

T/MS/YO/CTB

Decision 84 11 059 NOV 7 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AIRPORT SERVICE,)
INCORPORATED, for authority to)
adjust its rates.)

Application 84-08-075
(Filed August 20, 1984)

O P I N I O N

Airport Service, Incorporated (Airport) is a passenger stage corporation (PSC-869) operating between various airports in Los Angeles and Orange Counties and various points in Los Angeles and Orange Counties, as well as between certain of the airports, as set forth in the appendix of Decision (D.) 83743, as amended by D.84583, in Application (A.) 54778. On August 26, 1979, Airport commenced operations between Los Angeles International Airport and Ontario Airport and various points in Los Angeles and San Bernardino Counties pursuant to D.90383 in A.58082.

Airport is seeking authority to increase its passenger fares by an overall average of 10.0%.

Exhibit B of the application shows applicant's present and proposed fares.

The present fares were established in D.84-04-088 dated April 18, 1984, in A.84-02-34.

In support of the application applicant states that with the completion of the second level at Los Angeles International Airport in November 1983, many passengers, who had been using applicant's service during the construction period, returned to the use of their private automobiles. This, and also the entry of new competition into the market, has resulted in a passenger loss of 15% from the level of passengers for the prior year.

The loss of operating revenue due to the loss of passengers and the increase in operating expenses necessitate the requested increase in passenger fares.

Based on the information contained in the application, the following table shows applicant's estimated results of operations under present and proposed fares for a test year ending September 30, 1985.

| <u>Item</u> | <u>Test Year Ending September 30, 1985</u> | |
|---------------------|--------------------------------------------|-----------------------|
| | <u>Present Fares</u> | <u>Proposed Fares</u> |
| Operating Revenues: | | |
| passenger stage | \$12,207,800 | \$13,428,600 |
| charter/special | <u>731,100</u> | <u>731,100</u> |
| Total | 12,938,900 | 14,159,700 |
| Operating Expenses | 12,632,400 | 12,784,100 |
| Operating Income | | |
| Before Income Taxes | 306,500 | 1,375,600 |
| Income Taxes | 1,000 | 530,000 |
| Net Income | 305,500 | 845,600 |
| Operating Ratio | | |
| After Income Taxes | 97.6% | 94.0% |

A.84-08-075 T/MS/YO/CTB

As indicated by the above table, applicant's operations in the test year ending September 30, 1985 under its present fares will produce an annual net income of \$305,500, with an operating ratio after taxes of 97.6%. The proposed fares will result in an annual gross operating revenue of \$14,159,700, an annual gross revenue increase of \$1,220,800, with an operating ratio of 94.0% after income taxes.

Notice of the filing of this application appeared on the Commission's Daily Calendar of August 24, 1984. No protests or requests for public hearing have been received.

Findings of Fact

1. Applicant seeks authority to increase its passenger stage fares by an overall average of 10.0%.
2. Applicant's present fares were authorized by D.84-04-088 dated April 18, 1984 in A.84-02-34.
3. Applicant's operations in the test year ending September 30, 1985 under its present fares will produce an annual net income of \$305,500, with an operating ratio of 97.6% after income taxes.
4. The requested fare increase will result in an annual gross operating revenue of \$14,159,700, an annual gross revenue increase of \$1,220,800, with an operating ratio of 94.0% after income taxes.

A.84-08-075 T/MS/YO/CTB

5. The requested fares are necessary to offset applicant's increases in operating expenses and loss of revenue due to the loss of passengers.

6. The fare increase requested in A.84-08-075 is justified.

7. No protests have been received concerning this application, and a public hearing is not necessary.

8. Since applicant's operations under the present fares are approaching the break-even point, the effective date of this order should be the date of signature.

Conclusion of Law

The fare increase requested in A.84-02-34 is just and reasonable and should be granted.

O R D E R

IT IS ORDERED that:

1. Airport Service, Incorporated is authorized to establish the increased passenger fares proposed in A.84-08-075. Tariffs shall be filed on or after the effective date of this order. They may go into effect five days or more after the effective date of this order on not less than five days' notice to the Commission and to the public.

2. This authority shall expire unless exercised within 90 days after the effective date of this order.

A.84-08-075 T/MS/YO/CTB

3. In addition to the required posting and filing of tariffs applicant shall give notice to the public by posting in its operating vehicles a printed 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 30 days.

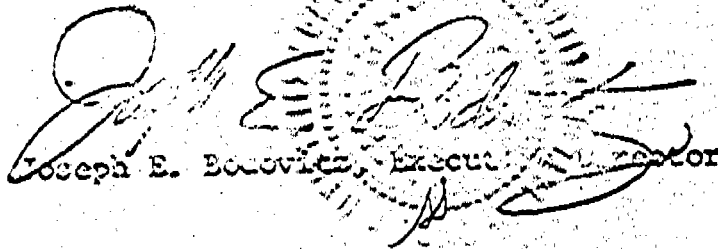
4. The application is granted as set forth above.

This order is effective today.

Dated NOV 7 1984 at San Francisco, California.

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bonovitz, Executive Director