

Decision 89 10 003

OCT 12 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of )  
 Coast Shuttle, Inc. for authority to )  
 extend its passenger stage corporation, )  
 PSC 1335, to provide service between )  
 points in Los Angeles County, Orange )  
 County and the Los Angeles Interna- )  
 tional Airport, Burbank Airport, Long )  
 Beach Airport and John Wayne Airport, )  
 and Long Beach and Los Angeles Harbor, )  
 and Scheduled service to and from )  
 Mid-Wilshire and Downtown of Los )  
 Angeles and Los Angeles International )  
 Airport (LAX). )

Application 89-01-023  
(Filed January 17, 1989)

Russell & Hancock, by John C. Russell,  
 Attorney at Law, for Coast Shuttle,  
 Inc., applicant.  
 S. E. Rowe, by K. D. Walpert, for  
 Department of Transportation, City of  
 Los Angeles, protestant.  
MacDonald Ebi Esule, for the Transportation  
 Division.

O P I N I O N

Coast Shuttle, Inc. (Coast), a California corporation,  
 presently operates both on-call and scheduled passenger stage  
 corporation service between Los Angeles International Airport (LAX)  
 and points in Los Angeles County (PSC-1335).

Applicant now seeks to extend its service to include on-  
 call transportation of passengers and their baggage over the most  
 appropriate streets and highways between various communities in Los  
 Angeles and Orange Counties and LAX, Long Beach Airport, John Wayne  
 Airport, Burbank Airport, and the Long Beach and Los Angeles  
 harbors. It seeks, also, to initiate scheduled passenger stage  
 service to and from the Mid-Wilshire and Downtown areas of the City  
 of Los Angeles (City) and LAX.

Coast was authorized to use a Zone of Rate Freedom (ZORF) in Decision (D.) 88-12-013, December 9, 1988, and it now requests that the ZORF be extended to the expanded service authorization sought in the present petition.

The application was protested by the Department of Transportation, City, and a duly noticed public hearing was held before Administrative Law Judge Orville I. Wright in Los Angeles on May 24, 1989. The matter was submitted upon receipt of the transcript on July 11, 1989.

#### Coast's Qualifications

Coast submitted a list of 23 vans it either owns or leases, 6 of these vans being acquired new in 1989 in implementation of its program of expansion. It has ordered 9 larger vans (10 passengers) for placement in scheduled service between Beverly Hills, Century City, and Santa Monica recently authorized in D.89-05-008, May 10, 1989.

Applicant testified that it has purchased 25 passenger vans from Cal Worthington Dodge, Huntington Beach, since 1984 and has a credit line with Chrysler Credit Corporation of \$200,000.

As of March 31, 1989, the corporate balance sheet shows total assets of \$427,900, including \$93,432 cash in bank, loans from shareholders of \$102,491, and net worth of \$26,642. Retained earnings are at a negative \$22,743.

Primary passenger revenue for the first quarter of 1989 is \$284,291, almost equal to cost of operations. When other income and depreciation expense are taken into account, Coast shows a loss of \$9,230 for the period.

#### Need for the Service

The owner and president of L. A. Top Shuttle, an authorized carrier also serving LAX, testified that his business received approximately 250 to 270 calls for service each day. Because of current capacity problems, L. A. Top Shuttle refers over 100 of these calls to Coast, having found applicant's service to be

both reliable and reasonably priced. This witness believes that the continual increase in the number of travelers using airport door-to-door shuttle services from 1983 to the present date correlates with an expanding need for further passenger stage corporation operations in the Los Angeles area.

Coast testified that it conducts selective marketing of hotels and businesses in order to broaden its base of patrons traveling to the terminals which it serves. Its contacts with hotels in the downtown area of Los Angeles together with convention bureau statistics showing a constant increase in visitors lead it to believe that there is an unmet need for scheduled transportation to and from LAX. Applicant estimates that some 5,000 additional hotel rooms will be constructed in the downtown area of Los Angeles within the next six years.

#### City's Evidence

City's participation in the hearing developed the record with respect to financial projections and the ability of applicants to conduct the sought service.

City's cross-examination of Coast's witnesses raised substantial doubt that applicant will be able to achieve its gross revenue projections of: \$2,326,875 for 1989; \$4,633,750 for 1990; and \$6,980,625 for 1991. It is equally doubtful that applicant will earn its projected net profit before taxes of: \$232,686 for 1989; \$695,198 for 1990; and \$1,111,345 for 1991.

In addition, City produced two witnesses who testified to the heavy traffic congestion at LAX and who also expressed the opinion that there is adequate on-call, door-to-door transportation at the present time.

#### Discussion

Coast's requested expansion of its on-call service area is justified by evidence of increasing patronage of its existing service, by the probability of an increasing base of potential

passengers, and by our policy of placing airport van operators on an equal footing with respect to competition.

Applicant's request to institute three additional scheduled routes to LAX is supported by testimony that the hotels to be served request the service and that none exists at the present time. We will grant the authority for that reason although the record shows that Coast's financial resources may prove inadequate to sustain its certificated scheduled operations over an extended period of time.

In D.88-12-013, establishing Coast's ZORF, we noted the corporation's net worth to be \$78,250 at March 31, 1988, and its profit to be \$5,045 for the first quarter of 1988.

The record before us shows net worth of \$26,642 at March 31, 1989, and a loss of \$9,230 for the first quarter of 1989.

We view loans from shareholders, shown at \$102,491 at March 31, 1989, as equivalent to capital available to finance Coast's proposed scheduled operations.

City's testimony that there is adequate on-call service at LAX is based on visual observations of vans leaving the airport by two employees, each of whom admitted that no attempt was made to conduct a definitive study.

With respect to airport congestion, we note that Los Angeles Department of Airports is not a party to this proceeding, and that agency's permission to enter LAX must be obtained in addition to certification by this Commission if the proposed operation is to go into effect.

ZORF

In D.88-12-013, Coast was authorized to establish fares within a ZORF between a maximum of \$2 above and \$2 below its current authorized "first passenger" fares and between a maximum of \$1 above and \$1 below its current authorized "additional passenger" fares for its on-call service.

We take official notice of D.88-12-013 in granting Coast's application to extend its ZORF to include the on-call service area extension of authority approved in this proceeding.

Findings of Fact

1. Applicant has the ability, equipment, and financial resources to perform the proposed service.
2. Public convenience and necessity require the proposed service.
3. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
4. Applicant requests authority to establish a ZORF of \$2 above and \$2 below its present "first passenger" fares and \$1 above and \$1 below its present "additional passenger" fares for the on-call service authorized by this decision.
5. In the conduct of its operation applicant competes for passengers with taxi cabs, limousines, private passenger cars, and passenger stage carriers such as SuperShuttle of Los Angeles, Celebrity Airport Livery, and Flightlines, Inc.
6. Granting the ZORF will provide applicant with the needed flexibility to adjust its rates to meet its revenue needs within the foreseeable future.
7. The competitive transportation services will result in reasonable fares when considered along with the proposed ZORF.
8. The granting to applicant of an exemption to the long- and short-haul provisions of Public Utilities (PU) Code § 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 ten 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 its then current effective rate.

O R D E R

IT IS ORDERED that:

1. PSC-1335 is amended as shown in the attached appendix.
2. Coast Shuttle, Inc. is authorized to establish fares within a Zone of Rate Freedom (ZORF) between a maximum of \$2 above and \$2 below its current authorized "first passenger" fares and between a maximum of \$1 above and \$1 below its current authorized "additional passenger" fares.
  - 3.a. 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.
  - b. 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 fares, the authorized minimum fares, and the fare to be actually charged.
  - c. Applicant is relieved from the provision of the long- and short-haul requirements of PU Code § 460 in establishing the authorized ZORF fares.
4. In addition to posting and filing tariffs provided in Ordering Paragraph 3, applicant shall post a printed explanation of its fares in its vans 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.

5. The application is granted.  
This order becomes effective 30 days from today.  
Dated OCT 12 1989, at San Francisco, California.

G. MITCHELL WILK  
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.

*Wesley Franklin*

WESLEY FRANKLIN, Acting Executive Director

CERTIFICATE  
OF  
PUBLIC CONVENIENCE AND NECESSITY  
PSC-1335  
TO OPERATE AS  
PASSENGER STAGE CORPORATION

Showing passenger stage operative rights, restrictions, limitations,  
exceptions, and privileges applicable thereto.

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All changes and amendments as authorized by  
the Public Utilities Commission of the State of California  
will be made as revised pages or added original pages.

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This certificate supersedes all operative authority  
previously granted to Coast Shuttle, Inc., or its predecessors  
by D.86-09-036, or D.87-03-001, or D.89-05-008.

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Issued under authority of Decision 89 10 003, dated  
OCT 12 1989, of the Public Utilities Commission of the  
State of California in Application 89-01-023.



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Decision 89 10 003, Application 89-01-023.

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,  
AND SPECIFICATIONS.

Coast Shuttle, Inc., by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized as a passenger stage corporation to provide both scheduled and on-call services to transport passengers and baggage certain between points in the counties of Los Angeles and Orange, as described in Section 2, and Los Angeles International Airport (LAX), Burbank Airport (BUR), Long Beach Airport (LGB), John Wayne Airport (SNA), or Los Angeles and Long Beach Harbor, over and along the routes described in Section 3, subject, however, to the authority of this Commission to change or modify the route at any time and subject to the following provisions:

- (a) This certificate does not authorize the holder to conduct any operations on the property of or into any airport unless such operation is authorized by both this Commission and the airport authority involved.
- (b) When route descriptions are given in one direction, they apply to operations in either direction unless otherwise indicated.
- (c) No passengers shall be transported excepted those having a point of origin or destination at LAX, BUR, LGB, SNA, or Los Angeles and Long Beach Harbor.
- (d) The term "on-call" as used refers to service which is authorized to be rendered dependent on the demands of passengers. The tariffs and timetables shall show the conditions under which each authorized on-call service will be provided, \*and shall include the description of the boundary of each fare zone, except when a single fare is charged to all points within a single incorporated city.

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## SECTION 2. SERVICE AREA DESCRIPTIONS.

Los Angeles and Orange Counties

Includes all points within the following boundaries: The Angeles National Forest to the North, the San Bernardino County line and Cleveland National Forest to the East, Santiago Canyon Road and Marguerite Parkway to the southeast, the Pacific Ocean to the South and southwest, and the Los Angeles city limits to the West and northwest; and, the City of Hidden Hills.

Hotels/Motels

## MARINA DEL REY (CA 90292)

Fog Horn, 4140 Via Marina del Rey,  
Marina Hotel, 13534 Bali Way  
Captain's Wharf, 13960 Marquesas Way  
Marina City Hotel, 4333 Admiralty Way

## BEVERLY HILLS (CA 90210 - 90212)

Ramada Inn, 1150 Beverly Dr., Preuss (CA 90035)  
Beverly Pavilion Hotel, 9360 Wilshire Blvd.  
Beverly Wilshire Hotel, 9500 Wilshire Blvd.  
Beverly Hilton Hotel, 9876 Wilshire Blvd.

## CENTURY CITY (CA 90035, 90064, 90067)

Days Inn Hotel, 10320 West Olympic Blvd.  
Century City Inn, 10330 West Olympic Blvd.  
Century Plaza Hotel, 2025 Avenue of the stars  
Fox Plaza Building, 2121 Avenue of the stars  
J. W. Marriott Hotel, 2151 Avenue of the stars  
HY's Steak House, 10131 Constellation Blvd.

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SECTION 2. SERVICE AREA DESCRIPTIONS. (Continued)

SANTA MONICA (CA 90401 - 90405)

Huntley Hotel, 111 Second Street  
Miramar Sheraton Hotel, 101 Wilshire Blvd.  
Loew's Santa Monica Beach Hotel, 1700 Ocean Blvd.  
Holiday Inn, 120 Colorado Blvd., Santa Monica  
Bay View PPlaza, Holiday Inn, 530 Pico Blvd.  
Pacific Shores Hotel, 1819 Ocean Avenue

DOWNTOWN LOS ANGELES

Downtown Holiday Inn, 750 Garland Ave., 90017  
Mayfair, 1256 West 7th. Street, 90017  
Los Angeles Hilton, 930 Wilshire Blvd., 90017  
Hyatt Regency, 711 S. Hope Street, 90017  
Figueroa, 939 S. Figueroa Street, 90015  
Best Western Inn, 925 S. Figueroa Street, 90015  
University Hilton, 3540 S. Figueroa Street, 90007

New Otaini, 120 S. Los Angeles Street, 90012  
Hotel Tokyo, 328 E. First Street, 90012  
Biltmore, 506 S. Grand Ave., 90071  
Bonaventure, 404 S. Figueroa St., 90071  
Sheraton Grande, 333 S. Figueroa St., 90071  
Wells Fargo Center, 330 S. Hope Street, 90071

MID-WILSHIRE LOS ANGELES

Mid-town Hilton, 400 N. Vermont Ave., 90004  
Sheraton Townhouse, 2961 Wilshire Blvd., 90010  
Hyatt Wilshire, 3515 Wilshire Blvd., 90010  
Wilshire Comfort Inn, 3400 West 3rd. Street, 90020

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SECTION 3. ROUTE DESCRIPTIONS.

Route 1. On-Call, Door-to-Door Service

Commencing at LAX, BUR, LGB, SNA, or Los Angeles and Long Beach Harbors, then via the most convenient streets and highways to any point within the service areas described in Section 2.

Route 2. Scheduled Service

Commencing at LAX, then via the most convenient streets and highways to the scheduled stops at the hotels and motels described in Section 2. The tariffs and timetables shall specify the sequence of scheduled stops.

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- (e) Motor vehicles may be turned at termini and intermediate points, in either direction, at intersections of streets or by operating around a block contiguous to such intersections, in accordance with local traffic regulations.

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