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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Metropolitan Paratransit Co., Inc. dba:)
 Celebrity Airport Livery for the)
 authority to increase fares for the)
 transportation of passengers and)
 baggage on an "on-call" basis between)
 hotels located within a specified area)
 of the City and County of Los Angeles,)
 on the one hand, and Los Angeles)
 International Airport (LAX), on the)
 other hand.)

Application A88-02-014
(filed February 8, 1988)

O P I N I O N

Metropolitan Paratransit Co., Inc. (applicants), doing business as Celebrity Airport Livery, with their principal place of business at 816 South La Brea Avenue, Los Angeles, California 90036, is a passenger stage corporation (PSC 1316) engaged in serving certain points in Los Angeles County, on one hand, and the Los Angeles International Airport (LAX), on the other hand. Applicants, under Section 454 of the Public Utilities Code, seek authority to increase their present fares, which were established when they were granted passenger stage authority by the Commission's Decision No. 83-10-084 in Application No. 83-02-020.

Notice of the filing of this application appeared on the Commission's Transportation Daily Calendar of February 11, 1988. On March 14, 1988, a protest was filed by the City of Los Angeles Department of Transportation (LADOT). No other protests have been received.

Discussion

By this application, applicant seeks authority to increase passenger fares by an average of 28% to offset increased operating costs. This is applicant's first request for a fare increase since 1983. Proposed fares are necessary to offset increases in insurance, labor, and maintenance in the past five years. This increase will make current operations profitable and allow applicant to expand his services. Table 1 show the present and proposed fares.

TABLE 1

<u>Between Los Angeles International Airport and</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
Downtown (Alvarado East)	\$ 8.50	\$ 11.00
Mid-Wilshire (Alvarado West to LaBrea)	8.50	11.00
Miracle Mile (LaBrea West to San Vicente)	8.50	11.00
Hollywood	8.50	14.00
West Hollywood	8.50	14.00
Beverly Hills	8.50	14.00
Century City	8.50	12.00
Westwood	8.50	14.00
West Los Angeles (Palms/Mar Vista Area)	8.50	12.00
Santa Monica	8.50	11.00

Proposed fares are not unreasonable in comparison to applicant's competitors in the Los Angeles area. In Decision No. 87-04-071 dated April 22, 1987, regarding a zone of rate freedom (ZORF) application of SuperShuttle of Los Angeles, Inc., The Commission states "the competitive transportation services will result in reasonable rates."

Table 2 has been constructed from the information supplied by the applicant. As indicated, applicant's operations, in the test year ending December 31, 1989 under present fares, will be at a loss of \$730,088 with an operating ratio of 133%. The

proposed fares will result in an annual gross revenue of \$3,067,120 and an annual gross revenue increase of \$865,410 with an operating ratio of 97% after income taxes. The difference in the operating expenses is due to the additional commission paid to drivers and other various employees.

TABLE 2

	Test Year July 1989 - June 1990	
	<u>Present Fares</u>	<u>Proposed Fares</u>
<u>Operating Revenue</u>	<u>\$2,201,710</u>	<u>\$3,067,120</u>
<u>Operating Expenses</u>	<u>2,931,798</u>	<u>2,975,068</u>
<u>Operating Income (Loss)</u>		
Before Income Taxes	(730,088)	92,052
Income Taxes	0	20,324
<u>Net Income (Loss)</u>	<u>(730,088)</u>	<u>71,728</u>
Operating Ratio After Income Taxes	133%	97%

LADOT has protested this application, stating that the application does not comply with Commission Rules of Practice and Procedures and that the fare increase is unwarranted. Staff has met with the applicant personally and applicant has supplied staff with necessary financial statements to complete application. Staff is satisfied that the application meets the Rules of Practice and Procedure and that proposed fares are justified.

Proposed fares also apply to operations in the cities of Santa Monica, Malibu, Beverly Hills, Culver City and West Hollywood. These cities have not protested this application nor has the Los Angeles Department of Airports.

Under Rule 8.2 of the Commission Rules of Practice and Procedure, the filing of a protest does not ensure that a public hearing will be held; the content is determinative. Because application meets with the Commission Rules and fares are necessary to the applicant's financial health, staff feels that LADOT could not present any facts which would result in denial of the application. Accordingly, a public hearing is not deemed necessary.

Findings of Fact

1. Applicant seeks authority to increase passenger stage fares on certain routes by an average of 28% to offset increased operating costs.

2. Applicant's present fares were authorized by D.83-10-084 dated October 19, 1983.

3. Applicant's operations in the test year ending December 31, 1989 under present fares would be at a loss of \$730,088 with an operating ratio of 133%.

4. The proposed fares will result in an annual gross revenue of \$3,067,120 and an annual gross revenue increase of \$865,410 with an operating ratio of 97% after income taxes.

5. The requested fares are necessary and justified.

6. A protest to the application was filed by Los Angeles City Department of Transportation.

7. No other protests have been received.

8. LADOT could not develop any facts at a hearing which could result in denial of the application.

9. A public hearing is not necessary.

10. Applicant is operating at a loss; therefore the effective date of this order should be the date of signature.

Conclusions of Law

1. The fares requested in A. 88-02-014 are just and reasonable and should be granted.

2. Because the applicant is operating at a loss, the order should be effective today.

ORDER

IT IS ORDERED that:

1. Metropolitan Paratransit Co., Inc., dba Celebrity Airport Livery, is authorized to establish the increased passenger fares proposed in A. 88-02-014. Tariffs shall be filed on or after the effective date of this order. They may go into effect ten days or more after the effective date of this order on not less than ten 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.

3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in applicant's operating vehicles a printed explanation of the fares. Such notice shall be posted not less than ten 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 APR 7 2 1969 at San Francisco,
California.

G. MITCHELL WILK
President
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

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

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

Victor Weisser
Victor Weisser, Executive Director