

Decision No. 43191**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 FIALER'S LIMOUSINES, INC., a corpora-)
 tion, for an order granting permission)
 to increase and adjust rates and fares)
 for the transportation of passengers)
 and their baggage between San Francisco)
 and the Oakland Municipal Airport.)

Application No. 30261

Roland J. Henning for applicant.W. Reginald Jones for Oakland Port Commission, interested party.T. A. Hopkins for Transportation Department, Public Utilities Commission of the State of California.**O P I N I O N**

Fialer's Limousines, Inc. seeks authority to increase its passenger fare between downtown San Francisco and the Oakland Municipal Airport in Alameda County from \$1.00 to \$1.30⁽¹⁾. A public hearing was held before Examiner Bradshaw at San Francisco.

Applicant operates motor coaches, limousines and sedans for the transportation of (1) passengers and their baggage between San Francisco, Oakland, Alameda and certain airports and (2) persons on sight-seeing tours.

The following fares are presently in effect from and to the San Francisco Municipal Airport in San Mateo County and the Oakland Municipal Airport in Alameda County:

<u>Between</u>	<u>And</u>	<u>Fare</u>
Downtown Oakland	Oakland Airport	\$ 1.00
Alameda	Oakland Airport	.75
Downtown Oakland	San Francisco Airport	1.30
Downtown San Francisco	San Francisco Airport	1.09
Downtown San Francisco	Oakland Airport	1.00

(1) Originally, applicant sought authority to increase this fare to \$1.33. Its counsel stated at the hearing that this was in error.

The comparative time required to make trips between downtown San Francisco and Oakland and the San Francisco and Oakland municipal airports was stated as follows:

<u>Between</u>	<u>And</u>	<u>Time</u>
Downtown Oakland	Oakland Airport	40"
Downtown Oakland	San Francisco Airport	1' 30"
Downtown San Francisco	San Francisco Airport	1' 00"
Downtown San Francisco	Oakland Airport	1' 30"

The toll paid by applicant for operating over the San Francisco-Oakland Bay Bridge is 25 cents for each 7-passenger car and \$1.15 for vehicles of more than 7-passenger capacity.

Applicant's general traffic manager testified that the present San Francisco-Oakland Airport fare of \$1.00 has been in effect since prior to 1936; that the fare from downtown San Francisco to the San Francisco Airport was increased from \$1.00 to \$1.09 pursuant to authority granted by Decision No. 41791, dated June 29, 1948, in Application No. 29266; and that authority to increase the \$1.00 San Francisco-Oakland Airport fare was not sought at that time because no service was then in operation between such points.

Applicant believes that the volume of traffic during the next 12 months will be about the same as was experienced for the 12 months immediately preceding the hearing. The necessity of maintaining schedules to connect with each flight operated by the airlines was stressed. Attention was called to the concentration of airline departures and arrivals during the early morning and evening hours and to the peak travel occurring from Fridays to Mondays. The type of service rendered by applicant was characterized as hazardous from a revenue standpoint. Interruptions to service, due to weather conditions, mechanical failures or late airplane arrivals, it was contended, affect the efficient operation

of applicant's equipment. According to its witness, the type of equipment used is more expensive to operate than ordinary bus equipment and a superior quality of service must be maintained in order to meet the requirements of the airlines. A number of increases in operating costs during the last few years were mentioned.

Applicant's witness contended that there is an unreasonable difference between the present San Francisco-Oakland Airport fare and the other fares now in effect. It is expected that the increase will produce additional revenue of about \$7.50 per day.

An exhibit of record presented by applicant purports to show the financial results of operating a San Francisco-Oakland shuttle service in connection with service between Oakland and the Oakland Airport. It was estimated that for the 12 months ending May 31, 1950, a net loss from operations of \$20,705 will result under the present fare, whereas the loss will be reduced to \$17,968 if the proposed fare is established. Applicant's witness believes that the service will continue to be operated at a loss for the next 3 years, because of the time required to acquaint the public with the San Francisco-Oakland Airport operations. The following forecast was submitted for the same 12 months covering applicant's over-all operations to and from the several airports:

	Based On Present Fare	Based On Proposed Fare
Operating revenues	\$ 520,857	\$ 523,594
Operating expenses, taxes and rents	<u>501,720</u>	<u>501,720</u>
Net income from operations	\$ 19,137	\$ 21,874
Operating ratio	96.3%	95.8%
Net profit after provision for income taxes	\$ 12,195	\$ 14,402

An engineer in the employ of the Commission's transportation department presented a similar study based upon applicant's consolidated operations to and from the San Francisco and Oakland airports and using the 12 months ending June 30, 1950. The expected results of operations, as estimated by the engineer, appear in the following table:

	<u>Based On Present Fare</u>	<u>Based On Proposed Fare</u>
Operating revenues	\$ 516,700	\$ 523,800
Operating expenses, taxes and rents	<u>496,600</u>	<u>496,800</u>
Operating income	\$ 20,100	\$ 27,000
Operating ratio	96.1%	94.8%

The engineer computed a rate of return based upon a study made by the Commission's transportation department of operating ratios as a measure of the rate of return of passenger stage operations. The rate of return so computed was 7 per cent at the present fare structure and 9.5 per cent under the proposed fare. He also testified that if certain expenses for rents which were not taken into consideration are incurred, as indicated by applicant's witness, and additional depreciation expense is necessary, the operating ratio and rate of return under the proposed fare would be about 95.6 and 8.5 per cent, respectively.

No one opposed the granting of the application. The Oakland Port Commission, which operates the Oakland Municipal Airport, appeared at the hearing through its attorney and urged that the application be granted.

Upon the facts presented, we are of the opinion that

applicant should be authorized to increase its passenger fare between downtown San Francisco and the Oakland Municipal Airport in Alameda County from \$1.00 to \$1.30. The increase in fares herein authorized is hereby found to be justified.

By the application in this proceeding, authority was also sought to publish a rule in applicant's tariff providing that the carrier reserves the right to cancel trips between San Francisco and the Oakland Municipal Airport unless a minimum of 4 adult passengers request such service. This proposal was withdrawn at the hearing.

O R D E R

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

IT IS ORDERED:

(1) That Fialer's Limousines, Inc. be and it is hereby authorized to increase its fare for the transportation of passengers between San Francisco and the Oakland Municipal Airport in Alameda County from \$1.00 to \$1.30 on not less than 5 day's notice to the Commission and the public.

(2) That the authority herein granted shall lapse unless the change in fares authorized in this order is published, filed and made effective within 90 days after the effective date hereof.

This order shall become effective 20 days after the date hereof.

Dated at San Francisco California, this 9th
day of August, 1949.

R. J. Anderson

Frank J. Anderson

Rebecca Potters
Commissioners