

ORIGINAL

Decision 88-01-057 January 28, 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREAT AMERICAN STAGELINE, INC. to expand its current Passenger Stage Certificate (PSC-962) by adding "Door-to-Door" Service between all Cities currently being served and the Los Angeles International and Burbank Airports.

Application 87-02-039 (Filed February 13, 1987)

- Reginald T. Charlson, for Great American Stageline, Inc., applicant.
K. D. Wolpert, Attorney at Law, for City of Los Angeles, Department of Transportation, and Richard Hamlish, Attorney at Law, for Aura Transportation, protestants.
John Kindt, Jr., for Prime Time Limousine, interested party.
Vahak Petrossian, for the Transportation Division.

OPINION

Great American Stageline, Inc. (Great American) seeks to extend its service, now operated under PSC-962, dated October 28, 1975, and TCP-219-A, dated May 29, 1977. Great American proposes to provide on-call, door-to-door service from the cities now served to the Los Angeles and Burbank airports. This decision denies the application.

Notice of the filing of the application appeared in the Daily Calendar on February 20, 1987. Notice was provided to the transit operators operating in the proposed service territory. The Department of Transportation of the City of Los Angeles (City), SuperShuttle of Los Angeles, Inc. (SuperShuttle), and Aura Transportation, Inc. (Aura) protested the application.

Following notice, hearings were held on May 14, 15, before Administrative Law Judge George L. Hersh. The matter was submitted June 8, 1987, on receipt of briefs.

Great American proposes to provide door-to-door service to the Los Angeles and Burbank airports from the following communities now provided scheduled service: Santa Barbara, Carpinteria, Ventura, Oxnard, Camarillo, Moorpark, Newbury Park, Simi Valley, Thousand Oaks, Santa Susana, Westlake Village, Agoura Hills, Chatsworth, Canoga Park, Woodland Hills, Tarzana, Encino, and Sherman Oaks. The service would be on-call for a minimum of two adult full fare passengers, with a 24-hour advance notice. Proposed vehicles are four leased 11-passenger Dodge vans.

Great American's description of its financial resources and its projected annual income statement have been reviewed by Transportation Division staff (staff). Staff believes that Great American has sufficient financial resources to establish, operate, and maintain the proposed service.

Staff has reviewed the application and has no objections to the proposed operation.

Articles of Incorporation and evidence of insurance have been filed in connection with the applicant's existing certificates and remain in full force and effect. Any order granting the requested authority should be made conditional on a showing that insurance has been secured to cover new vehicles and operations.

Proposed fares are as follows:

"DOOR-TO-DOOR" PASSENGER FARES

(One-way - either direction)

Between Los Angeles International and/or Burbank Airports and:

| | <u>Distance LAX Miles</u> | <u>Distance BUR Miles</u> | <u>Proposed Fare</u> |
|-------------------|-----------------------------------|-----------------------------------|--------------------------|
| 1. Sherman Oaks | 18 | 16 | \$35.00 |
| 2. Encino | 21 | 19 | 35.00 |
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| 4. Woodland Hills | 26 | 24 | 35.00 |
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| 17. Carpinteria | 92 | 90 | 85.00 |
| 18. Santa Barbara | 101 | 99 | 95.00 |

"Door-to-Door" fares are one-way fares for the first person. The fare for each additional person in the same party, to/from the same address, traveling at the same time, with at least one full fare paying passenger, will be \$15 each.

Great American stated, in its response to a staff data request, that the proposed fares are reasonable because they are the same approximate revenue per mile currently charged by all the other door-to-door operators and are less than fares proposed by another current applicant before the Commission, Prime Time.

Great American's response to the staff data request further states that the proposed service is required by public convenience and necessity because no such service exists in the majority of the requested cities.

At the hearings, Great American provided supporting presentations: a survey filled out by passengers on Great American's scheduled service and testimony by two staff members of the Conejo Valley Chamber of Commerce. In addition, two letters were received from travel agents in the Thousand Oaks area stating that a door-to-door service as proposed by Great American is needed, due to the limited existing public transportation.

Charlson testified essentially as follows:

1. Applicant currently operates a certificated passenger stage service connecting 18 cities/communities to LAX and BUR airports.
2. Applicant desires to provide on-call door-to-door service in addition to the existing service.
3. The door-to-door service would require a twenty-four hour reservation and a minimum of two paying customers to provide service. If one of the customers cancelled an order, the remaining customer would be shifted to the existing scheduled service, which is not door-to-door.
4. Charlson submitted 146 forms as Great American's study of need. No written summary or analysis was provided. Four of the submitted forms lacked addresses and one had no entries at all. Charlson testified as to the manner in which the forms were used and the conclusions he drew from them. Two hundred (200) forms were printed and given to the drivers of Great American's scheduled buses. The drivers distributed the forms to passengers at the beginning of a scheduled run. Filled out forms were collected and unused forms were distributed again on successive runs until they were eventually filled out. Charlson read the completed forms and drew his conclusions.

The text of the form described the proposed service as an on-call door-to-door service between LAX and Burbank airports and any points within the cities currently served by Great American. The service would be in addition to the scheduled service and would be operated in eleven-passenger vans. "Passengers would make a reservation to travel either direction between the Airport and any point they choose (i.e. their home, office, hotel, etc.) within the designated cities."

The form requested the name and address of the respondent and answers to three yes-or-no questions:

"Assuming it would be reasonably priced, do you feel a service such as described above is needed?"

"If such a service were authorized, would you use it yourself, either in lieu of, or in conjunction with, our scheduled bus service?"

"Do you feel others you know would use such a service?"

Most of the forms answered "yes" to all three questions.

Charlson testified that the survey was the best that he could do and that he believed it showed a public need for the proposed service.

Charlson testified that he had protested the concurrent applications of other operators to provide door-to-door service from some of the cities involved in his own application on the grounds that there was no need for door-to-door service. To support his claim of public need and necessity, Charlson called two witnesses: Kristen Olin, Executive Assistant, Conejo Valley Chamber of Commerce and Ted Rohlfasen, an independent contractor acting as a service representative for the Conejo Valley Chamber of Commerce. The Chamber has members in Thousand Oaks, Newbury Park, and Westlake Village.

Olin testified that the Chamber received requests for information about door-to-door airport transportation. She

supported the application, but did not know the proposed fares or the amount of time required between a request and the van's response. Olin would not support the application if the new service would jeopardize the scheduled routes. She was testifying as an individual, not as a representative of her employer.

Rohlfasen had been working as an independent contractor doing service representation for the Chamber of Commerce for two and one half months at the time of the hearings. He testified that the Thousand Oaks area contained high income residents who do not like to ride a scheduled bus and who could afford the van service. Rohlfasen was not familiar with the available taxi cab services in the Thousand Oaks area. He was testifying as an individual, not as a representative of his employer.

Charlson provided two letters from travel agents which supported the proposed service on the grounds that existing service was not always adequate. Neither letter discussed fares or conditions of service.

Charlson proposed to begin service with four leased 11-passenger Dodge vans. Dispatching, garage, and maintenance service would be provided by the existing facilities and personnel of the present operation. Estimated total income was \$116,800, pre-tax earnings from operations were \$5,655. Various items in the pro-forma income statement were challenged by protestants and are discussed below.

The application was protested by SuperShuttle, Aura and City. John Kindt of Prime Time Shuttle participated as an interested party. SuperShuttle did not appear. Aura cross-examined witnesses and called Lou Cluster, a Commission staff member. City cross-examined witnesses and called two expert witnesses, one regarding traffic congestion and transportation availability at LAX, the other regarding the adequacy of taxi service from the San Fernando Valley to LAX.

City, Aura, and Kindt all called into question aspects of the pro-forma income statement submitted by Great American. Since the statement indicated earnings of \$5,655 on revenue of \$116,800, relatively small changes in expense items would convert the described operation from a profit to a loss. City, in particular, noted the omission of a business tax of \$4.05 per day on vans pursuant to Los Angeles Municipal Code § 21.194, which, if included in the income statement, would produce a loss.

Earle Jones, City's Public Utilities Inspector, testified to congestion at bus stops at LAX, that there are presently enough vans at LAX to serve the need, that there are abundant taxi cabs at LAX, that additional vans will increase existing traffic problems, and that there is no more uncommitted curb space available for van pick-ups.

Bobbie Walker, City's Senior Public Utilities Inspector, testified that tests of taxi cab service in the San Fernando Valley showed a high level of service, that there are enough taxi cabs to meet the demand for door-to-door transportation to LAX, and that additional door-to-door passenger stage service is not needed.

John Kindt testified that the San Fernando Valley is served by Prime Time, SuperShuttle, and Valley Airport Shuttle. Prime Time has expanded from two vans to eight vans since September, 1986, and plans to continue expansion. Prime Time requires "a few hours" advance notice and its fares are substantially below those proposed by Great American. Prime Time charges \$20 for the first passenger and \$6 for each additional passenger from Sherman Oaks and \$35 for the first passenger and \$6 for each additional passenger from Chatsworth. Great American proposes charges of \$35 for the first passenger and \$15 for each additional passenger from either Sherman Oaks or Chatsworth. Kindt concludes that the need for new authority for passenger stage service in the San Fernando Valley area has not and cannot be shown.

Vahak Petrossian, of the Commission staff, argues that the public is best served by competition. Great American has made an adequate application and that application should be granted to further competition.

Comments

Comments were filed by Great American and the staff. Our review of these comments persuade us that the proposed decision should be reversed. Pursuant to the Commission's Rules of Practice and Procedure, the proposed decision of the assigned administrative law judge was filed and distributed to the parties on November 11, 1987.

Discussion

A. Public Need

Great American sponsored two witnesses employed by the Chamber of Commerce in support of its application. It also introduced two letters from travel agents and a poll of its own riders in support of the proposed service. While the protestants have challenged the weight of this evidence, we are satisfied that it is adequate to support the proposed on call service.

B. Fitness

Great American has provided passenger stage service since its certification in 1975, and has operated as a charter-party carrier of passengers since 1977. Great American's financial statements attached to the application shows that it had revenues of \$2,043,829, with an operating income of \$113,251 for the 10-month period, February 1 through October 31, 1986. The balance sheet as of October 31, 1986 shows assets of \$165,642 with total stockholders equity of \$121,477. Great American has the knowledge, experience and financial ability to provide extended passenger stage service.

C. Financial Viability of Proposed Service

Great American's revenue projections show a small profit in the first year of operations. City pointed out that the

projections failed to take into account a City tax of \$4.05 per day per van, which, if included in the projections, would have converted the small profit to a loss. We do not require that a new form of service must operate at a profit in its first year. Clearly, a service in a new market must be gradually built up until it is a self-supporting profit center. In the meantime, the overall resources of the company would support the new operation. It appears to us that Great American has the financial resources to support a fledgling operation until such time as it is shown to be profitable or until it is abandoned as uneconomic. We will direct the Transportation Division to report to the Commission if after 2 years of on call and experience, Great American is unable to make this service profitable.

D. Congestion at LAX

City asked that the Commission not to certify additional passenger stage service to LAX because of severe traffic congestion already existing there. The operations of passenger transportation vehicles on the property of LAX is not the responsibility of City's Department of Transportation. That responsibility lies solely with the Los Angeles Department of Airports (LADOA), which grants permits to passenger stage carriers operating at LAX. LADOA has not filed a protest to this application. Further, as we have stated in prior opinions, D.85-07-073 and D.85-07-074, "we do not finally decide whether passenger stage operators will be admitted at LAX. This determination is made by LADOA and the Order will so provide."

Findings of Fact

1. Great American has the ability, equipment, and financial resources to perform the proposed service.
2. Public convenience and necessity require the proposed service.
3. The rates proposed in the application are reasonable.

4. No protest to the application has been received from any public transit operator serving the territory Great American proposes to serve.

5. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusion of Law

Public convenience and necessity have been demonstrated and a certificate should be granted to Great American.

Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

ORDER

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Great American Stageline, Inc., a corporation, authorizing it to operate as a passenger stage corporation, as defined in PU Code Section 226, between the points and over the routes set forth in the attached revised pages to Appendix PSC-962 to transport persons, baggage and express.
2. Applicant shall:
 - a. File a written acceptance of this certificate within 30 days after this order is effective.
 - b. Establish the authorized service and file tariffs and timetables within 120 days after this order is effective.
 - c. State in its tariffs and timetables when service will start, allow at least 10 days' notice to the Commission; and make timetables and tariffs effective 10 or more days after this order is effective.

- d. Comply with General Orders Series 79, 98, 101, and 104, and the California Highway Patrol safety rules.
- e. Maintain accounting records in conformity with the Uniform System of Accounts.
- f. Remit to the Commission the Transportation Reimbursement Fee required by PU Code Section 403 when notified by mail to do so.

3. Prior to initiating service to any airport, applicant shall notify the airport authority involved. This certificate does not authorize the holder to conduct any operations on the property of or into any airport unless such operation is authorized by both this Commission and the airport authority involved.

4. Applicant is authorized to begin operations on the date that the Executive Director mails a notice to applicant that it has evidence of insurance on file with the Commission and that the California Highway Patrol has approved the use of the applicant's vehicles for service.

- 5. The application is granted as set forth above. This order is effective today.

Dated January 28, 1988, at San Francisco, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

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


Victor Weisser, Executive Director

I N D E X

Page

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS,
LIMITATIONS, AND SPECIFICATIONS. 2,3

SECTION 2. ROUTE DESCRIPTIONS

Route 1 - Santa Barbara, Carpinteria, Newbury
Park, Agoura Hills, Tarzana, Encino, and Sherman
Oaks - LAX. 4

Route 2 - Ventura, Oxnard, Camarillo, Thousand Oaks,
Westlake Village, and Woodland Hills - LAX 4

Route 3 - Moorpark, Simi Valley, Santa Susana,
Chatsworth, and Canoga Park - LAX 4

Route 4 - (Alternate to Route 3) Moorpark, Simi
Valley, Santa Susana, Chatsworth and Canoga
Park - LAX 5

Route 5 - Santa Barbara, Carpinteria, Ventura, Oxnard,
Camarillo, Newbury Park, Thousand Oaks, Westlake
Village, Agoura Hills, Woodland Hills, Tarzana, Encino,
and Sherman Oaks - BUR 5

Route 6 - Moorpark, Simi Valley, Santa Susana,
Chatsworth, Canoga Park- BUR 5

Route 7 - (Alternate to Route 6) Moorpark, Simi Valley,
Santa Susana, Chatsworth, and Canoga Park- BUR..... 5

* Route 8 - LAX/BUR door-to-door, on-call service 6

SECTION 3. SERVICE AREAS

Canoga Park 7
Chatsworth 7
Santa Susana 7
Westlake Village 7
Woodland Hills 7
Newbury Park 8
Tarzana, Encino, Sherman Oaks 8

Issued by California Public Utilities Commission.

*Added by Decision 88-01-057, Application 87-02-039.

T/VP/jgd

Appendix PSC-962 Great American Stageline, Inc. Seventh Revised Page 3
Cancels
Sixth Revised Page 3

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

- (g) Services to Santa Barbara and/or Carpinteria shall be on an "on-call" basis. The carrier shall operate the service only when it is transporting ten or more fare paying adult passengers. This provision shall expire February 15, 1988 unless extended by the Commission.
- (h) The transportation of baggage and express shall be on passenger-carrying vehicles and shall be incidental to the transportation of passengers and limited to a weight of not more than 100 pounds per shipment.
- (i) Deleted
- (j) The carrier shall not use bus stop locations assigned to the Southern California Rapid Transit District (SCRTD) at Glendale-Pasadena-Burbank Airport nor any SCRTD bus stop in San Fernando Valley.

EXCEPT: At 21108 Ventura Boulevard
Woodland Hills (Independence Bank).

- (k) This certificate does not authorize the holder the conduct any operations on the property of or into any airport unless such operation is authorized by both this Commission and the airport authority involved.
- * (l) Door-to-door, on-call service authorized on Route 8 shall be provided in vehicles with a maximum seating capacity of 16 passengers.

Issued by California Public Utilities Commission.

*Added by Decision 88-01-057, Application 87-02-039.

SECTION 2. ROUTE DESCRIPTIONS. (Continued)

Route 7. (Alternate to Route 6) Moorpark, Simi Valley, Santa Susana, Chatsworth, and Canoga Park - BUR.

Commencing in the City of Moorpark, then via Highway 118 (Simi Valley-San Fernando Valley Freeway) to Simi Valley, Santa Susana, and Chatsworth, and then to the intersection of Highway 118 and Highway 405 and Highway 101 (Ventura Freeway), then joining the Ventura Freeway, and then via the most direct and appropriate streets, highways and freeways to BUR.

*Route 8 LAX/BUR door-to-door, on-call service

Between LAX or BUR, on the one hand, and the cities of Agoura Hills, Camarillo, Carpinteria, Moorpark, Oxnard, Santa Barbara, Simi Valley, Thousand Oaks, Ventura and the communities described in Section 3, on the other hand.

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Decision 88 01 057 JAN 28 1988

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Great American sponsored two witnesses employed by the Chamber of Commerce in support of its application. It also introduced two letters from travel agents and a poll of its own riders in support of the proposed service. While the protestants have challenged the weight of this evidence, we are satisfied that it is adequate to support the proposed on call service.

B. Fitness

Great American has provided passenger stage service since its certification in 1975, and has operated as a charter-party carrier of passengers since 1977. Great American's financial statements attached to the application shows that it had revenues of \$2,043,829, with an operating income of \$113,251 for the 10-month period, February 1 through October 31, 1986. The balance sheet as of October 31, 1986 shows assets of \$165,642 with total stockholders equity of \$121,477. Great American has the knowledge, experience and financial ability to provide extended passenger stage service.

C. Financial Viability of Proposed Service

Great American's revenue projections show a small profit in the first year of operations. City pointed out that the projections failed to take into account a City tax of \$4.05 per day per van, which, if included in the projections, would have converted the small profit to a loss. We do not require that a new form of service must operate at a profit in its first year. Clearly, a service in a new market must be gradually built up until it is a self-supporting profit center. In the meantime, the overall resources of the company would support the new operation. It appears to us that Great American has the financial resources to support a fledgling operation until such time as it is shown to be profitable or until it is abandoned as uneconomic. We will direct the Transportation Division to report to the Commission if after 2 years of on-call experience, Great American is unable to make this service profitable.

D. Congestion at LAX

City asked that the Commission not to certify additional passenger stage service to LAX because of severe traffic congestion already existing there. The operations of passenger transportation vehicles on the property of LAX is not the responsibility of City's Department of Transportation. That responsibility lies solely with the Los Angeles Department of Airports (LADOA), which grants permits to passenger stage carriers operating at LAX. LADOA has not filed a protest to this application. Further, as we have stated in prior opinions, D.85-07-073 and D.85-07-074, "we do not finally decide whether passenger stage operators will be admitted at LAX. This determination is made by LADOA and the Order will so provide."

Findings of Fact

1. Great American has the ability, equipment, and financial resources to perform the proposed service.
2. Public convenience and necessity require the proposed service.
3. The rates proposed in the application are reasonable.
4. No protest to the application has been received from any public transit operator serving the territory Great American proposes to serve.

5. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusion of Law

Public convenience and necessity have been demonstrated and a certificate should be granted to Great American.

Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Great American Stageline, Inc., a corporation, authorizing it to operate as a passenger stage corporation, as defined in PU Code Section 226, between the points and over the routes set forth in the attached revised pages to Appendix PSC-962 to transport persons, baggage and express.
2. Applicant shall:
 - a. File a written acceptance of this certificate within 30 days after this order is effective.
 - b. Establish the authorized service and file tariffs and a timetables within 120 days after this order is effective.
 - c. State in its tariffs and timetables when service will start, allow at least 10 days' notice to the Commission; and make timetables and tariffs effective 10 or more days after this order is effective.
 - d. Comply with General Orders Series 79, 98, 101, and 104, and the California Highway Patrol safety rules.
 - e. Maintain accounting records in conformity with the Uniform System of Accounts.
 - f. Remit to the Commission the Transportation Reimbursement Fee required by PU Code Section 403 when notified by mail to do so.

ORDER

IT IS ORDERED that the application of Great American Stageline, Inc. for a certificate of public convenience and necessity to provide on-call, door-to-door service from the cities presently served to the Los Angeles and Burbank airports is denied.

This order is effective today.

Dated JAN 28 1988, at San Francisco, California

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

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

- (g) Services to Santa Barbara and/or Carpinteria shall be on an "on-call" basis. The carrier shall operate the service only when it is transporting ten or more fare paying adult passengers. This provision shall expire February 15, 1988 unless extended by the Commission.
- (h) The transportation of baggage and express shall be on passenger-carrying vehicles and shall be incidental to the transportation of passengers and limited to a weight of not more than 100 pounds per shipment.
- (i) Deleted
- (j) The carrier shall not use bus stop locations assigned to the Southern California Rapid Transit District (SCRTD) at Glendale-Pasadena-Burbank Airport nor any SCRTD bus stop in San Fernando Valley.

EXCEPT: At 21108 Ventura Boulevard
Woodland Hills (Independence Bank).
- (k) This certificate does not authorize the holder the conduct any operations on the property of or into any airport unless such operation is authorized by both this Commission and the airport authority involved.
- * (l) Door-to-door, on-call service authorized on Route 8 shall be provided in vehicles with a maximum seating capacity of 16 passengers.

Issued by California Public Utilities Commission.

*Added by Decision 88 01 057, Application 87-02-039.

SECTION 2. ROUTE DESCRIPTIONS. (Continued)

Route 7. (Alternate to Route 6) Moorpark, Simi Valley, Santa Susana, Chatsworth, and Canoga Park - BUR.

Commencing in the City of Moorpark, then via Highway 118 (Simi Valley-San Fernando Valley Freeway) to Simi Valley, Santa Susana, and Chatsworth, and then to the intersection of Highway 118 and Highway 405 and Highway 101 (Ventura Freeway), then joining the Ventura Freeway, and then via the most direct and appropriate streets, highways and freeways to BUR.

*Route 8 LAX/BUR door-to-door, on-call service

Between LAX or BUR, on the one hand, and the cities of Agou Hills, Camarillo, Carpinteria, Moorpark, Oxnard, Santa Barbara, Simi Valley, Thousand Oaks, Ventura and the communities described in Section 3, on the other hand.

Issued by California Public Utilities Commission.

*Added by Decision 88 01 057, Application 87-02-039.