

Decision No. 88885 MAY 31 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of AIRPORT TRANSPORTATION CO. dba)
AIRPORT LIMOUSINE (Monterey), a)
corporation, for authority to in-)
crease rates between the Monterey)
Peninsula Airport and points on)
the Monterey Peninsula (Total In-)
crease - \$60,000))

Application No. 57759
(Filed December 22, 1977)

O P I N I O N

Airport Transportation Co., doing business as Airport Limousine (Monterey), presently operates as a Passenger Stage Corporation (PSC-898), transporting passengers and their baggage between the Monterey Peninsula Airport, on the one hand, and Carmel, Monterey, Seaside, Fort Ord, Salinas, Del Monte Forest, Del Rey Oaks, Esalen Institute, Highland Inn, Quail Lodge and points intermediate thereto, on the other hand.

By this application, Airport Transportation Co. seeks authority to increase its passenger fares by approximately 19 percent.

The present fares were established by Decision 37035 dated March 1, 1977 in Application 56960.

The applicant alleges that the company has been recently operating at a deficit, and the proposed fare increase would offset the estimated loss for the rate year of 1978.

The applicant further alleges that the proposed revenue increase would also have to offset the increase in the following expenses each of which varies as a percentage of gross revenue:

1. Drivers' compensation on a commission basis, 40%
2. Franchise fee to airport (10% on first \$10,000 of monthly gross revenue and 15% above that), 15%
3. Ad Valorem Tax (possessory interest) on airport lease, 1%
4. Payroll Taxes and Workmen's Compensation Insurance 19.5% of above payroll or 7.8% of gross revenue.

The staff of the Transportation Division has made an analysis of the applicant's operations and submitted a report on the rate year ending December 31, 1978 under present and proposed fares.

The report is hereby received as Exhibit 1. The exhibit indicates the following results:

ESTIMATED RESULTS OF OPERATIONS FOR
RATE YEAR ENDING DECEMBER 31, 1978

Item or Account		Rate Year 1978	
Number	Description	Present Fares	Requested Fares
(1)	(2)	(3)	(4)
	Passengers	51,510	49,450
	Bus Miles	520,000	520,000
	<u>Revenue</u>		
320	Passengers	\$175,300	\$197,800
	<u>Expenses</u>		
410	Maintenance	\$ 13,800	\$ 13,240
420	Transportation	92,280	100,540
440	Traffic	300	300
450	Insurance	20,900	21,450
460	Administration	30,450	30,450
500	Depreciation	4,280	4,280
520	Operating Tax	13,400	14,210
530	Rent	16,920	20,300
	Total Expenses	\$192,330	\$204,770
	Operating Income	\$-17,030	\$ -6,970
800	Income Tax	200	200
	Net Income	\$-17,230	\$ -7,170
	Operating Ratio-%	109.8	103.6

Notice of the filing of this application was listed in the Commission's Daily Calendar on December 23, 1977. Additionally, the Commission staff notified affected public transit operators and planning agencies of the receipt of this application, pursuant to California Public Utilities Code Sections 730.3 and 730.5. Questions regarding the level of the requested fares, the airport franchise fee and increased

expenses were received from the City of Carmel and Monterey Peninsula Transit System. These questions were answered to their satisfaction by the Commission Staff and applicant. The City of Carmel and the Monterey Peninsula Transit District later expressed that they have no opposition to the fare increase.

After consideration, the Commission finds that:

1. The requested fare increase would result in additional annual revenue in the amount of \$22,500.
2. Even with the requested increase this passenger service would be conducted at a loss.
3. The proposed fare increase is justified.
4. A public hearing is not necessary.

The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. Airport Transportation Co., doing business as Airport Limousine (Monterey), is authorized to establish the increased fares proposed in Application 57759. 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. The authority shall expire unless exercised within ninety 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 its buses and terminals a printed explanation of its fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

Since the carrier is presently operating at a substantial loss, the effective date of this order is the date hereof.

Dated at San Francisco, California, this 31st
day of MAY, 1978.

Robert Bateman

President

William J. Quinn

Vernon L. Stegeman

Richard D. Gault

Commissioners

L. Enam:
see attached
Richard D. Gault

Commissioner Claire E. Detric, being necessarily absent, did not participate in the disposition of this proceeding.

A. 57759
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RICHARD D. GRAVELLE, Commissioner, Concurring:

I concur. However, I hope the staff, applicant and the Monterey Peninsula Airport will evaluate the reasonableness of the franchise fee payable to the Monterey Airport. Fees based solely on gross revenues are suspect. For a carrier the size of the applicant to pay 15% of his gross revenues to the airport is a serious economic burden. It would appear the airport may be more selfishly interested in dollars than good reliable ground transportation for its patrons. This utility has traditionally had financial difficulties. If it must abandon service the real loss will be to the people of Monterey and surrounding areas. If the Monterey Airport contributes to the loss of transportation provided by this common carrier, the airport should stand accountable for the loss of service to the people of the community.


RICHARD D. GRAVELLE, COMMISSIONER

San Francisco, California
May 31, 1978