

Decision 89-06-010 June 7, 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the Sonoma County)
Airport Express, Inc. for authority)
to increase its fares.)

Application 89-04-007
(Filed April 5, 1989;
Amended April 26, 1989)

O P I N I O N

Sonoma County Airport Express, Inc., (applicant) is a passenger stage corporation (PSC-1120) engaged in the transportation of persons on an "on-call" service between points in Santa Rosa, Rohnert Park, Petaluma, and the community of Oakmont, on the one hand, and San Francisco and Oakland International Airport, on the other hand.

Applicant was granted passenger stage authority by D.92624, dated January 21, 1981, in A.59957, as amended by D.93607, dated October 6, 1981, in A. 60350.

Applicant requests authority to increase its fares and the ZORF under Sections 454 and 454.2, respectively, of the Public Utilities (PU) Code. The requested Zone of Rate Freedom (ZORF) would apply to the proposed increased fares rather than to the present fares.

The Applicant alleges that it is presently charging \$8 per person, one-way and \$15 per person, round-trip, between points in Sonoma County and San Francisco International Airport(SFO). Applicant said it no longer operates service to Oakland International Airport.

Applicant has submitted a Balance Sheet, Income Statement and A Statement of Earnings that includes present and proposed cash flow data.

Present and proposed fares are shown in Table 1 as shown below. These fares are round-trip monthly fares.

TABLE 1
Between SFO/ and Santa Rosa, Rohnert Park and Petaluma

		<u>Present Fares</u>	<u>Proposed Fares</u>
Adult	one-way	\$8.00	\$12.00
	round-trip	\$12.00	\$20.00
Seniors (age 55 & over)	one-way	none	\$10.00
	round-trip	none	\$18.00
Children (age 3-11)	one-way	none	\$5.00
	round-trip	none	\$10.00

Using the data provided by applicant, the following table sets forth the estimated results of operations under present and proposed passenger fares for the test year ending February 28, 1990.

TABLE 2
Test Year Ending February 28, 1990

	<u>Present Fares</u>	<u>Proposed Fares</u>
Operating Revenue	\$1,577,805	\$2,168,058
Operating Expenses	\$2,062,943	\$2,062,943
Operating Income(Loss)		
Income Before Tax	(485,138)	105,115
Income Tax	300	31,669
Net Income (Loss)	(485,438)	73,446
Operating Ratio After Income Taxes	130.8%	96.6%

This application, as amended, is applicant's initial fare increase as evidenced in Local Passenger Tariff No 1. Applicant asserts that the costs of equipment, fuel, repairs and maintenance, salaries, wages of drivers and mechanics, and

insurance have increased to a level that is causing the service to be operated at a deficit. As indicated by Table 2, applicant's operations in the year ending February 1989 under the present fares resulted in a loss of \$485,138 with an operating ratio of 130.8% after income taxes. The proposed fares, on the other hand, will result in an annual gross operating revenue increase of \$2,168,058 and operating income of \$105,115 before income tax, with an operating ratio of 96.6% after income taxes.

The requested additional adjustment of the proposed fares through ZORF, lacks any basis or evidence that the ZORF will be just and reasonable. Such showing can be presented after the proposed fares have been established by the Applicant.

Notice of filing of this application, as amended, appeared on the Commission's Daily Calendar of April 10 and May 1, 1989. No protests or requests for public hearing have been received. In the opinion of the staff, the proposed fare increases are justified and should be granted. The proposed ZORF lacks any basis or evidence that it is just and reasonable.

Findings of Fact

1. Applicant seeks authority to increase its passenger stage fares by approximately 50% to offset increased operating costs.
2. Applicant's present fares were established at the inception of its authorized service by D.93607.
3. Applicant's operations in the test period ending February 28, 1990, under present fares would cause it to lose \$485,138 with an operating ratio of 130.8%.
4. The proposed fares will result in an annual gross revenue of \$2,168,058 which will generate an annual increase in gross revenue of \$105,115 and provide an operating ratio of 96.6% after income taxes.
5. The requested fare increases under Section 454 of the CPU code are necessary and justified.

6. The requested ZORF lacks any basis or evidence that it is just and reasonable.

7. No protests have been received concerning this application, and a public hearing is not necessary.

8. Applicant is operating at a loss.

9. The order should be effective on the day it is signed.

Conclusions of law

1. The passenger fare increases under Section 454 of the PU Code herein requested are just and reasonable.

2. The ZORF should be denied.

3. The application, as amended, should be granted with the exception of the ZORF.

3. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Sonoma County Airport Express, is authorized to establish the increased passenger fares proposed in A.89-04-007 under Section 454 of the PU Code. Tariffs may be filed on or after the effective date of this order. They may become effective five days or more after the effective date of this order provided that the Commission and the public are given not less than five days' notice.

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 his 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, as amended, is granted, except for the ZORF under Section 454.2 of the PU Code, as set forth above. This order is effective today.

Dated June 7, 1989, 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 Weiss, Executive Director

Decision 89 06 010 JUN - 7 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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ORIGINAL
Application 89-04-007
(Filed April 5, 1989;
amended 4-26-89)

O P I N I O N

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Dated JUN 7 1989, 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.