes, of approximately 107.0 percent.

Exhibit 2 of the application indicates that the carrier's operations for a 10-month period ended May 31, 1978, resulted in a gross operating revenue of \$888,958 and operating expenses of \$1,127,650; and therefore a net operating loss of \$238,691 and an operating ratio, before taxes, of 126.9 percent.

Exhibit 6 of the application indicates STOL's estimated results of operations for a 12-month period ending June 30, 1979, under both the present and proposed rates. Operation under the present rates is estimated to produce annual operating revenues and expenses of approximately \$1,418,000 and \$1,415,000 respectively, resulting in an operating ratio, before taxes, of 99.8 percent. Operation under the proposed rates is estimated to produce annual operating revenues and expenses of approximately \$1,550,000 and \$1,415,000 respectively, resulting in an operating ratio, before taxes, of 91.3 percent.

The Commission finds:

1. STOL AIR, INC. seeks authority to adjust passenger fares and freight rates as set forth in Exhibit 3, attached to the application, to offset the increased operating expenses.
2. Applicant's operations in the fiscal year ended July 31, 1977 resulted in a net operating loss of approximately \$58,000, and an operating ratio, before taxes, of about 107 percent.
3. Carrier's operations for a period of 10 months ended May 31, 1978, resulted in a net operating loss of approximately \$239,000, and an operating ratio, before taxes, of about 127 percent.
4. STOL's operation for a 12-month period ending June 30, 1979, under the present and proposed passenger fares and freight rates is estimated to result in operating ratios, before taxes, of approximately 100 percent and 91 percent respectively.
5. An operating ratio, before taxes, of 91 percent is not indicative of excessive earnings for this carrier.
6. The requested increase will produce approximately \$132,000 additional annual revenue or 9.3 percent of the carrier's annual gross operating revenues.
7. The proposed increases in passenger fares and freight rates are justified.
8. The application was served in accordance with the Commission rules.

9. Notice of the filing of the application appeared on the Commission's Daily Calendar.

10. No protest has been filed with the Commission regarding this application.

We conclude that the applicant should be authorized to establish adjusted passenger fares and freight rates as proposed in the application. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. STOL AIR, INC. is authorized to establish passenger fares and freight rates proposed in Application 58179.

2. Tariff publications authorized to be made as a result of this order may be made effective on not less than ten days' notice to the Commission and the public.

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

4. 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 105-Series.

The effective date of this order is the date hereof.

Dated at _____, California, this _____ day of _____, 1978.

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dodrick, being necessarily absent, did not participate in the disposition of this proceeding.

Robert B. Berman
President

Vernon L. Sturgeon
Charles W. Howell

Commissioners