

AN/FS

Decision No. 89795 DEC 19 1978

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of EUREKA AERO INDUSTRIES, )  
INCORPORATED, for a Certificate )  
of Public Convenience and Neces- )  
sity to Provide Passenger Air )  
Carrier Service to and from Murray )  
Field and San Francisco Inter- )  
national Airport. )

Application No. 58465  
(Filed November 14, 1978)

O P I N I O N

Eureka Aero Industries, Inc. request a permanent Certificate of Public Convenience and Necessity for authority to provide nonstop passenger air service between Eureka (Murray Field Airport) and San Francisco (San Francisco International Airport). In the interim, Eureka Aero seeks either a temporary certificate to operate or an exemption from the certificate provisions under Section 2767<sup>1/</sup> of the Public Utilities Code.

Applicant initially proposes five round trips daily, Monday through Friday, between Eureka and San Francisco, using De Havilland DHC-6 aircraft; a two-engine turboprop, 19-passenger plane as the primary aircraft to service the requested route.

1/ Section 2767 of the Public Utilities Code states: "Upon application by a passenger air carrier or other interested party, the commission may, following a determination of necessity, exempt the passenger air carrier from the certificate provisions of Sections 2752, 2754 and 2754.1 upon a finding that such provisions impose an undue burden upon the carrier, a community, or area because of the immediate need for service including, but not limited to, conditions of national emergency, natural disaster or cessation of existing service caused by a labor dispute, and that enforcement of such provisions would be contrary to the public interest. Exemptions issued pursuant to this section may be issued for a maximum of 90 days and may be renewed for the same or a lesser period."

108

A. 58465 - FS\*

Hughes Airwest offers four round trips daily in this market. For the period April through September 1978, Airwest flew a monthly average of 23,410 seats with an average load factor of 73 percent. These high-load factors indicate that Hughes Airwest turns away potential passengers as the result of the number of flights made at full or near-full capacity.

Eureka Aero's proposed service, although serving the same market as Hughes Airwest, is between Murray Field Airport and San Francisco; Hughes Airwest's service is between Arcata Airport and San Francisco. The applicant's nonstop service would not only offer the public a choice of additional schedule flights, but also a savings in time and energy resources because of the accessibility of Murray Field Airport.

Eureka Aero presently provides a single plane air-passenger service between Eureka and San Francisco via Oakland. The additional nonstop service would not require any more personnel, aircraft or facilities than are now being utilized at these airports. The cost of the new service, therefore, should be minimized as a result of reduced startup cost.

The service proposed by Eureka Aero will be complementary rather than competitive to that of Hughes Airwest. Given a choice between Airwest's 115-passenger jet aircraft and Eureka Aero's 19-passenger turboprop aircraft, most air passengers would probably choose to fly Hughes Airwest. Thus, Eureka Aero's success will depend on offering service during the gaps of Airwest's schedule. ✓

In 1977, Airwest flew 114,861 origin-destination passengers between Eureka and San Francisco, averaging 9,571 passengers per month; this is a market growth of 24 percent over 1976. Market trends for 1978 show on-board passengers have increased 16 percent over 1977. This market needs air passenger service in addition to that presently provided by Hughes Airwest.

Eureka Aero is the only scheduled airline operating at Murray Field. Its 19-passenger two-engine turboprop aircraft is much quieter than the Lockheed Electra turboprop. The Electra is one of the few commercial planes authorized to serve the Tahoe Airport which is surrounded by one of the most environmentally sensitive areas in California. Therefore, an increase of five aircraft operations at Murray Field and San Francisco is expected to have an insignificant environmental impact at these airports.

F I N D I N G S

1. The service proposed would not have a significant effect on the environment.
2. The passenger growth rate of the Eureka-San Francisco market has been increasing during the past year.
3. There is a public need for the proposed service.
4. Hughes Airwest offers four nonstop flights between Eureka and San Francisco; one in the morning and three in the afternoon.
5. Eureka Aero Industries, Inc., has the requisite business experience, financial stability, insurance coverage and suitable aircraft to provide the service.
6. There is no immediate need for the proposed service which would exempt the applicant from the certificate provision of Sections 2752, 2754 and 2754.1 of the Public Utilities Code.
7. There are no protests to this application.

Eureka Aero Industries, Inc., 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 holders 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. A permanent Certificate of Public Convenience and Necessity is granted to Eureka Aero Industries, Inc., authorizing it to operate as a passenger air carrier over a nonstop route between Murray Field Airport and San Francisco International Airport subject to the limitations and conditions set forth in Appendix A of Decision No. 80076. Appendix A is amended by incorporating Tenth Revised Page 1 attached hereto in the revision of Ninth Revised Page 1.

2. In providing service pursuant to the authority granted by this order, applicant 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 the effective date of this order on not less than ten 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.

Eureka Aero Industries, Incorporated, by this certificate of public convenience and necessity, is authorized to operate as a passenger air carrier between the following airports only:

EKA - CIC	OAK - CIC	RDD - SMF
EKA - OAK	OAK - RDD	SMF - STS
EKA - RDD	OAK - SMF	SMF - CIC
EKA - SMF	OAK - STS	SFO - OAK
EKA - STS	RDD - CIC	#SFO - EKA

Conditions

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

<u>SYMBOL</u>	<u>LOCATION</u>	<u>NAME</u>
CIC	Chico	Chico Municipal Airport
EKA	Eureka	Murray Field
OAK	Oakland	Oakland International Airport
SMF	Sacramento	Sacramento Metropolitan Airport
STS	Santa Rosa	Sonoma County Airport
RDD	Redding	Redding Municipal Airport
SFO	San Francisco	San Francisco International Airport

Issued by California Public Utilities Commission.

#Added by Decision No. 89795 1, Application No. 58465.

A. 58465 - FS

The effective date of this order is thirty days after the date hereof.

Dated at San Francisco, California, this 19th day of DECEMBER, 1978.

Robert Bateman  
President

William Sproun Jr.

Vernon L. Sturgeon

Robert D. Smith

Clare J. Smith  
Commissioner's