

ORIGINAL

Decision No. 87650 JUL 26 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of IMPERIAL COMMUTER)
 AIRLINES, INC. For authority to)
 increase its intrastate passenger)
 fares and air cargo rates)

Application No. 57350
 (Filed May 27, 1977)

O P I N I O N

Imperial Commuter Airlines, Inc. is a common carrier by air of passengers and property between El Centro and San Diego.

Imperial Commuter requests authority to increase passenger fares and freight rates as follows:

	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
Passenger fare (without tax)	\$20.00	\$25.00	\$5.00
Freight rate per pound	0.14	0.165	0.025
Minimum freight charge	4.00	5.00	1.00

In support of its application the airline alleges that it has experienced significant increases in the operating costs and expenses since its current passenger fares were authorized by the Commission in December of 1974. The cargo rates have also remained constant since February of 1968. The proposed passenger fares and freight rates are necessary to offset the increased costs of its operations.

The carrier alleges that the following are increases in its operating costs after March 31, 1977 as percentages of the costs of operations in the historical year ended March 31, 1977:

	<u>Percent Increase</u>
Terminal Costs	15
Direct Expenses	15
Flying Costs	15
Engine Replacement Costs	26
Maintenance Costs	17
General Expenses	10

Based on the information contained in the application, the airline's operating results for the historical year ended March 31, 1977 will be as follows:

	<u>12-Month Period Ended 3/31/77</u>
Operating Revenues	\$291,900
Operating Expenses	267,400
Income (Loss) before Taxes	24,500
Operating Ratio before Taxes	91.6%

The following table shows the airline's results of operations in the rate year ending March 31, 1978 under both the present and proposed rates, assuming the rate year's operations at the same level as the historical year. The rate year operating expenses are based on the historical year's expenses with the proper adjustments to reflect all known increases in costs of operations in the rate year.

	<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenues	\$291,900	\$364,900
Operating Expenses	309,800	311,700
Profit (-Loss) before Taxes	-17,000	53,200
Operating Ratio before Taxes	106.1%	85.4%

The proposed increases in the present rates will result in an annual revenue increase of \$73,000 or approximately 25.0 percent of the annual gross operating revenues.

The application was served in accordance with Commission rules. Notices of the filing of the application appeared on the Commission's Daily Calendar. No protest to the granting of the application or request for public hearing has been received.

Under the circumstances the Commission finds:

1. Imperial Commuter Airlines, Inc. seeks authority to increase passenger fares and freight rates between El Centro and San Diego to offset the increased operating costs.
2. The airline's operations for the historical year ended March 31, 1977 resulted in a gross operating revenue of \$291,900,

an operating expense of \$267,400, and an operating ratio before taxes of 91.6 percent.

3. The rate year's operations ending March 31, 1978 under the present rates will result in an operating expense of approximately \$309,800 and an operating ratio before taxes of 106.1 percent.

4. The rate year's operating results under the proposed rates will show the gross operating revenues and operating expenses of approximately \$364,900 and \$311,700, respectively, and an operating ratio before taxes of 85.4 percent.

5. Imperial Commuter has not had a fare increase since its current passenger fare was granted by the Commission in Decision 83917, dated December 30, 1974.

6. The airline has not had a freight rate increase since February of 1968.

7. An operating ratio before taxes of 85.4 percent is not unreasonable for this carrier.

8. The increases in the passenger fares and freight rates proposed herein are justified.

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

10. A public hearing is not necessary.

11. The application should be granted.

O R D E R

IT IS ORDERED that:

1. Imperial Commuter Airlines, Inc. is authorized to increase its intrastate passenger fares and freight rates as proposed in Application 57350.

2. 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.

3. The authority 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 shall be twenty days after the date hereof.

Dated at San Francisco, California, this 26th day of JULY, 1977.

Robert B. ...
President
William ...
Vernon L. ...
Richard D. ...
Commissioners

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