

RM/dz

Decision No. 90021 FEB 27 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of C & M Aviation, Inc.,
dba American Aviation and/or C & M
Airlines, to operate passenger air
carrier service between Inyokern
and Los Angeles; and to establish
fares.

Application No. 58206
(Filed July 7, 1978;
amended October 10, 1978)

Robert E. Mikesell, for applicant.
Alfred F. Eaton, for Kern County;
and Oster, Millard, Suchman &
White, by Robert M. Oster,
Attorney at Law, for Golden West
Airlines, Inc.; intervenors.
James R. Panella, for the Commission
staff.

O P I N I O N

By this application C & M Aviation, Inc., dba American Aviation and/or C & M Airlines (C&M), seeks a certificate of public convenience and necessity to operate as a scheduled passenger air carrier between Inyokern Airport in Kern County and Los Angeles International Airport (LAX), a distance of approximately 125 air miles. C&M currently does business as a commercial air operator^{1/} providing an on-call air taxi service which includes service between those points. In the event the sought authority is granted, C&M proposes to establish with

^{1/} C&M has filed with the Commission evidence of bodily injury and property damage insurance as required of commercial air operators by Chapter 9 of the Public Utilities Code. It has been issued a certificate to operate as an air taxi/commercial operator by the United States Department of Transportation, Federal Aviation Administration (FAA).

interstate air carriers joint through fares, ticketing, and baggage arrangements between Inyokern and East Coast points via LAX.

Both C&M and Golden West Airlines, Inc. (GWA) are lease tenants of Kern County at Inyokern Airport. GWA is opposed to the granting of the application. GWA has provided scheduled passenger air carrier service between Inyokern, Mojave, Palmdale/Lancaster, and LAX for about five years, following cessation of service by Hughes Airwest between Inyokern and LAX. Some of GWA's flights are direct flights between Inyokern and LAX with no intermediate airports.

Public hearing was held at Inyokern on October 12, 1978 before Administrative Law Judge Norman Haley, and the matter was submitted.

Presentation of C&M

Evidence on behalf of C&M was presented by (1) Robert E. Mikesell, president and treasurer of C&M; (2) Walter Kuzmin, manager of Systems Consultants, Inc., Inyokern; (3) Thelma Kailiwai, Texas Instruments, Ridgecrest; (4) Richard B. Saiger, concerned citizen and pilot for C&M; (5) George Kreager, concerned citizen employed by Naval Weapons Center; (6) Kay Johnson, concerned citizen; and (7) Lorraine Lavitia, secretary-treasurer of GAN, Inc. (forest restoration).

According to the application and the testimony of C&M's president, the proposed service would be a direct route between Inyokern and LAX with no intermediate airports. The equipment C&M now operates in on-call service consists of three single-engine Cessnas with a passenger capacity of three, and two 2-engine Cessnas with a passenger capacity of eight.^{2/} If the

^{2/} The larger Cessnas actually have a passenger capacity of nine, but are insured for a capacity of eight.

sought authority is granted C&M would continue to operate this equipment, plus two additional 8-passenger Cessnas. Any replacements would be of like kind.

The C&M minimum schedule of proposed service would be two daytime flights in each direction, except that the later flight in each direction would not be operated on Saturdays. Set forth below is a table showing how C&M's proposed service would relate to GWA's present service.

<u>Carrier</u>	<u>Leave</u>	<u>Arrive</u>	<u>Flight</u>	<u>Frequency</u>	<u>Stops</u>
INYOKERN TO LAX					
GWA	6:00A	6:55A	883	Ex Sa Su	0
GWA	9:50A	11:00A	889	Daily	1
<u>C&M</u>	12:00N	1:00P	105	Daily	0
GWA	2:25P	3:30P	891	Ex Sa Su	1
<u>C&M</u>	3:15P	4:15P	107	Ex Sa	0
GWA	5:25P	6:40P	893	Ex Sa Su	2
GWA	5:30P	6:40P	893	Su	1
GWA	10:05P	10:55P	895	Fr	0
LAX TO INYOKERN					
GWA	7:55A	9:15A	884	Daily	2
GWA	1:00P	2:00P	886	Ex Sa Su	1
<u>C&M</u>	1:10P	2:10P	106	Daily	0
GWA	3:40P	4:50P	888	Ex Sa	1
<u>C&M</u>	4:20P	5:20P	108	Ex Sa	0
GWA	8:20P	9:25P	892	Mo Tu We Th	1
GWA	8:30P	9:25P	890	Fr	0
GWA	8:45P	9:55P	894	Fr	1

C&M's base one-way fare would be \$30.09 plus \$2.41 federal excise tax for a total of \$32.50. The round-trip fare would be double the one-way fare. This is the same fare currently published by GWA. Applicant's proposed tariff is appended to the application as Exhibit A. Also included in Exhibit A is a copy of a 61-page flight and operations manual filed with the FAA by C&M.

The main terminal of C&M would be at Inyokern. C&M's lease with Kern County at that location extends to February 28, 1997 with an option to extend 10 years. The facilities of C&M at Inyokern consist of 133,740 square feet of apron space and one large hangar for storage and maintenance of all aircraft. The north side of the main hangar contains 1,089 square feet of office space of which 150 square feet are devoted to aircraft dispatching and 345 square feet are used as a waiting room. The office space, dispatching area, and waiting room are heated in the winter and air conditioned in the summer.

C&M is authorized to use the commuter airlines terminal at LAX and holds Air Taxi Permit No. LAG-730 issued by the city of Los Angeles, Department of Airports. That terminal also is used by Swift Aire, Borrego Springs Airline, Los Angeles Helicopter Airline, and other commuters in Los Angeles. C&M also is authorized to use Gate 2 at LAX, which is located about 300 yards south of Swift Aire. The president said that C&M cannot have its name put on the terminal until it becomes a scheduled airline. He said he recently wrote a letter to the manager of LAX asking to put in a separate gate. The manager informed the witness that the terminal is in the process of planning large improvements for the commuter area and that C&M would be permitted to build a terminal.

The president of C&M stated that the trade area for Indian Wells Valley (a 50-mile diameter circle) has a population of 38,000. This area includes Ridgecrest, China Lake, Inyokern, Trona, Randsburg, Johannesburg, Red Mountain, Lake Isabella, Kernville, and Owens Lake. Assertedly, the population is increasing. Approximately 16,500 people are employed by the China Lake Naval Weapons Center either directly or on a contract basis. Altogether, approximately 2,500 people per month travel between Los Angeles and Inyokern by air. Approximately 65 percent of the travelers fly with GWA, while the other 35 percent utilize alternate means of transportation.

C&M started on-call air taxi service to LAX for those who desired to travel by air but could not use GWA for various reasons. It claims that, in March 1977, 16 passengers were flown between Inyokern and LAX. The figure increased to 285 in November 1977, and in May 1978 the figure had become 420. In September 1978, 661 passengers were transported between Inyokern and LAX in 152 flights for an average of five flights a day carrying 4.3 passengers per flight. Assertedly, this compares to 1,300 passengers carried by GWA in September, a month GWA added an additional flight. C&M forecasts that by the end of 1978 it will be boarding over 800 passengers per month to and from LAX. C&M has grown from one pilot to six. It has three linemen, two office girls, someone to take reservations, and two mechanics. The payroll now averages \$96,000 a year.

The president explained that although the company transports a relatively large number of passengers and has done very well as an air taxi, C&M cannot satisfactorily handle passengers and baggage in combination service with interstate airlines unless it becomes a passenger air carrier. He said that many of the passengers going to and from Inyokern are

actually traveling to and from Washington, D.C., and other eastern points. Transcontinental carriers, such as American Airlines, will not establish joint through fares, joint through tickets, or check baggage through via C&M.^{3/} Furthermore, C&M cannot be listed in the Airline Guide unless it becomes a certificated passenger air carrier.

The C&M president asserted that there have been quite a few instances when GWA has actually canceled flights. He cited an example where C&M carried 34 passengers to LAX because there was no GWA plane available. Assertedly, government employees are generally paid about \$36 an hour and corporation executives are paid from \$150 to \$400 an hour, and that these people cannot sit around and wait. Many passengers, therefore, resort to C&M. The witness contends that if C&M is certificated it can supplement GWA service. He said that GWA assertedly has plans for improvement including bigger aircraft but the improvements have not been implemented.

The testimony of the other witnesses who testified on behalf of C&M discloses that GWA has had many delayed flights, canceled flights, and missed schedules. In some cases planes have been filled and people with confirmed reservations could not be taken. Assertedly, GWA schedules are quite jammed on Mondays and Tuesdays and frequently a reservation for those days must be made at least two weeks in advance. The highly technical people who are employed in the local plants are usually in a hurry and frequently cannot book sufficiently in advance to get

^{3/} C&M is a member of the National Air Transportation Association. Assertedly, that association processes applications for joint fares, etc., by certificated air carriers.

a seat on GWA. When they make travel reservations they usually do not know more than two or three days in advance when they are going to need a plane reservation. In some cases when passengers have booked on GWA for a Friday night and find that they have to leave earlier they cannot be accommodated. For these reasons C&M is used quite frequently. The witnesses testified that service on C&M has been timely, the equipment appears to be well maintained, and the personnel are friendly and helpful.

It was contended by C&M witnesses that the principal problem with GWA's service is that it lacks in quantity of flights. As an example, it was stated that if a person from Inyokern is on the East Coast and has to stay an extra day, it is frequently impossible to book on Wednesdays, Thursdays, or Fridays to get a return connection from LAX to Inyokern because GWA is either booked or service is not available. There have been numerous occasions when GWA has provided alternative transportation by bus which takes three hours between LAX and Inyokern. There have been instances where luggage was taken on another airplane.

It was contended that space sometimes can only be obtained on the night plane from LAX to Inyokern which causes a day to be lost and makes the trip not worthwhile. There have been instances where GWA has dropped off passengers in Palmdale assertedly because of overbooking. Firms have sent C&M to LAX or to Palmdale to pick up waiting passengers. Some passengers leaving Inyokern have been unable to make local reservations because they have been informed that reservations must be made in Los Angeles. Assertedly, there are times when the Inyokern terminal facilities of GWA are understaffed. Personnel from the Naval Weapons Center can use C&M only if they get authorization which requires advance planning. Otherwise, the government does not reimburse the traveler.

Assertedly, the insufficient number of GWA flights frequently causes a substantial amount of time to be spent in the LAX terminal waiting for GWA connections. It was contended that after a six-hour flight from the East Coast, a long wait in the LAX terminal, or a three-hour drive to Inyokern, results in an excessive amount of travel time for one day. The LAX terminal of GWA was characterized as needing a lot of improvement in that the waiting room is small and overcrowded, there are not enough seats for those waiting for flights requiring people to stand outside, the room is sometimes full of smoke, and restroom facilities accommodate only one person at a time.

Exhibit E to the application (amended) is a forecast of traffic revenue during the first year of operation. The forecast assumes 678 scheduled flights per year, 10,848 seats available, a base fare per seat of \$30.09, and annual revenue at 60 percent load factor, producing revenue of \$195,849. Expenses are estimated at \$164,997 for a net gain of \$30,853.

Exhibit G to the application is C&M's financial statement. The balance sheet shows assets of \$197,790 and a net worth of \$29,326. The profit and loss statement for the period January 1, 1978 to May 31, 1978 shows total income of \$119,827, total expenses of \$108,517, and a net income of \$11,310.

Exhibit I attached to the amendment to the application contains the signatures of 576 persons who support C&M's application. Exhibits B, C, and D are letters from Computer Sciences, Inc., Systems Consultants, Inc. (Ridgecrest Division), and Texas Instruments supporting the application. At the hearing additional letters of support were received from the Naval Weapons Center Federal Credit Union and I. Bruce Wortenberger.

CSM asserts that there is no possibility that its proposed activity would have a significant effect on the environment.

Presentation of GWA

Evidence on behalf of GWA was presented by Henry R. Voss, executive vice president. According to this witness, GWA is the largest commuter airline in the continental United States in volume of passengers carried and interlined. During 1977, GWA carried over 500,000 passengers and anticipates that for the calendar year 1978 it will carry over 600,000 passengers.

GWA now operates 11 DHC-6 Twin Otter aircraft, each carrying 18 passengers, and three SD3-30 wide-bodied aircraft each carrying 30 passengers. GWA expects to operate three additional 3-30 wide-bodied aircraft, the first to be delivered in February 1979 and the other two to be delivered in 1980. All the aircraft have dual instrumentation and are air conditioned. All captains are air transport rated which is the highest FAA pilot rating. In addition to the captain, each aircraft carries another pilot who acts as the first officer.

GWA, through two hub airports (LAX and San Diego International Airport), serves a total of ten outlying communities. They are Inyokern, Mojave, Palmdale, Santa Barbara, Oxnard, Ontario, Fullerton, Riverside, Orange County, and Palomar.^{4/} GWA provides regularly scheduled passenger air carrier service to and from these airports.

GWA has interline agreements with all certificated domestic carriers which operate out of LAX and also with many

^{4/} By D.89550 (1978) GWA also was authorized to operate between LAX and Edwards Air Force Base both nonstop and via Palmdale Airport.

foreign carriers. In addition, GWA has joint fare agreements with the major domestic carriers to many destinations throughout the United States. These joint fare agreements enable the passengers to fly between Inyokern and LAX at reduced rates because the amounts of the fare reductions are paid for by GWA and the major participating carriers. As an example, the published local fare from Inyokern to LAX is \$30.09. A passenger flying to LAX and connecting with a participating major carrier to a destination such as Washington, D.C., will pay only \$3.70 for the Inyokern to LAX portion of the flight.

The original GWA authorization between Inyokern and LAX required it to operate one flight a day for five days a week in each direction. It is now operating almost five times as many flights. GWA has operated scheduled service and scheduled flights, regardless of the number of passengers booked, ever since Hughes Airwest discontinued service.

GWA's analysis of the market indicates that it is primarily a defense department military-oriented market and, as such, is a definable air-travel market, relatively stable in nature, with defined hours of travel needs and the same destination points. Most of the passengers utilizing GWA leave Inyokern early in the morning, and in particular, early in the week to connect with the flights of the major carriers at LAX for destinations in the eastern part of the United States. In the reverse direction, passengers leaving LAX for Inyokern leave at evening after having flown on flights from eastern points to connect with GWA flights to Inyokern. The greatest loads are at the end of the week.

The GWA witness was of the opinion that the type of service between Inyokern and LAX, with its constant demand and definite peak periods, lends itself to a single carrier certificated service. He stated that between Inyokern and LAX a single

carrier can operate scheduled nonprofitable flights because they will be offset by other scheduled profitable flights. Assertedly, the single scheduled carrier will attempt to promote the non-profitable flights to increase the market's total current economic potential and promote future growth. The witness explained that the scheduled single carrier can do this because it can reasonably be assured it will at least reap the benefits of the total revenues that are available from the market. However, if the market is shared, the carriers assertedly will compete for the profitable flight periods, and the nonprofitable flights will lose all potential of becoming profitable. This, in turn, would decrease utilization of equipment and thereby increase the cost of operations on the remaining service. It was contended that the end result would be that one or both of the carriers would suffer losses which would force the discontinuance of unprofitable scheduled flights, ultimately resulting in discontinuance of total service by at least one of the scheduled carriers. He asserted that under these circumstances the community would receive less scheduled air service.

The GWA witness believes that by carrying in excess of 500 passengers a month in on-call service C&M necessarily has already diverted some passengers from GWA, thereby creating unprofitable flights. As an example, GWA assertedly will have to cancel its second flight on Friday because it is unprofitable. He said that formerly it was booked full almost every Friday. Now that flight is averaging about five passengers and it comes back empty. He admitted flights coming in late from the East Coast also are a contributing factor to the low patronage of that GWA flight.

The witness contends that if the public does not utilize the existing scheduled service GWA will have to discontinue its flights in the nonpeak periods. The witness explained that GWA has been investing in new and larger equipment to serve communities such as Inyokern during peak periods, and ultimately plans to use 30-passenger aircraft. Whether GWA will be able to continue to serve Inyokern assertedly depends upon how much support the community gives to it.

The GWA witness explained that in order to meet direct aircraft operating costs between Inyokern and LAX it must carry 6.3 full-fare passengers per flight. In August and September 1978 there was an average of 8.7 and 6.6 passengers per flight, respectively. The witness stated that GWA does have flights that are booked ahead for one or two weeks. He said there is no question that GWA with the size of airplanes they have cannot accommodate the peak travel periods at Inyokern. He speculated that a 60-passenger airplane might have trouble. He said that in the other direction from LAX there frequently are no passengers or just one or two per flight.

The witness stated that GWA does not purposely overbook flights nor cancel flights for the sake of another community. He said flights do get overbooked, however, because of the communication system between computer sets. Assertedly, some of them are manual and take as much as four hours before they tie in. Sometimes GWA gets overbooked because travel agents will have communication problems getting to the reservation system and will write confirmed tickets. Other reasons for overbooking stems from the reservation computer. GWA's computer is the Sabre System operated by American Airlines and is no different than any other reservation computer. However, sometimes it goes off the air for between five and fifteen minutes and during that time the reservation system will take anybody. The

witness said these are problems the industry is working on and that GWA is working on. He said the visibility of the reservation problem with a carrier like GWA is greater than with a large carrier because there are a limited number of seats in the GWA airplanes and one or two passengers added to a flight can cause the take-off gross weight to be exceeded.

Sometimes GWA will have only enough fuel to get from LAX to Inyokern and back to Mojave. The witness said the ideal situation would be to get fuel at Inyokern. Some of the airplanes have mechanical problems and GWA assertedly has had more problems of that nature since taking on the SB3-30 because it is a brand new airplane. He said it requires more attention and operates on stricter FAA regulations. Being a new airplane there are little things that go wrong that will stop it from flying and when that happens GWA must do what it can to accommodate the largest number of people. He said that everybody can be accommodated in almost every situation but it does throw chaos into a scheduled transportation system.

According to the witness, GWA tries to align its schedules with the best possible connection times at LAX considering all of the points the carrier holds itself out to serve. He said GWA wants to correct the problem of its flights being late and people missing their connections at LAX.

The GWA vice president said studies indicate that the Inyokern market needs both scheduled and on-call service. He stated that the market desperately needs on-call service to take care of peak load periods. He said GWA does not have the capacity to carry economically all of the passengers out of Inyokern on Monday mornings and into Inyokern on Friday evenings and that it needs the additional support of C&M as a nonscheduled carrier. He pointed out that neither GWA nor C&M receive any kind of subsidy.

It was the opinion of the GWA witness that the Inyokern market during the off-peak hours will not support two airlines. He said it is the position of GWA that both carriers should complement the requirements of the area and not try to compete in scheduled service. The witness was concerned that if passenger air carriers within California who promote and pioneer scheduled service to communities within their route structures find themselves in the position of having the Commission certificate other carriers in direct wing-to-wing competition on segments of those routes, the Commission will be faced with permitting the dismemberment of passenger air carriers' routes to the detriment of the passenger air network and the State. Assertedly, a discontinuance or reduction of service on one route, such as the GWA Inyokern route, may affect other communities such as Mojave and Palmdale.

The GWA witness stated that as GWA grows and the demands of Inyokern grow it wants to provide such additional service as may be necessary. In this connection it desires to have the support of the community. It contends it should be the single carrier providing scheduled air service over the route and between the points involved.

Position of Kern County

The position of Kern County was presented by Alfred F. Eaton, Jr. He said that the Department of Airports for Kern County has the responsibility of administering that airport. The county is taking no position either for or against C&M or GWA in this proceeding. It is the position of the county that the people of the Inyokern and Ridgecrest area are the best determinors of the level of air service needed. Because of the distance between the Inyokern/Ridgecrest area and Los Angeles, which is its chief community of interest, good air service is

extremely important. He said the community has a higher demand for air service than other communities of similar size. This is due principally to the defense and research-and-development type economic base which the area enjoys. The Department of Airports is convinced that the Inyokern Airport and the scheduled air service and air taxi service at that location are key elements in the continuing growth of the Inyokern/Ridgecrest area. The department wants to insure that the Inyokern/Ridgecrest area continues to enjoy at least the same level of service it has today. This means economical, scheduled air service with the ability to interline and to connect with other carriers. The spokesman supports C&M's efforts to obtain authority to interline and connect with other carriers as being a very significant service to the community.

Discussion

C&M has experienced a rapid increase in patronage as an on-call air taxi operator between Inyokern and LAX. It forecasts that by the end of 1978 it will be carrying about 800 passengers a month between those points. GWA admits that it cannot handle all of the peak period traffic with present equipment and number of flights and that C&M's peak period on-call air taxi service is a necessary supplement. GWA contends, however, that C&M's on-call service is cutting into its off-peak business which may result in curtailment of some GWA service. GWA contends there is room for only one scheduled passenger air carrier between Inyokern and LAX and that it should continue to be that carrier.

C&M contends that although it is doing well as an on-call air taxi operator it cannot adequately meet the needs of the public unless it receives authority to operate as a scheduled passenger air carrier. C&M needs to acquire that

status to participate in joint through fares, ticketing, and baggage arrangements with transcontinental airlines serving LAX. A substantial portion of the traffic between Inyokern and LAX has origin or destination at interstate points. Unless C&M receives passenger air carrier authority, it cannot be listed in the Airline Guide or be shown on signs at LAX as a regular operator between Inyokern and LAX. Some travelers find that the organizations they work for do not issue travel authorizations or make reimbursements for travel on a nonscheduled airline, such as C&M, as readily as they do for travel on a scheduled airline such as GWA.

The record discloses many problems inherent in providing scheduled air transportation between two points such as Inyokern and LAX with accentuated peak and off-peak traffic periods. The record also discloses a number of recurring difficulties the public has experienced with present scheduled service provided by GWA, including in particular instances of no seats available because of prior reservations, inadequate number of flights, canceled flights, and late arrivals and departures.

The issue here is what is best for the public. We are mindful that the public interest would not be best served if by certificating another operator GWA would be required to substantially reduce or discontinue service. However, based on this record, we are convinced that there is a need for the two flights in each direction that C&M proposes. It does not appear that those flights, utilizing eight passenger aircraft, would materially reduce traffic on GWA. Those flights reasonably could be expected to draw also from C&M's existing on-call service, as well as from highway transportation.

The authority sought by C&M should be granted subject to a restriction that service be limited to two flights per day in each direction in 8-passenger aircraft, as proposed in its application, unless further authorization is obtained from the Commission.

Findings

1. C&M is a commercial air operator providing on-call air taxi service between Inyokern and various points, including LAX.
2. C&M estimates that by the end of 1978 it will be transporting approximately 800 passengers a month between Inyokern and LAX.
3. C&M seeks a certificate as a passenger air carrier between Inyokern and LAX in aircraft insured to carry not more than eight passengers.
4. C&M cannot negotiate with interstate airlines for joint through fares, ticketing, and baggage arrangements between East Coast points and Inyokern via LAX unless it acquires a certificate as a passenger air carrier.
5. GWA is a passenger air carrier providing scheduled service between a number of points in California.
6. GWA has provided scheduled service between Inyokern and LAX for about five years, since the cessation of service by Hughes Airwest between those points.
7. Witnesses complained about a number of recurring difficulties with present scheduled service provided by GWA,

including in particular instances of no seats available because of prior reservations, inadequate number of flights, canceled flights, and late arrivals and departures.

8. GWA cannot handle all of the peak period traffic between Inyokern and LAX with present equipment and number of flights, and relies on C&M's on-call service to handle the overflow.

9. The number of passengers carried by both C&M and GWA has increased substantially in the last several years.

10. Exhibit G to the application shows that C&M's present operations are profitable. Exhibit E (amended) shows that C&M's proposed scheduled operation would be profitable.

11. C&M possesses the necessary experience, equipment, and financial stability to perform the proposed service.

12. C&M's proposed scheduled service would compete with scheduled service of GWA between Inyokern and LAX.

13. C&M's proposed service reasonably could be expected to draw some business from GWA, from C&M's on-call service, and from highway transportation.

14. Public convenience and necessity require that C&M be authorized to provide scheduled passenger air carrier service between Inyokern and LAX, subject to the restrictions identified in Finding 15.

15. C&M's service should be limited to two flights per day in each direction in 8-passenger aircraft, as proposed in its application.

16. There is no evidence in this record to find, with the restrictions identified in Finding 15, that C&M's proposed service will weaken GWA to the point of jeopardizing its continued service between Inyokern and LAX.

17. The fares proposed in the application are justified.

18. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

The Commission concludes that a certificate of public convenience and necessity should be granted to C&M to provide passenger air carrier service between Inyokern and LAX, subject to the restrictions set forth in Finding 15, unless further ordered by the Commission.

C&M 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 canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

Because there is a demonstrated public need for the passenger air carrier service authorized herein, the following order should be effective the date of signature.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to C & M Aviation, Inc., dba American Aviation and/or C & M Airlines, authorizing it to operate as a passenger air carrier between Inyokern Airport and Los Angeles International Airport, subject to the restrictions set forth in Finding 15. ✓

2. In providing service pursuant to the authority granted by this order, applicant shall comply with the following service regulations. Failure to do so 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.
- (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.

3. Within ten days after the effective date of this order, applicant shall file with the Commission evidence as specified in General Order No. 120-C that it has in effect liability insurance that complies with the general order in connection with operations as a passenger air carrier.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 27th day of FEBRUARY, 1979.

John E. Bury
President
Richard L. Strang
Charles D. Clark
Clair T. Delprick
Edward J. Ginn
Commissioners

dz

Appendix A

C & M AVIATION, INC.
DBA AMERICAN AVIATION AND/OR
C & M AIRLINES

Original Page 1

C & M Aviation, Inc., dba American Aviation and/or C & M Airlines, by this certificate of public convenience and necessity, is authorized to operate as a passenger air carrier between the following airports only:

IYK - LAX

Conditions

1. Aircraft having no more than 8 revenue passenger seats shall be operated.
2. No more than two flights shall be operated per day in each direction.
3. The following airports shall be used:

<u>Symbol</u>	<u>Name</u>
LAX	Los Angeles International Airport
IYK	Inyokern Airport

Issued by California Public Utilities Commission.

Decision No. 90021, Application No. 58206.