

ORIGINALDecision No. 59543

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SCENIC TOURS, INC., a corporation,)
 doing business as GRAY LINE OF RENO,)
 for an order granting a certificate)
 of public convenience and necessity)
 to operate a passenger and baggage)
 service.)

Application No. 41448

Berol & Silver by Bertram S. Silver,
 for applicant, Scenic Tours, Inc.

O P I N I O N

Scenic Tours, Inc., is a Nevada corporation qualified to do business in the State of California. By this application it seeks a certificate of public convenience and necessity authorizing it to institute an airport limousine service between Tahoe Valley Airport, on the one hand, and various points and places in the vicinity of Lake Tahoe, on the other hand.

A duly noticed public hearing was held in this matter before Examiner Donald B. Jarvis at Bijou on November 13, 1959.

Scenic Tours is presently engaged in the business of conducting sightseeing and educational tours. It operates in interstate commerce under the authority of Certificate of Public Convenience and Necessity No. MC106170 issued by the Interstate Commerce Commission. It also operates in the State of Nevada under authority granted by the Nevada Public Service Commission. Scenic Tours has been doing business in part under the name of Gray Line of Reno.

At the time of hearing 80 per cent of the Scenic Tour stock was owned by the Virginia-Truckee Transit Company, a highway common carrier operating within the State of Nevada. James E. Wood,

who is president of both Virginia-Truckee and Scenic Tours, owns all of the Virginia-Truckee stock. The remaining 20 per cent of the Scenic Tour stock is owned by a business associate of James E. Wood. At the hearing, Wood testified that there was in process a merger of the two corporations whereby Scenic Tours would emerge as the successor corporation. The net assets of Scenic Tours as the successor corporation, after merger, would be approximately \$37,000.

The record discloses that Scenic Tours' operating equipment is maintained in conformity with applicable safety regulations of the Interstate Commerce Commission and the Nevada Public Service Commission. Scenic Tours will purchase additional equipment if the needs of the proposed service so require.

The Commission finds that Scenic Tours has the ability, including financial ability, to conduct the proposed passenger stage operations.

Scenic Tours proposes an on-call service with respect to the nonscheduled airlines and privately owned aircraft now using the Tahoe Valley Airport. Scenic Tours proposes to restrict the on-call service to instances where four or more fare-paying passengers request the service. If an airline is granted authority to serve the Tahoe Valley Airport on a regularly scheduled basis, Scenic Tours would have equipment available to meet all incoming and outgoing flights regardless of the number of passengers involved.

The record discloses that the area which Scenic Tours seeks to serve is a rapidly growing recreational area. This growth has been accentuated by the fact that the 1960 Winter Olympic Games are being held at Squaw Valley, which is within the purview of this application.

The Tahoe Valley Airport opened on August 1, 1959. The airport manager testified that since August 1 there has been an

average of 63 operations (landings or takeoffs) per day. At the present time no airline operating on a regular schedule serves the airport, although several scheduled airlines have indicated that they will seek authority to serve the airport.

Aside from private conveyance, the only transportation now available to travelers using the airport is a car rental service and local taxicabs, both having limited facilities. The airport manager testified that, based upon his observation of the situation, approximately 80 per cent of the passengers using the airport have need for a limousine service.

There was testimony indicating that many of the resorts in the Lake Tahoe area would benefit from the proposed service. Some of the resorts which now use their own private transportation to accommodate patrons arriving or departing by airplane could reduce expenses by using the service offered by Scenic Tours. Other resorts have indicated that they plan to offer a "package deal" for set prices to prospective patrons which would include the cost of airplane transportation from distant points, transportation from the airport to the resort and lodgings. A limousine service, such as the one proposed by Scenic Tours, would assist these resorts in their plans.

Based upon the evidence of record, the Commission finds that public convenience and necessity require that the application be granted to the extent hereinafter set forth.

Scenic Tours has submitted a schedule of rates and charges for the proposed service. The schedule provides for a minimum charge of 75 cents and a rate of 75 cents for the first 1½ miles and 15 cents for each additional mile.

The record shows that the average number of passengers enplaning or deplaning at a particular time is five. The record

further discloses that the Tahoe Valley Airport has facilities to accommodate the landing and takeoff of aircraft such as the DC-3, Convair and Martinliner. The largest of these airplanes, the Martinliner, has a seating capacity of 44 passengers. As indicated, several regularly scheduled airlines are in the process of applying for authority to serve the airport. If any of these airlines receives such authority, it would use one of the above-mentioned or a similar type of aircraft. If Scenic Tours were providing service for this type of operation some of the proposed rates and charges would be unreasonable. For example, the proposed rate from Tahoe Valley Airport to Squaw Valley would be approximately \$6 per person one way. Assuming that a present average load of five persons deplaned at the airport and desired transportation to points in Squaw Valley, applicant would receive as gross revenue for the trip \$30. This would not appear to be unreasonable because the trip from the airport to Squaw Valley is approximately 35 miles and the limousine, under the present nonscheduled situation, would probably return without any passengers. When the costs of operation: wages, maintenance and insurance, as well as an amount for a depreciation reserve are deducted from the gross revenue, the net revenue would not seem to be excessive. However, assuming that a regularly scheduled airline landed a Martinliner daily at the airport and that 30 passengers desired transportation to Squaw Valley, Scenic Tours would receive, as gross revenue, \$180 per one-way trip. Although Scenic Tours would be using larger equipment in this instance, thereby increasing operating costs and depreciation reserve somewhat, these increases would be relatively small compared to the increase in profits which would make the rate unreasonable.

Scenic Tours, which is pioneering a new service, should not be penalized because of the as yet unrealized possibility of

regularly scheduled airline service generating a larger volume of traffic than now exists. The Commission will grant a certificate of public convenience and necessity to meet present requirements.

Scenic Tours, Inc., is hereby 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 grant 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 over a particular route. 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.

O R D E R

A public hearing having been held and based upon the evidence therein adduced,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Scenic Tours, Inc., a corporation, authorizing it to operate as a passenger stage corporation as defined in Section 226 of the Public Utilities Code between the points and subject to the restrictions particularly set forth in Appendix A attached hereto and made a part hereof.
2. Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its operations and to comply with and observe the safety rules and other

regulations of the Commission's General Order No. 98. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the provisions of General Order No. 98, may result in a cancellation of the operating authority granted by this decision.

3. Within sixty days after the effective date hereof, and on not less than five days' notice to the Commission and to the public, applicant shall establish the service herein authorized and file in triplicate and concurrently make effective, tariffs and timetables satisfactory to the Commission.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 26th day of January, 1960.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

1. By the certificate of public convenience and necessity granted in the decision noted in the margin, applicant is authorized to transport passengers and their baggage between the Tahoe Valley Airport on the one hand and on the other hand all of the following points and places on the following routes:

- a. U. S. Highway 50 between Nevada-California border and junction State Highway 89.
- b. Unnumbered highway connecting U. S. Highway 50 and State Highway 89.
- c. State Highway 89 between junction U. S. Highway 50 and cutoff to Squaw Valley.
- d. State Highway 28 between junction State Highway 89 and Nevada-California border.
- e. Unnumbered highway between State Highway 89 and Squaw Valley.
- f. Unnumbered highway between State Highway 89 and Fallen Leaf Lodge.

2. The service authorized by the certificate of public convenience and necessity granted in the decision noted in the margin shall be restricted to:

- a. passengers originating at or destined to the Tahoe Valley Airport who have or will have a prior or subsequent air journey;
- b. personnel employed at said airport;
- c. the use of limousine type of equipment having a seating capacity of 12 or less passengers for service rendered between the Tahoe Valley Airport and points more than 15 miles distant from said airport.

Issued by California Public Utilities Commission.

Decision No. 59543, Application No. 41448.

3. Scenic Tours, Inc., shall provide service for all regularly scheduled airline flights. Scenic Tours, Inc., may limit its service for nonregularly scheduled airline flights by providing in its tariff and schedules that said service is limited to the transportation of a minimum of four fare-paying passengers who desire to go to or from the Tahoe Valley Airport at substantially the same time.

Issued by California Public Utilities Commission.

Decision No. 59543, Application No. 41448.