ORIGINAL

Decision	No.	73678
DECTRION	740.	13013

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of GOLDEN SEDAN SERVICE, INC., for a certificate of public convenience and necessity to operate a passenger-stage between points in San Mateo, Santa Clara, Santa Cruz, Alameda, Monterey, Sacramento, and San Joaquin Counties, and respective airports at Oakland, San Francisco, San Jose, Sacramento, Stockton, and Monterey.

Application No. 49376 (Filed May 16, 1967; Amended June 7, 1967)

In the Matter of the Application of CHARTER SEDAN SERVICE, a California corporation, for a certificate of public convenience and necessity to transport passengers and baggage between all points in Santa Clara County and certain points in San Mateo County on the one hand, and San Jose Municipal Airport, San Francisco International Airport, Oakland International Airport, and Fremont Railway Station, on the other hand.

Application No. 49556 (Filed July 21, 1967)

In the Matter of the Application of RICHARD A. ALLEN, DONALD A. MOORE, FRED H. VAN TASSELL, and ROBERT E. LOVEDAY, dba MERCURY SEDAN SERVICE, a copartnership, for certificate of public convenience and necessity to operate a passenger stage and baggage) service between San Francisco, Oakland and San Jose airports, the Embarcadero, Oakland and Fremont railway stations and various areas in the greater San Francisco Bay Area, Santa Cruz County and Monterey County.

Application No. 49561 (Filed July 21, 1967; Amended July 25, 1967)

Glenn Knapp, for Golden Sedan Service, applicant in Application No. 49376; C. R. Jernberg, Jr., for Charter Sedan Service, applicant in Application No. 49556; George Hinoki and David Ferrari, for Mercury Sedan Service, applicant in Application No. 49561.

Robert Nyhan, dba Bob's V.I.P.'s Chartered Sedan, for Bob's V.I.P.'s Chartered Sedan, protestant.

Robert J. Hamilton, for Airportransit, Inc.;

Vaughan, Paul & Lyons, by John G. Lyons, for Barrett Transportation, Inc.; William T. Meinhold, for Greyhound Lines, Inc. (Western Greyhound Lines Division) and The Gray Lines, Inc.; Alex J. Gaeta, for Peerless Stages, Inc.; Tad Muraoka, for IBM Corporation; Thomas M. O'Connor, City Attorney, and Paul Di Noia, Deputy City Attorney, for City and County of San Francisco, interested parties.

Hilton H. Nichols, for the Commission staff.

# OPINION

On May 16, 1967, applicant Golden Sedan Service, Inc., hereinafter sometimes called Golden Sedan, filed its Application No. 49376 for a certificate of public convenience and necessity to operate a passenger stage between points in San Mateo, Santa Clara, Santa Cruz, Alameda, Monterey, Sacramento and San Joaquin Counties, and respective airports at Oakland, San Francisco, San Jose, Sacramento, Stockton and Monterey. On June 7, 1967, said applicant amended its application to operate a passenger stage corporation to transport passengers and their baggage between San Francisco International Airport, Oakland International Airport, and San Jose Municipal Airport, on the one hand, and all points within the boundaries of Santa Clara County and points within the Cities of Menlo Park and San Carlos, on the other hand, over the most direct or appropriate routes, in lieu of the described service area in the original application. The service is to be offered on a twenty-four hour call basis at the following individual fares:

From San Jose/Los Altos Area:

To San Francisco Airport \$ 8.00 per person
To Oakland Airport 10.00 per person
To San Jose Airport 5.00 per person

### From Mountain View/Palo Alto Area:

To San Francisco Airport \$ 6.00 per person

To San Jose Airport 6.00 per person

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On July 21, 1967, applicant Charter Sedan Service, hereinafter sometimes called Charter Sedan, filed its Application No. 49556 for a certificate of public convenience and necessity to operate as a passenger stage corporation for the transportation of passengers and their baggage between various points in Santa Clara County, and Menlo Park, Redwood City, Woodside, and Portola Valley in San Mateo County, on the one hand, and the San Jose Municipal Airport, the San Francisco International Airport, the Oakland Municipal Airport, and the Fremont Railway Station, on the other hand, over the most appropriate routes. It is proposed that this service be "on-call" during the entire twenty-four hour daily period. The proposed individual fare schedule is as follows:

One-Way Trips between:

San Jose, Campbell, Los Altos, Saratoga, Cupertino, Sunnyvale, Los Gatos, Mountain View, Palo Alto, Menlo Park, Woodside, Redwood City, or Portola Valley, and

San Jose Municipal Airport	\$ 6.00
San Francisco International Airport	8.00
Oakland International Airport	20.00
Fremont Railway Station	16.00

(Share-A-Ride Plan. Individual Fare. Others may also share the car with any passenger.)

Applicants Richard A. Allen, Donald A. Moore, Fred H. Van Tassell, and Robert E. Loveday, a copartnership doing business as Mercury Sedan Service, hereinafter sometimes called Mercury Sedan, filed their Application No. 49561 on July 21, 1967, and the amendment thereto on July 25, 1967. By their amended application, said applicants request a certificate of public convenience and necessity to operate as a passenger stage corporation an on-call service for the transportation of passengers and express between:

A. 49376, et al 1m

(a) San Francisco International Airport;

- (b) Metropolitan Oakland International Airport;
- (c) San Jose Municipal Airport;

on the one hand, and the below-listed localities, on the other hand:

a.	Alameda County	c. Santa Clara County
	1. Fremont	1. Palo Alto
	2. Newark	2. Los Altos Hill
		3. Los Altos
ъ.	San Mateo County	4. Mountain View
	1. Atherton	5. Sunnyvale
	2. Woodside	6. Santa Clara
	3. Menlo Park	7. San Jose
	4. San Mateo	8. Saratoga
	5. Redwood City	9. Los Gatos
	6. San Carlos	10. Monte Sereno
	7. Hillsborough	11. Morgan Hill
		12. San Martin
		13. Gilroy
		14. Milpitas

over the following routes:

Beginning on State Highway 101 at San Francisco International Airport, thence southeast, thence south on State Highway 17 to Los Gatos, thence north on State Highway 17, thence southeast on State Highway 101 to Gilroy, thence northwest on State Highway 101, thence north on State Highway 17 to Metropolitan Oakland International Airport, thence south on State Highway 17, thence west on the San Mateo Bridge, thence north on State Highway 101 to the point of beginning with an interconnection of said route by State Highway 84 between State Highway 101 and State Highway 17.

The proposed service is on call and the following fares are to be applied:

	Individual	Family or Group
Between San Jose, Los Gatos, Campbell, Saratoga, Santa Clara and Peninsula and	· •	
San Francisco International Airport Metropolitan Oakland International	\$ 8.00	\$16.00
Airport San Jose Municipal Airport	16.00 7.00	16.00 10.00
Between Fremont and San Francisco International Airport	12.00	16.00

A. 49376, et al lm The nature of the above rates proposed is a flat rate per person or family or group for the transportation of persons and express between one of the above specific termini and a point of boarding or discharge within the geographical area to be served. Public hearings on the above applications were held before Examiner Cline in San Francisco on August 2 and 3, 1967. At the conclusion of the hearings the matters were taken under submission. All three of the applicants stipulated that they intended to use in the service limousines and other passenger automobiles having a seating capacity for no more than eight passengers and a driver, or a total of nine persons, and that no service is proposed between the San Francisco International Airport and the City of Oakland. As a result of these stipulations the protests of the presently authorized passenger stage corporations appearing in these proceedings were withdrawn. Application of Golden Sedan Application No. 49376 shows that one Pontiac limousine, five Cadillac sedans, and one Chevrolet sedan will be used in the service, but the evidence at the proceedings showed that Ray R. DeNoon, the president of the applicant Golden Sedan, has separated from his wife Doris Mae DeNoon, the secretary-treasurer of said applicant, and has taken his three children with him to Springfield, Missouri. The drivers are advancing the funds for the payment of said applicant's creditors. Although Exhibit G attached to Application No. 49376 shows that Ray Reeson DeNoon III, Doris Mae DeNoon, Fred E. Avera, and Carol C. Blaylock each own 25 percent of the outstanding shares of stock of Golden Sedan and are the members of the Board of Directors, the secretary-treasurer of Golden Sedan testified that Al Schiermeyer -5A. 49376, et al lm and she each own 25 percent and Ed Stahl and Bradley Honold own 50 percent of the outstanding shares of stock of Golden Sedan and that Al Schiermeyer, the general manager, has full control of the operations of Golden Sedan. Golden Sedan does not pay the drivers wages but receives from the drivers out of the fares which are collected \$1 if there is one person and \$3 if there are two passengers on a trip.

Golden Sedan has been carrying on its operations under Charter-party Carrier of Passengers Permit No. T CP 395 issued December 13, 1966. The gross income, or total fares paid to the drivers, amounted to nearly \$10,000 in July of 1967 and averaged approximately \$7,500 per month for the first six months of 1967.

financial statement attached to the application of Golden Sedan.

The secretary-treasurer testified that she could not verify the

The general manager of Golden Sedan testified that Ray DeNoon is still president of Golden Sedan and the owner of a 25 percent interest in the corporation because the general manager had not accepted the offer to buy Mr. DeNoon's shares of stock. He further testified that he has made personal loans to Mr. DeNoon for which he received no collateral as security. He does not know whether Mr. DeNoon has used such funds to pay creditors of Golden Sedan or not.

The general manager has had seven years' experience in dispatching. He stated that there is a great demand for the limousine service furnished by Golden Sedan and that there have been no complaints of unsatisfactory service. He testified that only four automobiles are owned by Golden Sedan: the Pontiac limousine, two 1963 Cadillacs, and the 1966 Chevrolet Impala. The remainder of the automobiles used in the service of Golden Sedan are owned by the independent drivers. Golden Sedan has no employees A. 49376, et al 1m stationed at the San Francisco International Airport. It intends to continue operating in the same manner as it has operated in the past if it receives a certificate of public convenience and necessity. Exhibit No. 2 is an agreement between Raymond R. DeNoon III and seven of the drivers of Golden Sedan under which Mr. DeNoon agrees to sell 22 shares of stock of Golden Sedan to each of the drivers. A statement at the end of the agreement states that it is subject to revision as per the contract being drawn by Attorney Fred Avera. Exhibit No. 1 is a schedule of the cars listed on the insurance policy. The schedule lists three automobiles under the name of DeNoon and one each under the names of Dezsi, Bardin, and Sellers. The list also shows that requests for adding the automobiles under the names of Al Schiermeyer and R. Bardin have not been submitted to the insurance carrier. A representative of International Business Machines, hereinafter called IBM, testified that IBM needs the type of service offered by Golden Sedan. IBM's employees like to be picked up at their homes. They pay individual fares and are reimbursed by IBM. In his concluding remarks the representative of Golden Sedan stated that Golden Sedan thinks that certificates of public convenience and necessity to operate as passenger stage corporations should be issued to applicants by the Commission. Application of Charter Sedan Charter Sedan has been operating a limousine service for the past eleven years. Its business has increased to approximately 2,000 passengers per month, and it now has six Cadillac sedans and four Ford station wagons available for use in its service. The major part of its business consists of individual fare service between motels and hotels in the Santa Clara area and the airports -7in the San Francisco Bay area. The usual load is three to four passengers and rarely more than six because of the baggage which is also carried. About 30 percent of the time, principally during the middle of the day, it carries passengers both to and from the airports on its round trips.

Charter Sedan also furnishes a charter service for weddings and funerals. Its principal witness declared that Charter Sedan would rather conduct all its operations under a charter permit, if such is permissible under the law, and it has no particular desire to operate as a passenger stage unless the nature of its operations requires a certificate of public convenience and necessity as a passenger stage corporation.

Charter Sedan has four full-time and one part-time employees on its office staff and 16 drivers. The dispatchers are paid \$400 to \$500 per month and the drivers, most of whom work 40 hours per week, are paid \$2 per hour. The present general manager has been with Charter Sedan approximately one year. He has driven limousines himself. The former manager has gone to work for Mercury Sedan.

A customer will be charged for a reservation which he does not keep, but there is no charge for waiting time when the planes are delayed.

The financial statement filed by Charter Sedan as Exhibit "E" to its application shows, as of July 19, 1967, current assets in the amount of \$20,177.90, of which \$6,589.76 is cash on deposit in the bank, and property and equipment less depreciation reserve in the amount of \$47,286.50, making total assets in the amount of \$67,464.40. This statement also shows current liabilities in the amount of \$17,662.67, long-term equipment contracts in the amount of \$29,195.58, and capital in the amount of \$20,605.15, making total

liabilities and capital in the amount of \$67,464.40. No income statement was attached to the application.

## Application of Mercury Sedan

The parties to these proceedings stipulated that the passenger transportation services rendered by Mercury Sedan are substantially the same as those rendered by Golden Sedan and Charter Sedan. The business was started January 8, 1967. The four partners are drivers, and there are six additional full-time drivers and four part-time drivers. The majority of the business is conducted on an individual fare basis to and from the San Francisco International Airport.

The drivers are paid \$102 per week. As the business has increased the number of drivers has increased. A clerk handles the office work and the dispatching.

Exhibit "E" attached to the application shows current assets in the amount of \$1,947.84, of which \$97.09 is cash on deposit in the bank, transportation equipment less accumulated depreciation in the amount of \$28,805.01, prepaid expenses and deposits in the amount of \$7,538.29, and loans to partners in lieu of salaries in the amount of \$9,300, making total assets of \$47,591.14. This exhibit shows current liabilities exclusive of installment contracts in the amount of \$2,458.22, installment contracts in the amount of \$29,074.64, notes payable in the amount of \$800, and capital, both paid in and retained earnings, in the amount of \$15,258.23, making total liabilities and capital in the amount of \$47,591.14. If the loans to the partners in lieu of salaries were treated as advances the assets and the capital would each be reduced by the sum of \$9,300.

The following table of income and expenses is prepared from the Income Statement which is part of Exhibit "E" attached to the application of Mercury Sedan:

	Month of May 1967	January 1 to May 31, 1967
Income: Sales	\$9,157.25	\$31,732.97
Expenses: Drivers' Wages Gas and Oil Car Insurance Car Depreciation Wages - Other Office Expense Taxes and Permits	2,645.00 1,676.84 303.67 510.00 260.26 181.07 391.40	6,160.81 4,614.63 1,128.67 2,035.00 1,270.26 719.98 964.39
Other Expenses Total Expenses	1,245.64 \$7,213.88	4,674.81 \$21,568.55
Net Income	1,943.37	10,164.42

As no provision has been made in the above Income Statement for partners' salaries, the net income shown on the statement represents the entire income to the partners for the period under review.

Position of the Protestant

Robert Nyhan, dba Bob's V.I.P.'s Chartered Sedan, who is protesting the granting of the applications, stated he would like an amendment to the present law which would permit the applicants and himself to continue their present operations under the Passenger Charter-party Carriers' Act.

Sections of Public Utilities Code Involved in these Proceedings

<sup>&</sup>quot;226. 'Passenger stage corporation' includes every corporation or person engaged as a common carrier, for compensation, in the ownership, control, operation, or management of any passenger stage over any public highway in this State between fixed termini or over a regular route ....

A. 49376, et al 1m 1. A public need exists for the on-call passenger stage service as proposed (1) by the Golden Sedan in Application No. 49376, as amended; (2) by Charter Sedan in Application No. 49556; and (3) by Mercury Sedan in Application No. 49561, as amended; and such proposed services require authorization in the form of certificates of public convenience and necessity as passenger stage corporations. 2. All three applicants have had experience in operating limousines under passenger charter-party carrier permits to and from public airports in the San Francisco Bay area. 3. The services offered by the existing passenger stage corporations, namely, Barrett Transportation, Inc., Greyhound Lines, Inc., and Peerless Stages, Inc., do not satisfactorily meet all the needs of the public as established in this proceeding and said passenger stage corporations will not provide the service as proposed by the applicants to the satisfaction of the Commission. 4. The limousines and other passenger automobiles to be used in the proposed service will have a seating capacity for no more than eight passengers and a driver, or a total of nine persons. 5. The fares proposed by applicants per adult passenger will not be likely to reduce the patronage of the existing passenger stages operating to and from the public airports in the San Francisco Bay area. 6. Applicants possess the experience, equipment and personnel to institute and maintain the proposed service. 7. Applicants Charter Sedan and Mercury Sedan possess the financial resources to institute and maintain the proposed service. 8. The evidence is insufficient to support a finding that applicant Golden Sedan possesses the financial resources to institute and maintain the proposed service. -13A. 49376, et al lm 9. Public convenience and necessity require that the services proposed by applicants Charter Sedan and Mercury Sedan be authorized in the manner set forth in the ensuing order. It would be adverse to the public interest at this time to authorize the service proposed by applicant Golden Sedan. Based upon the foregoing findings the Commission concludes that Applications Nos. 49556 and 49561, as amended, should be granted as set forth in the ensuing order, and that Application No. 49376, as amended, should be denied. Applicants Charter Sedan and Mercury Sedan are 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. ORDER IT IS ORDERED that: 1. A certificate of public convenience and necessity is granted to Charter Sedan Service, a California corporation, authorizing it to operate as a passenger stage corporation as defined in Section 226 of the Public Utilities Code, between the points and over the routes particularly set forth in Appendix A attached hereto and made a part hereof. -14A. 49376, et al lm In providing service pursuant to the certificate granted in ordering paragraph 1, above, applicant Charter Sedan Service shall comply with and observe the following service regulations. Failure so to do may result in a cancellation of the operating authority granted by this decision. (a) Within thirty days after the effective date hereof, said applicant shall file a written acceptance of the certificate herein granted. Said applicant is placed on notice that, if it accepts the certificate of public convenience and necessity herein granted, it will be required, among other things, to comply with and observe the safety rules of the California Highway Patrol, the rules and other regulations of the Commission's General Order No. 98-A and insurance requirements of the Commission's General Order No. 101-B. Within one hundred twenty days after the effective date hereof, said applicant shall establish the service herein authorized and file tariffs and timetables, in triplicate, in the Commission's office. (c) The tariff and timetable filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff and timetable filings shall be concurrent with the establishment of the service herein authorized. The tariff and timetable filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs and timetables set forth in the Commission's General Orders Nos. 79 and 98-A. (e) Said applicant shall maintain its accounting records on a calendar year basis in conformance with the applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission and shall file with the Commission, on or before March 31 of each year, an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe. 3. The certificate of public convenience and necessity issued in ordering paragraph 1 above is granted upon the following conditions: -15-

A. 49376, et al lm (B) That applicant Charter Sedan Service use limousines and other passenger automobiles in its service having a seating capacity for no more than eight passengers and a driver, or a total of nine persons; and That said applicant obtain from the appropriate local governmental agencies permission for parking its limousines and other passenger automobiles to load and discharge passengers at San Jose Municipal Airport, San Francisco International Airport, and Oakland International Airport. 4. A certificate of public convenience and necessity is granted to Richard A. Allen, Donald A. Moore, Fred H. Van Tassell and Robert E. Loveday, a partnership doing business as Mercury Sedan Service, authorizing them to operate as a passenger stage corporation as defined in Section 226 of the Public Utilities Code, between the points and over the routes particularly set forth in Appendix B attached hereto and made a part hereof. In providing service pursuant to the certificate granted in ordering paragraph 4 above, applicants Richard A. Allen, Donald A. Moore, Fred H. Van Tassell and Robert E. Loveday, a partnership doing business as Mercury Sedan Service, shall comply with and observe the following service regulations. Failure so to do may result in a cancellation of the operating authority granted by this decision. (a) Within thirty days after the effective date hereof, said applicants shall file a written acceptance of the certificate herein granted. Said applicants are placed on notice that, if they accept the certificate of public convenience and necessity herein granted, they will be required, among other things, to comply with and observe the safety rules of the California Highway Patrol, the rules and other regulations of the Commission's General Order No. 98-A and the insurance requirement's of the Commission's General Order No. 101-B. (b) Within one hundred twenty days after the effective date hereof, said applicants shall establish the service herein authorized and file tariffs and timetables, in triplicate, in the Commission's office. -16A. 49376, et al lm

7. Application No. 49376, as amended, of Golden Sedan Service, Inc., is hereby denied.

The effective date of this order shall be twenty days after the date hereof.

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	Dated at	Ren Francisco, California, this 36th
day of _	IGNUARY	1968.
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APPENDIX A

# CHARTER SEDAN SERVICE (a corporation)

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#### GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS AND SPECIFICATIONS

Charter Sedan Service, by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized to transport passengers and their baggage between San Jose, Campbell, Los Altos, Saratoga, Cupertino, Sumnyvale, Los Gatos, Mountain View, Palo Alto, Menlo Park, Woodside, Redwood City and Portola Valley, on the one hand, and the San Jose Municipal Airport, the San Francisco International Airport, the Oakland International Airport and the Fremont Railway Station, on the other hand, over the most appropriate routes subject to the following provisions:

- (a) No passengers shall be transported except those having point of origin or destination at one of the following places:
  - 1. San Jose Municipal Airport
  - 2. San Francisco International Airport
  - 3. Oakland International Airport
  - 4. Fremont Railway Station
- (b) When service is rendered on an "on-call" basis, tariffs and timetables shall show the conditions under which such "on-call" service will be operated.
- (c) Service shall be provided with vehicles seating no more than 9 passengers including the driver.

Issued by Cali	lfornia Public	Utilities	Commission.	
Decision No	73678		, Application No.	49556

APPENDIX B RICHARD A. ALLEN, DONALD A. MOORE, Original Page 1
FRED H. VAN TASSELL AND ROBERT E. LOVEDAY
doing business as
MERCURY SEDAN SERVICE

# GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS AND SPECIFICATIONS

Richard A. Allen, Donald A. Moore, Fred H. Van Tassell and Robert E. Loveday, doing business as Mercury Sedan Service, by the certificate of public convenience and necessity granted by the decision noted in the margin, are authorized to transport passengers and their baggage between Fremont and Newark, in Alameda County, Atherton, Woodside, Menlo Park, San Mateo, Redwood City, San Carlos and Hillsborough, in San Mateo County, and Palo Alto, Los Altos Hills, Los Altos, Mountain View, Sunnyvale, Santa Clara, San Jose, Saratoga, Los Gatos, Monte Sereno, Morgan Hill, San Martin, Gilroy and Milpitas, in Santa Clara County, on the one hand, and the San Francisco International Airport, the Oakland International Airport and the San Jose Municipal Airport, on the other hand, over the most appropriate routes subject to the following provisions:

- (a) No passengers shall be transported except those having point of origin or destination at one of the following places:
  - 1. San Jose Municipal Airport
  - 2. San Francisco International Airport
  - 3. Oakland International Airport
- (b) When service is rendered on an "on-call" basis, tariffs and timetables shall show the conditions under which such "on-call" service will be operated.
- (c) Service shall be provided with vehicles seating no more than 9 passengers including the driver.

Issued by	y California	Public	Utilities	Commission.			
Decision	No:	73678		, Application	No.	49561	