

Decision No. 89359 SEP 5 1978**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of INLAND EMPIRE AIRLINES,)
 INC. for a Certificate of Public Con-)
 venience and Necessity to provide)
 commuter passenger air service)
 between the Apple Valley/Victorville)
 Airport and Los Angeles International)
 Airport.)

Application No. 58181
 (Filed June 28, 1978)

O P I N I O N

Inland Empire Airlines, Inc., (Inland Empire) a California corporation, seeks a Certificate of Public Convenience and Necessity (certificate) to operate as a passenger air carrier between Apple Valley Airport (APV) and Los Angeles International Airport (LAX). No protests to this application have been received.

There has been no passenger air carrier service to or from Apple Valley since the Civil Aeronautics Board deleted that point from the certificate of Hughes Airwest in November 1973. Statements from businesses and agencies in support of Inland Empire's proposed operation are attached to the application as Exhibit VI.

Inland Empire presently operates scheduled air passenger service between LAX and Lake Havasu Airport and Grand Canyon National Park Airport in Arizona, flying over Apple Valley. The carrier intends initially to provide two daily round trips between APV and LAX as part of its service between Lake Havasu and LAX, and to revise its schedules as demand increases. The proposed daily schedule between APV and LAX is as follows:

	<u>Flight No.</u>	<u>Depart</u>	<u>Arrive</u>
APV to LAX	301	7:05 a.m.	7:35 a.m.
	201	6:05 p.m.	6:35 p.m.
LAX to APV	101	8:15 a.m.	8:45 a.m.
	102	9:00 p.m.	9:30 p.m.

For the business traveler going from LAX to APV and return, a one-day business trip is possible and convenient with the proposed schedule. A one-day trip from APV to LAX and return is less convenient considering the late return flight, but it is possible. Inland Empire estimates that much of its traffic will be travelers connecting to or from LAX with trip ends at distant points. The market analysis is attached to the application as Exhibit V.

The distance by air between APV and LAX is approximately 72 nautical miles (83 statute miles). The highway mileage is in excess of 100 miles which would require at least two hours of travel time by automobile. The travel time by air would be approximately 30 minutes.

Inland Empire is a subsidiary of Air Charter Service, Inc., a California corporation, which owns 90 percent of the outstanding stock of Inland Empire. The application provides sufficient evidence of the financial stability of both Air Charter Service and Inland Empire Airlines. The names and addresses of its officers and directors and a summary of the aeronautical and business experience of its principal officers are attached to the application as Exhibit I-B. The carrier has ticketing and counter facilities at LAX and is negotiating with airport management for the use of the facilities formerly used by Hughes Airwest at APV.

Inland Empire proposes to use three twin-engine, 10-passenger Piper Chieftain PA 31-350 aircraft which it leases from Air Charter Service. Air Charter Service bears the cost of all maintenance of the aircraft.

The proposed one-way fare of \$27.00, including eight percent Federal transportation tax, appears reasonable when compared with existing fares of other certificated air carriers using small aircraft.

Inland Empire currently has evidence of liability insurance on file with this Commission, in compliance with General Order 120-C.

F I N D I N G S

1. Inland Empire currently operates scheduled passenger air carrier service between Lake Havasu Airport in Arizona and LAX.
2. It requests a Certificate of Public Convenience and Necessity to operate as a passenger air carrier between APV and LAX on its route between Lake Havasu and LAX.
3. There is at present no certificated air passenger service between APV and LAX.
4. The proposed service should be viable considering the fact that the operation is in direct line with Inland Empire's existing route.
5. Inland Empire has adequate facilities and available aircraft to perform the proposed service.
6. Inland Empire has qualified personnel and financial ability to maintain its proposed operation.
7. The proposed fare is reasonable for the type of operation proposed.
8. Inland Empire has on file with this Commission evidence of liability insurance in accordance with General Order 120-C.
9. It can be seen with certainty that there is no possibility that the authority in question may have a significant effect on the environment.
10. Inland Empire has demonstrated that it is ready, willing and able to initiate and carry on passenger air carrier service between APV and LAX.
11. No protests have been received.
12. No hearing is necessary.

C O N C L U S I O N S

Based upon the foregoing findings of fact, the Commission concludes that a Certificate of Public Convenience and Necessity should be issued to Inland Empire Airlines, Inc., to provide passenger air carrier service between Apple Valley on the one hand and Los Angeles on the other hand.

Inland Empire Airlines, 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 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 Certificate of Public Convenience and Necessity is granted to Inland Empire Airlines, Inc., a corporation, 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. In providing service pursuant to the authority granted by this order, Inland Empire Airlines, Inc., 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.

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- (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 shall be thirty days after the date hereof.

Dated at San Francisco, California, this 6th day of SEPTEMBER, 1978.

Robert B. Baker
President
William J. ...
Vernon L. ...
Robert D. ...

Commissioners

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

Inland Empire Airlines, Inc., by this Certificate of Public Convenience and Necessity is authorized to operate as a passenger air carrier between the following airports only:

LAX - APV

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>
APV	Apple Valley	Apple Valley Airport
LAX	Los Angeles	Los Angeles International Airport