

Decision 88 01 008 JAN 13 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Bay Area SuperShuttle,
Inc. (PSC-1298) establish a zone of
rate freedom for passenger stage
service between points in its
authorized service area and
San Francisco International Airport.

Application 86-03-014
(Filed March 7, 1986;
amended October 21, 1987)

Armour, St. John, Wilcox, Goodin & Schlotz,
by Thomas J. MacBride, Jr., Attorney at
Law, for Bay Area SuperShuttle, Inc.,
applicant.
Alberto Guerrero, Attorney at Law, for the
Commission staff.

O P I N I O N

Applicant Bay Area SuperShuttle, Inc., a passenger stage corporation, requests authority to establish a zone of rate freedom (ZORF) under Public Utilities (PU) Code Section 454.2 for application between points it is authorized to serve in the San Francisco Bay Area and the San Francisco International Airport (SFO). The application was initially protested by SFO Airporter, Inc. and the San Francisco Airports Commission, but the former entity withdrew its protest and the latter entity did not appear at the evidentiary hearing held in San Francisco on October 26, 1987.

By an amendment to the application applicant sought an interim increase of its fare from \$7 to \$8. This increase was granted by Decision 87-11-033.

Applicant proposes a ZORF between and including \$7 and \$10. Applicant states that it will adjust its rates within the ZORF by filing tariff sheets from time to time to be effective on 10 days' notice.

Applicant testified that in the course of its operations it competes for passengers to and from SFO against buses, taxi

cabs, limousines, and private and auto rental passenger cars. It contends that its proposed ZORF will not change the range of adult fares now being charged by other carriers to the upper level of the airport. Those other rates range from \$7 to \$10 with the exception that one limousine rate is \$15 to specified points in the city. As to whether applicant intended under the ZORF to have different rates for different services, applicant acknowledged that, conceivably, applicant may offer varying prices at very densely populated portions of the city where it would get higher levels of ride sharing.

If the application is granted, the staff recommends that the tariffs published pursuant to this order state the authorized maximum fares, the authorized minimum fares and the fares to be actually charged for the transportation provided.

As of December 31, 1985 applicant had a net worth of approximately \$182,753.

By interim Decision (D.) 87-08-060 the Commission granted applicant's motion to quash the subpoena duces tecum served on applicant by SFO Airporter.

Discussion

PU Code Section 454.2 provides that as a prerequisite to our granting a ZORF the passenger stage applicant must show that it is operating in competition with another substantially similar passenger stage transportation service or competitive transportation service from any other means of transportation. Applicant has certainly met this prerequisite and so qualifies under PU Code Section 454.2 to apply for a ZORF.

However, before we may establish a ZORF for applicant, applicant must show "That these competitive transportation services will result in reasonable rates and charges when considered along with the authorized zone of rate freedom." The present competitive position in which applicant finds itself should result in

reasonable rates, given applicant's ability to adjust its rates within the ZORF. We will grant the application.

While applicant did not specifically request that it be granted exemption from the long and short-haul provisions of PU Code Section 460 we believe that granting such exemption is appropriate where we grant a ZORF. The word "freedom" in ZORF means the freedom to establish any rate within the zone. Requiring applicant to adhere to the long- and short-haul provision circumscribes that freedom to the extent that in many cases the provision would nullify that freedom and thwart the intent of PU Code Section 454.2 which is to allow a carrier to compete on price at points where it has competitive service. We will grant an exemption.

The staff's recommendation that applicant be required to file its ZORF rates on 10 days' notice will be made a requirement. This will prevent applicant's drivers from engaging in curbside negotiations.

We will also accept the staff's recommendation that applicant's tariffs be revised to show for each point the high and low ends of the ZORF as well as the then currently effective rate.

In addition, we will cancel the interim rate increase of \$1 given in D.87-11-033 since the \$8 rate is within the ZORF and may be instituted by applicant as it pleases.

Findings of Fact

1. Applicant is a passenger stage corporation operating between San Francisco and SFO.
2. Applicant requests authority to establish a ZORF between and including \$7 and \$10 for adults.
3. In its operations applicant competes for passengers with buses, taxi cabs, limousines, and private and auto rental company automobiles.
4. The competitive transportation services will result in reasonable rates when considered along with the proposed ZORF.

5. The granting to applicant of an exemption to the long- and short-haul provisions of PU Code Section 460 is appropriate in this case.

6. With the granting of this application applicant has no need for the subject interim rate increase.

Conclusions of Law

1. The application should be granted.
2. Before applicant charges any ZORF fares, it should first file such fares with the Commission on 10 days' notice.
3. The filing of ZORF fares should be accompanied by a tariff amendment which shows for each ZORF point the high and low ends of the ZORF as well as the then currently effective rate.
4. The \$1 interim rate increase granted to applicant in D.87-11-033 should be canceled.
5. Interim D.87-08-060 should be adopted for inclusion in this decision.

ORDER

IT IS ORDERED that:

1. A zone of rate freedom between and including \$7 and \$10 is established for applicant covering its current passenger stage operating authority.
2. Applicant may charge fares within its zone of rate freedom only by first amending its tariff on no less than 10 days' notice to include such rates, showing the high and low end of its zone of rate freedom as well as its then currently effective rate.
3. In addition to posting and filing tariffs, SuperShuttle shall post a printed explanation of its fares in its vans and terminals. The notice shall be posted at least 5 days before the effective date of the fare changes and shall remain posted for at least 30 days.

4. Applicant is relieved from the provisions of the long- and short-haul requirements of PU Code Section 460 only where the charging of any rate within its published zone of rate freedom would otherwise be forbidden by PU Code Section 460.

5. The interim fare increase granted by D.87-11-033 is canceled 30 days after the effective date of this order. ✓

6. D.87-08-060 is made final and incorporated by reference herein.

7. This authority shall expire unless accepted within 30 days after the effective date of this order.

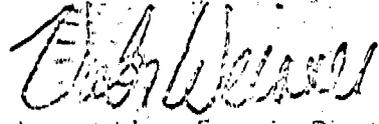
8. The application is granted as set forth above. This order is effective today. ✓

Dated January 13, 1988, at San Francisco, California.

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

Commissioner Stanley W. Hulett,
being necessarily absent, did
not participate.

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


Victor Weiser, Executive Director

4. Applicant is relieved from the provisions of the long- and short-haul requirements of PU Code Section 460 only where the charging of any rate within its published zone of rate freedom would otherwise be forbidden by PU Code Section 460.

5. The interim fare increase granted by D.87-P1-033 is canceled.

6. D.87-08-060 is made final and incorporated by reference herein.

7. This authority shall expire unless accepted within 30 days after the effective date of this order.

8. The application is granted as set forth above.

This order becomes effective 30 days from today.

Dated JAN 13 1988, at San Francisco, California.

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

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