

ORIGINAL

Decision No. 78805

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Leonard L. McGee, doing business as Saddleback Stage Line, for certificate of public convenience and necessity to operate passenger stage service between the communities of Mission Viejo and Leisure World in Orange County on the one hand and Los Angeles International Airport in Los Angeles County on the other hand.

Application No. 52194
(Filed September 15, 1970;
Amended December 2, 1970)

In the Matter of the Application of AIRPORT SERVICE, INCORPORATED, a corporation, for authority to extend service between Los Angeles International Airport and Orange County Airport on the one hand and Laguna Hills on the other hand, all points in California.

Application No. 52316
(Filed November 20, 1970;
Amended December 31, 1970)

Joseph C. Smith, Attorney at Law, for Leonard L. McGee, dba Saddleback Stage Line, and Frank M. Manzo, Attorney at Law, for Arthur A. Florez, applicants.
Karl K. Roos, Attorney at Law, for Arthur A. Florez, applicant in Application No. 52213 and protestant in Application No. 52194.
James H. Lyons, Attorney at Law, for Airport Service, Inc., and Community Enterprises, Inc., protestants.
R. W. Russell, Chief Engineer and General Manager, by K. D. Walpert, Department of Public Utilities and Transportation, for the City of Los Angeles, interested party.
E. C. Crawford, Lloyd C. Young and William H. Well, for the Commission staff.

O P I N I O N

These applications were consolidated and heard before Examiner DeWolf on November 24, December 15, 1970 and January 21, in Los Angeles and January 27 at Santa Ana, and February 19, 1971 in Los Angeles, California, and submitted on February 19, 1971 subject to concurrent briefs which have been filed. Each party is a protestant to the application of the other. Both the applicants seek certification of passenger stage operations between Los Angeles International Airport and Orange County Airport, on the one hand, and Laguna Hills and Mission Viejo in Orange County, on the other hand. An engineer of the Commission's passenger and engineering section appeared and examined the witnesses.

McGee presently does not possess any authority from this Commission to transport passengers within the State of California. The assets of applicant consist of his residence and personal property. He proposes to purchase a new Checker Aerobus of 12 passenger capacity and hire a driver for use if a certificate is issued. Applicant proposed fares of \$2.00 to Orange County Airport, \$6.00 to Los Angeles International and half fare for children five years and under 12 years of age. He amended the adult fare proposal at the hearing to provide service at \$1.00 and \$5.00, respectively. Other amendments were made by McGee as to routes and schedules.

Airport Service is presently rendering service in Los Angeles and Orange Counties to Los Angeles International and Orange County Airports and has served many points in Orange County since 1957 including El Toro Marine Air Station, Santa Ana, Newport Beach,

Huntington Beach, Orange, Buena Park, Anaheim, Fullerton and Garden Grove with 49 schedules, as set forth in Appendix A of Decision No. 76877, as amended in Application No. 51591. Airport Service uses a fleet of 46 air conditioned buses and has ordered 8 new buses of 49 to 53 passenger capacity.

Eight public witnesses testified that service proposed by either applicant is needed and will be used extensively by them and the public. All of the witnesses travel extensively, are executives or travel specialists or agents. One witness testified that he liked to ride in a Checker bus but would use any service authorized if it is operated without delay to passengers.

Exhibits Nos. 1 through 10 were received on behalf of applicant McGee. These are letters regarding establishment of terminal and pickup points, pictures of proposed equipment, proposed schedules and fares, projected yearly cost and operation estimates. Exhibit No. 8 estimates total annual mileage of 103,000 miles at a cost of \$24,355.80.

Exhibits Nos. 11 through 20 were received on behalf of applicant, Airport Service. They show a map of applicant's present routes, equipment list of 46 Flexible and G.M.C. Passenger Buses, pictures of the buses, present operating service schedules and financial statements dated June 30, 1970 which show total assets of \$2,290,000.00 and operating revenues and expenses.

A comparison of the evidence and proposals of each of the applicants shows that the experience of McGee is as an airplane pilot and that he has had no administrative or executive experience in passenger stage operations in California or elsewhere.

The Airport Service manager has over 25 years of experience in the transportation business and for the past 14 years he has been the chief operating executive for applicant.

As to territory proposals and service, McGee is new in operating in this field while Airport Service has extensive schedules in successful operation throughout Los Angeles and Orange Counties serving both airports.

McGee presently has no terminal, his proposals are indefinite, and he has made no provisions for facilities for ticket selling and pickup at International Airport.

The operations of Airport Service at the airports are well established and well known.

Comparison of Schedules

McGee originally proposed two schedules and during the hearing amended his proposal to three schedules daily. The schedules will not meet the needs of the public based upon past experience of the operators of Airport Service. According to Airport Service experience, the first arrival at LAX will be a half hour too early and third arrival at 4:00 p.m. would be of little use at all. The first schedule leaving LAX (8:00 a.m.) will be of little use to the public and the lack of service after 4:30 p.m. from LAX is not in accord with past demonstrated public needs.

Airport Service witnesses stated that aside from Monday and Friday the greatest single day on which service is needed is Sunday. McGee's proposal to cut Sunday service back to one schedule

will not fit the needs of the public and demonstrates inexperience in the field. McGee testified that additional schedules would require additional equipment but has failed to demonstrate any plans or ability to acquire any additional equipment.

Airport Service has two schedules to arrive in the morning at Los Angeles International Airport and depart from the airport in the afternoon and in the evening to meet the pattern of the demands of the public established by long experience of the company. Airport Service is already operating to many points in Orange County. The existing schedules of Airport Service and its list of equipment give adequate assurance that it is capable of adding schedules as needed.

The initial schedules proposed by Airport Service from Mission Viejo and Laguna Hills will be through service between SNA and LAX airports and will be in addition to the present 49 one-way schedules per day operated between the two airports.

Comparison as to Fares

McGee originally proposed fares of \$6.00 to LAX and \$2.00 to SNA airports. This was amended during the hearing to \$5.00 and \$1.00.

Airport Service has existing tariffs between SNA and LAX of \$4.00. The additional \$1.00 or \$1.25 to serve Laguna Hills or Mission Viejo was based upon the system cost of approximately 3¢ per mile.

Comparison as to Equipment

McGee proposes to operate the service with a Checker stretch-out which he does not own. It has a passenger capacity of

11 persons. There are four bench seats with doors on each side with no arm rests for center passengers. There is no provision for a backup vehicle for overloads or breakdowns. The vehicle is to be serviced at a gas station in El Toro.

Airport Service has a fleet of 46 modern over-the-road air-conditioned coaches which are presently being used in service to the various airports. There are eight new buses of 49 and 53 passenger capacity on order. They have modern facilities for the repair and maintenance of this equipment. There is ample equipment to operate the present schedules and any additional schedules that the public may demand, or for use in emergencies.

Comparison as to Finance

The evidence shows that McGee does not possess the financial ability to initiate and maintain the proposed service. The witness for Airport Service testified that in operating coaches to their full capacity during peak periods the overall average of passengers to seats is approximately one-third. If McGee were to average one-third or $3 \frac{2}{3}$ passengers as he demonstrated, it would give him an exceptionally fine operating ratio of 87 percent, assuming all costs are accurately predicted. However, this would result in a net profit before taxes of only \$3,491.00 per year, which McGee admitted was insufficient to sustain his family while he was devoting 100 percent of his time to the business as he testified he would.

McGee's proposal of instituting the service with \$11,500.00 is predicated upon a loan of \$10,000.00. The financial estimates do not provide for a repayment of this loan, which would be for a period of only four years at the rate of 10 percent per annum.

There is no provision in his financial statements for additional equipment to be added. There was no provision made for persons who desire transportation to LAX in the event the vehicle leaving Mission Viejo and Laguna Hills and destined only for SNA is filled.

The financial ability of Airport Service shows earned surplus of \$720,170.36, and net income (before taxes) for the first six months of 1970 of \$202,832.00.

Findings

Upon consideration of the evidence the Commission finds that:

1. A public need exists for passenger stage operations to carry passengers and their baggage between Los Angeles International Airport, Los Angeles, California, and/or Orange County Airport, Orange County, California, and Laguna Hills in Orange County, as hereinafter authorized in this decision.

2. Applicant, Airport Service, Incorporated, possesses the experience, equipment, personnel, and financial resources to institute and maintain the proposed service.

3. Applicant, Airport Service, Incorporated, began passenger stage service between Los Angeles International Airport and points in Orange County in 1957. It has been successfully operating and expanding its service throughout Orange County since that time. It has also pioneered service to Orange County Airport and is the only carrier in Orange County serving LAX and SNA airports and is the carrier operating in this territory.

4. All of the evidence in this record indicates that the passenger stages operated by Airport Service, Incorporated, are highly satisfactory and no evidence was offered of any complaints.

5. Applicant, Leonard L. McGee doing business as Saddleback Stage Line, does not possess the experience, equipment, personnel, and financial resources to institute and maintain the proposed service.

6. Public convenience and necessity require the institution of the regular passenger stage service as proposed by Airport Service, Incorporated, and as authorized herein.

7. The application of Airport Service, Incorporated, will be granted and the application of L. L. McGee, dba Saddleback Stage Line, will be denied.

Applicant 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

IT IS ORDERED that:

1. The application of Leonard L. McGee for a certificate to operate as a passenger stage corporation is hereby denied.

2. A certificate of public convenience and necessity is granted to Airport Service, Incorporated, a corporation, authorizing it to operate as a passenger stage corporation as defined in Section 226 of the Public Utilities Code, between the points more particularly set forth in:

First Revised Page 2
First Revised Page 3
First Revised Page 4
Second Revised Page 11
Original Page 12

of Appendix A (Decision No. 76877), attached hereto and made a part hereof.

3. Appendix A of Decision No. 76877 in Application No. 51591 is modified by incorporating therein the above-listed pages in lieu of Original Pages 2, 3 and 4 and First Revised Page 11, which are hereby canceled.

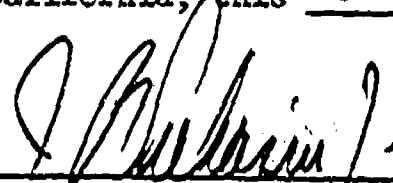
4. In providing service pursuant to the certificate herein granted, Airport Service, Incorporated shall comply with and observe the following service regulations. Failure so to do may result in a cancellation of the operating authority granted by this decision.


- (a) Within thirty days after the effective date hereof, applicant shall file written acceptance of the certificate herein granted. 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-C.


- (b) Within one hundred twenty days after the effective date hereof, 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.
- (d) 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) 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, a annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.


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

Dated at San Francisco, California, this 22nd day of JUNE, 1971.



Chairman






Commissioners

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,
AND SPECIFICATIONS

The certificate hereinafter noted supersedes all operative authority heretofore granted to Airport Service, Incorporated, and Airport Coach Service, or their predecessors.

Airport Service, Incorporated (formerly MBF, Inc.), by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to transport express, passengers, and their baggage between Mission Viejo*, Laguna Hills*, Newport Beach, Santa Ana, Orange, Anaheim Service Area, Fullerton, Buena Park, Long Beach Service Area, Long Beach Municipal Airport, Pasadena-Monrovia Service Area, Huntington Beach, Los Alamitos (Rossmoor), Orange County Airport, and El Toro Marine Air Station on the one hand, and Los Angeles International Airport on the other hand; between Mission Viejo*, Laguna Hills*, Newport Beach, Santa Ana, Orange, Anaheim Service Area, Huntington Beach, Los Alamitos (Rossmoor), and Long Beach Municipal Airport on the one hand, and Orange County Airport on the other hand; between Anaheim Service Area, Pasadena-Monrovia Service Area, Long Beach Service Area, Huntington Beach, and Los Alamitos (Rossmoor) on the one hand, and Ontario International Airport on the other hand; between Long Beach Service Area on the one hand, and Lockheed Air Terminal on the other hand; between Anaheim Service Area, Huntington Beach and Los Alamitos (Rossmoor) on the one hand, and Long Beach Municipal Airport on the other hand; over the following described routes and subject to the following conditions and restrictions:

- (a) Carrier shall transport only passengers destined to or originating at the Los Angeles International Airport, Ontario International Airport, Orange County Airport, Long Beach Municipal Airport and the Lockheed Air Terminal.

Issued by California Public Utilities Commission.

*Added by Decision No. 78805, Application No. 52316.

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,
AND SPECIFICATIONS (Continued)

- (b) Carrier shall not pick up or discharge passengers except at Mission Viejo*, Laguna Hills*, El Toro Marine Air Station, Long Beach Service Area, Pasadena-Monrovia Service Area, Huntington Beach, Los Alamitos (Rossmoor), Newport Beach, Santa Ana, Orange, Anaheim Service Area, Fullerton, Buena Park and the Los Angeles International Airport, Ontario International Airport, Orange County Airport, Long Beach Municipal Airport and the Lockheed Air Terminal.
- (c) Baggage and express shall be transported in passenger-carrying vehicles only, and limited to a weight of not more than 100 pounds per shipment.
- (d) When route descriptions are given in one direction, they apply to operation in either direction, unless otherwise indicated.
- (e) Motor vehicles may be turned at termini or intermediate points, in either direction, at intersections of streets or by operating around a block contiguous to such intersections, in accordance with local traffic regulations.
- (f) Passengers shall be picked up or discharged only at points and places to be named in carrier's tariff.
- (g) When service is rendered on an "On-Call" basis, tariffs and timetables of the carrier shall show the conditions under which such "On-Call" service will be rendered.
- (h) All passengers originating at or destined to the El Toro Marine Station shall originate at or be destined to the Los Angeles International Airport.
- (i) Service to or from the El Toro Marine Air Station shall be operated for five or more persons.
- (j) Service to or from the El Toro Marine Air Station shall not be operated for less than five persons during the times when regularly scheduled service is operated between Santa Ana and the El Toro Marine Air Station.

Issued by California Public Utilities Commission.

*Added by Decision No. 78805, Application No. 52316.

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,
AND SPECIFICATIONS (Continued)

- (k) All passengers originating at or destined to the Long Beach Municipal Airport shall originate at or be destined to Huntington Beach, Los Alamitos (Rossmoor), the Anaheim Service Area, Los Angeles International Airport, Lockheed Air Terminal, Orange County Airport or Ontario International Airport.
- *(l) All passengers originating at or destined to Mission Viejo or Laguna Hills shall originate at or be destined to Los Angeles International Airport or Orange County Airport.

SECTION 2. DESCRIPTION OF SERVICE TERRITORIES

Long Beach Service Area

Commencing at the junction of the San Gabriel River and Artesia Boulevard in Lakewood; thence along Artesia Boulevard, Alameda Street, Henry Ford Avenue to junction of Henry Ford Avenue and City Limits of Long Beach; thence along City Limits of Long Beach and west boundary of the U. S. Naval Base south to the ocean; thence east along the shoreline of Long Beach Harbor and Long Beach to the junction of the shoreline and outlet of the San Gabriel River; thence north along the San Gabriel River to the point of beginning.

Pasadena-Monrovia Service Area

Commencing at the intersection of Loma Alta Drive and Lincoln Avenue; thence along Lincoln Avenue, Montana Street, Arroyo Boulevard, York Boulevard, Monterey Road, Fremont Avenue, Alhambra Road, Garfield Avenue, Main Street, Las Tunas Drive, Live Oak Avenue, Myrtle Avenue, Duarte Road, Mountain Avenue, Foothill Boulevard, Santa Anita Avenue, Sierra Madre Boulevard, Washington Boulevard, Altadena Drive, Lake Avenue, Loma Alta Drive to point of beginning.

Anaheim Service Area

The Anaheim Service Area is that portion of the City of Anaheim, the City of Garden Grove, the City of Orange and Orange County that is bounded as follows: On the north by Lincoln Avenue, on the west by Brookhurst Street,

Issued by California Public Utilities Commission.

*Added by Decision No. 78805, Application No. 52316.

SECTION 3. ROUTE DESCRIPTIONS (Continued)

Long Beach Municipal Airport-Anaheim Service Area

Beginning at the airline passenger terminal at the Long Beach Municipal Airport; thence along the most direct and appropriate route to the Anaheim Service Area.

Shuttle Service in Orange County

Supplementary shuttle service to connect with through service may be conducted between the Anaheim Service Area, on the one hand, and El Toro Marine Air Station, Newport Beach, Santa Ana, Orange, Fullerton or Buena Park, on the other hand, over any authorized route or combination of routes.

*Orange County Airport-Huntington Beach, Los Alamitos (Rossmoor), Long Beach Municipal Airport, Long Beach Service Area-Los Angeles International Airport-Lockheed Air Terminal

Commencing at Orange County Airport to Long Beach Service Area and Long Beach Municipal Airport along the regular route and five alternate routes described on Pages 9 and 10; thence from Long Beach Service Area and Long Beach Municipal Airport to Los Angeles International Airport and to Lockheed Air Terminal along the regular route and three alternate routes described on Page 10.

**Los Angeles International Airport-Orange County Airport-Mission Viejo-Laguna Hills

Commencing at La Paz Shopping Center at the intersection of La Paz Road and Chrisanta Drive, Mission Viejo; thence La Paz Road, Interstate Highway 5, El Toro Road, Avenue de la Carlota, Paseo de Valencia to the Hyatt Laguna Hills Motel, 23932 Paseo de Valencia, Laguna Hills; thence via Paseo de Valencia, Avenue de la Carlota, El Toro Road, Interstate Highway 5, Interstate Highway 405, MacArthur Boulevard and Campus Drive to the Orange County Airport. Service between the Orange County Airport and Los Angeles International Airport will be rendered over routes presently authorized between the two airports.

Issued by California Public Utilities Commission.

*Revised by Resolution No. PE-85 R.R.D.-21, Dated February 23, 1971.
**Added by Decision No. 78805, Application No. 52316.

SECTION 3. ROUTE DESCRIPTIONS (Continued)

**Alternate Route 1: Los Angeles International Airport-
Mission Viejo-Laguna Hills

Commencing at La Paz Plaza Shopping Center at the intersection of La Paz Road and Chrisanta Drive, Mission Viejo; thence via La Paz Road, Interstate Highway 5, El Toro Road, Avenue de la Carlota, Paseo de Valencia to the Hyatt Laguna Hills Motel, 23932 Paseo de Valencia, Laguna Hills; thence via Paseo de Valencia, Avenue de la Carlota, El Toro Road, Interstate Highway 5; thence via the most direct or appropriate route or routes to the Los Angeles International Airport.

Issued by California Public Utilities Commission.

**Added by Decision No. 78805, Application No. 52316.