

Decision No. 41791

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of Fialer's Limousines, Inc., a )  
corporation, for authority to )  
increase its basic local passenger )  
rates of fare from \$1.00 cash fare )  
to \$1.09 cash fare. )

Application No. 29266

Appearance

Hugh Fullerton, for Applicant

ORIGINAL

O P I N I O N

Applicant is a passenger stage corporation engaged in the transportation of air line passengers and their baggage between certain San Francisco Bay area airports and points in Oakland and San Francisco.<sup>1</sup> By this application, it seeks authority to increase its basic one-way fare between San Francisco and San Francisco Municipal Airport at Mills Field (San Mateo County), from \$1.00 to \$1.09.

A public hearing was had at San Francisco before Commissioner Huls and Examiner Jacopi.

The record shows that the common carrier air lines use Mills Field as the major airport for San Francisco Bay area traffic.<sup>2</sup> They operate 90 inbound and 90 outbound flights per day at this airport. Applicant provides transportation service by motor vehicle between San Francisco and the airport for such inbound and outbound passengers as desire to use it. The fares for this service are paid

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Applicant is authorized to serve San Francisco Municipal Airport at Mills Field in San Mateo County, Oakland Municipal Airport in Oakland, Alameda Airport and San Francisco Bay Airdrome in Alameda, and Treasure Island Air Base in San Francisco Bay.

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It appears from the record that Alameda Airport, San Francisco Bay Airdrome and Treasure Island Air Base are no longer in operation, and that no service is being performed by applicant between San Francisco and Oakland Airport.

directly to applicant by the passengers. However, applicant views its service as an extension of that performed by the air lines and works closely with them in the formulation of service policies and similar matters.

Applicant alleges that revenue under the existing fare is insufficient to meet operating expenses and that the sought increase is necessary to assure maintenance of adequate transportation service for air line passengers.

Evidence in support of the application was offered by applicant's president and by its auditor. Financial exhibits introduced by the witnesses show that the company earned a profit of \$34,560 for the year 1947. For the first three months of 1948, however, the exhibits show that operations were conducted at a loss of \$4,009.

The president attributed the operating loss to substantial increases in expenses coupled with a decrease in the volume of traffic. He testified that since June, 1947, substantial advances had been experienced in wages of drivers and other employees and in the cost of fuel, lubricants, and maintenance of equipment. Applicant had also found it necessary, he said, to install an improved baggage-checking system at an additional cost of \$2,000 per year. The president further testified that recent addition by the air lines of 14 flights per day had materially increased applicant's operating expenses. With respect to the drop in traffic, the witness asserted that a decreasing trend which commenced in 1947 had become pronounced in 1948. He said that applicant's volume of traffic for the first four months of this year was 10 per cent below that for the same period of the previous year, and that for the first fifteen days of May the decrease amounted to 21 per cent. Revenue per mile, he said, had dropped from 61½ cents for the first four months of 1947 to 50 cents for the same

period of 1948. The president asserted that, based upon applicant's experience and upon air line estimates of their 1948 traffic, he was unable to foresee any substantial improvement in this trend. He pointed out that applicant's volume of business was entirely dependent upon that moving via the air lines.

According to the president, the service rendered by applicant is a particularly costly one to perform. He said that service is available during the 24 hours of the day and that vehicles are dispatched to meet each arriving and departing plane. The witness asserted that the vehicles are seldom operated to capacity and that the average load factor is quite low. He claimed that consolidation of passengers for different planes in one vehicle is possible only in rare instances and that applicant believes that such consolidation is not compatible with the expedited service which it understands is desired by the air lines and their passengers. The president testified that before seeking a fare increase applicant had reduced personnel and effected all operating economies possible without impairing the service.

The auditor submitted exhibits showing the estimated revenues and expenses under the present and proposed fares for the twelve months ending March 31, 1949. The estimated revenues developed by the auditor of \$440,643 under the present fare and \$479,945 under the proposed fare were based upon an estimated volume of traffic 10 per cent less than that for 1947. The auditor calculated that operations under the present fare would show a deficit of \$10,303, and that under the proposed fare operations would result in net operating income of \$29,633 before provision for income taxes. The operating ratio would be 93.82 per cent.

No one appeared in opposition to the granting of the application.

The evidence of record demonstrates that the present fare is not sufficient to meet applicant's revenue requirements in the face of higher operating costs and other changed conditions. The evidence also shows that the fare sought is reasonable and necessary to the maintenance of adequate transportation service for air line passengers.

Upon consideration of all the facts and circumstances of record, we are of the opinion and find as a fact that the increased fare proposed in this proceeding is justified. The application will be granted.

O R D E R

A public hearing having been had in the above entitled application, and based upon the evidence received at the hearing and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Fialer's Limousines, Inc., be and it is hereby authorized to establish a one-way adult fare of \$1.09 for transportation between San Francisco and San Francisco Municipal Airport at Mills Field, San Mateo County, as proposed in the above entitled application, within sixty (60) days from the

effective date hereof on not less than five (5) days' notice to the Commission and to the public.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 24th day of June, 1948.

R. Z. Dinderman  
Justin J. Calver  
Irving S. Powell  
Harold A. Keller  
Samuel P. Potter  
Commissioners