

ORIGINAL

Decision No. ~~84217~~

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of YELLOW CAB CO., OF SACRAMENTO,
a California corporation, for
permission to increase fares.

Application No. 55281
(Filed October 30, 1974)

INTERIM OPINION

Applicant Yellow Cab Co. of Sacramento operates a fleet of "stretch-outs" in a regular-route scheduled service between the city of Sacramento and Sacramento Metropolitan Airport, which is operated by and located in Sacramento County. Applicant performs this service pursuant to a certificate of public convenience and necessity issued by this Commission. It also purports to render this service pursuant to a contract with the county of Sacramento; this contract contains clauses fixing applicant's rates and establishing the terminal points applicant is required to serve within the city of Sacramento and vicinity, and contains scheduling and routing requirements.

The contract provides in part:

"Concessionaire [applicant] shall charge and collect for limousine service rendered from the Airport to the downtown ticket office, the amount of \$1.75 per adult passenger.

"Commencing September 1, 1974, such adult fare per passenger shall be increased to \$1.90.

"The fare for children twelve (12) years of age or under shall be one-half (1/2) of the adult fare, except that children in arms and not requiring a separate seat shall travel free."

Applicant seeks authority to charge the fare increase established by this contract; i.e., \$1.90 for downtown Sacramento.

Applicant is also now furnishing passenger transportation service on an on-call basis to various other locations in the Sacramento area under its certificate; it also proposes to increase the fare for each of these outlying points by 15 cents as permitted by the contract. The total gross increase is estimated to amount to \$13,320 per year. Applicant proposes to eliminate on-call service to the California Hotel, 802 I Street, in Sacramento.

Discussion

In Decision No. 81465 issued in Application No. 53607 (Application of Yellow Cab Co. of Sacramento) on June 12, 1973, the Commission found as follows:

- "1. Seven of applicant's vehicles are over four years old and have accumulated nearly 300,000 miles. There has been no showing as to the economical service life of this class of vehicles.

* * *

- "4. There is no showing that present on-call operations produce sufficient revenue to justify continued operation at present rate levels.
- "5. There is no showing that rates for on-call service do not discriminate against scheduled passengers.

* * *

- "8. There is no showing that applicant's depreciation expense figures are reasonable.

* * *

- "12. The rates authorized herein will not provide sufficient revenues to offset the cost of a vehicle replacement program or a significant increase in the costs of properly maintaining applicant's present fleet."

In that decision we concluded that applicant should be authorized to charge the original contract rates without, however, finding the fares to be just and reasonable. We also concluded that "...further consideration of applicant's depreciation expense, its rates, and service obligations is necessary".

This application contains a projected results of operations estimate for the year ending September 30, 1975, which indicates that the proposed 15-cent increase will give applicant enough additional revenue to cover the depreciation on an additional \$50,000 of rate base (equivalent to seven new stretch-outs at \$7,171 each).

The Commission staff assigned an observer to investigate the serviceability of applicant's vehicles. Copies of his report have been served on applicant and the county and are included in the file in Application No. 55281 as Exhibit 1. This report indicates that the existing fleet of vehicles should be capable of sustained, reliable, and safe service for an indefinite period.

The economic data submitted with the new application indicate that improved traffic and the proposed rate increase will together produce enough revenue to support the purchase of new vehicles when necessary. This serves to allay one of the concerns expressed in Decision No. 81465.

We are still concerned that the county's requirement for on-call service to outlying points (or the rates it specifies for such service) may pose an undue burden on applicant's primary service, the scheduled runs from central Sacramento. We are also concerned that applicant has never supplied a depreciation study to satisfy the requirements of Decision No. 81465.^{1/}

^{1/} The "study" supplied was a bare conclusion that the useful life of the type of vehicle used was six years. This conclusion is plainly in conflict with the staff's observations in Exhibit 1.

Finally, we think there is a real need to examine the legal and practical aspects of the contract with the county. This is a matter of special concern to the Commission, since the contract is apparently designed, among other things, to allow the county to make an extrajudicial collateral attack on a Commission decision (cf. § 1709 Public Utilities Code), if it is willing to inconvenience the public by requiring applicant to off-load passengers at the airport boundary rather than at the terminal. Because of the need to consider these issues further, we will establish these fares on an interim basis only.

We find that the proposed fares are not unjust or unreasonable and conclude that applicant should be authorized to put them into effect temporarily, pending final resolution of the issues described above.

We further find that a full consideration of the rate and service requirements of applicant's contract with the county of Sacramento should be made, and conclude that its lawfulness has not yet been established. We also find that no showing has been made to discontinue service to the California Hotel and conclude that consideration of this change should be deferred.

INTERIM ORDER

IT IS ORDERED that:

1. Yellow Cab Co. of Sacramento is authorized until further order of the Commission to establish the increased rates proposed in Application No. 55281. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.
2. The authority shall expire unless exercised within ninety days after the effective date of this order.
3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its terminals a printed explanation of its proposed fares. Such notice shall be

posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

4. Consideration of changes in applicant's route structure is deferred.

5. Applicant is not at the present time authorized to discontinue on-call service to the California Hotel.

6. Within thirty days after the effective date of this order applicant shall prepare and file a depreciation study for its fleet of vehicles.

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

Dated at San Francisco, California, this 25th
day of MARCH, 1975.

William L. Shuman
President
William L. Shuman
Leonard Ross
Commissioners