

Decision No. 85190

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
AIRPORTTRANSIT, a corporation, for  
authority to increase its fares as  
a passenger stage corporation.

} Application No. 55898  
(Filed August 19, 1975;  
amended September 15, 1975)

INTERIM OPINION

Applicant is a California corporation conducting operations as a passenger stage corporation under a certificate of public convenience and necessity issued by the Commission in Decision No. 78126. Applicant conducts its passenger stage operations to and from airports in the greater Los Angeles Metropolitan Area and to and from the Oakland International Airport within the San Francisco Bay Area. Applicant's present rates were authorized by Decision No. 83224 dated July 30, 1974 in Application No. 54697.

Decision No. 83224 authorized fare increases to offset fuel cost increases incurred by applicant prior to July, 1974. This fuel offset increase did not authorize an increase in rate of return or a lowering of the operating ratio. Applicant was last authorized general rate increases by Decision No. 81839 dated September 5, 1973 in Application No. 52651. The rate increases granted by that decision authorized fares designed to produce an after tax rate of return of 14.36 percent and an operating ratio of 96.0 percent.

Applicant's general rate increase request is based upon its operating statement for the year ended December 31, 1974, adjusted to produce a pro forma future year. Applicant requests fare increases of 45 cents for all Los Angeles downtown routes and a fare increase of 50 cents for all other routes in order to produce an annual gross

revenue increase of \$318,585 (14.9 percent). Applicant's estimate is that at the requested rates its operating ratio after taxes will be 96.9 percent.

Applicant alleges that it has incurred major increases in operating costs during the past year in wages and salaries (and related payroll costs), fuel, and tires. The wages of operating employees are controlled by collective bargaining agreements and all such employees have received annual or more frequent increases in wages and fringe benefits during the past two years, with consequent increases in payroll taxes and workmen's compensation insurance premiums. As a result of the increased costs of its operations applicant alleges it is now operating at a loss and will be forced to continue to do so unless its fares are immediately increased.

Applicant requests immediate interim rate relief of 25 cents in all one-way fares. Applicant calculates that this fare increase will result in a gross revenue increase of \$170,150 annually (a 7.9 percent increase) and that its operating ratio before taxes will be 99.0 percent after such interim rate relief.

By amendment to the application filed September 15, 1975, applicant set forth an income and expense statement for the six months ended June 30, 1975. Said statement supports applicant's contention that under present fares it is operating at a loss.

The Transportation Division of the Commission staff has made a general review of the application and the exhibits attached thereto. The staff review indicates several areas of potential controversy requiring investigation in preparing a study before making a final determination. However, the Transportation Division reviewed the estimated additional labor expense incurred by the applicant since

the last Commission review of such expense in Decision No. 81839 dated September 5, 1973. Exhibit A attached hereto sets forth the staff estimate of additional labor expense. The staff recommends that approximately \$120,000 of annualized system labor costs should be reflected in increased passenger fares pending a final rate decision. The staff recommends an overall increase in revenues of 9 percent.

In applying a 9 percent increase, the staff recommends that interim fares be established by increasing each of the present fares by 9 percent, rounding the amount upward or downward to the nearest multiple of five cents. No fares should be increased in excess of 25 cents. Such fare increases would be interim rates until our final decision in this matter.

#### Findings

1. Applicant is incurring losses from its operations under present fares.
2. Pending public hearings and a final decision in the application herein, applicant should be authorized interim increases in its fares in order that it may be afforded some relief from present operating losses.
3. It is reasonable to grant interim rate increases to offset increased labor expense in the amount of \$120,196 annually as set forth in Exhibit A attached hereto.
4. Increases of 9 percent should be authorized in all present fares, with the amount rounded upward or downward to the nearest multiple five cents, with no fare increases to exceed 25 cents.
5. Interim fare increases as set forth in Finding 4 above are justified. Such interim fare increases should offset known wage increases incurred by applicant and will afford applicant some relief from its present operating losses.

6. The rate increases authorized herein will increase applicant's annual revenues by approximately \$120,196.

Conclusions

1. We conclude that interim fare increases as specified in the following order should be authorized.

2. Because of applicant's need for relief from the losses which it is experiencing under present fares, we conclude that applicant should be authorized to establish the increased fares on less than thirty days' notice to the Commission and to the public; the order herein should be made effective on the date hereof.

INTERIM ORDER

IT IS ORDERED that:

1. Applicant, Airporttransit, a corporation, is authorized:

(a) To establish a fare of \$1.70 per adult one-way ride between Los Angeles Territory Group 1 points (as more specifically defined in applicant's local passenger tariff Cal. PUC No. 11) and Los Angeles International Airport, Los Angeles.

(b) To increase by 9 percent all other fares and charges which are set forth in said tariff, the amount to be rounded up or down to 0 or 5, whichever is nearest, with no increase to exceed 25 cents.

2. Amendments to applicant's tariff to be made as a result of this order may be filed on or after the effective date of this order, and may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its buses and terminals an explanation of its 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. The authority granted herein shall expire unless exercised within ninety days after the effective date of this order.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 2nd  
day of DECEMBER, 1975.

President  
William H. Harrison  
Vernon L. Stutzman  
Leonard R. R. R.  
Robert R. R.  
Commissioners

## APPENDIX A

AIRPORT TRANSITCOMPUTATIONS FOR INTERIM INCREASE  
RECOMMENDED TO EXAMINER - 9/30/75

Line No.	Reference	Item	Test Year 1973 A. 52651	Test Year 1976 A. 55898
	(1)	(2)	(3)	(4)
1		Amount of Mechanics' Wages	\$ 57,638	
2		Mechanic Wage Rate-1973	5.15/Hr.	
3		Mechanic Wage Rate-1976		\$ 6.80/Hr..
4	(4)3 ÷ (3)2	Increase Factor		1.320
5	(3)1 x (4)4	Increase Amount		76,082
6		Drivers' Wages-LA Drivers	477,168	
7		Drivers' Wages-Tram Drivers	62,514	
8		Drivers' Wages-Oak. Drivers	48,479	
9	Line 6, 7, 8	Total Drivers' Wages	588,161	
10		LA Driver Wage Rate-1973	4.05/Hr.	
11		LA Driver Wage Rate-1976		4.75/Hr.
12	(4)11 ÷ (3)10	Increase Factor		1.173
13	(3)9 x (4)12	Increased Amount		689,913
14	(3)1, 9	Total Wages (Mech. & Driver)	645,799	
15	(4)5, 13	Total Increased Amount		765,995
16	(4)15 less (3)14	Amount of Increase		120,196
17		Co. Computation of Increase in Revenue at Interim Fares (Requested)		170,150
18	(4)16 ÷ (4)17	Factor		0.706
19		Year 1974 Passenger Rev., LA		1,202,101
20		Year 1974 Passenger Rev., Oak.		100,619
21	Line 19, 20	Total Year 1974 Passenger Rev.		1,302,720
22	[(4)16 ÷ (4)21] x 100	Percent Increase Required Use		9.2% 9%
23				