

Decision No. 89281 AUG 22 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SFO AIRPORTER, INC., for authority
to increase its passenger stage
corporation fares, pursuant to Section
454 of the Public Utilities Code.

Application No. 58152
(Filed June 13, 1978)

INTERIM OPINION

SFO Airporter, Inc. is a passenger stage corporation engaged in the transportation of passengers, baggage, and express between the San Francisco International Airport, on the one hand, and San Francisco, Oakland, Berkeley, Burlingame, and various cities southerly therefrom to San Jose, on the other hand, and between San Jose Municipal Airport and the San Francisco International Airport and intermediate points. By this application it seeks authority to increase its fares by approximately 25 percent. Its principal revenues are derived from service between San Francisco International Airport and the city of San Francisco, which charge would be increased from \$1.40 to \$1.75 per passenger. Applicant estimates that the proposed increase will provide it with \$691,039.00 additional gross passenger revenue.

Notice of the filing of the application was served upon officials of all cities and counties served by applicant and it also appeared in the Commission's Daily Calendar. No protests have been received.

Applicant's present fares were established pursuant to Decision No. 86496 dated October 13, 1976 in Application No. 55282. The applicant in that proceeding was Airporttransit of California, doing business as Airporter, which was owned by Yellow Cab Company. Yellow Cab Company was declared bankrupt in a Federal Bankruptcy Act proceeding before the United States District Court. Because of the financial condition of the parent company, the insurance of Airporter lapsed and, on December 1, 1976, because of the inability to finance

the continued operation and obtain the required insurance, under an agreement the present applicant became the temporary operator of the service. Subsequently, the business and certificate of Airporter were sold by the Receiver of the bankrupt estate to the applicant and the transaction was authorized by the Commission in Decision No. 87881 dated September 20, 1977 in Application No. 57482.

Submitted with the verified application in this proceeding is a summary of the revenues and expenses for the operation of applicant during the 12 months ended November 30, 1977, expanded to reflect the proposed revenues sought by the application and adjusted for the known expense increases that will be incurred during the 12-month period after November 30, 1977. That summary shows the following:

Pro Forma Results of Operation
Year Ended November 30, 1977
With Revenue and Expense Adjustments

	Twelve Months Ended Nov. 30, 1977	Projected Revenue Increase	Projected Expense Increase	Projected Totals
Operating Revenue	\$2,879,598	\$691,039	\$ -	\$3,570,637
Operating Expense	<u>2,983,244</u>	<u>-</u>	<u>277,279</u>	<u>3,260,523</u>
Income (Loss) Before Provision for Income Taxes	(103,646)	691,039	277,279	310,114
Provision for Taxes on Income	<u>200</u>	<u>-</u>	<u>149,205</u>	<u>149,405</u>
Net Income (Loss)	(103,846)	691,039	426,484	160,709
Operating Ratios:				
Before Taxes	103.6%			91.3%
After Taxes	103.6%			95.5%

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The data offered also includes the effect of the increases on the transportation to and from the points served, as well as for the charter operation, during the period studied. Projected charter revenues will be \$137,905 of the total revenues of \$3,570,637. The expense projections include the increased direct wages and indirect labor costs and taxes incurred for all employees, higher rentals for the downtown passenger depot and the terminal facilities, adjustment in the airport fees, and miscellaneous other expenses. Applicant operates under an agreement with the Airports Commission of the City and County of San Francisco whereby the company must pay to the airport 16.25 percent of the gross revenues received from traffic originating at the airport. ✓

The Commission's staff has reviewed the application and made a preliminary study. However, it has advised that additional time will be required to complete its investigation and submit a report that will include its findings and recommendations.

A study of the transportation rates assessed for similar airport services at the major cities in the United States was submitted with the application. It indicates that the basic fare between the San Francisco International Airport and San Francisco is substantially less than the fares charged for comparable services in other cities. Applicant also refers to growing competition from the publicly subsidized services of Bay Area Rapid Transit District and the San Mateo County Transit District for passengers between the airport and San Francisco.

The application further requests that if the processing of the matter will be delayed or set for oral hearing, then it seeks an interim increase of not less than 25 cents for all full adult one-way fares and 15 cents for one-way child fares. The following is a comparative summary projecting the revenues and expense for the 12-month period ending November 30, 1977, based upon an interim increase of 25 cents for each full passenger fare and of 15 cents for each child fare for children over 4 and under 12 years of age:

	Twelve Months Ended Nov. 30, 1977	Projection Based on Original Study	Projection Based on Interim Increase
Operating Revenue	\$2,879,598	\$3,570,637	\$3,373,099
Operating Expense	<u>2,983,244</u>	<u>3,260,523</u>	<u>3,235,518</u>
Income (Loss) Before Provision for Income Taxes	(103,646)	310,114	137,581
Provision for Taxes on Income	<u>200</u>	<u>149,405</u>	<u>58,825</u>
Net Income (Loss)	(103,846)	160,709	78,756
Operating Ratios:			
Before Taxes	103.6%	91.3%	95.9%
After Taxes	103.6%	95.5%	97.7%

Findings

1. Applicant is incurring losses from its operation and will continue to do so under its present fares.
2. Immediate rate relief is necessary to assure the continuation of adequate, responsive, and safe transportation to the public utilizing this service.
3. It is reasonable to grant interim rate increases to offset the losses that are being incurred and those which can be expected in the future.
4. Increases of 25 cents in applicant's one-way adult fare and 15 cents for one-way child fare are reasonable and should result in total increased gross revenues of \$493,501 and an operating ratio, after taxes, of 97.7 percent.

Conclusions

1. Interim fare increases as specified in the following order should be authorized.
2. Because of applicant's immediate need for relief from the non-recoverable losses that are being experienced under the present fares, applicant should be authorized to establish increased fares on not less than 10 days' notice to the Commission and to the public and the order herein should be made effective on the date of its issuance.

INTERIM ORDER

IT IS ORDERED that:

1. Pending further order in this proceeding, SFO Airporter, Inc. is authorized to increase its one-way per adult fare by 25 cents and its one-way per child fare by 15 cents. Tariff publications authorized to be issued as a result of this order shall be effective on not less than ten days' notice to the Commission and to the public.

2. The authority granted herein 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 terminal 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.

The effective date of this order is the date hereof.

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

Robert Bateman
President
William J. Brown
Vernon L. Strigun

Commissioners

Commissioner Richard D. Gravello, being necessarily absent, did not participate in the disposition of this proceeding.

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