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ORIGINAL

Decision 88-07-032 July 8, 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 GREAT AMERICAN STAGELINE, INC. )  
 (PSC-962) to establish a Zone of )  
 Rate Freedom (ZORF) for its Airport )  
 Passenger Fares and its Door-to-Door )  
 Fares between its authorized service )  
 areas and the Los Angeles )  
 International and Burbank Airports. )

Application 88-04-022  
(Filed April 7, 1988)

OPINION

Great American Stageline, Inc. (applicant), a California corporation, requests authority to establish two zones of rate freedom (ZORFs) under Public Utilities (PU) Code Section 454.2 for application between eighteen cities located in the Counties of Santa Barbara, Ventura, and Los Angeles and the Los Angeles International Airport (LAX) and the Burbank Airport (Burbank). Notice of the filing of the application appeared in the Commission's Daily Calendar of April 12, 1988. No protests to the application have been received.

Applicant proposes one ZORF to be applicable to its local service and another ZORF to be applicable to its door-to-door service. Applicant's current one-way local fares run from \$6.25 to or from Sherman Oaks to \$24.25 to or from Santa Barbara and its door-to-door fares from \$35 to or from Sherman Oaks to \$95 to or from Santa Barbara. The local ZORF will be between -\$2 and +\$10 and the door-to-door ZORF between -\$15 and +\$15. Applicant states that it will adjust its rates within the ZORFs by filing tariff sheets from time to time to be effective on 10 days' notice.

Applicant states that in the course of its operations it competes with private automobiles, taxis, limousines, and other competitors such as SuperShuttle, Prime Time Limousine, Airport Flyer Bus Company, Aura Transportation, and Valley Airport Shuttle.

Additionally, there are two applications pending with the Commission for service competitive with that of applicant's. The one-way passenger fares charged by applicant's competitors range from a low of \$25 to a high of \$65. Applicant contends that the market will set the actual fares that each carrier will charge and it simply desires the flexibility to adjust its fares to stay competitive.

The Transportation Division staff recommends that the application be granted and that the tariffs applicant publishes 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, 1987, applicant had a net worth of approximately \$139,180. For the year ending on that date applicant had an operating ratio of 94.3% on bus revenue of \$2,494,272.

#### 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.

Applicant should be required to file its ZORF rates on 10 days' notice. This will prevent applicant's drivers from engaging in curbside negotiations.

We will 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.

#### Findings of Fact

1. Applicant is a passenger stage corporation operating between eighteen cities located in the Counties of Santa Barbara, Ventura, and Los Angeles and LAX and Burbank.
2. Applicant requests authority to establish two ZORFs, one ZORF applicable to its local service and the other ZORF applicable to its door-to-door service.
3. The local service ZORF will be between -\$2 and +\$10 and the door-to-door ZORF will be between -\$15 and +\$15.
4. In its operations applicant competes for passengers with buses, taxi cabs, limousines, automobiles, and several passenger stage corporations.
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.

#### 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.

ORDER

IT IS ORDERED that:

1. Two zones of rate freedom as set out in the application for local service and for door-to-door service are established for applicant covering its current passenger stage operating authority.

2. Applicant may charge fares within its respective zones 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, applicant shall post a printed explanation of its fares in its vans, buses, 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. This authority shall expire unless accepted within 30 days after the effective date of this order.

6. The application is granted as set forth above.  
This order is effective today.  
Dated July 8, 1988, at San Francisco, California.

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

Commissioner Frederick R. Duda,  
being necessarily absent, did  
not participate.

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



Victor Weiss, Executive Director

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JOHN B. OHANIAN  
Commissioners

Commissioner Frederick R. Duda,  
being necessarily absent, did not  
participate.