

Decision No. 89360

SEP 6 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Emilio's Air Service also known as GSL Air for a certificate of public convenience and necessity to provide commuter passenger air service between Oakland, on the one hand and Truckee/South Shore/Reno/Carson City, on the other hand.

Application No. 58240
(Filed July 20, 1978)

O P I N I O N

By this application, Emilio's Air Service, also known as G.S.L. Air, seeks a Certificate of Public Convenience and Necessity as a passenger air carrier between the airport at Truckee, which is on the north shore of Lake Tahoe, and the Lake Tahoe Airport, which is on the south shore of Lake Tahoe, and the airport at Oakland with connections to Reno and Carson City, Nevada. The applicant does not need Commission authority to serve Reno and Carson City.

Staff investigation indicates that the applicant is engaged in various air operation businesses, including charter air passenger and air cargo service between Oakland and Truckee, and between Truckee and South Lake Tahoe and various other airports. The applicant is presently carrying passengers between the requested points on a charter basis. It is the intention of the applicant to schedule these flights and provide ticket service to the general public.

Applicant complies with the insurance requirements of General Order 120-C.

The Financial Statement included with the application cannot be used to determine monetary resources of the applicant. There is no indication of how much capital will be available to run the airline, nor how much reserve is available to maintain operations. The applicant's principal assets appear to be the appreciated value of Marin County Real Estate. As submitted, the financial statement indicates that the applicant has less than \$1,000 to invest in the airlines.

The Articles of Incorporation included in the application imply that the operation is to be financed by the sale of shares in G.S.L. Air, Inc. However, Mr. Philip A. Benson, Vice President of G.S.L. Financial, Inc., stated that no general sale of shares is anticipated. Present plans call for an investment by G.S.L. Financial, Inc. in G.S.L. Air Inc. of about \$60,000. This will be dispersed at about \$10,000 per month and should be adequate to commence the passenger air operation.

The applicant owns no aircraft or service facilities. It does have use-lease arrangements with several aircraft owners, and service facilities are available at the various airports.

The applicant does not have counter space at any of the airports and has not yet made arrangements for resident sales personnel. Arrangements for amply qualified flight personnel have been made, but no administration, management or operations personnel have been contacted. Under the present ownership structure, start-up operations will be difficult.

The applicant proposes to commence operations with a three-passenger aircraft and a six-passenger aircraft. There will be two backup aircraft available.

The applicant proposes a morning flight from Oakland to Truckee and an evening return. A morning flight from Truckee to South Lake Tahoe is also proposed. There will be a morning, afternoon and evening flight from South Lake Tahoe to Truckee.

Proposed fares, including tax, are as follows:

Oakland - Truckee	\$29.00
Truckee - South Lake Tahoe	\$12.50

California Air Commuter, which has a certificate to serve Truckee, provided service to Truckee on an intermittent basis and is presently not serving Truckee at all. The applicant requests immediate authorization to restore service at Truckee and to take advantage of seasonal traffic.

F I N D I N G S

The Commission finds that:

1. Since California Air Commuter discontinued operations at Truckee, there has been no certificated air passenger service operations at Truckee.
2. The applicant is requesting certification to provide air passenger service between Oakland and Truckee and between Truckee and South Lake Tahoe.
3. The applicant has:
 - (a) Available aircraft, flight personnel and business experience to perform the proposed service.
 - (b) Insurance coverage as required by General Order 120-C.
4. The applicant may not have sufficient capital to provide adequate service.
5. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
6. The applicant's proposed fares are not unreasonable for the type of service proposed.
7. There is a public need for the service proposed.
8. All interested and affected parties have been served.
9. No protests have been received.
10. A public hearing is not necessary.

C O N C L U S I O N S

Based upon the foregoing findings of facts, the Commission concludes that a temporary Certificate of Public Convenience and Necessity should be issued to Emilio's Air Service to provide air passenger service between Oakland, Truckee and Lake Tahoe Airport.

Because of the weak financial statement and the concern for reliable service to Truckee, the applicant should be required to submit

to the Commission its public flight schedule and subsequent revisions and a monthly report of schedules completed.

Emilio's Air Service 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 granting 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 cancelled 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. A temporary Certificate of Public Convenience and Necessity is granted to Emilio's Air Service authorizing it to operate as a passenger air carrier, as defined in Section 2741 of the Public Utilities Code, between the points set forth in Appendix A of this Decision.

2. Emilio's Air Service shall submit to the Commission's office in San Francisco its public flight schedule within ten days of instituting service and within ten days of schedule revisions. Emilio's Air Service shall submit to the Commission's office in San Francisco monthly reports of schedules completed within twenty days after the period represented by the statistics.

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

(a) Within thirty days after the effective date of this order, applicant shall file a written acceptance of the certificate granted. By accepting the certificate, applicant is placed on notice that it will be required, among other things, to

file annual reports of its operations in accordance with General Order No. 134 and to comply with the requirements of the Commission's General Orders Nos. 120, 129, 137 and 144.

- (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 as set forth in the Commission's General Order No. 105-Series.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 16th

day of SEPTEMBER, 1978.

Robert Betward
 President

William J. Quinn

Yegor L. Stoyan

Richard E. Havelle

 Commissioner

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

TEMPORARY CERTIFICATE

Appendix A

EMILIO'S AIR SERVICE

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Emilio's Air Service, by this temporary Certificate of Public Convenience and Necessity, is authorized to operate as a passenger air carrier between the following airports only:

OAK-TKF

TKF-TVL

Conditions

1. No aircraft having more than 30 revenue passenger seats or a payload of more than 7,500 pounds shall be operated.
2. Each airport shall be served with a minimum of one flight in each direction on each of five days a week.
3. The following airports shall be used:

<u>Symbol</u>	<u>Location</u>	<u>Name</u>
OAK	Oakland	Oakland International Airport
TKF	Truckee	Truckee-Tahoe Airport
TVL	South Lake Tahoe	Lake Tahoe Airport

4. This temporary certificate will expire on December 31, 1979, unless canceled, extended or modified by the CPUC at an earlier date.

Issued by California Public Utilities Commission.

Decision No. 89360, Application No. 58240.