

T/ctb

Decision 82 11 028

NOV 3 - 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of Orville L. Gilbert, dba Airline
Commute doing business as Airline
Commute [sic] for authority to
increase fares for the transporta-
tion of passengers on regular
scheduled routes in Santa Clara and
San Mateo Counties under original
Application No. 56286, Decision No.
90703 dated August 28, 1979, and
Application No. 58963 dated
June 13, 1979, and PSC 994.

Application 60877
(Filed August 28, 1981)

O P I N I O N

Orville L. Gilbert, doing business as Airline Commute, operates as a passenger stage corporation (PSC-994) transporting persons between points in Santa Clara County and the United Airlines Maintenance Base at San Francisco International Airport, under the authority granted by Decision (D.) 85717 on April 20, 1976. His present fares were authorized by D.90730 dated August 28, 1979.

Applicant requests authority to increase passenger stage fares as follows:

<u>Between United Airlines Maintenance Base at San Francisco International Airport and</u>	<u>Weekly Commuter Fare</u>	
	<u>Present</u>	<u>Proposed</u>
Points in Santa Clara County	\$13	\$17
	(30.77% increase)	

The staff of the Transportation Division has had much difficulty, accompanied by long delays, in securing the information it needed to rectify mistakes in this application and inconsistencies between it and the data in applicant's 1980 Annual Report. Requests for information went unanswered until the end of August 1982, when applicant finally submitted data resolving the problems.

In support of his request for a fare increase, applicant alleges that the costs of fuel, oil, and insurance, as well as other expenses, have increased since 1979. As shown in the application, his operations for 1980 were conducted at a profit of \$5,252.72 represented by an operating ratio after taxes of 62.6%.

The results of operations study shows that the proposed increase would result in an operating ratio of 91% and a net income of \$1,600. Applicant did not include his salary as manager and bus driver in his application. An annual salary of \$6,000 for these positions would not be unreasonable and was used by the staff. His three competitors are charging authorized fares of \$17.00 and \$17.50 per week for similar service involving about the same origin-and-destination pairs.

The following table sets forth the estimated results of operations under present and proposed fares for the test year ending December 31, 1983:

	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenue	\$14,000	\$18,400
Expenses*	16,800	16,800
Operating Income Before Income Taxes	(2,800)	1,600
Operating Ratio Before Income Taxes	120%	91%

(Red Figure)

*Includes \$6,000 for management and driving expenses.

The proposed fare increase would result in an increase in revenue of approximately \$4,400 per year.

Notice of the filing of this application appeared in the Commission's Daily Calendar of September 14, 1981. No protest or request for public hearing has been received.

Findings of Fact

1. Applicant seeks a 30.77% increase in his passenger fares to offset increased operating expense and to provide a reasonable salary for the owner/manager/driver.

2. Applicant's delay in responding to inquiries by the staff has caused an appreciable delay in processing this application.

3. As shown in the table, applicant's operations in the test year would be conducted at a loss of approximately \$2,800 under present fares and a profit of \$1,600 under the proposed fares. The requested fare increase will result in additional annual revenue of \$4,400 and an operating ratio of 91% before income taxes.

4. Applicant has not included his salary in his list of expenses. An annual salary of \$6,000 for managing the company and driving the bus is not unreasonable.

5. No protests have been received, and a public hearing is not necessary.

6. The effective date of this order should be the date it is signed since applicant is experiencing losses.

Conclusion of Law

The increased fare is reasonable and justified.

O R D E R

IT IS ORDERED that:

1. Orvelle L. Gilbert is authorized to establish the increased fare proposed in Application 60877. Tariff publications authorized to be made as a result of this order may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

2. This authority shall expire unless exercised within 90 days after the effective date of this order.

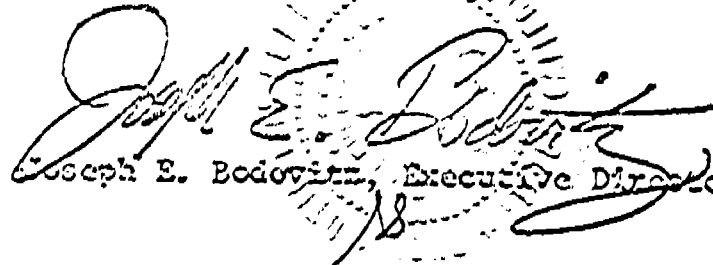
3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in his operating vehicles a printed explanation of his fares. Such notice shall be posted not less than five days before the effective date of the fare change and shall remain posted for a period of not less than 30 days.

This order is effective today.

Dated NOV 3 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.


Joseph E. Bodovitz, Executive Director