

FWL

Decision No. 91461 MAR 18 1980**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AIRPORT SERVICE,) Application No. 59402
 INCORPORATED, for authority to) (Filed January 25, 1980)
 adjust its rates.)

Application of ORANGE COAST SIGHT-) Application No. 59403
 SEEING COMPANY for authority to) (Filed January 25, 1980)
 adjust its rates.)

O P I N I O N

Airport Service, Incorporated (Airport) is a passenger stage corporation (PSC 869) 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 the appendix of Decision No. 83743 as amended by Decision No. 84583 in Application No. 54778. Airport by Decision No. 90383 in Application No. 58082 acquired the Southern Region passenger stage certificate of Airporttransit, Inc. from Robert N. Mateer receiver in bankruptcy for Airporttransit, Inc. as set forth in Appendix A to Decision No. 78126 which provides for operations between various points in Los Angeles, Riverside and San Bernardino Counties on the one hand and certain of the airports on the other hand. The present fares for both Airport and its affiliate Orange Coast Sightseeing Company were established in Decision No. 91092 dated November 30, 1979 in Application Nos. 59173 and 59175.

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Orange Coast Sightseeing Company (Orange Coast) an affiliate of Airport sharing common management, operating personnel and equipment is a passenger stage corporation (PSC 322) 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. Airport and its affiliate Orange Coast allege that the spiraling cost of inflation including the purchase cost of new equipment, the cost of fuel, repairs, maintenance, salaries and wages of drivers and mechanics necessitates the filing of the instant applications requesting a 20 percent fare increase for both companies. It is estimated that the requested increase will result in additional gross annual revenue of approximately \$1,578,000 for Airport and \$175,000 for Orange Coast.

The Transportation Division staff has prepared engineering economic studies of the applications which are received in evidence as Exhibits 1 and 2 both in Application No. 59402 and in Application No. 59403. The staff has also prepared a study showing the combined results of operations of Airport and Orange Coast which is received into evidence as Exhibit 3 both in Application Nos. 59402 and 59403.

The information contained in the applications as well as additional information requested by the staff was used in the preparation of the engineering economic studies.

The allocations as contained in the applications were incorporated by the staff in its study with minor adjustments. The allocations are not precise enough for use in any future cost offset but are satisfactory for use in the instant applications since the same percent fare increase is being requested by Airport and its affiliate Orange Coast. The staff recommends the sought increase be granted.

Notice of filing of the applications appeared in the Commission's Daily Calendar on January 29, 1980. The Commission staff has notified the required parties pursuant to Sections 730.3 and 730.5 of the Public Utilities Code. No comments or protest have been received.

F I N D I N G S

1. Under present fares, Airport would experience a loss of \$192,787, after income taxes during the rate year and under proposed fares experience a profit of \$758,945.

2. Under present fares, Orange Coast would experience a loss of \$22,645 after income taxes during the rate year and under proposed fares, experience a profit of \$87,742.

3. The results of operations for Airport produce an operating ratio after income taxes of 102.2 percent under present fares and an operating ratio of 92.8 percent after income taxes under requested fares.

4. The results of operations for Orange Coast in the rate year produced an operation ratio after income taxes of 102.1 percent under present fares and an operating ratio of 93.0 percent under requested fares.

5. Decision No. 88958 dated June 13, 1978 provided for an operating ratio after income taxes of 91.03 percent under requested fares as being reasonable for Orange Coast and an operating ratio after income taxes of 92.46 percent as being reasonable for Airport.

6. The combined operating ratio of both companies at proposed fares is 93.0 percent.

7. A public hearing is not necessary.

The Commission concludes that the application 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. 59402. 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.

2. Orange Coast Sightseeing Company is authorized to establish the increased fares proposed in Application No. 59403. 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.

55 4. In addition to the required posting and filing of tariffs, applicants 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 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 MAR 18 1966, at San Francisco, California.

John E. Guyon
President
Richard W. Stovall
Richard W. Stovall
Commissioners

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