

Decision 82 04 090 APR 2 11982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of TIFFANY TOURS & TRAVEL SERVICE, )  
INC. for request of authority to )  
operate additional tours and to )  
lift the restrictions on areas of )  
pick up. )

Application 60650  
(Filed June 15, 1981)

Jerry H. Green, Attorney at Law,  
for applicant.

Warren N. Grossman, Attorney at Law,  
for The Gray Line Tours Company,  
protestant.

James H. Lyons, Attorney at Law, for  
Orange Coast Sightseeing Company,  
protestant, and Airport Service,  
Incorporated and Starline Sightseeing  
Tours, Inc., interested parties.

O P I N I O N

Applicant Tiffany Tour and Travel Service, Inc. (Tiffany), which presently holds authority from this Commission (PSC-1083) to conduct sightseeing passenger stage operations and tours within points in southern California, requests authority by this application, as amended, to add two additional tours to its present operations and for removal of the restriction<sup>1/</sup> in its certificate which limits its area for passenger pickup near the Los Angeles International Airport (LAX).

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1/ The restriction referred to by Tiffany is the specified service area authorized Tiffany by this Commission and contained in its filed tariff.

Protests to the application were received from The Gray Line Tours Company (Gray Line) and from Airport Service, Incorporated. During the proceeding Airport Service, Incorporated and Starline Sightseeing Tours, Inc. withdrew their protests and participated as interested parties.

Following notice, this matter was consolidated for hearing with Case (C.) 10992 and was heard in Los Angeles before Administrative Law Judge William A. Turkish on October 13 and 16 and November 17, 1981. C.10992 is pending in a separate decision. This case was submitted upon the filing of briefs on January 4, 1982.

Testifying for Tiffany was its president, Jamshid Anvaripour. Testifying for Gray Line was its regional manager, Robert Collegeman. Testifying on behalf of Orange Coast Sightseeing Company (Orange Coast) was its vice president and general manager, Robert Herwig.

Following is a summary of the testimony presented by Tiffany's witness:

1. Tiffany currently operates three tours from the area surrounding LAX--a Disneyland tour, a combination tour which includes Hollywood, Beverly Hills movie stars' homes, and Universal Studios, and a tour to Knott's Berry Farm and return. These tours, which would remain substantially unchanged by this application (Tour 1, Tour 2, and Tour 3, respectively), are direct tours from the hotels and motels within Tiffany's authorized pickup territory.
2. By this application, Tiffany is requesting authority to schedule two additional tours. One new tour would be from the LAX area to Universal Studios only (Tour 4), which would be four hours in duration as opposed to Tiffany's nine-hour combination tour (Tour 2). Tiffany's reason for instituting

this new tour was its belief that some tourists, here on a short visit, may not have sufficient time to take the all-day combination tour which includes Universal Studios. The other new tour labeled "Los Angeles By Night" would be a direct evening tour from the LAX area to downtown Los Angeles and includes Olvera Street, Chinatown, and the Griffith Park Observatory and return (Tour 5).

3. Tiffany further requests that the pickup territory in its present operating authority be extended to a larger area which would enable Tiffany to pick up passengers beyond its present territory. The expanded pickup territory sought by Tiffany would be an area bounded on the south by Rosecrans Avenue, on the east by Crenshaw Boulevard, on the north by Santa Barbara Avenue, Rodeo Road, Higuera Street, and Washington Boulevard, and on the west by the Pacific Ocean.
4. The basis for requesting the expanded territory is due to the many requests from hotel and motel managers currently outside Tiffany's authorized pickup territory, but within the requested new pickup area, who have requested Tiffany to serve their hotels and motels.
5. Although Tiffany is aware that its proposed "Los Angeles By Night" tour is comparable to one conducted by Gray Line, Tiffany believes its proposed tour is different from Gray Line's because Gray Line takes the passengers from the LAX area hotels to Gray Line's downtown terminal where they then transfer to the tour buses, whereas Tiffany's service will be a direct tour which will not require passengers to transfer from one bus to another.

6. The daily passenger average for the Disneyland tour conducted by Tiffany from January 1981 through August 31, 1981 was 21.2 passengers. For the combination Universal Studios tour the daily average for the same period was 28.5 passengers, and for the Knott's Berry Farm tour the daily passenger average was 2.4 passengers.
7. Tiffany believes it possesses the financial ability, experience, and fitness to conduct the additional two tours and except for possibly the brief Universal City tour, no additional equipment will be necessary. The "Los Angeles By Night" tour will use existing equipment which is in use only during the daytime.
8. Tiffany already does business with five hotels and motels outside its currently authorized pickup area but since Tiffany cannot pick up passengers outside its authorized territory, those hotels and motels have to transport their guests to Tiffany's terminal within its authorized territory. These hotel and motel managers prefer to have Tiffany come to their hotels and motels to pick up the guests and have requested Tiffany to do so.

The witness for Orange Coast testified that Orange Coast had an application pending before the Commission to establish a new service territory in the vicinity of LAX for tours to Disneyland, Knott's Berry Farm, and Universal Studios which duplicate the tours offered by both Tiffany and Gray Line.

Following is a summary of the testimony presented by Gray Line's witness:

1. Gray Line is in the business of operating sightseeing tours in southern California, Mexico, and Nevada. It has offices, customer service facilities, maintenance facilities, and a terminal in downtown Los Angeles. It also has terminal facilities in Anaheim, San Diego, Palm Springs, and LAX. Tiffany's proposed tours would directly compete with Gray Line's tours.
2. Gray Line currently operates three different tours from the LAX area to Universal Studios. Gray Line also currently operates a "Los Angeles By Night" tour. The pickup territories for these tours include the area Tiffany proposes to serve.
3. From January 1981 through August 1981 Gray Line's average daily load factor on its Tour 5 from hotels in the LAX area to Universal Studios ranged from 7.9 to 16.4. These average load factors are considered extremely low. Previously, Tour 5 operated directly from the LAX area but was canceled due to lack of patronage and is now operated through the Third Street terminal. The average daily load factor was only slightly higher for Gray Line's Tour 9 (Los Angeles By Night).
4. Although both these tours are now run through Gray Line's west Third Street terminal, where the passengers are combined with other passengers drawn from a broader service area, the circuitry involved in this method of operation is practically none as the route from the LAX area hotels through west Third Street to Universal Studios is only .4 mile or so longer than a direct route from the LAX area to Universal Studios. With respect to the night tour, there are relatively no significant points of interest between LAX and downtown Los Angeles.

5. Gray Line develops its patronage from the LAX area through commission agents in the various hotels and motels and through yellow pages advertising.
6. Gray Line is opposing this application based on the passenger statistics of tours originating in the LAX area and is of the opinion that any further dilution of those tour passengers will have a strong adverse affect on Gray Line.

Discussion

Prior to Decision (D.) 90154 and D.90155 issued on April 10, 1979 in Application (A.) 56580 and A.57763, respectively, the threshold issue in any passenger stage or sightseeing bus application was whether or not the public convenience and necessity required the service sought to be authorized by the particular application. If public convenience and necessity were demonstrated, a certificate could be issued provided that in those instances where certificated passenger stage corporations were already serving the territory the certificate could be issued if existing certificate holders were not providing service to the satisfaction of the Commission (see Public Utilities (PU) Code Section 1032). Until D.90154 and D.90155, the test of satisfactory service of PU Code Section 1032, as applied to existing carriers, was based on the relatively narrow analysis of such factors as route patterns, frequency of service, adequacy of equipment, and

fitness. This had the effect of fostering monopolistic service in the field of passenger bus service. We had never previously addressed the ultimate question of whether monopoly service is of itself unsatisfactory service to the public, which we now believe is a factor of considerable significance.

In both D.90154 and D.90155 we held that sightseeing is essentially a luxury service, recreationally oriented and essentially different from the conventional point-to-point public transportation service, and less imbued with that essentiality to the public welfare which is inherent in the underlying concept of public convenience and necessity. Accordingly, we held that it is a service less entitled to the strict territorial protectionism from competition and competitive factors which is necessarily accorded the "natural" utility monopolies such as electric, gas, or telephone utilities. In D.90154 we observed that this nation's antitrust laws and policies are premised on the understanding that competitive service generally results in a superior overall level of service to the public. We also stated that competition in the area of sightseeing bus operations is a most desirable goal.

More recently in D.93726 dated November 13, 1981 we found that sightseeing tour operation is not passenger stage service and that "the test of determining routes and schedules before service is authorized, and approval of rate levels are activities we should no longer engage in with respect to tour or sightseeing service." That portion of D.93726, which completely eliminates our regulation over sightseeing tour carriers, has been stayed indefinitely while the matter is under further review by the Commission.

In the meantime, in view of our policy of allowing reasonable competition in the sightseeing tour business and our belief that monopoly service is in itself unsatisfactory service, Tiffany's request to add two additional tours to its present operating authority should be granted. In addition, Tiffany's request to enlarge its pickup territory should likewise be granted. Tiffany is a knowledgeable carrier and has the necessary financial ability, experience, and fitness to conduct the proposed operation. While there may be some diversion of Gray Line's passengers and from Tiffany's currently authorized Universal City tour as well, the benefit of competition will inure primarily to the public.

Findings of Fact

1. Tiffany presently holds a passenger stage certificate for sightseeing tour operations.
2. Tiffany proposes to add two additional sightseeing tours to its operations as indicated in Exhibit 1.
3. Tiffany seeks to have its current pickup territory in the LAX area expanded.
4. Managers of hotels and motels outside Tiffany's authorized pickup territory have requested Tiffany to make pickups at their premises.
5. The proposed tours are sightseeing tour operations.
6. Tiffany possesses the ability, experience, and financial resources to perform the proposed service.
7. Gray Line's tours which are similar to applicant's proposed tours insofar as they are of a monopolistic nature constitute unsatisfactory service.
8. 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. Public convenience and necessity require that the service proposed by Tiffany be granted. Since there is public need for the proposed service the following order should be effective today.

2. The present restriction contained in Tiffany's certificate with respect to the pickup territory should be replaced with the enlarged pickup territory restriction requested by Tiffany.

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 Tiffany Tour and Travel Service, Inc., 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 revised Appendix A of D.90943, to transport persons.

2. Appendix A of D.90943 is further amended by replacing Original Pages 1 and 3 and First Revised Page 4 with First Revised Pages 1 and 3, Second Revised Page 4, and Original Pages 5 and 6 (attached).

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.

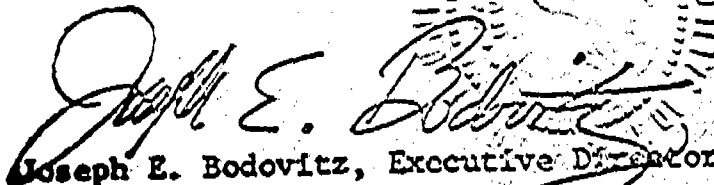
3. The pickup territory of applicant is extended to that area bounded on the south by Rosecrans Avenue, on the east by Crenshaw Boulevard, on the north by Santa Barbara Avenue, Rodeo Road, Higuera Street, and Washington Boulevard, and on the west by the Pacific Ocean, and excluding any pickup within Los Angeles International Airport.

This order is effective today.

Dated APR 21 1982, at San Francisco, California.

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

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

  
Joseph E. Bodovitz, Executive Director

Appendix A  
(D.90943)

TIFFANY TOUR AND TRAVEL SERVICE, INC.  
(a California corporation)  
(PSC-1083)

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Cancels  
Original Page 1

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Issued by California Public Utilities Commission.

\*Changed and \*\* Added by Decision 82 04 090, Application 60650.

Appendix A  
(D.90943)

TIFFANY TOUR AND TRAVEL SERVICE, INC.  
(a California corporation)  
(PSC-1083)

First Revised Page 3  
Cancels  
Original Page 3

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

f. Tour No. 2 - Disneyland

Regular scheduled daily service shall be provided during the months of March through September. During the remaining five months, service shall be provided on Wednesday through Sunday only. Each of the above is to include service on all legal holidays.

SECTION 2. DESCRIPTION OF AREAS AND LOCATION.

\* Los Angeles International Airport Service Area

That area bounded on the south by Rosecrans Avenue, on the east by Crenshaw Boulevard, on the north by Santa Barbara Avenue, Rodeo Road, Higuera Street, and Washington Boulevard, and on the west by the Pacific Ocean, excluding the area of Los Angeles International Airport proper.

Issued by California Public Utilities Commission.

\* Changed by Decision S2 04 090, Application 60650.

Appendix A  
(D.90943)

TIFFANY TOUR AND TRAVEL SERVICE, INC.  
(a California corporation)  
(PSC-1083)

Second Revised Page 4  
Cancels  
First Revised Page 4

SECTION 3. ROUTE DESCRIPTIONS.

Subject to the authority of this Commission to change or modify such route at any time, Tiffany Tour and Travel Service, Inc. shall conduct sightseeing passenger stage operations over and along the following routes:

\*Tour No. 1 - Disneyland

Commencing at any point in the Los Angeles International Airport service area over and along the most appropriate route or routes to Interstate Highway 405 (I-405), south on I-405 to State Highway 91, east on State Highway 91 to Beach Boulevard, south on Beach Boulevard to Knott's Berry Farm located at La Palma Avenue and Beach Boulevard in the City of Buena Park. Return north on Beach Boulevard to State Highway 91, east on State Highway 91 to Harbor Boulevard, south on Harbor Boulevard to the Disneyland playground located at Harbor Boulevard and Ball Road in the City of Anaheim, and return over and along the most appropriate route or routes to the Los Angeles International Airport service area.

\*Tour No. 2 - Beverly Hills-Hollywood-Downtown Los Angeles

Commencing at any point in the Los Angeles International Airport service area over and along the most appropriate route or routes to La Cienega Boulevard, then, north on La Cienega Boulevard to Wilshire Boulevard, west on Wilshire Boulevard to Beverly Drive in the City of Beverly Hills, north on Beverly Drive to Sunset Boulevard, east on Sunset Boulevard to La Brea Avenue in the City of Los Angeles, north on La Brea Avenue to Hollywood Boulevard, east on Hollywood Boulevard to Highland Avenue, Hollywood, north on Highland Avenue to State Highway 101. Continue in a northerly direction to Lankershim Boulevard, northeast on Lankershim Boulevard to the Universal Studios where passengers shall disembark for a tour of the studio. Then, return northwest on Lankershim Boulevard to State Highway 101, south on State Highway 101 to Temple Street, east on Temple Street to Broadway, north on Broadway to Sunset Boulevard, east on Sunset Boulevard to San Pedro Street, south on San Pedro Street to Fifth Street, west on Fifth Street to Figueroa Street, and return over and along the most appropriate route or routes to the Los Angeles International Airport service area.

Issued by California Public Utilities Commission.

82 04 090

\*Changed by Decision \_\_\_\_\_, Application 60650.

Appendix A  
(D.90943)

TIFFANY TOUR AND TRAVEL SERVICE, INC.  
(a California corporation)  
(PSC-1083)

Original Page 5

SECTION 3. ROUTE DESCRIPTIONS. (Continued)

\*Tour No. 3 - Knott's Berry Farm

Commencing at any point in the Los Angeles International Airport service area, over and along the most appropriate route or routes to Knott's Berry Farm located in the City of Buena Park, and return over and along the most appropriate route or routes to the Los Angeles International Airport service area.

\*Tour No. 4 - Universal Studios Tour

Commencing at any point in the Los Angeles International Airport service area to Interstate Highway 405 (I-405), north on I-405 to State Highway 101 (Ventura Freeway), southeast on the Ventura Freeway to Lankershim Boulevard, east on Lankershim Boulevard to the Universal Studios, and return over and along the most appropriate route or routes to the Los Angeles International Airport service area. ✓

Issued by California Public Utilities Commission.

\*Added by Decision 82-04-090, Application 60650.

Appendix A  
(D.90943)

TIFFANY TOUR AND TRAVEL SERVICE, INC.  
(a California corporation)  
(PSC-1083)

Original Page 6

SECTION 3. ROUTE DESCRIPTIONS. (Continued)

\*Tour No. 5 - Los Angeles By Night

Commencing at any point in the Los Angeles International Airport service area, over and along the most appropriate route or routes to Interstate Highway 405 (I-405), north on I-405 to Interstate Highway 10 (I-10), east on I-10 to State Highway 11 (Harbor Freeway), north on Harbor Freeway to 9th Street in the City of Los Angeles, east on 9th Street to Figueroa Street, north on Figueroa Street to First Street, east on First Street to Hope Street, north on Hope Street to Temple Street, east on Temple Street to Main Street, north on Main Street to Sunset Boulevard, west on Sunset Boulevard to Broadway Street, south on Broadway Street to State Highway 101 (Hollywood Freeway), north on Hollywood Freeway to State Highway 11 (Pasadena Freeway), east on the Pasadena Freeway to Interstate Highway 5 (I-5), north on I-5 to Los Feliz Boulevard, west on Los Feliz Boulevard to Western Canyon Road; northeast and southeast on Western Canyon Road to Griffith Park Observatory, and return over and along the most appropriate route or routes to the Los Angeles International Airport service area.

Issued by California Public Utilities Commission.

\* Added by Decision 82-04-090, Application 60650.

In the meantime, in view of our policy of allowing reasonable competition in the sightseeing tour business and our belief that monopoly service is in itself unsatisfactory service, Tiffany's request to add two additional tours to its present operating authority should be granted. In addition, Tiffany's request to enlarge its pickup territory should likewise be granted. Tiffany is a knowledgeable carrier and has the necessary financial ability, experience, and fitness to conduct the proposed operation. While there may be some diversion of Gray Line's passengers and from Tiffany's currently authorized Universal City tour as well, the benefit of competition will inure primarily to the public.

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5. The proposed tours are sightseeing tour operations.

6. Tiffany possesses the ability, experience, and financial resources to perform the proposed service.

7. Gray Line's tours which are similar to applicant's proposed tours insofar as they are of a monopolistic nature constitute unsatisfactory service. ✓  
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8. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.



SECTION 3. ROUTE DESCRIPTIONS. (Continued)

\*Tour No. 3 - Knott's Berry Farm

Commencing at any point in the Los Angeles International Airport service area, over and along the most appropriate route or routes to Knott's Berry Farm located in the City of Buena Park, and return over and along the most appropriate route or routes to the Los Angeles International Airport service area.

\*Tour No. 4 - Universal Studios Tour

Commencing at any point in the Los Angeles International Airport service area to Interstate Highway 405 (I-405), north on I-405 to State Highway 101 (Ventura Freeway), southeast on the Ventura Freeway to Lankershim Boulevard, east on Lankershim Boulevard to the Universal Studios, and return over and along the most appropriate route or routes to the Los Angeles International Airport service area.

Issued by California Public Utilities Commission.

\*Added by Decision 82 04 090, Application 60650.

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Appendix A  
(D.90943)

TIFFANY TOUR AND TRAVEL SERVICE, INC.  
(a California corporation)  
(PSC-1983)  
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Original Page 6

SECTION 3. ROUTE DESCRIPTIONS. (Continued)

\*Tour No. 5 - Los Angeles By Night

Commencing at any point in the Los Angeles International Airport service area, over and along the most appropriate route or routes to Interstate Highway 405 (I-405), north on I-405 to Interstate Highway 10 (I-10), east on I-10 to State Highway 11 (Harbor Freeway), north on Harbor Freeway to 9th Street in the City of Los Angeles, east on 9th Street to Figueroa Street, north on Figueroa Street to First Street, east on First Street to Hope Street, north on Hope Street to Temple Street, east on Temple Street to Main Street, north on Main Street to Sunset Boulevard, west on Sunset Boulevard to Broadway Street, south on Broadway Street to State Highway 101 (Hollywood Freeway), north on Hollywood Freeway to State Highway 11 (Pasadena Freeway), east on the Pasadena Freeway to Interstate Highway 5 (I-5), north on I-5 to Los Feliz Boulevard, west on Los Feliz Boulevard to Western Canyon Road; northeast and southeast on Western Canyon Road to Griffith Park Observatory, and return over and along the most appropriate route or routes to the Los Angeles International Airport service area.

Issued by California Public Utilities Commission.

S2 04 090

\* Added by Decision \_\_\_\_\_, Application 60650.