Decision 88 12 026

DEC 9 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Philip Nicola, dba Downtown Shuttle, for authority to adjust his rates.

Application 88-07-049 (Filed July 26, 1988)

## OPINION

Philip Nicola (applicant) holds authority as a passenger stage corporation (PSC-1402) and as a charter party carrier of passengers (TCP 3801P) providing service between Sacramento Metropolitan Airport and Yolo and Sacramento Counties.

Applicant seeks authority to increase its passenger revenues by six dollars. The present fares and rates were established by Decision 85-12-037, dated December 4, 1985, in Application 85-07-031.

Applicant alleges it is losing money at the current fares and is compelled to ask for a fare increase to offset increases in operating costs. For the year ending December 31, 1987 applicant shows gross revenues of \$67,268, and expenses of \$62,168, for a net gain of \$5,100.

Based on the data in the application, staff has prepared the following table showing the estimated results of operations for the 12 month period ending July 31, 1989.

	Recorded Year Ending 12/31/87	Test Year Present Fares	Ending 7/31/89 Proposed Fares
Passenger Stage Revenue Charter Revenue	\$ 63,878 3,390	\$ 76,654 5,000	\$ 139,370 5,000
Total Revenue Expenses	\$ 67,268 62,168	\$ 81,654 121,726	\$ 144,370 127,526
Operating Income (before income taxes) Income taxes, est.	\$ 5,100	(\$ 40,072)	s 16,844
	1,200		5,800
Operating Profit	\$ 3,900	(\$ 40,072)	\$ 11,044
Operating Ratio	94%	149%	92%

As indicated in the above table, applicant's operations in the test year ending July 31, 1989, under present fares will be at a loss of \$40,072 with an operating ratio of 149 percent. The proposed fares will result in an annual gross revenue increase of \$62,716 and operating income of \$11,044 with an operating ratio of 92 percent.

Notice of this application appeared in the Transportation Calendar on August 2, 1988. There have been no protests or requests for public hearing. Applicant has filed an affidavit with the Commission to the effect that notices of this application were also sent to each city and county.

### Findings of Fact

- 1. Applicant seeks authority to increase passenger fares by six dollars.
- 2. Applicant's last fare increase was authorized by D.85-12-037, dated December 4, 1985.
- 3. Applicant's operations in the test year ending July 31, 1989, under present fares, will result in a loss of \$40,072 with an operating ratio of 149%.

- 4. Applicants operations at the proposed fares will result in an annual gross revenue increase of \$62,716, with an operating ratio of 92%.
- 5. No protest have been received, and a public hearing is not necessary.
- 6. To ensure applicant's continued operations, the effective date of this order should be the date of signature.

# Conclusions of Law

- 1. The fares requested in A.88-07-049 are reasonable and should be granted.
- 2. To ensure applicant's continued operations, the order should be effective today.

## ORDER

#### IT IS ORDERED that:

- 1. Philip Nicola is authorized to establish the increased passenger fares proposed in A.88-07-049. Tariffs shall be filed on or after the effective date of the order. They may go into effect thirty days or more after the effective date of this order on not less than 30 days' notice to the Commission and the public.
- 2. This order shall expire unless exercised within 90 days after the effective date of this order.
- 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 the fare increase. Such notice shall be posted not less than 10 days before the effective date of the fare changes and shall remain posted for a period of not less than 30 days.

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

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

Victor Wesser, executive Director

DB