

Decision No. 89604 OCT 31 1978**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of BORREGO SPRINGS)
 AIRLINE, d/b/a Sun Aire Lines,)
 for authority to increase its)
 intrastate passenger fares.)

Application No. 58306
 (Filed August 22, 1978)

O P I N I O N

Borrego Springs Airlines (d.b.a. Sun Aire Lines) is a passenger air carrier which operates between Palm Springs (PSP) and San Diego (SAN), between PSP and Borrego Springs (OBR), between OBR and SAN, and between PSP and Los Angeles International Airport (LAX). In addition, applicant holds a temporary certificate expiring May 1, 1979, authorizing operations between PSP and Hollywood/Burbank (BUR) and between BUR and LAX. On July 2, 1978, applicant instituted interstate service between Las Vegas, Nevada and Palm Springs, and on July 12, 1978, it began operations between Las Vegas and Long Beach.

By this application, Borrego Springs Airline seeks authority to increase its intrastate passenger fares by approximately 15 percent, as set forth in Exhibit F of the application, to partially offset increases in operating costs. In support of its application, the airline alleges as follows:

1. Applicant's operations have been conducted at a loss since it began in 1968.
2. The proposed fare increase reflects an effort to break even in operating revenues and expenses, while providing a stimulus to traffic growth.

Exhibit B of the application contains income statements recorded for the calendar years 1976 and 1977, and also for a period of five months, ended May 31, 1978. This exhibit shows that the applicant incurred annual operating losses of approximately \$563,000 and \$370,000 for the years 1976 and 1977, respectively, and a loss of about \$110,000 for the five-month period ended May 31, 1978.

Exhibit E of the application shows the airline's estimated results of operations for the year ending December 31, 1978, at both present and proposed fares. The operation at the present fares would produce an

estimated operating revenue of \$1,279,200 and operating expenses of \$1,521,829, resulting in an annual loss of \$242,629. The proposed fares would produce an estimated operating revenue of \$1,472,391 and operating expenses of \$1,525,785, resulting in an operating loss of \$53,394.

As indicated by Exhibit "E", the proposed fare increase would produce an additional annual gross revenue of \$193,191, or an increase of approximately 15 percent of the annual gross operating revenue.

F I N D I N G S

1. Carrier had operating losses for the years 1976, 1977, and the first five months of 1978 of \$563,480, \$369,731 and \$109,769, respectively.

2. The airline's operation in 1978 at the present fares will produce an estimated operating revenue of \$1,279,200 and operating expenses of \$1,521,829, resulting in an annual operating loss of \$242,629.

3. The 1978 operation at the proposed fares will produce an estimated operating revenue of \$1,472,391 and operating expenses of \$1,525,785, resulting in an operating loss of \$53,394.

4. The proposed fare increase will produce an additional annual gross revenue of approximately \$193,000, or 15 percent increase.

5. The proposed increase in passenger fares is justified.

6. The application was served in accordance with Commission rules. Notice 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.

7. Since the airline's operation is being conducted at a loss, and the applicant is in need of immediate financial relief, the order should be made effective on the date hereof.

C O N C L U S I O N S

Applicant should be authorized to establish the increased fares as set forth in its Application No. 58306.

~~9. The application was served in accordance with Commission rules. Notice 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.~~

~~10. Since the airline's operation is being conducted at a loss, and the applicant is in need of an immediate financial relief, the order should be made effective on the date hereof.~~

~~C O N C L U S I O N S~~

~~Applicant should be authorized to establish the increased fares as set forth in its Application No. 58306.~~

O R D E R

IT IS ORDERED that:

1. Borrego Springs Airlines is authorized to establish the increased passenger fares proposed in Application No. 58306.
2. Tariff publications authorized to be made as a result of this Order may be made effective on not less than ten days' notice to the Commission and the public.
3. The authority granted herein 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 No. 105-Series.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 31st day of OCTOBER, 1978.

Robert Bahmanil
President

William J. ...

Vernon L. ...

Richard D. ...

Clare T. ...
Commissioners