

Decision No. 90796 SEP 12 1979

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of LORRIE'S TRAVEL & TOURS, INC., a California corporation, to extend its operations as a passenger stage corporation pursuant to the provisions of Section 1031, et seq., of the California Public Utilities Code, offering per capita passenger service between points within a defined territory within the City and County of San Francisco, on the one hand, and the San Francisco and Oakland International Airports, on the other hand.

Application No. 57965
(Filed April 3, 1978;
amended May 16, 1978 and
August 11, 1978)

SFO AIRPORTER, INC.; ASSOCIATED LIMOUSINE;
DESOTO CAB CO.; CITY CAB COMPANY; ISHI'S
LIMOUSINE; LUXOR CAB COMPANY; PACIFIC CAB
COMPANY; ROSE CAB COMPANY; VETERAN CAB
COMPANY; YELLOW CAB COMPANY,

Case No. 10645
(Filed August 2, 1978)

Complainants and Petitioners,

v.

LORRIE'S TRAVEL & TOURS, INC.,

Defendant and Respondent.

James S. Clapp, Attorney at Law, for Lorrie's Travel & Tours, Inc., applicant and defendant.
Handler, Baker & Greene, by Walter H. Walker, III, Attorney at Law, for SFO Airporter, Inc., Associated Limousine, DeSoto Cab, City Cab, Ishi's Limousine, Luxor Cab, Pacific Cab, Rose Cab, Veteran's Cab, and Yellow Cab Companies, complainants and protestants.
George Agnost, City Attorney, by James Brasil, Deputy City Attorney, for the City and County of San Francisco, intervenor and protestant.
Thomas Enderle, for the Commission staff.

O P I N I O N

In Application No. 57965, as amended, Lorrie's Travel and Tours, Inc. (Lorrie's), a California corporation, requests a certificate to operate as a passenger stage corporation in on-call service between the area in San Francisco east of Divisadero Street and north of 16th Street, on the one hand, and, on the other hand, the San Francisco International Airport (SFIA) and the Oakland International Airport (OIA), and in scheduled service from SFIA to the described San Francisco territory.

In Case No. 10645 complainants SFO Airporter, Inc. (Airporter) et al., which are also protestants in Application No. 57965 along with the city and county of San Francisco (City), allege that Lorrie's has been operating in violation of its present passenger stage certificate, Commission regulations, and local ordinances and request that the Commission cancel Lorrie's present certificate, or at least modify the certificate as more particularly set out below. They oppose the granting of Application No. 57965. The application and complaint were consolidated for hearing and decision, and hearing was held on ten days in August and September 1978, before Administrative Law Judge Pilling. The matters were submitted on November 27, 1978.

Lorrie's current certificate, granted by Decision No. 86121 dated July 19, 1976, in Application No. 55983 authorizes Lorrie's to conduct an on-call passenger stage operation in "mini-vans" between hotels located in a specified area^{1/} of San Francisco and SFIA. It uses thirteen vehicles in its operations, all leased: two vehicles with 11 seats each, nine with 13 seats each, and two with 17 seats each. It operates seven days a week from 6:00 a.m. to 10:00 p.m. Lorrie's employs a staff of approximately 35 persons, including 24 or 25 full- and part-time drivers who, assuming business allows, will each make five

1/ An area bounded by Divisadero Street on the west, 14th Street and Harrison Street on the south.

round-trip runs between San Francisco and SFIA each day. Drivers are paid an hourly wage, are required to have a valid Class II driver's license, have a satisfactory driving record, and undergo a two-day training program before they are hired. Lorrie's receives written and telephoned reservations, usually at least one day in advance, at its Post Street office in San Francisco, and sets up the daily dispatch or run sheets. Drivers and vans are assigned to handle each run according to the locations of the hotels from which the passengers will be departing for SFIA, the requested arrival times at SFIA based upon the scheduled flight departures and the number of seats reserved. One-way fare is \$4.50 for persons 12 years and older and \$2.50 for those under that age. During the 12 months ending April 1978, Lorrie's vans operated at 50 percent of capacity and random samplings showed that the vans operated at less than 50 percent of capacity from San Francisco to SFIA and at less than 1 percent of capacity on the return trip. Lorrie's has filled its vans to maximum passenger carrying capacity when business warrants. One method used by Lorrie's to generate business is the placing of its bus tickets on consignment with cooperative hotels or hotel bell captains who, for each ticket sold, receive 50 cents, which is pocketed when the ticket is sold. Also, "courtesy cards", which entitle the bearers to free rides on Lorrie's are given free to selected persons, not employees of Lorrie's who it thinks can generate business for Lorrie's. While Lorrie's timetable states that its service is subject to a two-hour notification prior to departure of its vehicle, Lorrie's frequently picks up passengers on less than two hours' notice.

Lorrie's will operate its proposed on-call service to and from SFIA in the same manner it is conducting its present on-call service to and from SFIA, except that it will be serving a larger San Francisco territory, will be able to operate buses without restriction as to size, and will be able to pick up passengers at any point in the San Francisco territory. In its proposed scheduled service

from SFIA to the San Francisco territory it will start its first schedule from SFIA at 7:00 a.m. and dispatch a schedule every half hour thereafter until 11:30 a.m. after which it will dispatch a schedule every hour on the hour, the last schedule leaving SFIA at 10:00 p.m. No testimony was presented concerning which destination points in the San Francisco territory would be served on a scheduled basis. Fares to or from SFIA in both on-call and scheduled service would be \$4.50 per person with children ages 6 to 10 years riding for \$1.00 and children 5 years and younger riding free of charge. Lorrie's SFIA on-call service except that it would be serving a different airport. OIA's one-way fares would be \$7.00, with children between 6 and 10 years of age riding for \$2.00 and children 5 years or younger riding free.

Lorrie's is owned by Joan Donohoe, who testified as an adverse witness for complainants-protestants that she owned all of the issued and outstanding stock of Lorrie's - 100 shares. Donohoe is employed by Lorrie's as its secretary-treasurer at \$117 a week and has the sole function of taking care of the corporate papers and recording the minutes of corporate meetings. Donohoe testified on behalf of Lorrie's corporation nor initiates major decisions. Donohoe testified as the previous owner of 35 shares of Lorrie's stock along with her San Francisco Van and that in June of 1977 she bought the 35 shares of Lorrie's for \$12,000. This purchase along with her own shares gave her complete ownership of the company. To pay the balance of between \$2,000 and \$3,000 of her own money she used between \$2,000 and \$3,000 of her own money. Donohoe testified that Lorrie's had not been a profitable operation and that Lorrie's had not been a profitable operation and administrative officer.

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from SFIA to the San Francisco territory it will start its first schedule from SFIA at 7:00 a.m. and dispatch a schedule every half hour thereafter until 11:30 a.m. after which it will dispatch a schedule every hour on the hour, the last schedule leaving SFIA at 10:00 p.m. No testimony was presented concerning which destination points in the San Francisco territory would be served on a scheduled basis. Fares to or from SFIA in both on-call and scheduled service would be \$4.50 per person with children ages 6 to 10 years riding for \$1.00 and children 5 years and younger riding free of charge. Lorrie's service to and from OIA would be conducted in the same manner as its SFIA on-call service except that it would be serving a different airport. OIA's one-way fares would be \$7.00, with children between 6 and 10 years of age riding for \$2.00 and children 5 years or younger riding free.

Lorrie's is owned by Joan Donohoe, who testified as an adverse witness for complainants-prottestants that she owned all of the issued and outstanding stock of Lorrie's - 100 shares. Donohoe is employed by Lorrie's as its secretary-treasurer at \$117 a week and has the sole function of taking care of the corporate papers and recording the minutes of corporate meetings. Donohoe neither signs checks on behalf of the corporation nor initiates major decisions. Donohoe testified that a previous owner of 35 shares of Lorrie's stock sold the 35 shares to San Francisco Van and that in June of 1977 she bought the 35 shares from San Francisco Van for \$12,000. This purchase along with her ownership of 65 shares gave her complete ownership of the company. To purchase the 35 shares she used between \$2,000 and \$3,000 of her own money and caused Lorrie's to pay the balance of between \$9,000 and \$10,000. She knows little about the operations or internal administration of Lorrie's, but stated that Lorrie's had not been a profitable operation. She has given over the day-to-day operations and administration to Lorrie's chief operations administrative officer.

The president and chief operating and administrative officer of Lorrie's is Tony Ruiz (Ruiz), who is Donohoe's uncle. Ruiz is also general manager of Ace Mini Bus Company (Ace), a charter-party carrier of passengers. Ace is the assumed business name of Daniel Francis McCarthy (McCarthy) who is Ruiz's stepson and a vice president of Lorrie's. McCarthy's full-time occupation is that of a designer. Though Ruiz devotes his full time to Lorrie's and Ace, according to their time demands on him, he draws a salary from neither company. However, he is paid his reimbursable expenses up to \$800 a month by Lorrie's and is given the use of a company car by Ace. Ruiz's wife is employed by Lorrie's at a salary of \$500 per week. Lorrie's principal place of business on Post Street in San Francisco is also the principal place of business of Ace, and both Lorrie's and Ace's telephone numbers are the same. Ace's principal booking and sole dispatching agent is Lorrie's. Lorrie's receives a flat 15 percent brokerage fee for the business Lorrie's books for Ace to cover all services Lorrie's performs for Ace. All employees at the Post Street office are employees of Lorrie's except for one bookkeeper who is on Ace's payroll. All vehicles which have been used in Lorrie's operation since Lorrie's started operations are owned by Ace and leased to Lorrie's under a three-year written lease. However, Lorrie's leased vehicles are dispatched by Lorrie's employees for use under Ace's certificate when needed, an arrangement not reflected in the leases (Exhibit 20). The vehicles are imprinted with both Lorrie's name and Ace's PUC charter-party identification number. A vehicle may operate to SFIA in Lorrie's service and return from SFIA in the service of Ace. Lorrie's drivers also drive in Ace's service and when they do their wages are paid by Ace, except that the drivers' workers compensation premiums are paid by Lorrie's. The vehicles are insured by Lorrie's with Ace as a coinsured. Ruiz testified that if someone calls Lorrie's and asks for a charter Mr. Ruiz

will not tell that person that Lorrie's does not have charter authority, but will give them service on a charter basis at a charter rate. Ruiz stated that a charter customer may think he is riding in a van under Lorrie's control when in fact he is riding in Ace's service. Lorrie's picks up between 20 and 30 persons a day at SFIA. While Ruiz testified that Lorrie's drivers have been instructed under pain of firing not to solicit business at SFIA and not to pick up unreserved passengers, he stated that when a Lorrie's driver is approached by a prospective passenger at the airport or at a hotel who has not made a reservation in advance, all Lorrie's drivers have been instructed to and will give the prospective passenger a Lorrie's business card and tell him to go call Lorrie's and make a reservation and then to come back out and get on the bus. Sometimes the driver will radio into Lorrie's central dispatch for the prospective passenger instead of having the passenger himself call in. Lorrie's drivers at SFIA have, upon request, given out flyers advertising Lorrie's service to airlines and other persons. Ruiz stated that Lorrie's wanted to perform scheduled service from SFIA so that, among other reasons, Lorrie's will be able to get a permanently assigned pickup spot on the lower level at SFIA with its name on a sign at the designated spot. Ruiz testified that Lorrie's has been seeking a contract with SFIA which will permit Lorrie's to pick up unreserved passengers at SFIA but to date SFIA officials have not given Lorrie's such a contract.

Decision No. 86121, the decision which granted Lorrie's its present certificate in Ordering Paragraph 2(e), ordered Lorrie's to maintain its accounting records in conformance with the Commission's prescribed Uniform System of Accounts or Chart of Accounts. Ruiz testified that Lorrie's does not follow this prescribed accounting system or chart of accounts and that Lorrie's has no program to institute such a system or chart of accounts. At the hearing Ruiz presented Lorrie's purported balance sheet as of July 31, 1978 (Exhibit 32) and Lorrie's purported income and expense statement for the month of July 1978 (also Exhibit 32). The balance sheet showed assets totaling \$18,321, liabilities totaling \$31,205, and a minus net worth of \$12,884.

Included in the capital account was an item entitled "Treasury stocks" valued at minus \$11,786 which Ruiz stated comprised the 35 shares which Donohoe earlier in the hearing testified belonged to Donohoe^{2/}. However, Ruiz stated the 35 shares belonged to Lorrie's. The balance sheet also showed deficit net earnings of \$9,480 as of June 30, 1978. The income and expense statement for July 1978 showed a net profit of \$7,383. Ruiz claimed his bookkeeper told him Lorrie's made a profit of \$10,000 in fiscal year 1977-78. As no accounts payable appeared on the balance sheet, Ruiz was asked to recheck Lorrie's books to ascertain that it had no accounts payable at that time. Upon rechecking, it was discovered (Exhibit 67) that Lorrie's had omitted \$20,896 worth of accounts payable from its July 31, 1978 balance sheet and had understated its expenses by the same amount on its income and expense statement for July 1978. Also discovered was an omission on the asset side of its balance sheet of an item covering prepaid insurance of \$9,480. It was further discovered that the balance sheet understated Lorrie's cash-in-bank by \$7,884. Ruiz stated that Lorrie's may be indebted to Donohoe for \$2,000 (undisclosed on the balance sheet) in the event Donohoe requires Lorrie's to reimburse her for the money she put up in part payment of the treasury shares. Inclusion of the omitted figures, except the \$2,000 which may be owed Donohoe, in the July 31, 1977 balance sheet would increase the minus net worth of Lorrie's to minus \$19,131. Revising the July 1978 income and expense statement to include the overlooked \$20,896 expenses would result in a loss for that month of \$13,513. By letter to the Commission dated July 13, 1977 (Exhibit 3) Ruiz informed the Commission that Lorrie's had the following loans outstanding:

\$ 9,500 from Lorraine Ruiz
4,000 from Daniel F. McCarthy
8,500 from Frances Ruiz
11,000 from J. O'Conner

^{2/} Exhibit 31, sponsored by Ruiz, is a copy of the 35-share certificate which shows that Donohoe was owner of the 35 shares on March 2, 1978.

Lorrie's yearly report to the Commission for the calendar year 1977 (Exhibit 25) lists only one loan outstanding in the form of a note payable for \$10,500. In its July 31, 1978 balance sheet (Exhibit 32) Lorrie's lists the following loans outstanding in the form of notes payable:

\$10,950 from Lorraine Ruiz
4,000 from Daniel McCarthy
8,500 from Frances Ruiz

Ruiz stated that the \$11,000 loan from J. O'Conner listed in his July 13, 1977 letter appeared on Lorrie's books at the time but the loan never really took place. He also stated that while the \$4,000 and \$8,000 loans listed in the July 13, 1977 letter were the same loans which appeared on Lorrie's July 31, 1978 balance sheet he was unable to say why those two loans were not listed on Lorrie's 1977 annual report to the Commission (Exhibit 25). Lorrie's books of account on June 30, 1977 carried a liability item of \$7,000 representing Ruiz's uncollected salary up to that time, but Lorrie's June 30, 1977 balance sheet accompanying the herein application did not include as a liability, any amount representing Ruiz's uncollected salary, nor did Lorrie's July 31, 1978 balance sheet include any such amount. Ruiz explained that the Lorrie's - Ace operation was a "family situation" so that the "oral loans" of \$10,950 owing to his wife, Lorraine Ruiz, the \$4,000 owing to his stepson, Daniel McCarthy, and the \$8,500 owing to his mother, Frances Ruiz, could disappear overnight.

Twenty-one witnesses appeared in support of the application. Supporting passenger witness testimony is summarized in Appendix B. Nine of the supporting witnesses testified as to a need for Lorrie's scheduled service from SFIA.

Protestant Airporter operates pursuant to a passenger stage certificate authorizing service as here pertinent between San Francisco, SFIA, and Oakland. Airporter has an application on file with the Commission to purchase a passenger stage certificate which would authorize it to serve between San Francisco and OIA. Upon acquiring

the certificate to serve OIA, Airporter will conduct scheduled passenger stage service between SFIA, San Francisco, Oakland, and OIA between the hours of 6:00 a.m. and 12:00 midnight on a daily basis at a proposed fare of \$2.00 per capita between SFIA and OIA and \$1.75 between San Francisco and either airport. Airporter will and does operate from a central terminal in San Francisco. At the present time, Airporter operates a scheduled service between San Francisco and SFIA running every 15 minutes between 6:00 a.m. and 10:00 p.m. with service every 30 minutes between 10:00 p.m. and 12:00 midnight, and thereafter until 6:00 a.m. according to flight schedules. This amounts to approximately 39,700 trips in each direction annually. However, Airporter's existing load factor averages less than 26 passengers per trip, meaning that it is operating at less than 60 percent capacity. Its buses hold between 45 and 53 passengers. Airporter incurred a net loss of over \$100,000 for the year ending November 1977. Airporter has an exclusive contract with SFIA pursuant to which Airporter pays to the airport 16.25 percent of the gross revenues it receives from traffic originating at the airport. In exchange, City agrees to prohibit any carrier (with certain limited exceptions) from loading or picking up or soliciting passengers for hire to or from San Francisco. Airporter opposes Lorrie's application. Airporter contends that Lorrie's proposed service would directly conflict with Airporter's existing service and that such conflict can lead only to Airporter either reducing its service, or further increasing its rates. However, the total number of passengers it has carried as well as its load factor has increased since 1975. It netted \$100,000 for the months of June, July, and August 1978 and its business during the summer months of 1978 was exceptionally good. The imbalance in the number of passengers Airporter transports from SFIA to San Francisco since 1976 has increased from 54 percent in 1975 to 57 percent for the year ending August 1978. The air passenger volumes handled at SFIA during 1978 are estimated to be between 21 and 22 million persons and the projected volumes by 1982 are 25 million per annum.

A number of the witnesses appearing in support of the application were familiar with the Airporter bus service between SFIA and its San Francisco terminal. The alleged disadvantages of Airporter's service were the expense of the extra cab fare to get to or from the Airporter terminal; the requirement of transferring baggage onto or from the Airporter bus at the terminal and the difficulty this poses for the elderly; the inconvenience of making the transfer at the Airporter terminal, especially when contrasted with the door-to-door service provided and/or proposed by Lorrie's; the dangerous nature of the areas surrounding the Airporter terminal, particularly the Tenderloin to the south; and difficulty and uncertainty of persons speaking only a foreign language as to how to proceed between SFIA and San Francisco.

City opposes the granting of the application and has intervened in support of the complaint. The witness for City confirmed the existence of a contract between Airporter and City. He stated that Lorrie's had applied for a contract but had been turned down because of the exclusivity of the contract between City and Airporter.

Jack Murdock, a driver for complainant DeSoto Cab Co., testified that on July 17, 1978, at 1:05 p.m. he observed Lorrie's van number 69 with three persons in it pick up a female passenger in front of Macy's department store's Geary Street entrance. On July 7, 1978 at 2:50 p.m. he was making a pickup at the Golden Gateway Apartments at 550 Battery Street when Lorrie's van number 65 came along and picked up a female in front of that apartment. Then, after Murdock dropped off his fare he got another fare to SFIA and shortly after delivering his passenger at SFIA he spotted Lorrie's van number 69 at the airport. Another driver for DeSoto Cab Co. testified that on August 17, 1978 he picked up at Pier 38 (outside Lorrie's authorized territory) several passengers for SFIA which were the overflow from a Lorrie's van which was picking up the remaining passengers at Pier 38 and he saw one of the passengers in the van hand the driver \$60. A driver for complainant Yellow Cab Company testified he saw a Lorrie's van picking up a passenger at

795 Folsom, not a hotel, sometime in April of 1978. In rebuttal Lorrie's presented records which showed that insofar as the July 17, 1978 incident is concerned, its van number 69 had been dispatched on that date from San Francisco between 12:40 p.m. and 12:45 p.m. and arrived at SFIA between 1:05 p.m. and 1:15 p.m. Lorrie's also points out that in no instance, except for the \$60 payment, did any of the cab drivers who testified see any of the alleged passengers pay money to a driver. Ruiz testified that when San Francisco Van owned some of Lorrie's stock in 1977 that San Francisco Van started operating its own vans marked as Lorrie's and he introduced photographs developed in November 1977 showing some of those vans in operation with license plates registered to San Francisco Van. Ruiz stated Lorrie's was instrumental in forcing San Francisco Van to cease such operations.

Complainants contend that Lorrie's is unfit to operate as a passenger stage corporation. They argue that Lorrie's, in operating equipment capable of transporting more than 11 passengers and in transporting more than 8 passengers in a vehicle at any one time, has been and is operating in violation of the restriction in its present certificate which provides that "(a) Transportation...shall be in mini-van vehicles." Complainants concede that the term "mini-van" is not defined in the certificate. However, Decision No. 86121 at page 2 recites that "Applicant proposes to establish an on-call service employing so-called mini-buses limited to a maximum of eight passengers per one-way trip..." and at page five of that decision it is stated that Lorrie's "has made arrangements to lease modern sport-vans from National Leasing Corporation. These vans have a carrying capacity of 11 passengers and their baggage. In an effort to comply with city and county regulations, applicant will restrict its operations to a maximum of eight passengers per trip." Complainants contend the term "mini-van" should be interpreted in the light of Lorrie's proposals and representations as set forth in Decision No. 86121 and as an alternative to the cancellation of Lorrie's present certificate, request that the certificate issued by that decision be modified to restrict operations to

vehicles with a carrying capacity of no greater than 11 passengers and that not more than 8 passengers be carried in a vehicle at any one time. Lorrie's argues that the equipment restriction in its certificate does not restrict the use of its present equipment since the term "mini-van" is nowhere defined in the certificate. Since receiving its certificate, Lorrie's has regularly informed the Commission of the equipment it was operating and the Commission has never questioned the use of such equipment. Lorrie's contends that the granting of the herein application will clarify the imprecision of the present restrictions. Eliminating the equipment restrictions will allow Lorrie's flexibility to accommodate more people comfortably.

Complainants further contend that Lorrie's is unfit because it is picking up passengers in violation of Section 1.4.5.(A) of SFIA Rules and Regulations, adopted October 17, 1972, which in part reads as follows:

"(A) No taxicab, limousine, bus, courtesy car, or rental car operator shall operate regularly at the Airport without a contract and/or permit granted by the Airports Commission or its authorized agent, except that any taxicab, limousine, bus, courtesy car, or rental car operator who delivers and/or picks up prereserved customers at the Airport on an infrequent or irregular basis may do so without a contract or permit."

They also contend that Lorrie's has been and is offering a transportation service for sale on SFIA property in violation of California Penal Code Section 602.4 which provides in part as follows:

"Every person who enters or remains on airport property owned by a city, or city and county...and... offers for sale any...transportation services... without the express written consent of the governing board of the airport property...is guilty of a misdemeanor."

They assert that Lorrie's has been operating in violation of its "on-call" restriction in its certificate; that Lorrie's has failed and is failing to maintain its accounting records in conformance with the Commission's applicable Uniform System of Accounts; that Lorrie's has misrepresented its financial status to the Commission; that Lorrie's is operated under the control of an unauthorized individual; and that Lorrie's has intermingled its equipment, personnel, facilities, and operations with another company and is holding out charter service under the auspices of that other company.

Discussion

Lorrie's is presently operating pursuant to a certificate granted by Decision 86121, dated July 19, 1976. The instant application is a request to expand the pick-up zone of present operations and to add Oakland Airport as an additional destination point. The proposed operations could be conducted with present equipment. Thus there is no need for additional financial resources. If Lorrie's present operations are not now profitable, they may request a fare increase when needed.

The applicant, through the extensive public witness testimony, has shown a public need for the proposed service. The proposed service, featuring door-to-door service with mini-vans with fares higher than the larger bus operation but lower than taxicab service, is a service essentially different than that now provided by the protestants.

Decision 86121, which granted the present certificate, ordered Lorrie's to maintain its accounting records in conformance with the Commission's prescribed Uniform System of Accounts. The applicant has completely failed to fulfill this requirement. The result is that the applicant's financial records are utterly confused and inaccurate. The only definitive information developed on the present record is that Lorrie's is a "family organization" with many cross-exchanges of finances between the family members based only on oral agreements. This situation cannot be allowed to persist.

Lorrie's is not operating its "on-call" service improperly in San Francisco when it picks up unreserved passengers at hotels within its San Francisco authorized territory. Lorrie's certificate defines "on-call" as "service...rendered dependent on the demands of passengers" so that when a Lorrie's driver is approached in front of a hotel by a person requesting Lorrie's to transport him to SFIA Lorrie's is within its certificated rights to give the person the requested transportation. While Lorrie's timetables require a two-hour notification before pickup, we agree with Lorrie's that the intent of such a condition is to protect Lorrie's in the event Lorrie's is short of equipment or drivers at the time the demand is made. We suggest, however, that the wording of the two-hour condition be amended to better express this intent.

Lorrie's questions the efficacy of SFIA's rule Section 1.4.5(A), supra, to lawfully forbid Lorrie's picking up unreserved passengers at SFIA without a contract with SFIA allowing Lorrie's to do so in view of Public Utilities Code Section 1033 which provides that any conflict between a local ordinance or local permit requirement and a Commission certificate shall be resolved in favor of the certificate. We hold that Lorrie's operations are subject to SFIA's rule Section 1.4.5.(A). City owns and operates SFIA, located in San Mateo County, in a proprietary capacity; hence San Francisco can regulate the access and conduct of for-hire passenger stage operations on SFIA property regardless of what Commission authority is held by the carrier. (City of Oakland v Burns (1956) 46 Cal 2d 401; 80 Cal P.U.C. 117 (Decision No. 85973).) Lorrie's has admitted that it hands out business cards and sales brochures on SFIA property and Lorrie's drivers at the airport tell prospective customers at the airport how to go about securing Lorrie's immediate service from the airport. These actions result in offers for sale of transportation services and are made without the required consent of SFIA officials.

Lorrie's is also transporting passengers from SFIA who are not prereserved customers without the required consent of SFIA officials. A customer who makes his reservation for the next trip out from SFIA

by a Lorrie's vehicle which is on SFIA property at the time the reservation is made is not a prereserved customer. "Prereserved" signifies that the customer made his reservation for the specific pickup at least prior to the time the vehicle which actually makes the pickup comes upon SFIA property for the purpose of making the specific pickup.

Lorrie's certificate does not define the term "mini-van". The omission of such a definition should be corrected, and the certificate should be modified to reflect the type of equipment applicant is presently operating, namely 17 passenger vans.

Findings of Fact

1. Lorrie's requests a certificate authorizing it to operate an on-call passenger stage service between all points in a defined area in San Francisco, on the one hand, and, on the other hand, SFIA and OIA, and to operate a scheduled passenger stage service from SFIA to the defined area in San Francisco.
2. The application is protested by Airporter, City, and several taxicab and limousine companies.
3. Lorrie's presently has a passenger stage certificate issued in Decision No. 86121, dated July 19, 1976, in Application No. 55983, authorizing it to render on-call service in mini-vans between a limited area in San Francisco and SFIA.
4. The proposed operations will require no additional financial resources.
5. Lorrie's has failed to maintain its accounting records in conformance with applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission as required of Lorrie's by Decision No. 86121, Ordering Paragraph 2(e).
6. Lorrie's financial statements presented were inaccurate and unreliable.
7. The term "mini-van" is not defined in Lorrie's present certificate.
8. The term "mini-van", for the purpose of Lorrie's operation will mean equipment transporting not more than 17 passengers.

Suzie

9. Lorrie's has continually sold and attempted to sell its present for-hire transportation services on SFIA property without the consent of the governing board of SFIA.

10. Lorrie's has continually picked up unreserved passengers at SFIA without a contract for doing so with the governing board of SFIA.

11. SFIA, located in San Mateo County, is owned and operated by City in a proprietary capacity.

12. Lorrie's is within its present certificated rights in transporting passengers without reservations from hotels within its defined San Francisco area.

13. Lorrie's has been picking up and delivering passengers at points in San Francisco which Lorrie's is not authorized to serve.

14. Airporter has an exclusive contract with SFIA pursuant to which Airporter operates a 24-hour scheduled bus service between a central point in San Francisco and SFIA.

15. Various taxicab protestants offer taxicab service between homes, offices, and other points in San Francisco and SFIA at all hours of the day.

16. Lorrie's has continually operated equipment in its service displaying a Commission passenger charter-party carrier identification symbol and number assigned to another carrier.

17. Lorrie's has established a public need for the proposed service.

18. Lorrie's proposed operations are different in character than protestant's service.

19. Existing carriers are not providing service to the satisfaction of the Commission.

20. Public convenience and necessity requires the proposed operation.

21. Applicant possesses the required ability to conduct the proposed operation.

22. We cannot find that applicant possesses the required fitness to conduct the proposed operation until applicant complies with Ordering Paragraph 2(e) of Decision No. 86121. Applicant is, however, otherwise fit.

23. It can be seen with certainty that there is no possibility that the grant of authority will have an adverse effect on the environment.

Conclusions of Law

1. Lorrie's has shown itself to be financially and technically able to conduct the proposed operations.
2. Lorrie's is, and has been, in violation of the Commission's order in Ordering Paragraph 2(e) of Decision No. 86121.
3. Until the violation in "2" above is corrected, Lorrie's is unfit to conduct the proposed operations.
4. Application No. 57965, as amended, should be denied until Lorrie's is found in compliance with Ordering Paragraph 2(e) of Decision No. 86121.
5. Application No. 57965, as amended, should be approved ex parte if, within sixty days of the effective date of this order, Lorrie's files a petition to reopen and reconsider, together with a verified statement signed by a certified public accountant certifying compliance with Ordering Paragraph 2(e) of Decision No. 86121.
6. Complainants' request that the Commission cancel or revoke Lorrie's present passenger stage certificate should be denied.
7. Lorrie's present passenger stage certificate should be amended as set out in the ordering paragraphs below.
8. Lorrie's should receive no further rate increases or rate adjustments until a member of the Commission staff or Lorrie's outside certified public accounting firm has certified to the Commission that Lorrie's is in compliance with Ordering Paragraph 2(e) of Decision No. 86121.
9. Lorrie's should be ordered to take immediate steps to bring its operation in compliance with Ordering Paragraph 2(e) of Decision No. 86121.
10. Lorrie's should be ordered to remove from vehicles operated by Lorrie's any charter-party carrier symbols and numbers not assigned by the Commission to Lorrie's.

11. Lorrie's should be ordered to cease and desist from operating vehicles in its service displaying any Commission passenger carrier identity except that which is assigned by the Commission to Lorrie's.

12. Lorrie's should be ordered to cease and desist from picking up or delivering passengers within the limits of its present certificate operation in San Francisco at points other than hotels.

O R D E R

1. IT IS ORDERED that:

1. Application No. 57965 is denied.

2. Complainants' request that the certificate issued by Decision No. 86121 be cancelled or revoked is denied.

3. Appendix A of Decision No. 86121 is amended by incorporating First Revised Page 2, attached hereto, in revision of Original Page 2.

4. No further rate increases or rate adjustments proposed by Lorrie's Travel and Tours, Inc., will be considered by this Commission until a member of the Commission staff or Lorrie's outside certified public accounting firm has certified to the Commission that Lorrie's Travel and Tours, Inc., is in compliance with Ordering Paragraph 2(e) of Decision No. 86121.

5. Lorrie's shall cease and desist from failing to comply with Ordering Paragraph 2(e) of Decision No. 86121.

6. Lorrie's Travel and Tours, Inc., shall cease and desist from operating any vehicles leased to or owned by it displaying any charter-party symbol or numbers not assigned by the Commission to Lorrie's Travel and Tours, Inc.

7. Lorrie's Travel and Tours, Inc., shall cease and desist from picking up or delivering passengers in San Francisco at points other than hotels within the limits of its certificated authority.

8. If within sixty days after the effective date of this order applicant files a petition to reopen and reconsider together with a verified statement signed by a certified public accountant that it is in compliance with Ordering Paragraph 2(c) of Decision No. 86121, Application No. 57965-as amended will be approved on an ex parte basis.

The effective date of this order shall be thirty days after the date hereof.

Dated SEP 12 1979, at San Francisco, California.

John E. Guyon
President

I dissent
Vernon L. Sturgeon

Robert D. ...
Clare J. ...
James M. ...
Commissioners

RR/km

Appendix A
(Dec. 86121)

LORRIE'S TRAVEL & TOURS, INC.

First Revised Page 2
Cancels
Original Page 2

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

Lorrie's Travel and Tours, Inc., by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized as a passenger stage corporation to transport passengers and their baggage on an "on-call" basis between hotels located in San Francisco Territory as described herein and the San Francisco International Airport, over and along the route hereinafter described, subject, however, to the authority of this Commission to change or modify said route or territory at any time and subject to the following provisions:

- RR/km*
- (a) *Transportation of passengers and their luggage shall be in passenger vehicles with a carrying capacity of not to exceed ~~eleven~~ ^{twenty} passengers and their luggage.
 - (b) As used herein, the term "hotel" shall be defined as any building containing twenty or more guest rooms designed or intended to be rented or hired-out for sleeping purposes to transient guests. The term "hotel" shall not include hospitals, institutions where housing is under legal restraint, or apartment houses where occupants generally occupy the premises upon a leased or month-to-month rental basis.

Issued by California Public Utilities Commission.

*Amended by Decision No. 90796, Application No. 57965.

APPENDIX B
Page 1 of 4

Summary of Supporting Passenger Testimony

Mr. Rosenblatt represented himself and other children's wear salesmen who have offices in Los Angeles and in San Francisco, who travel regularly between SFIA and southern California airports. He and other members of the San Francisco Children's Wear Organization, which has about 100 members, signed a petition supporting Lorrie's proposed service. (Exhibit 6.) Some of the members were in the hearing room but Rosenblatt spoke on behalf of them all. They were supportive of Lorrie's proposed service to offices in San Francisco including their office at 833 Market Street. He stated that Lorrie's had been picking up and delivering people to this office building for years and is doing so at the present time. He described the service he gets from Lorrie's as being "charter" in nature in which usually one member pays for the whole group. He has never heard of Ace Mini Bus Company. When he rides Lorrie's alone he is only charged \$4.50.

Mr. Seybold, the owner of Mark Tours, provides a travel/tour service catering almost exclusively to homosexuals visiting San Francisco. He has used Lorrie's service between SFIA and San Francisco for his clients and is interested in having Lorrie's service extended to OIA. He currently employs Lorrie's to pick up his customers at SFIA, pays Lorrie's \$4.05 per person, and he keeps 45 cents per person as commission.

Mrs. Murphy, a co-owner of Yosemite Airlines, is a certificated air carrier operating out of SFIA and OIA. She stresses the significance of providing Lorrie's service between San Francisco and OIA in order to tap a large market of visitors to the Bay Area staying in San Francisco, and who have available air tours services such as Yosemite Airlines who prefer to operate out of OIA because of more available airport facilities. Yosemite Airlines is not presently operating as many tours out of OIA as SFIA because of the reluctance of booking companies to use OIA because of the difficulty of presently available transportation from San Francisco to OIA. To her knowledge a typical charter-party van of six to eight people costs \$32 from San Francisco to SFIA. She is looking for a cost competitive service to OIA and supports Lorrie's proposed service at \$7 per adult. She was unaware of SFO Airporter's pending application to serve OIA but feels its existing rates are very inexpensive and fair.

Mrs. Kirshenbaum appeared on behalf of the Pacific Heights Neighborhood Association's Board of Directors as well as herself. This organization has between 500-700 members who reside on Pacific Heights in San Francisco. The Board met and approved their support of Lorrie's proposed service from residences in their neighborhood to SFIA and OIA with the understanding that Lorrie's would refrain from using large buses in that area.

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Mr. Cohn appeared in support of Lorrie's because of its capacity with a hydraulic lift of accommodating handicapped persons such as himself who are confined to wheelchairs. Mr. Cohn lives in Marin County.

Mrs. Crowell represented herself and her husband in their need for per capita transportation from their residence in San Francisco to SFIA and OIA.

Ms. Arbenaz is a flight purser for Pan American World Airways working out of SFIA. She has used Lorrie's service from San Francisco hotels, but would prefer that Lorrie's provide its per capita service directly to her residence in San Francisco. She lives next door to Bedford Hotel which Lorrie's is currently authorized to serve, but feels she needs service from her own door.

Mr. Martin is the owner of a tour company which acts as a receptive ground operator for convention services in San Francisco arranging their accommodations and transportation in San Francisco, and to and from SFIA. His business has occasional need for per capita ground transportation services between San Francisco and SFIA and OIA. Lorrie's proposed service would be valuable for his business and his employees from his place of business and from residences of his employees.

Mr. Jenkins is the owner of a travel and transportation company in San Francisco which specializes in tour and travel arrangements for international visitors to San Francisco. He has been involved in this business for 20 years and is a member and director of a number of travel associations.

Ms. Wiederhold handles incoming and outgoing visitors from Germany who fly into SFIA and OIA. She has used Lorrie's service between SFIA and San Francisco hotels and is now appearing in support of Lorrie's service to OIA. She has between 20-40 passengers a week between San Francisco and OIA which usually arrive on an individual basis. When she arranges for Lorrie's to transport visitors she keeps a 10 percent commission.

Western Merchandise Mart (WMM) is a market center in San Francisco which sponsors two large markets a year in San Francisco which brings 20,000-30,000 buyers into the city. Most of these people fly into SFIA and OIA and need individual transportation between the airports and San Francisco hotels or directly to WMM's place of business on Market Street.

Mr. Anselmo owns and operates several buildings in San Francisco and is aware through his building managers that his business and residential tenants regularly need transportation service between these locations and SFIA and OIA. His buildings contain 132 residential units and eight businesses.

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Mr. Uzeta and his project provide services to disabled persons so that they may live in non-institutional areas. Its clients and staff include persons who are confined to wheelchairs who now have no dependable transportation service to or from Bay Area airports. He did not know how often his clients went to the airport.

Ms. Abbott is involved in selling group business conventions and otherwise promoting the Sheraton. She has personally used Lorrie's service to SFIA and has arranged it for her customers. She recognizes a need for the service to OIA and from residences as proposed by Lorrie's. She rides free on Lorrie's by identifying herself as sales manager for the hotel.

Mrs. Galgiani appeared in support of Lorrie's on behalf of herself and the International Hospitality Center (IHC), a non-profit agency providing various services for international visitors to San Francisco. IHC has four employees and 800 volunteers who regularly house or arrange transportation services for their visitors. These foreigners usually come to San Francisco by air, and usually arrive individually or in pairs. Neither she nor her organization has anything to do with making travel arrangements. Very few of her visitors use OIA. She has chartered Lorrie's vehicles.

Ms. Hurley is a self-employed public accountant working out of her apartment. She is an elderly woman who supports the service of Lorrie's to OIA and SFIA from her place of residence. She has used Lorrie's service in the past from the nearby Stanford Court Hotel. On one occasion when she returned home, she simply got off the airplane and went outside the terminal to wait for a Lorrie's van. The van arrived and she got on and was transported back to San Francisco without any prior reservations or arrangements and without giving her name to the driver.

Mr. Kerwin is a sole practitioner who has occasional need for public transportation from his office in downtown San Francisco to or from SFIA or OIA.

A newly arrived resident of San Francisco, Mr. Reeves, is supporting Lorrie's as a service needed to provide per capita service between SFIA and San Francisco and places of business other than hotels and residences, in consideration of the safety and comfort of himself and his wife. He hoped Lorrie's would provide a 24-hour service.

Mr. Tamers supports the Lorrie's service between SFIA and San Francisco places of business after having discussed the matter with many professional persons who are members of the health club and who almost all work within five blocks of the club in downtown San Francisco.

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Page 4 of 4

Mr. Peter C. Ley supports Lorrie's proposed service from places of business in San Francisco in his need for regular, reliable ground transportation between his San Francisco office and SFIA or OIA. He also submitted a letter to the Commission in May of 1978 which has been introduced as Exhibit 71.

Mr. Soto heads a privately and publicly funded organization assisting people, especially Latinos, with marginal skills. He and his staff on occasion travel between their residences or the office and SFIA or OIA and feels that there is a public need for the proposed extended service of Lorrie's to provide such per capita service. He has flown out of OIA only once and that was when he missed his flight out of SFIA.

Mr. Vern Malvino, the owner of the gift shop at the Ramada Inn at Fisherman's Wharf, appeared in support of Lorrie's application. Mr. Malvino testified that he promotes the services of Lorrie's out of his gift shop, and that he receives a commission of 50 cents per passenger for such promotion. He estimated that he arranges transportation for from 10 to 15 people a day on Lorrie's vehicles. Mr. Malvino is not licensed by the City to solicit transportation for a public utility. He stated that if he were to find out he needed a license, he would not continue to solicit for Lorrie's. He was then shown Section 1147 of the Police Code, as set forth in Exhibit 23. Mr. Malvino testified that he really did not know what the hearing was all about, but that he had been asked by Mr. Ruiz to appear in support.