

Decision SZ 03 024 March 2, 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Orange Coast Sightseeing Company, a corporation, for authority to establish a Los Angeles city tour and to establish tours from a new service area in the vicinity of Los Angeles International Airport.

Application 60466
(Filed April 20, 1981;
amended July 10, 1981)

James H. Lyons, Attorney at Law, for Orange Coast Sightseeing Company, applicant.
James N. Grossman, Attorney at Law, for The Gray Line Tours Company, protestant.
James P. Jones, for United Transportation Union, interested party.

O P I N I O N

Applicant is a California corporation operating as a sightseeing passenger stage corporation between various points in Orange County, on the one hand, and points of interest in Orange and Los Angeles Counties, on the other hand, under a certificate set forth in Decision (D.) 69671 in Application (A.) 47707, as amended by later decisions.

Applicant has applied to establish a new service territory in the vicinity of Los Angeles International Airport and to operate from that territory Tour 14 to Disneyland, Tour 15 to Knott's Berry Farm, and Tour 16 to Universal City Studios, and also to establish a city tour of Los Angeles from applicant's Anaheim-Buena Park service territory (Tour 17).

A protest was filed on May 4, 1981 by The Gray Line Tours Company (Gray Line). Gray Line alleged that applicant's proposed

service would duplicate what Gray Line already provides and that another operator is not needed. A public hearing was held on August 4, 19, and 20, 1981 in Los Angeles before Administrative Law Judge Edward G. Fraser. Testimony and documentary evidence was provided by both parties, and the matter was submitted in briefs filed on October 13, 1981.

Applicant's operating witness testified that three buses will transport passengers from 12 or more motels in the area of the Los Angeles International Airport to applicant's terminal on La Cienega Boulevard in Los Angeles. Tours will be sold by desk clerks and other hotel personnel who will receive a 15% commission on gross sales. Pickups will start about 9:20 a.m. and the tour buses will leave the Los Angeles Terminal at 10 a.m. It is estimated that two buses will leave Los Angeles every day for Disneyland and a single bus for each of the other two destinations. The tour from Anaheim-Buena Park to downtown Los Angeles is scheduled for 7-1/2 hours, visiting 8 or 9 points of interest within the city limits. The last tour was added after requests were received for an extended tour of the city, with stops at the Chinese Theater, Farmers Market, La Brea Tar Pits, County Museum, Civic Center, Olvera Street, Little Tokyo, and Chinatown, then back to the point of origin. Tours 14 and 15 are to leave Los Angeles at 10 a.m. and return at 7 p.m. Tour 16 to Universal Studios will leave at 10 a.m. and return at 5:30 p.m.

Applicant is a California corporation and a wholly owned subsidiary of Airport Service, Incorporated. Applicant was incorporated in December 1964 and a copy of its articles of incorporation were filed with the Commission in A.47707 on June 24, 1965. Applicant will operate with vehicles owned by the parent corporation. Exhibit 5 indicates that 94 buses are available, with capacities from 45 to 60 passengers. The equipment list varies from year to year as older

units are retired and new buses are purchased. Applicant's statement of income for the first six months of 1981 shows operating revenues of more than a half million dollars and a loss of \$39,000. The statement is projected to the end of the year, however, showing an estimated profit of \$78,000. The projection has eliminated certain unprofitable tours and included the proposed tours. A slight increase in passengers was also added to the projection. This is part of a business trend experienced by Orange Coast.

Six public witnesses testified for the applicant. Three supported the Anaheim to downtown Los Angeles City Tour. One of the three was a tour broker or promoter, selling tickets in the Disneyland Hotel. She favored applicant's proposal because it was comprehensive and featured many stops, as distinguished from a tour which merely drove by or past all points to be covered. A hotel bell captain at an Anaheim hotel also favored applicant's city tour. He considered present tours inadequate because they do not provide time for the passengers to leave the bus and walk around. A hotel manager was the third witness. He handles many people coming in from foreign nations. All of these visitors consider Los Angeles a major attraction and present city tours are inadequate.

Two hotel tour directors and a bell captain supported the Disneyland, Knott's Berry Farm, and Universal Studio schedules. Applicant's proposed tours will leave later than the tours conducted by competitors. The later departure was favored, since most customers will have finished breakfast and be available about the time the tour is scheduled to leave. All three witnesses agreed that tours scheduled at or before 9 a.m. are too early.

The Los Angeles regional manager testified for Gray Line. Gray Line conducts sightseeing tours throughout Southern California and into Mexico and Nevada, many of them originating in Los Angeles and Orange Counties. The corporate headquarters is in Los Angeles

with a terminal in Anaheim and an office at the Los Angeles International Airport. Gray Line exhibits show a variety of tours to Disneyland, Knott's Berry Farm, and Universal Studios, which would compete with applicant's proposed service. Gray Line discontinued one tour from the Los Angeles Airport to Universal Studios due to a lack of patronage. This direct tour was continued for three months with an average load factor of 11.7 passengers, far less than the 21 passengers per bus applicant had estimated it would need to break even. Another exhibit shows that during the first six months of 1981 Gray Line averaged 12.1 passengers per bus on a tour identical to applicant's proposed Disneyland tour. Gray Line tried to schedule a Los Angeles City Tour from Anaheim but was forced to discontinue service due to lack of patronage. The average load factor was 10.4 passengers per bus on this route. The witness stated that the experience of Gray Line indicates that the occupancy of the Los Angeles Airport motels is 65 to 75% commercial travelers, who do not patronize sightseeing tours, whereas the occupancy of motels in the Anaheim-Buena Park area is only 5 to 10% commercial. The witness emphasized that aggressive promotion throughout the entire area, with agents in more than 22 hotels and motels has failed to increase business out of the Los Angeles Airport, which remains one of Gray Line's marginal operations.

Discussion

Applicant is a very knowledgeable carrier who has applied to extend service out of the Los Angeles Airport and from Anaheim through downtown Los Angeles. Gray Line argues that applicant's proposed service will duplicate what Gray Line is already providing, with the exception of the city tour, which was tried and found unprofitable.

We favor competition in sightseeing service. If requests to expand are denied on the basis that someone else already serves the area, the public may be inconvenienced, especially where the existing carrier has become inefficient due to a lack of competition.

Sightseeing should be distinguished from conventional bus transportation where passengers are transported to a destination to get to work, visit a friend, for an appointment, to go shopping, or for some other purpose peculiar to the individual passenger. In sightseeing the passengers have the same objective, which is viewing the route and points visited by the bus. Thus sightseeing is more complex. It involves more than simple transportation between an origin and a destination. Each of several carriers may use different routes, provide more, or fewer stops, of varying length, and assign, or omit tour guides. The public is entitled to a choice.

In D.93726 in A.59818 et al. issued November 13, 1981, we found that sightseeing tour service over a loop is not that of a passenger stage corporation. However, the portion of that decision completely eliminating our regulation over sightseeing-tour carriers will not become effective until after judicial review. The outcome of judicial review will not affect this applicant since the need for the service has been shown at a public hearing, where the application was protested. Orange Coast must file evidence of the required minimum insurance coverage set by General Order 101 before operations begin.

Findings of Fact

1. The proposed operations are sightseeing-tour service over a loop.
2. Applicant possesses the ability, experience, and financial resources to perform the proposed service.

3. There is a public demand for applicant's proposed service.
4. Public convenience and necessity require that the service proposed by applicant be certificated.
5. Sightseeing by bus is a unique service and competition should be encouraged to provide a selection of carriers.
6. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. The application should be granted.
2. Liability insurance required by General Order 101 must be in effect before operations begin.
3. This order should be effective today to encourage prompt inauguration of service.

Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Orange Coast Sightseeing Company, a corporation, authorizing it to operate as a passenger stage corporation, as defined in PU Code Section 226, between the points and over the routes set forth in Appendix A, to transport persons.
2. The certificate of public convenience and necessity granted in paragraph 1 shall supersede all certificates of operative authority previously granted to Orange Coast Sightseeing Company, a corporation, and such certificate or certificates are revoked on the effective date of the tariff filings required by paragraph 3(b).

3. Applicant shall:

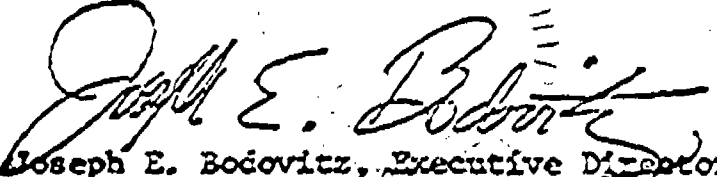
- a. File a written acceptance of this certificate within 30 days after this order is effective.
- b. Establish the authorized service and file tariffs and timetables within 120 days after this order is effective.
- c. State in its tariffs and timetables when service will start; allow at least 10 days' notice to the Commission; and make timetables and tariffs effective 10 or more days after this order is effective.
- d. Comply with General Orders Series 79, 98, 101, and 104, and the California Highway Patrol safety rules.
- e. Maintain accounting records in conformity with the Uniform System of Accounts.

This order is effective today.

Dated MAR 2 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

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


Joseph E. Bočovitz, Executive Director

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,
AND SPECIFICATIONS. (Continued)

e. Tour No. 1

Regular scheduled daily service shall be operated from June 16 through September 15 each year. From September 16 through June 15, applicant will not be obligated to render service for less than 15 adult paying passengers.

f. Tour No. 3

Service will be rendered on a year-round basis Monday through Saturday of each week. No service will be rendered on Sundays, Thanksgiving Day, Christmas Day, and New Year's Day.

g. Tour No. 3.1

Service shall commence not earlier than 12:00 Noon.

T/am

Appendix A

ORANGE COAST SIGHTSEEING COMPANY
(a corporation)
(PSC 322)

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SECTION 2. SERVICE AREAS. (Continued)

LOS ANGELES INTERNATIONAL AIRPORT SERVICE AREA

That territory bounded as follows:

Beginning at a point where the westerly extension of Washington Street meets the Pacific Coast, then easterly along Washington Street and Washington Boulevard, south on Lincoln Boulevard, east on the Marina Expressway and Slauson Avenue, then south on La Cienega Boulevard and Interstate 405 (San Diego Freeway), then west on El Segundo Boulevard and the westerly extension of El Segundo Boulevard to the Pacific Coast; then north along the Pacific coast line to the point and place of beginning.

Issued by California Public Utilities Commission.

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SECTION 3. ROUTE DESCRIPTIONS.

Tour 1 Anaheim - Buena Park - Lion Country Safari

Commencing at the intersection of Beach Boulevard and Azalea Drive in Buena Park, then along Beach Boulevard, Grand Avenue, Crescent Avenue, Beach Boulevard (Highway 39), Lincoln Avenue, Euclid Street, Katella Avenue, Harbor Boulevard (loop at Santa Ana Freeway), Katella Avenue, West Street, Ball Road, (loop at Santa Ana Freeway), West Street, Katella Avenue, Haster Street, then via the most direct and appropriate route to Orange County points and places of interest including Anaheim Stadium, Orange and Santa Ana residential areas of Orange County Airport; Movieland of the Air; University of California Irvine Campus, the Old Salt Works, upper Newport Bay, Newport Dunes, Balboa Island, Lido Island, Newport Beach (Balboa Pavilion), Corona Del Mar, Emerald Bay, Laguna Beach, Irvine Bowl, Laguna Niguel, Dana Point Lookout, Mission San Juan Capistrano, Lion Country Safari, Irvine Ranch, El Toro Marine Air Station, then return to Anaheim and Buena Park via the most direct and appropriate route.

Tour 2 Anaheim - Buena Park - Marineland

Commencing in the Buena Park service area, then along the most direct or appropriate route or routes to the Anaheim service area and points of interest as follows: Leisure World at Seal Beach, Long Beach Marina area, Belmont Shore, downtown Long Beach, Pierpoint Landing, Long Beach Harbor, Long Beach Naval Base, Los Angeles Harbor (including a stop at Ports O' Call Village), Wayfarers' Chapel, Marineland of the Pacific (2-1/2 hour stop), then through the Palos Verdes Estates residential area and return to point of beginning.

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SECTION 3. ROUTE DESCRIPTIONS. (Continued)

Tour 3 NBC Studio/Universal Studios Combination Tour

Commencing in the Anaheim - Buena Park service area via city streets to the Santa Ana, Golden State and Ventura Freeways to Buena Vista Street, Alameda Avenue, to NBC Television Studio, 3000 West Alameda Avenue, Burbank, then via Alameda Avenue, Riverside Drive, Moorpark Way, Moorpark Street, Cahuenga Boulevard and Lankershim Boulevard to Universal City Studios, then returning to the service areas (points of beginning) via Lankershim Boulevard, Hollywood and Santa Ana Freeways.

Tour 3.1 Universal Studios Half-Day

Commencing in the Anaheim - Buena Park service area via city streets to the Santa Ana Freeway (Interstate 5), the Hollywood Freeway (U.S. Highway 101), and Lankershim Boulevard to Universal City Studios and return via the reverse route.

Tour 4 Queen Mary

Commencing in the Anaheim - Buena Park service area, then by city streets to the Garden Grove Freeway (State Highway 22), San Diego Freeway (Interstate 405), Long Beach Freeway (State Highway 7) to the Queen Mary located at Pier J in the City of Long Beach, and return via the reverse of the above route.

Tour 5 Lion Country Safari - Half Day Tour

Commencing in the Anaheim - Buena Park service area, then Katella Avenue to the Santa Ana Freeway (Interstate 5), Laguna Canyon Freeway (State Highway 133), San Diego Freeway (Interstate 405) to Lion Country Safari, and return by reverse of the above route.

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SECTION 3. ROUTE DESCRIPTIONS. (Continued)

Tour 6 South Orange County - Disneyland

From the South Orange County service area by the most direct and appropriate route to Disneyland, and return.

Tour 7 South Orange County - Movieland Wax Museum

From the South Orange County service area by the most direct and appropriate route to the Movieland Wax Museum, 7711 Beach Boulevard, Buena Park; then by the most direct and appropriate route to Knott's Berry Farm, 8400 Beach Boulevard, Buena Park, and return.

Tour 8 South Orange County - Marineland

From the South Orange County service area by the most direct and appropriate route to the Anaheim-Buena Park service area, then following Tour 2 as presently established by Decision 72357 in Application 48808 to Marineland, and return.

Tour 9 South Orange County - Queen Mary

From the South Orange County service area by the most direct and appropriate route to the Anaheim-Buena Park service area, then following Tour 4 as presently established by Decision 79602 in Application 52942 to the Queen Mary, and return.

Tour 10 South Orange County - Universal City Studios

From the South Orange County service area by the most direct and appropriate route to the Anaheim-Buena Park service area, then following Tour 3 as presently established by Decision 76527 in Application 49730 to NBC Studios and Universal City Studios, and return.

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Appendix A

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SECTION 3. ROUTE DESCRIPTIONS. (Continued)

Tour 17 Anaheim - Buena Park - City of Los Angeles

Commencing at the Anaheim - Buena Park Service Territory, then proceeding via the most direct and appropriate routes to Hollywood in the City of Los Angeles, then to Mann's Chinese Theatre, Farmers Market, LaBrea Tar Pits and the Los Angeles County Art Museum; then visiting such points of interest as the Civic Center, the Music Center, Olvera Street, Los Angeles' Chinatown, Little Tokyo, and returning to the Anaheim - Buena Park Service Territory.

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