

Decision 89 06 045 JUN 21 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of )  
SuperShuttle of Los Angeles, Inc. for )  
authority to establish revised zones )  
of rate freedom for passenger stage )  
service between points in its )  
authorized service area. )

Application 89-04-040  
(Filed April 18, 1988)

OPINION

SuperShuttle of Los Angeles, Inc. (SuperShuttle) filed this application seeking a revision to its "zone of ratemaking freedom" (ZORF) under Public Utilities (PU) Code § 454.2, and to deviate from the long- and short-haul provisions of PU Code § 460. SuperShuttle proposes the establishment of a new ZORF to meet higher operating expenses, including higher fuel costs and higher liability insurance premiums. SuperShuttle states the upper limits of its existing ZORF do not, in all cases, permit increases to cover these additional expenses.

SuperShuttle's application proposes a revised ZORF which would increase gross revenues by 30.8% at the high end and decrease them by 5.3% at the low end. SuperShuttle submits that the potential rate levels are high enough to be compensatory but not so high as to be unreasonable.

The application also proposes higher rate levels, most of which are within the existing rate zones. Most of those which are higher apply to the first passenger only and are for trips to Los Angeles International Airport. These rate increases range from 3% to 18%.

SuperShuttle seeks an exemption from PU Code § 460 which states that:

"No common carrier...shall charge or receive any greater compensation in the aggregate for transportation of persons or of a like kind of

property for a shorter than for a longer distance over the same line or route."

It cites Decision (D.) 87-04-071 in which we granted SuperShuttle this exemption on the ground that requiring adherence to this section would "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."

SuperShuttle requests ex parte treatment of its application.

No protests to the application have been received. The Commission's Transportation Division staff has reviewed the application and has filed no comment.

#### Discussion

We interpret the intent of PU Code § 454.2 to be the preservation and promotion of passenger stage competition, where that competition may exist. Section 454.2 states "the Commission may, upon application, establish a 'zone of ratemaking freedom' for any passenger stage transportation service" where competition exists.

SuperShuttle has filed an application to establish a new ZORF. Some of the new rates proposed by SuperShuttle are higher than existing rates and higher than would be automatically considered reasonable given the range of rates in the existing ZORF. They are all, however, within the proposed ZORF. So long as the proposed ZORF is found to be reasonable, the rates within the ZORF are considered reasonable.

We believe the proposed ZORF is justified considering the increased expenses cited by the applicant. SuperShuttle is unlikely to overprice its services in a competitive passenger stage market since it would lose customers and associated revenues if its services were priced above those of its competitors. In D.87-04-071, we found that SuperShuttle's markets were competitive. We have no reason to believe SuperShuttle's markets are no longer

competitive. Accordingly, no purpose would be served by a more detailed review of SuperShuttle's proposed higher rates.

Findings of Fact

1. SuperShuttle filed this application for establishment of a new ZORF and new rates within the ZORF.
2. SuperShuttle seeks rate increases to cover increased costs of doing business.
3. There is no evidence to suggest that SuperShuttle's markets are no longer competitive.

Conclusions of Law

1. PU Code § 454.2 permits the Commission to establish a ZORF for passenger stage carriers subject to competition.
2. D.87-04-071 granted SuperShuttle authority to establish a ZORF on the basis that its markets were competitive.
3. Consistent with D.87-04-071, SuperShuttle's request for an exemption from PU Code § 460 should be granted.
4. SuperShuttle's application for authority to establish a new ZORF and new rates within the ZORF should be granted.

ORDER

IT IS ORDERED that:

1. SuperShuttle of Los Angeles, Inc. is authorized to establish a new ZORF and new rates within the ZORF as proposed in A.89-04-040.
2. Applicant shall file a tariff based on the ZORF on no less than 10 days' notice to the Commission and the public subject to Commission approval. The authority for the new ZORF shall expire unless exercised within 60 days after the effective date of this order.
3. Any fare changes within its ZORF may be made by applicant by filing and amending its tariff on no less than 10 days' notice to the Commission and the public. The tariff shall include for

each fare point the authorized maximum fare, the authorized minimum fare, and the fare to be actually charged.

4. Applicant is relieved from the provisions of the long-and short-haul requirements of PU Code § 460 in establishing the authorized ZORF fares.

5. In addition to posting and filing tariffs, applicant shall post a printed explanation of its fares in its fare passenger carrying vehicles 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.

6. The application is granted as set forth above.

This order is effective today.

Dated JUN 21 1989, at San Francisco, California.

G. MITCHELL WELX  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

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

*Victor Weiss*  
Victor Weiss, Executive Director

AB

# **CORRECTION**

**THIS DOCUMENT HAS  
BEEN REPHOTOGRAPHED**

**TO ASSURE**

**LEGIBILITY**