

Decision No. 88958 JUN 13 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AIRPORT SERVICE,
INCORPORATED, for authority to
adjust its rates.

Application No. 57880
(Filed February 21, 1978)

Application of ORANGE COAST
SIGHTSEEING COMPANY for authority
to adjust its rates.

Application No. 57881
(Filed February 21, 1978)

O P I N I O N

Airport Service, Incorporated (Airport) is a passenger stage corporation engaged in operations between various airports in Los Angeles and Orange Counties, on the one hand, and various points in Los Angeles and Orange Counties, on the other hand, as well as between certain of the airports, as set forth in Appendix A of Decision No. 83743 as amended by Decision No. 84583 in Application No. 54778. By Application No. 57880 it seeks authority to increase its fares by approximately 23 percent. The present fares were established in Decision No. 88294 dated December 20, 1977 in Application No. 56565 which was filed June 16, 1976. Airport alleges the instant application is necessitated because of the spiraling costs of inflation which affect all of its costs. It is estimated that the requested increase will result in additional gross annual revenue of \$786,869.

Orange Coast Sightseeing Company (Orange Coast) is a passenger stage corporation which provides a sightseeing service between various points in Orange County, on the one hand, and points of interest in Orange and Los Angeles Counties, on the other hand, as set forth in Decision No. 69671 in Application No. 47707 as amended by later decisions. Orange Coast is a subsidiary of Airport. By Application No. 57881 it seeks authority to increase its fares by

approximately 10 percent. Orange Coast has not increased its fares since the institution of its initial service in 1965. It is estimated that the requested increase will result in additional gross annual revenue of \$63,357.

The Transportation Division has prepared a study of the applications which is received in evidence as Exhibit 1 in Application No. 57880. The staff recommends the sought increases be granted.

Notice of filing of the applications appeared in the Commission's Daily Calendar on February 24, 1978. The Commission staff has notified the required parties pursuant to Section 730.3 of the Public Utilities Code. Southern California Rapid Transit District has advised: "Passenger checks indicate that seats are available on the present services operated by the District to absorb any additional ridership if deflection occurs as a result of a fare increase by this carrier." No other comments or protests have been received.

Findings

1. Under present fares, Orange Coast would experience a profit of \$49,626 after income taxes during the rate year and under proposed fares, experience a profit of \$81,546.

2. Under present fares, Airport would experience a loss of \$22,081 after income taxes during the rate year and under proposed fares, experience a profit of \$375,681.

3. The results of operations for Orange Coast in the rate year produced an operating ratio after income taxes of 94.07 percent and a rate of return of 10.71 percent under present fares and an operating ratio of 91.03 percent and a rate of return of 17.60 percent under requested fares.

4. The results of operations for Airport produced an operating ratio after income taxes of 100.54 percent under present fares and an operating ratio of 92.46 percent and a rate of return of 13.77 percent under requested fares.

5. Decision No. 88294 dated December 20, 1977 provided for an operating ratio after income taxes of 91.8 percent under requested fares as being reasonable for Airport.

6. A public hearing is not necessary.

The Commission concludes that the applications should be granted, and since there is an immediate need for the relief sought, the effective date of this order should be the date hereof.

O R D E R

IT IS ORDERED that:

1. Airport Service, Incorporated is authorized to establish the increased fares proposed in Application No. 57880. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and may be made effective not earlier than thirty days after the effective date of this order on not less than thirty days' notice to the Commission and to the public.

2. Orange Coast Sightseeing Company is authorized to establish the increased fares proposed in Application No. 57881. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and 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 authorities shall expire unless exercised within ninety days after the effective date of this order.

4. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in their buses and terminals a printed explanation of their fares. Such notice shall be posted not less than five days before the effective date of the

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fare changes and shall remain posted for a period of not less than thirty days.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 13th day of JUNE, 1978.

Robert Babinil
President
William Lyons Jr.
Joseph L. Fitzgerald
Charles W. Howell
Clare L. DeBelle
Commissioners