

Decision No. 88520 FEB 22 1978**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
DOROTHE J. PEEL, an individual, doing
business as AIRPORT BUS SERVICE, for
authority to increase fares for
passengers between the City of Redding
and Redding Municipal Airport under
Section 454 of the Public Utilities
Code.

)
Application No. 57709
(Filed November 28, 1977)

O P I N I O N

This application requests authority to increase the carrier's passenger fares from \$2.00 one way and \$4.00 round trip to \$4.00 and \$8.00, respectively. It is estimated the requested increases will provide \$3,700 additional annual revenue.

Applicant is authorized by a Certificate of Public Convenience and Necessity (PSC-983) to transport passengers and their baggage and to transport express on passenger vehicles between Redding and the Redding Municipal Airport. The present passenger fares were authorized by Decision 77486 in Application 51482 and became effective September 3, 1970.

Applicant alleges that at present fares, it is operating at a financial loss and that expenses, particularly fuel and insurance, have increased since the time the present fares were authorized.

Applicant has notified the City of Redding and the Redding Municipal Airport of the requested increase. The County of Shasta and the City of Redding were notified pursuant to Section 730.3 of the Public Utilities Code. The application was reported on the Commission's Calendar of November 29, 1977. No comments or protests have been received by the Commission.

It has been determined from a Commission staff investigation that, generally, the taxi fare between the downtown shopping mall area of Redding, and the airport is \$11.00 for the ten-mile trip, that 11,000 common carrier airline passengers use the airport annually of which about one third use the applicant's service, that the owner/applicant performs all the duties of driver, manager and administrator, that the compensation for those duties is whatever profit may be realized from the operations since such compensation is not reflected in the recorded expenses.

Exhibits attached to the application contain financial information for an eight-month recorded historical period and an eight-month estimated future period. The Commission staff has reviewed the exhibits and generally does not take exception to the expenses as shown. However, the staff has annualized the estimates in the exhibits, excluded \$700.00 interest as not being an operating expense, used a depreciation schedule based upon a statewide history of vehicle transactions, and has applied an adjustment for the effect of increased fares on the number of passengers to be carried (diminution). A summary of the staff review is presented in the following Table 1:

TABLE 1

Prepared by	<u>Applicant</u>	<u>Applicant</u>	<u>Applicant</u>	<u>Staff</u>	<u>Staff</u>
Period	1977	1978	1978	7-1-78 6-30-79	7-1-78 6-30-79
One-Way Fare	\$2.00	\$2.00	\$4.00	\$2.00	\$4.00
Passengers	2,501	3,690	3,690	3,690	2,770
Revenues	\$5,002	\$7,380	\$14,760	\$7,380	\$11,080
Expenses	8,431	9,064	9,064	8,480	8,480
Optg. Income	<u>-\$3,429</u>	<u>-\$1,684</u>	<u>\$ 5,696</u>	<u>-\$1,100</u>	<u>\$ 2,600</u>

F I N D I N G S

1. Applicant's present fares have been in effect since September 3, 1970.
2. The operating expenses for the applicant's service have increased since September 3, 1970, particularly for fuel and insurance.
3. The operating income represents all the compensation or salary to the owner/applicant for performing all the driving, managing and financing of the service.
4. The service will be operated at a \$1,100 annual loss at present fares but would realize \$2,600 annual compensation for the owner's work at the requested fares.
5. The requested fares will provide \$3,700 additional revenue.
6. The requested increase in applicant's fares is justified.
7. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Dorothy J. Peel, d.b.a. Airport Bus Service, is authorized to establish the fares as requested in Application 57709.

2. 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.

3. The authority shall expire unless exercised within ninety days after the effective date of this order.

Since the service is being operated at a loss under present fares, the effective date of this order is the date hereof.

Dated at San Francisco, California, this 22nd day of FEBRUARY, 1978.

President

Yvonne L. Sturgeon

Richard D. Gould

Paul J. DeLoach

Commissioners

Commissioner Robert Batinovich, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.