

ORIGINAL

Decision No. 87174

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
BORREGO SPRINGS AIRLINE, a California
corporation, for a Certificate of
Public Convenience and Necessity to
operate between Palm Springs/Burbank
and between Burbank/Santa Barbara.

Application No. 55964
(Filed September 29, 1975;
amended January 23, 1976
and February 18, 1977)

O P I N I O N

Borrego Springs Airline (Borrego), a corporation, operates as a passenger air carrier between Borrego Springs and San Diego, between Borrego Springs and Palm Springs, and between San Diego and Palm Springs pursuant to a certificate granted in Decision No. 80484 in Application No. 53470. Decision No. 85486 in this application granted Borrego a temporary certificate authorizing it to provide service between Palm Springs and Burbank, pending determination of its request for a permanent certificate between Palm Springs and Burbank and Burbank and Santa Barbara.^{1/} The temporary certificate expires May 1, 1977.

1/ Decision No. 85486 stated as follows:

"We find that Borrego has sufficient operating personnel and equipment and financial resources to initiate passenger air service over an additional route between Palm Springs and Burbank, that no passenger air carrier now provides service over that route, that a prior passenger air carrier was authorized to abandon service over that route because of lack of patronage, and that Borrego should be granted temporary authority to provide service over that route to determine whether adequate demand for air transportation over that route exists which would warrant the establishment of permanent service. We conclude that a temporary certificate should be granted which will expire after the next winter season (May 1, 1977). A public hearing is not necessary."

By amendment filed February 18, 1977, Borrego seeks a one-year extension of its temporary certificate between Palm Springs and Hollywood-Burbank. Borrego bases its request on the following facts and circumstances:

Borrego has not been able to determine whether adequate demand can be developed to warrant establishing permanent service. Borrego initiated Palm Springs - Burbank service under its temporary certificate on March 15, 1976. The following service has been provided between Palm Springs Municipal Airport and Hollywood-Burbank Airport:

March 1976 - April 1976	2 round trips daily
May 1976 - September 1976	3 round trips daily
October 1976 - January 1977	2 round trips daily

Applicant increased its advertising budget in 1976 substantially in order to maintain a continuous advertising program to promote its Palm Springs - Burbank route. Advertising expenditures during 1976 to promote the new service were as follows:

Newspapers and Radio/Television	\$33,225
Outdoor Advertising	4,125
Airport displays	1,550
Art, Production, Photography, etc.	<u>14,135</u>
	\$53,035

Borrego's traffic experience between Palm Springs and Burbank from March 15, 1976 to date is as follows:

	<u>Passengers Flown</u>	<u>Load Factor</u>
March 1976	111	9%
April	317	15
May	273	13
June	214	11
July	233	10
August	232	10
September	275	14
October	363	25
November	431	23
December	448	24
January 1977	402	23

Service has been provided primarily with a 19-passenger Swearingen Metroliner.

Borrego asserts that its experience to date with its Palm Springs - Burbank service does not provide a sufficient basis on which to determine the probability of developing sufficient demand to justify permanent service. This is due to the short period of service (11 months) and to a general distortion of passenger traffic experience during the latter part of 1976 on all of Borrego's routes due to unfavorable publicity as a result of the crash on April 15, 1976 of an aircraft being operated by applicant on its scheduled service between San Diego and Palm Springs.

Extension of temporary authority to May 1, 1978 assertedly will allow Borrego to serve the route for two full winter and summer seasons and should give Borrego sufficient experience with the service to determine whether sufficient demand exists to justify seeking permanent authority to provide service.

Borrego alleges that its service to date has demonstrated that there is a continuous demand for service during both the winter and summer seasons and that there appears to be a potential of developing off-season summer service due to cutbacks in service by major carriers between Palm Springs Municipal Airport and Los Angeles International Airport during the summer months.

Borrego is willing and able to commit its equipment and resources to promoting Palm Springs - Burbank service for an additional year in order to determine feasibility of permanent service and therefore requests that expiration of its temporary certification be extended to May 1, 1978.

The amendment to the application was served in accordance with Commission's Rules, and notice of the filing appeared on the Commission's Daily Calendar. There are no protests or requests for

hearing. The Commission staff recommends that the temporary certificate be extended for a period of one year.

The Commission finds that public convenience and necessity require the extension for one year of Borrego's temporary certificate to operate as a passenger air carrier between the Palm Springs and Hollywood-Burbank airports. A public hearing is not necessary. The request for a one-year extension should be granted.

Permanent certification will be considered by the Commission only after Borrego requests it by filing a petition to modify this decision not earlier than July 1, 1977. Such petition should include current data on all phases of Borrego's operations.

Borrego 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. The temporary certificate granted in Decision No. 85486 is hereby extended to expire May 1, 1978.
2. Appendix A of Decision No. 85486 is amended by incorporating First Revised Page 1, attached hereto, in revision of Original Page 1.

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

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 and to comply with the requirements of the Commission's General Orders Nos. 120-Series and 129-Series.

The effective date of this order shall be May 1, 1977.

Dated at Sacramento, California, this 5th
day of APRIL 1, 1977.

Ralut Batmavil
President
William J. Givens
James L. Heston
Robert D. Givens
Commissioner

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Appendix A
(Dec. 85486)

BORREGO SPRINGS AIRLINE
(a corporation)

First Revised Page 1
Cancels
Original Page 1

Borrego Springs Airline, by this temporary certificate of public convenience and necessity, is authorized to operate as a passenger air carrier between the following airports:

BUR - PSP

Conditions

1. No aircraft having more than 30 revenue passenger seats or a payload of more than 7,500 pounds shall be operated.
- #2. Authority granted herein is temporary and shall expire May 1, 1978.
3. The following airports shall be used:

<u>Symbol</u>	<u>Location</u>	<u>Name</u>
BUR	Burbank	Hollywood-Burbank Airport
PSP	Palm Springs	Palm Springs Municipal Airport

Issued by California Public Utilities Commission.

#Revised by Decision No. 87174, Application No. 55964.