

Decision 83 07 041 JUL 20 1983**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of 24-HOUR AIRPORT EXPRESS, INC.,)
 a California corporation, for)
 authority to operate as a passen-)
 ger stage corporation between)
 Los Angeles International Airport,)
 on the one hand, and Denny's)
 Restaurant-Glendora; Howard)
 Johnson Hotel-Monrovia; Ramada)
 Inn Motel-Arcadia; Vagabond)
 Motel-Rosemead; Motel 6-Rosemead;)
 Tiny Naylor's Restaurant-Monterey)
 Park; Anaheim Hills Motor Inn-)
 Anaheim; Griswold Inn-Fullerton;)
 Holiday Inn-Fullerton; Buena Park)
 Hotel & Convention Center-Buena)
 Park; Alphy's Restaurant-Bellflower;)
 Willow Tree Inn-Compton; Sky Palm)
 International Hotel-Orange; Rodeway)
 Inn-Orange; Holiday Inn-Orange;)
 Inn at the Park-Anaheim; Hyatt)
 Hotel-Anaheim; Sheraton Anaheim-)
 Anaheim; Conastoga Inn-Anaheim;)
 Motel 6-Stanton; Leisure World)
 Plaza-Seal Beach; Holiday Inn)
 (First St.)-Long Beach; Hyatt)
 Regency-Long Beach; Queen's Way)
 Bay Hilton-Long Beach; R.M.S.)
 Queen Mary-Long Beach; Holiday)
 Inn (Lakewood Blvd.)-Long Beach;)
 Brea Mall-Brea; using radio-dispatched)
 vans with a capacity not to exceed)
 15 passengers.)

Application 82-07-13
 (Filed July 6, 1982;
 amended September 27, 1982,
 November 15, 1982, and
 January 26, 1983)

Bewley, Lassleben & Miller, by Edward L.
Miller, Attorney at Law, for applicant.
James H. Lyons, Attorney at Law, for Airport
 Service, Inc., protestant.
James P. Jones, for United Transportation
 Union, interested party.

O P I N I O N

Summary

Applicant 24-Hour Airport Express, Inc. (24-Hour) is authorized to provide scheduled passenger stage service to Los Angeles International Airport (LAX) along five additional routes and to add and change stops on two of its three existing routes. Service on the new routes would be similar to the service 24-Hour now provides to LAX as follows:

- a. It will not make scheduled stops (or run a schedule) without a customer reservation(s).
- b. It guarantees to make a scheduled stop on its way to LAX when given a 4-hour notice. However, it will attempt to provide service on one-half hour notice.
- c. "On-call" service will be provided from LAX. Its dispatcher can be contacted on courtesy telephones at LAX or on a toll free number.
- d. When possible, it will transport passengers using its scheduled service on the same trip as it provides unscheduled door-to-door (DTD) passenger stage service.
- e. It would use radio-dispatched vehicles with a capacity of up to 15 passengers.
- f. Rates are reduced if a reservation is for two or more people, a child between 6 and 16 years old, a travel agent employee, or a senior citizen who is at least 65 years old.

Background

24-Hour is a California corporation providing several transportation services out of its operating base in La Habra. Initially, the Commission authorized 24-Hour to operate as a charter-party carrier (TCP-325-P). Subsequently, the Commission authorized^{1/} 24-Hour to operate as a passenger stage corporation (PSC-1043) providing nonscheduled door-to-door (DTD) airport shuttle service between any residence or business in its service territory in Los Angeles, Orange, and a portion of San Bernardino counties and LAX, Orange County Airport, Long Beach Municipal Airport, Ontario International Airport (ONT), and Hollywood-Burbank Airport. 24-Hour requires its customers to make reservations for the DTD service.

By D.82-03-029 dated March 2, 1982 and D.82-06-090 dated June 15, 1982 in A.60670 the Commission authorized 24-Hour to provide scheduled passenger stage service along three routes. Exhibits 4 and 5 show that 24-Hour offers a potential of (a) 16 daily round trips between ONT and LAX with eight intermediate stops plus two trips between Industry Hills and ONT; (b) 15 daily round trips between La Habra and LAX with five intermediate stops; and (c) 14 daily round trips between Laguna Beach and LAX with five intermediate stops.

Exhibit 19 is a list of 45 vehicles operated by 24-Hour with the following capacities: thirty-one 11-passenger; seven 7-passenger; one 6-passenger; six 4-passenger. These vehicles are primarily vans and station wagons. 24-Hour's parent, 24-Hour Rent-A-Car, Inc., owns 42 of these vehicles which are leased to 24-Hour.

^{1/} Decision (D.) 89074 dated July 11, 1978 and D.90719 dated August 28, 1979 in Application (A.) 57765 and A.58314 and D.92952 dated April 21, 1981 in A.59614.

24-Hour's gross revenues in dollars and percent of revenues by class of service for the four months ending October 31, 1982 is shown below:

	<u>Amount</u>	<u>Percent</u>
DTD	\$793,230	82.9%
Scheduled	120,547	12.6
Bus Charter	40,962	4.3
Luxury Limousine Charter	6,385	0.7
Refunds	<u>(4,820)</u>	<u>(0.5)</u>
Total Revenues	<u>\$956,304</u>	<u>100.0%</u>

(Red Figure)

For this 4-month period 24 Hour's net profit before taxes was \$6,299 and its operating ratio was 99.3%.

Requested Routes

Table 1 shows the stops and schedule frequency along the five new routes in 24-Hour's amended proposal. In its application 24-Hour did not clearly indicate its desire to serve John Wayne Orange County Airport. It withdrew its request to serve that airport in this proceeding.

Regular one-way fares on the first three proposed routes decrease from \$16 at the furthest stop from LAX to \$13 at the nearest stop to LAX. The reduced fares range from \$13 to \$10 on the Glendora-Monterey Park and Anaheim-Compton routes and are \$10 on the Orange-Anaheim route. On the Seal Beach-Long Beach route regular fares vary from \$14 to \$13 and reduced fares vary from \$11 to \$10. On the Mission Viejo route regular fares vary from \$17 to \$15 and reduced fares vary from \$12 to \$10.

TABLE 1

Proposed Routes and Stops

<u>Glendora- Monterey Park</u>	<u>Anaheim-Compton</u>	<u>Orange-Anaheim</u>	<u>Seal Beach- Long Beach</u>	<u>Mission Viejo</u>
Park & Ride Lot Glendora	Anaheim Hills Motor Inn Anaheim	Sky Palm Interna- tional Hotel Orange	Leisure World ^{c/} Seal Beach	Mission Viejo Mall Mission Viejo
Howard Johnson's Hotel ^{a/} Monrovia	Griswold's Inn Fullerton	Rodeway Inn Orange	Holiday Inn First Street Long Beach	Hyatt Lodge ^{c/} Laguna Hills
Ramada Inn ^{a/} Arcadia	Holiday Inn ^{a/} Fullerton	Holiday Inn Orange	Hyatt Regency Long Beach	Travel Lodge El Toro
Vagabond Motel Rosemead	Buena Park Hotel & Convention Center Buena Park	Marriott Hotel Anaheim	RMS Queen Mary ^{b/} Long Beach	Irvine Trans- portation Center Irvine
Motel 6 Rosemead	Saddleback Inn Norwalk	Hilton at the Park Anaheim	Queensway Bay Hilton Long Beach	Holiday Inn Costa Mesa
Atlantic Square Monterey Park	Granny's Donut Bellflower	Conestoga Inn Anaheim		
	Willow Tree Inn Compton	Sheraton Anaheim Anaheim		

Number of Round Trips Per Day on Proposed Routes

15	16	18	14	15
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a/ Airport Service, Inc. (ASI) provides one trip per day, each way, between LAX and this stop.

b/ ASI provides two trips per day, each way, between LAX and this stop.

c/ ASI provides eight trips per day, each way, between LAX and this stop.

24-Hour proposes to make the following changes to its existing route 2:

- a. Add a stop at Brea Mall in Brea at a regular fare of \$15 and a reduced fare of \$10.
- b. Add a stop at Coco's Restaurant in Brea at a regular fare of \$16 and a reduced fare of \$11.
- c. Substitute the Whitwood Mall in the City of Whittier for its existing stop at the Vagabond Hotel in the City of Whittier to take advantage of greater public accessibility of additional parking at the proposed location, at no change in fares.
- d. Substitute a stop at its new base station at 2230 East Lambert Road, La Habra, for the stop at its old base station at 491 East Lambert Road, La Habra, at no change in fares.

On its existing route 3 it proposes to add a stop at the Holiday Inn in Lakewood at a regular fare of \$15 and a reduced fare of \$10.

Hearings

A timely filed protest to the granting of the authority sought by 24-Hour was filed by Airport Service, Incorporated (ASI). Hearings were held before an administrative law judge. The matter was submitted subject to the filing of an addendum to an exhibit and briefs by 24-Hour and ASI, which have been received.

Issues

The issues raised in this proceeding, which are discussed below, are as follows:

- a. Is there public convenience and necessity (PC&N) for the proposed service?
- b. Is the proposed service viable?
- c. Would authorization of the proposed service violate Public Utilities Code (PUC) Section 1032, or is Section 1032 inapplicable to the authority sought by 24-Hour? If Section 1032 is inapplicable, should ASI be estopped from raising the issue against 24-Hour?
- d. What impact would granting the certificate have on ASI?
- e. Is 24-Hour's practice of combining scheduled and nonscheduled passengers on the same trip in violation of PUC Section 461.5 because its passenger transportation charges for a shorter distance may exceed its charges for a longer distance along the same route?

PC&N

24-Hour Testimony

24-Hour's witnesses were its president Gerald R. Friesen, its marketing director, and 12 public witnesses.

Friesen testified that 24-Hour's management has been responsive to the airport transportation needs of the business community; in southern California, it provided the first DTD service with the same fare for a one-to-three persons reservation with added charges for each additional person; it developed a program to market its services through major hotels in southern California; and it subsequently provided reserved scheduled services. He believes that 24-Hour has profited and grown due to the wide acceptance of scheduled service and to its combination of scheduled and DTD services in the same vehicle at the same time. Approximately 31% of 24-Hour's scheduled customers have previously used DTD services offered by 24-Hour or its competitors in the DTD business. 24-Hour's DTD service expanded by 15.3% since it began providing scheduled service. He contends that ASI is not providing sufficient number of schedules to the Queen Mary and to the Greyhound bus terminal in Long Beach (service was reduced from four arrivals and four departures per day to two arrivals and two departures per day), and to Howard Johnson's Hotel in Monrovia, the Ramada Inn in Arcadia, and the Holiday Inn in Fullerton (which each have one arrival and one departure per day); that many business travelers using airlines will not ride in a large bus or travel a long distance to meet a bus; and that 5% of 24-Hour's passengers on its proposed schedules would be diverted from ASI buses. He believes the volume of business will be affected by both the number of rooms at the hotels

served on the proposed routes and by people in the local community driving up to several miles to catch a bus at a 24-Hour stop. There are 555 rooms at the hotels 24-Hour proposes to serve on the Glendora-Monterey Park route, 1,010 on the Anaheim-Compton route, 2,295 on the Orange-Anaheim route, 1,272 on the Seal Beach-Long Beach route, and 399 on the Mission Viejo route.

24-Hour's sales director obtained permission to stop at each of the establishments listed on its schedule and to mention those establishments in its advertising. (Exhibit 38 consists of letters of authorization for use of each of the proposed stops, except for: the Park & Ride lot in Glendora on the proposed Glendora-Monterey Park route; the Brea Mall; and the stop at 24-Hour's new base on existing route 2.) Since filing the application several earlier authorizations were withdrawn. 24-Hour was able to substitute alternate nearby stops.

The director of sales at the Holiday Inn in West Covina testified that: the inn's clients and persons from the surrounding community travel up to 12 miles to catch 24-Hour's existing scheduled service at the inn; some of those people expressed their appreciation at being able to travel directly to LAX with their baggage; and the inn competes with other hotels, which have their own airport shuttle service. The airport manager at LAX testified that there is ground traffic congestion at LAX, particularly during peak periods; LAX is constructing a second level roadway to reduce traffic delays; and that the Board of Airport Commissioners issued resolutions encouraging use of mass transit or multiple occupancy vehicles to LAX to reduce the number of vehicles coming into the airport.

No public witnesses testified in support of the Glendora-Monterey Park route. Management and/or sales representatives from four of the hotels^{2/} on the proposed Anaheim-Compton route testified in support of the application for one or more of the following reasons: customers want frequent, reliable, convenient, direct hotel-LAX transportation; most or a major percentage of their guests use LAX; they lose business because their guests do not want to be transferred two or more times in traveling by taxi and/or bus between LAX and the hotels; they transport customers to ASI stops, including its stops at Disneyland; most of their guests are businesspersons; they dislike shuttling guests to ASI's stop at competing hotels; other forms of LAX transportation were inadequate or expensive; some hotels would permit persons from the surrounding community to park on their lot to use 24-Hour's service; guests would benefit from the lower cost of 24-Hour's scheduled service compared to its expensive DTD service; and ASI would not honor a request to establish a stop at the Saddleback Inn in Norwalk.

The stops on the Orange-Anaheim route are in the vicinity of Disneyland. Witnesses from two of the hotels on this route testified for 24-Hour. Both said it was inconvenient to shuttle passengers to ASI's existing stops adjacent to Disneyland stops; one hotel would not want to transport baggage across a street to a proposed new ASI stop at Disneyland; and it is difficult for a reservation agent, handling reservations for 400 hotels in its chain, to adequately explain how to get to a hotel if direct airport service is not available.

2/ Includes motels and inns.

The convention services manager of the Long Beach Convention and Visitors Council (Council) testified that Long Beach (LB) is at a disadvantage in booking convention business because of the limited availability of transportation to and from LAX; ASI provides twice daily service from LAX to LB; several times a week she informs tourists and persons attending conventions of the service provided by ASI and the DTD service provided by 24-Hour; additional LAX service is needed; the Council president agreed to her appearance in support of the Seal Beach-LB route. The sales director of the Queensway Bay Hilton supported establishment of this route because ASI would not stop at its facility; ASI's morning and early afternoon service from its closest stop at the Queen Mary was inconvenient; approximately 6 to 10 people per day use 24-Hour's DTD service. This patronage increases to 15 to 20 people per day when conventions are held at the hotel; one or two business travelers in a party could save money using 24-Hour's proposed service instead of its DTD service. The sales and marketing director for the Hyatt Regency Hotel testified that the hotel is being constructed next to the LB Convention Center; he is booking hotel reservations for later this year; most of the hotel guests would be one or two businesspersons entering the area through LAX; the hotel would shuttle passengers to ASI's terminals at the Greyhound bus station and at LB Airport, but that service would be inconvenient; and more frequent service is needed.^{3/}

^{3/} He admits to a conversation with ASI's president concerning establishment of a bus stop to serve his hotel and an increase in the frequency of ASI's LB service after completion of the hotel construction.

The sales manager of the Holiday Inn in Costa Mesa supports certification of 24-Hour's Mission Viejo route; she testified the service would help her hotel compete for corporate business with other local hotels offering direct service to LAX; the proposed rates would be cheaper than 24-Hour's DTD service for two or three persons in a party; the nearest ASI stop to LAX is at South Coast Plaza, located two or three blocks from her hotel; it is necessary for the hotel and the South Coast Plaza owners to run shuttle services between that stop and her hotel; and ASI has eight arrivals and eight departures per day. (Friesen testified that the hotel and the plaza are on opposite sides of a freeway.)

ASI's Testimony and Argument

ASI presented testimony by its president, Donald W. Boyles, its vice president of sales, and five public witnesses.

Boyles testified that ASI operates a fleet of 102 41- to 53-passenger GMC and MCI motor coaches equipped with air conditioning, 3-position recliner seats, fabric upholstery, radio equipment, and ample underfloor baggage space and overhead racks for carry-on luggage; it has its own repair and maintenance shop and office building. It employs 30 ticket agents at the Disneyland and Grand Hotels in Anaheim and at LAX terminal facilities. It operates a facility for parking and turnaround of its vehicles at LAX between arrival and departure times. It has operated sales and ticket information kiosks at LAX.^{4/} ASI provides express service using modern equipment, does not require reservations, and is responsive to the needs of the public in adding schedules as growth develops (e.g. it recently expanded service to Pasadena) and dropping schedules when traffic declines. This procedure permits it to charge the lowest possible fares and to meet the needs of the public. ASI provides 34 round trips per day from the Grand and Disneyland Hotels to LAX. On the way to LAX, seven buses stop at Buena Park, eight at Seal Beach, and four at the LB airport; the remaining trips go directly to LAX.

Boyles asserts that ASI will make arrangements to stop at the Hilton Hotel at Disneyland, the Hyatt Regency Hotel in LB, and the Irvine Transportation Center in Irvine when construction

^{4/} New kiosks will be constructed in front of eight LAX terminal buildings during the roadway construction period at LAX.

activity permits selection of a bus stop at those locations. After consideration of a transportation subsidy from downtown LB to LAX was dropped, the State Department of Transportation and LB agreed to improve the parking lot at LB Airport and to put up signs indicating that a park-and-ride facility was available for service to LAX; and that LB Airport has replaced downtown LB as ASI's principal terminus for service from LB to LAX.

Boyles has determined that people will drive five to six miles to a park-and-ride lot located 10 to 12 miles from LAX, and will drive longer distances as the distance from LAX increases. He testified that, after giving consideration to ASI taking over routes previously provided by another bus line, ASI lost customers between 1980 to 1981, and the number of its customers held steady from 1981 to 1982; ASI experienced a decline in customers on its Anaheim schedules between 1977 and 1982; if 24-Hour succeeds in diverting 5% of ASI's Anaheim traffic from LAX, ASI's gross revenues and pretax earnings will each drop \$325,000. ASI's pretax income for the nine months ending September 30, 1982 was approximately \$1,161,000.

The five public witnesses called by ASI all operate hotels in the vicinity of Disneyland, all of them shuttle passengers to ASI's Disneyland terminals, and none of them have encountered any problems in operating on that basis. They do not see the need for 24-Hour's proposed route to serve the hotels on the proposed Orange-Anaheim route.^{5/}

^{5/} On cross-examination, three of these witnesses concede that the proposed service could benefit guests at the hotels provided service by 24-Hour as opposed to being transported to ASI's stop.

ASI's vice president of sales testified on the extent of ASI's nationwide and international sales campaigns to attract business, primarily working through travel agents.

ASI increased the number of round trips it provides to Mission Viejo to eight round trips per day from four round trips per day in accordance with its agreement with 24-Hour in A.60670 (see Vol. 3, RT 9, 10 in that proceeding). 24-Hour agreed to drop its request for certification of three of six routes, including the Mission Viejo route proposed in this proceeding.

ASI argues that:

- a. 24-Hour should not be certificated where ASI is providing passenger stage corporation service and there is no evidence that its service is unsatisfactory or that additional service is required on the Orange-Anaheim, Seal Beach-LB, or Mission Viejo routes.
- b. There is intense competition between the various hotels and motels in the Disneyland area and elsewhere. Some managers feel that due to the large size of their hotels, they are entitled to a passenger stage stop at their hotels.
- c. There are at least 50 hotels in the immediate vicinity of Disneyland; six of 24-Hour's proposed stops are in that vicinity, separated by distances of one-half mile. 24-Hour produced only two witnesses from these hotels. The letters authorizing 24-Hour to establish a stop do not establish PC&N. These letters, which can be readily revoked, have in several instances already been revoked.

- d. The desires of an individual hotel operator do not constitute PC&N; ASI's five public witnesses all provided courtesy vehicles from their hotels to ASI's stops and see no need for additional service on the Orange-Anaheim route.
- e. On the Seal Beach-LB route ASI believes that the decline in public demand in downtown LB does not warrant it providing more than two schedules in each direction at this time. LB's demand is being met through provision of 12 schedules in each direction from LB Airport. ASI serves the Leisure World-Seal Beach stop with eight round trips per day to Orange County Airport and eight round trips per day from LB and LAX. The letter from the Golden Rain Foundation authorizing a stop at Seal Beach does not remotely suggest PC&N require additional service.
- f. On the Mission Viejo route ASI argues that the proposed stops are along the same corridor as its route and a few blocks from its existing stops. Furthermore, ASI accuses 24-Hour of bad faith in seeking certification of the Mission Viejo route in violation of its December 17, 1981 settlement with ASI. ASI agreed to increase its service to Mission Viejo from four trips per day to eight trips per day in each direction. After D.82-03-028 dated March 2, 1982 in ASI's A.60906 authorized ASI to expand its Mission Viejo service, it did so on April 18, 1982. But 24-Hour ignored the agreement by seeking permission to stop at the locations indicated on

that route at about the time ASI's new schedules went into effect. ASI argues that the testimony of the sales manager of the Holiday Inn in Costa Mesa did not establish PC&N.

Discussion

ASI objected to admission of the letters of authorization from the establishments on 24-Hour's schedule, as hearsay, not supported by witnesses subject to cross-examination. The letters were received as Exhibit 38.^{6/} The testimony of: 24-Hour's president explaining the basis upon which it requested expansion of the company's scheduled service; 24-Hour's marketing director, who solicited an authorization for each of the proposed stops^{7/} on the new routes and for the new stops on its existing routes 2 and 3; a witness from a hotel now provided scheduled service; nine witnesses from the 30 establishments on the proposed routes listed on Table 1; a witness from the LB Council; and the cross-examination testimony of three of ASI's public witnesses representing hotels near Disneyland establish the need for this type of service, even without considering the statements. It is evident from the testimony that 24-Hour will provide a more convenient service and, except for service from the Disneyland area, the opportunity to obtain more frequent service to LAX than that offered by ASI. With the exception of the stops now provided service by ASI, passenger stage passengers can avoid further transfers with their baggage. At those locations 24-Hour

6/ Some of the authorizations contain reservations requiring approval of advertising material listing their establishments.

7/ As noted, Exhibit 38 did not contain letters from the Park & Ride lot in Glendora on the proposed Glendora-Monterey Park route, the Brea Mall, and the stop at 24-Hour's new base on existing route 2.

is offering more frequent service and an alternate to ASI service. The sales and marketing manager of the Hyatt Regency Hotel (under construction) wants that alternative service even though ASI indicated its willingness to stop at his hotel and to evaluate more frequent scheduling on its route.

However, 24-Hour is charging higher rates than ASI for that convenience. But the business travelers and other users of 24-Hour's service are willing to pay more as a trade-off for convenience and/or time saved due to the availability of more frequent schedules. However, at its scheduled stops, 24-Hour is providing less costly service to an individual or to members of small parties than on its DTD service. Furthermore, 24-Hour's dispatcher informs the person making a reservation when the size of a party makes DTD service less costly than scheduled service.

With respect to ASI's objection to the letters of authorization, which were received into evidence, we point out that a certification proceeding is quasi-legislative and administrative in nature. We are not bound by the strict rules of evidence. Accordingly, such letters may be taken into the evidentiary record as corroborative evidence that the management of the establishments in question want scheduled service from 24-Hour. The desire for service at the establishments involved has changed and may change in the future, but the underlying concept of the desirability of service generally following the proposed routes remains valid. (We note that in ASI's recent certificate proceeding, referenced in ASI's brief, it moved a stop at the request of a hotel (see mimeo. pg. 2, D.82-03-018 dated March 2, 1982).) ASI's objections concerning these letters

go to the weight they should be afforded as evidence, not their admissibility. Objections such as this do not preclude us from making those letters part of the record. A contrary holding would make our certification proceedings too burdensome and time-consuming, and work against the public interest. Our procedures, in matters such as this, should not be so cumbersome, expensive, and time-consuming as to thwart the applicant of modest means and cause unrealistic allocation of our limited resources and taxpayer dollars.

Need for a proposed service can be shown by the testimony of the applicant on how it has assessed the marketplace and determined the need for service. Such testimony may be buttressed with public witnesses' testimony, and further corroborated by those letters. The point is there is no need for the expense and delay for all concerned with a parade of every possible public witness into the hearing room. Furthermore, with respect to the proposed Glendora-Monterey Park route and the modifications to the existing routes 2 and 3, ASI did not object to establishment of those services.

ASI is not opposing establishment of the Anaheim-Compton route. Representatives from four of the seven hotels on that route testified in support of the application. Some of the hotel-shuttle transportation to ASI's Disneyland stops on this route can be eliminated with the establishment of the new service. The hotel-shuttle service could either transport people and their baggage to catch an ASI bus or transport people on a daily basis for entertainment or convention activities. The reasons

given by four public witnesses on the need for the Anaheim-Compton route are generally applicable to the Orange-Anaheim route.

On the Seal Beach-LB route the public witnesses testified to the need for additional and more frequent service. The establishment of the Leisure World stop was approved by a Leisure World resident council.

24-Hour's prior stipulation on the Mission Viejo route was made in hearings on A.60670. We can understand ASI's surprise at 24-Hour seeking certification of this route by amendment to this application. 24-Hour should have advised ASI of the limited nature of its stipulation in the prior proceeding. The Mission Viejo route generally parallels the ASI corridor. However, some of the stops are not on the same side of a freeway as ASI's stops. The public witness from the Holiday Inn objected to the need for making a roundabout trip across the freeway to shuttle passengers to ASI's stop.

In the issue before us ASI provides regular economical service using large comfortable buses from a few central points to LAX and other airports. But 24-Hour offers greater flexibility, including ease in establishing stops for its small vehicles, and convenience.

As this Commission has previously stated:

"California needs an influx of vigorous, innovative thinking if publicly acceptable alternatives to private auto use are to fully develop. . . ." (Tiffany Tour and Travel Service, Inc. (1970) 2 CPUC 2d 488, 492.)

We will, therefore, grant the requested authority. This is not to imply that we will authorize any sufficiently financed alternative designed to provide scheduled service. Our primary function with respect to transportation operations is to protect the best interests of the public.

Viability of Proposed Service

24-Hour's Estimates

Friesen's projections of 24-Hour's future profits from the schedules on its existing routes (Exhibit 13) and its proposed routes (Exhibit 25) are predicated on customer growth patterns on 24-Hour's existing routes, its recent recorded expenses, and an analysis of its scheduled reservations, revenues, and expenses for a 25-day^{8/} test period (Exhibit 6). In addition, he considered 24-Hour's customer potential based on hotel room occupancies at its stops and the local park-and-ride potential.

^{8/} Exhibit 6 shows a 27-day test period from October 27 to November 20, 1982 inclusive. In addition, there is a typographical error on line 18, column 3, of the first page of Exhibit 6. The expense item should read \$2,510.20 rather than \$1,510.20.

Exhibit 6 contains the following for each existing route: a breakdown of numbers of reservations made per trip for scheduled service only, and total scheduled reservations for combined DTD and scheduled service trips; scheduled service income; an expense analysis; and a calculation of pretax profits for the test period. Friesen testified that on an overall basis 24-Hour's recorded expenses equate to an average charge of 55c per mile. For each route, his estimated one-way mileage is the average mileage between the furthest point and the nearest point to LAX. His estimated expense for scheduled trips only is the product of 55c per mile, the average round-trip distance on the route, and the number of trips taken and one or more groups making reservations may be carried on the same trip. His expense estimate for scheduled trips combined with DTD reservations is the product of 14% of the average cost of a round trip on that route and the number of scheduled reservations taken; and that amount covers estimated administrative costs for dispatching, advertising, and other office expenses. His estimate of 24-Hour's average administrative expenses, excluding payroll taxes, is 28% of its total expense; he charges all remaining expenses to operating vehicular equipment based on mileage.

He contends that for scheduled service the 28% should be cut in half because a dispatcher requires more time to fill a DTD reservation to any location in 24-Hour's territory than to fill a scheduled service reservation to a known stop and because advertising expense and management time per trip differ between DTD and scheduled service. He also contends that 24-Hour's mileage expenses on combined trips should be charged to DTD service because its scheduled service

operations are worked into its larger DTD operations^{9/} and its mileage expenses on a combined trip would not differ much from making the trip without the scheduled service.

Friesen also contends that his estimates overstate expenses and understate profits for several reasons including failure to reduce administrative expense from 28% to 14% on scheduled service only trips, overstatement of future estimates of fuel expenses, which are part of mileage expenses, completion of an innovative program of converting vehicles to use propane as a fuel which reduces 24-Hour's operating expenses and reduces air pollution compared to its use of other fuels, and its low labor costs.

Friesen also testified that 24-Hour's move to its new base facility had been nearly completed. In that facility it will be able to accept large propane deliveries. At a bulk rate the bill for 95% of 24-Hour's fuel requirements will be reduced by 14¢ per gallon.

ASI's Argument

ASI derides 24-Hour's claim of viability in providing scheduled service as follows:

- a. The theory of taking more time for taking a DTD reservation than for a scheduled reservation does not justify cutting all administrative costs for scheduled service.

^{9/} For four months ending October 31, 1982, revenues for DTD service were 6.6 times as much as scheduled service revenues.

- b. The allocation of all mileage expense for combined trips to DTD service is unreasonable under 24-Hour's approach; 24-Hour could operate a van exclusively for scheduled operations to LAX and operate it exclusively for DTD service on the return trip, but all of its mileage expense for the round trip would be charged to DTD service. Since 24-Hour used this method to calculate the pro forma estimate of its proposed operations, those results are totally invalid.
- c. 24-Hour's Exhibit 13 for August, September, and October 1982 shows that (1) on route 1 it carried an average of two passengers on each scheduled trip to LAX and an average of one passenger from LAX; (2) on route 2 it carried an average of 2/3 passenger per schedule to LAX and 1/3 passenger from LAX; and (3) on route 3, one scheduled trip to LAX every 2-1/3 days and one return trip about every fourth day. That traffic volume cannot justify continuance of the service. Those load factors will in no way alleviate traffic problems at LAX nor serve the public.
- d. 24-Hour's profit for its fiscal year ending June 30, 1982 was \$58,809 and its operating ratio was 97.2%. Its net profit for the first quarter of its next fiscal year was \$6,299 and its operating ratio was 99.3%. Airport traffic is highest between July and October. July and August are the peak months. Yet with the advent of 24-Hour's scheduled operations, its profit during the heavy traffic season was less than 1%.

- e. It is not fair to the public to use established DTD service to subsidize scheduled operations. In a very short time 24-Hour will have to come in for another rate increase^{10/} to further subsidize its existing scheduled operations, let alone subsidize its proposed operations. Those subsidies alone provide grounds for denying the application.

Discussion

During the 25-day test period reflected in Exhibit 6, 24-Hour accepted 1,430 reservations for one-way trips to or from LAX. This means that if it accepted only one scheduled service reservation per stop on a given one-way trip, it would have made 10% of the potential stops on all of its schedules. 24-Hour provided return trips (not round trips) along each route. In determining operating expenses, actual mileage, including dead head mileage, and employee time on each one-way trip rather than "average mileage" would provide a better financial analysis of 24-Hour's operations. On a combined service one-way trip direct charges and allocated charges for each class of service could be determined.

Administrative expense allocations should be made on the basis of numbers of reservations with appropriate weighting for type of service, based on a study. 24-Hour allocated administrative expenses on a mileage basis for scheduled service only and on a combination of mileage and numbers of

^{10/} On March 28, 1983, 24-Hour filed A.83-03-72 requesting a \$2 fare increase in its DTD rates to increase its revenues by \$127,644 (6.7%).

reservations on its combined service estimates. If the average number of scheduled reservations handled on each combined service "round trip" equaled the 2.13 average number of reservations on scheduled service only "round trips", 24-Hour's allocation of administrative expenses per combined service trip would exceed its 28% allocation of total round-trip expenses to scheduled service only.

24-Hour estimates its profitability using a method which is poorly developed and which does not produce refined results. It should improve on its method in any future proceeding. We have also considered that 24-Hour is still in the early stages of establishing its scheduled service. Its study covers a period ending less than nine months after it was authorized to operate routes 1 and 2 and about five months after it was authorized to operate route 3.

24-Hour's scheduled service load factor was low for the test period. 24-Hour still has a potential for growth in patronage on its routes, which would provide it with a more clear-cut demonstration of profitability.

Section 1032 Issues

24-Hour argues that in D.82-06-090 the Commission found that 24-Hour already provides an on-call DTD airport and return service in the area, would provide service at frequent intervals, and would reduce congestion at the airport. The Commission concluded that 24-Hour's service was materially different from protestant's and Section 1032 did not apply. Since the issues are the same in this proceeding, 24-Hour argues that collateral estoppel precludes ASI from raising Section 1032.

24-Hour does not mention that D.82-06-090 also contains findings that ASI provided scheduled service to inland residents along a route 3 to 10 miles from 24-Hour's proposed route and that 24-Hour would serve residents along the beach in concluding that 24-Hour's service was materially different from protestant's.

ASI argues that Section 1032 is a bar to granting the requested certificate. Its citations involve certification proceedings between 1922 and 1968.

ASI has ignored a change in the thrust of our decisions, which have reduced the monopoly protection afforded an established carrier. D.82-06-090 is a case in point. On the contested routes in this proceeding, there were overlapping stops on two of the routes and distances between competing routes were quite close. Nonetheless the Commission found that the two companies were providing materially different types of service and Section 1032 did not apply.

24-Hour makes prereserved scheduled stops at 10% or less of the scheduled stops on its timetables, and provides two types of service in the same small vehicles. ASI in contrast runs large well-equipped buses

and picks up passengers without reservations in accordance with its timetables. Its rates are lower than those of 24-Hour's.

The Commission is operating in a legislative capacity, not in a judicial capacity, in awarding new routes. It is not in the public interest for the Commission to put on blinders and ignore the potential effect of its granting new authority to an applicant. Furthermore, Section 1032 authorizes the Commission to grant, deny, or modify a requested authorization or to attach conditions to the authorization granted. 24-Hour's motion to prevent ASI from using the statutory basis upon which it may file a protest should be denied.

Impact of Granting Certificate
on ASI

ASI argues that it would suffer serious financial impacts due to the loss of revenues which would occur if the certificate is granted. It cites the following excerpt from D.82-06-090:

"Protestant's witness testified that people will drive 5 miles to a bus stop when the airport is at least 12 miles away and 12 miles if the airport is 25 miles away. A survey was explained which showed that 35 to 85% of airport passengers came from the Los Angeles area, rather than from a hotel or motel. Protestant placed an exhibit in evidence to illustrate an increase in patronage during 1978 and 1979 at Mission Viejo and Laguna Hills, which were stops on one of its schedules. Two new operators started during the latter part of 1978 and the two stops mentioned had a decrease of 12.6% in patronage during 1980. A decrease in patronage has occurred at other stops

according to the exhibit. Protestant has no competitors out of Long Beach and its patronage has increased every year through 1980."

ASI further argues that the exhibit shows a decrease of patronage at other stops and that the impact of the 1978 authorization of DTD service by 24-Hour and another carrier has been felt by it. A much greater impact will occur from regular route service operating over the same or similar routes of ASI and stopping at some of the same stops. It states the extent of the diversion of revenues from it is difficult to prove, but customer statistics show that it will be adversely affected.

24-Hour argues that Friesen testified that 4% to 5% of its new revenues, or \$8,000-\$10,000, would be diverted from ASI, which would have a negligible effect on ASI; it would not divert 5% of ASI's far larger total revenues. In the Disneyland area, its stops would not use any of the same stops as ASI but would stop at remote locations. ASI has refused to stop at certain hotels now proposed to be served by 24-Hour. In other cases where ASI is providing service it does so a few times a day contrasted to 24-Hour which offers 14 to 16 round trips per day.

ASI did not make a convincing showing of potential adverse impacts on it from the proposed certification. ASI did not discuss a multitude of potential impacts on its business, such as economic conditions, numbers of airport flights or airplane passengers, an airport controllers' strike which materially affected air operations, changes in airport operations involving other carriers, attendance at Disneyland or convention facilities, and changes in other transportation services (e.g. train services) which may affect its operations. There are exhibits showing

substantial potential growth in LAX and LB traffic. There is a growing demand for additional transportation services to accommodate new construction in the Disneyland area and in LB. There is a need for a variety of transportation sources to meet these needs. ASI and 24-Hour were both requested to provide service to the Irvine Transportation Center in Irvine.

Is Combined Service Illegal?

ASI cited Friesen's testimony showing that a passenger would pay far more for DTD service than for scheduled service even though the DTD passenger was picked up closer to LAX and transported with his baggage in the same van as a scheduled service passenger. ASI argues that this practice is a patent violation of PUC Section 461.5, which prohibits discrimination in charges and prohibits charging more for transportation over a shorter distance than over a longer distance along the same route in the same direction. However, Section 461.5 also allows the Commission to authorize deviations from the statutory long- and short-haul provisions.

The assertion that 24-Hour's rates will result in unreasonable discrimination in rates is unsubstantiated. It is not unusual for common carriers to publish rates between points for movements over one route which are different from rates between different points over another route for the same lengths of haul. What 24-Hour has done is to offer the public lower rates where the volume of traffic and competition are greater. To be unlawfully discriminatory, the degree of preference or prejudice to persons or places must be unjust and undue.

(Scott Lbr. Co. v ATSF Ry Co. (1947) 47 CPUC 593; Reduced Rates

on Cement (1951) 50 CPUC 622; Reduced Rates on Cement (1939) 42 CRC 92.) ASI has not demonstrated that any of 24-Hour's rates would be unlawfully discriminatory to any person or corporation, or that any unreasonable difference in rates or charges would exist between localities.

24-Hour's basic DTD charges are for one to three persons at their premises. It is attempting to encourage growth in its business by offering lower cost scheduled service to an individual, from hotels on heavily traveled routes, and to persons in the nearby community who will park and ride to use its service.

Findings of Fact

1. 24-Hour has applied to provide prereserved scheduled bus transportation along five routes to LAX. The location of proposed stops along these routes and the frequency with which the schedules may be run is shown in Table 1.

2. 24-Hour already provides this type of service along three routes. It has also applied to add stops or change stops on two routes.

3. 24-Hour also provides prereserved DTD airport and return service in the area and has applied to combine its present DTD service and proposed scheduled service. Such combined service is now provided on its existing routes.

4. The proposed scheduled service will reduce charges for LAX transportation for small parties compared to use of 24-Hour's existing DTD service.

5. ASI provides regular economical service using large comfortable buses from a few central points to LAX.

Process

TH-3

6. 24-Hour proposes more frequent service to LAX than ASI, except for service from the vicinity of Disneyland.

7. There is a need for an alternative to ASI service.

8. 24-Hour's proposed service is economically viable when operated in combination with DTD service.

Conclusions of Law

1. PC&N have been demonstrated and the request to institute service over 24-Hour's proposed routes and to add and change stops on two of its existing routes should be granted.

2. 24-Hour's service is materially different from protestant's and Section 1032 does not bar our certification.

3. Section 461.5 does not bar 24-Hour from charging higher rates for DTD service than for scheduled service over the same distance or from combining DTD with scheduled service as proposed.

4. Certification is a legislative function rather than a judicial function. 24-Hour's motion to prevent ASI from protesting further extension of 24-Hour's certificate should be denied.

5. Since there is a demonstrated need for the proposed service the following order should be effective today.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to 24-Hour Airport Express, Inc. (24-Hour), 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.89074, to transport persons and baggage. ✓

2. Appendix A of D.89074 is further amended with the additional and revised pages 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.

4. 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 the airport authority involved.

5. 24-Hour's motion to prevent ASI from protesting further expansion of 24-Hour's certificate is denied.

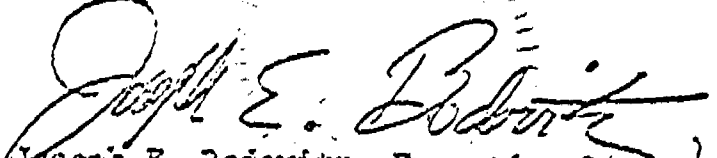
This order is effective today.

Dated July 20, 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

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


Joseph E. Bodovitz, Executive Director

T/rr/vdl

Appendix A
(D.89074)

24-HOUR AIRPORT EXPRESS, INC.
(PSC-1043)

Fourth Revised Page 2
Cancels
Third Revised Page 2

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

*24-Hour Airport Express, Inc., a corporation, 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 on-call, door-to-door service between Los Angeles International Airport (LAX), John Wayne/Orange County Airport (SNA), Burbank-Glendale-Pasadena Airport (BUR), Long Beach Airport (LGB), and Ontario International Airport (ONT), on the one hand, and all points and places in the Los Angeles Metropolitan Service Area, on the other hand, and scheduled service over and along the routes described, subject, however, to the authority of this Commission to change or modify the routes at any time and subject to the following provisions:

- (a) The equipment shall have a carrying capacity not to exceed 15 passengers.
- (b) No passenger shall be picked up at an airport or at an off-airport bus stop of Airport Service, Inc., AirportTransit, Inc., or successor entities, unless a reservation has been made at least one-half hour in advance.

EXCEPTION: Passengers at airports completing round trips with 24-Hour Airport Express, Inc.

EXCEPTION: Passengers at LAX who make a reservation through any direct telephone line at LAX for which 24-Hour Airport Express, Inc. has received a permit from the Board of Airport Commissioners of the City of Los Angeles.

Issued by California Public Utilities Commission.

*Revised by Decision 83 07 041, Application 82-07-13.

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

- (c) 24-Hour Airport Express, Inc. shall not spot any vehicle at an airport or at an off-airport bus stop of Airport Service, Inc., or AirportTransit, Inc., or successor entities, for the purpose of waiting for radio calls to pick up passengers.
- * (d) No passenger shall be transported except those having origin or destination at one of the five airports identified above.
- (e) Service shall be rendered via direct route from the point of origin to the point of destination of a passenger, except that when more than one passenger is to be transported in a single vehicle, service shall be rendered by the most direct routings possible, taking into consideration the various points of origin and destination of the several passengers.
- (f) 24-Hour Airport Express, Inc. shall have discretion in choosing routings and order of origins and destinations, based upon the above considerations.
- # (g) The tariffs and timetables shall show the conditions under which each authorized on-call and scheduled service will be rendered.
- # (h) 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 the airport authority involved.

Issued by California Public Utilities Commission.

#Added and *Revised by Decision 83 07 041, Application 82-07-13.

T/rr/vdl

Appendix A
(D.89074)

24-HOUR AIRPORT EXPRESS, INC.
(PSC-1043)

Third Revised Page 5
Cancels
Second Revised Page 5

*SECTION 2. SERVICE AREA DESCRIPTION. (Continued)

Zone 201D

Beginning at the south point where Zone 201C meets the Pacific Ocean, northeasterly through the intersection of Crown Valley Parkway and Pacific Coast Highway and then following the southeasterly border of Zone 201C until the line intersects Interstate 5, northerly on Interstate 5 to the southerly border of Zone 201B, then due east to a point on the Orange County-Riverside County line, southerly along the Orange County line to the Pacific Ocean, northerly along the Pacific Ocean to the point of origin.

Issued by California Public Utilities Commission.

*Revised by Decision 83 07 041, Application 82-07-13.

SECTION 3. ROUTE DESCRIPTIONS.

*Route 1 - ONT-LAX

Beginning at ONT then via Interstate 10, Azusa Avenue, 60 Freeway, Interstate 10, La Brea Avenue, La Cienega Boulevard to LAX stopping at the Red Lion Inn, Airport Motel, Holiday Inn and the Super 8 Motel, Ontario; Griswold and Rodeway Inns, Claremont; Granada Royale, Covina; Holiday Inn, West Covina; and Sheraton Inn, City of Industry.

*Route 2 - Brea-LAX

Beginning at Coco's Restaurant in Brea then via Imperial Highway, Harbor Boulevard, Lambert Road, Beach Boulevard, Whittier Boulevard, Washington Boulevard, Rosemead Boulevard, Slauson Boulevard, La Cienega Boulevard to LAX with stops at the Brea Mall, Brea; 24-Hour Airport Express, Inc. office and Best Western Motel, La Habra; Whittwood Mall, Whittier; Rodeway Inn, Pico Rivera; Holiday Inn, Montebello; and Hyatt House Hotel, Commerce.

*Route 3 - Laguna Beach-LAX

Beginning at the Surf and Sand Hotel in Laguna Beach, then over and along the most appropriate route or routes to State Highway 1, also known as Pacific Coast Highway (S-1), northerly on S-1 to Lakewood Boulevard, due north on Lakewood Boulevard to Interstate Highway 405 (I-405). Continue in a northwesterly direction on I-405 then over and along the most appropriate route or routes to LAX with stops at Laguna Hotel, Laguna Beach; Marriott Hotel and Newporter Inn, Newport Beach; Balboa Bay Club, Balboa; Huntington Beach Inn, Huntington Beach; Edgewater Hyatt Hotel, Long Beach; and Holiday Inn, Long Beach.

Issued by California Public Utilities Commission.

*Revised by Decision 83 07 041, Application 82-07-13.

SECTION 3. ROUTE DESCRIPTIONS. (Continued)

Route 4 - Glendora-LAX

Beginning at the Park and Ride lot in Glendora, then via the Foothill Freeway (I-210), Huntington Drive, Rosemead Blvd., San Bernardino Freeway (I-10), San Gabriel Blvd., Pomona Freeway (Rte 60), Santa Monica Freeway (I-10), La Brea Avenue, Stocker Street, La Cienega Blvd. to LAX with stops at Howard Johnson's Hotel, Monrovia; Ramada Inn, Arcadia; Vagabond Motel and Motel 6, Rosemead; and Atlantic Square, Monterey Park.

Route 5 - Anaheim/Compton-LAX

Beginning at the Anaheim Hills Motor Inn in Anaheim Hills, then via Artesia Freeway (Rte 91), Harbor Freeway (Rte 11), San Diego Freeway (I-405) to LAX with stops at Griswold's Inn and Holiday Inn, Fullerton; Buena Park Hotel and Convention Center, Buena Park; Saddleback Inn, Norwalk; Granny's Donut Shop, Bellflower; and Willow Tree Inn, Compton.

Route 6 - Orange/Anaheim-LAX

Beginning at the Sky Palm International Hotel in Orange, then via Chapman Avenue, Harbor Blvd., Santa Ana Freeway (I-5), Artesia Freeway (Rte 91), Harbor Freeway (Rte 11), San Diego Freeway (I-405) to LAX with stops at Rodeway Inn and Holiday Inn, Orange; Hilton at the Park, Marriott Hotel, Canestoga Inn and the Sheraton Anaheim, Anaheim.

Issued by California Public Utilities Commission.

Decision 83 07 041, Application 82-07-13.

SECTION 3. ROUTE DESCRIPTIONS. (Continued)

Route 7 - Seal Beach/Long Beach-LAX

Beginning at the Leisure World in Seal Beach then via Long Beach Freeway (Rte 7) and San Diego Freeway (I-405) to LAX with the following Long Beach stops: Holiday Inn, Hyatt Regency, the Queensway Bay Hilton, and RMS Queen Mary.

Route 8 - Mission Viejo-LAX

Beginning at the Mission Viejo Mall, in Mission Viejo, then via the San Diego Freeway (I-405) to LAX with stops at Hyatt Lodge, Laguna Hills; Travel Lodge, El Toro; Irvine Transportation Center, Irvine; and the Holiday Inn, Costa Mesa.

6. 24-Hour proposes more frequent service to LAX than ASI, except for service from the vicinity of Disneyland.

7. There is a need for an alternative to ASI service.

8. 24-Hour's proposed service is economically viable when operated in combination with DTD service.

Conclusions of Law

1. PC&N have been demonstrated and the request to institute service over 24-Hour's proposed routes and to add and change stops on two of its existing routes should be granted.

2. 24-Hour's service is materially different from protestant's and Section 1032 does not bar our certification.

3. Section 461.5 does not bar 24-Hour from charging higher rates for DTD service than for scheduled service over the same distance or from combining DTD with scheduled service as proposed.

4. Certification is a legislative function rather than a judicial function. Since 24-Hour's motion seeking estoppel to prevent ASI from protesting further extension of 24-Hour's certificate would interfere with our carrying out our legislative function it should be denied.

5. Since there is a demonstrated need for the proposed service the following order should be effective today.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to 24-Hour Airport Express, 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.89074, to transport persons and baggage.

2. Appendix A of D.89074 is further amended with the additional and revised pages 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.

83 07 041

A.82-07-13 ALJ/emk

4. 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 the airport authority involved.

This order is effective today.

Dated JUL 20 1983, at San Francisco, California.

LEONARD M. GRAYES, JR.
President

VICTOR CALVO
PRISCILLA C. CROW
DONALD VIAL
WILLIAM T. BAGGETT
Commissioners