

Decision No. 91834 MAY 20 1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application)
of SFO AIRPORTER, Inc. For)
authority to increase its pas-)
senger stage corporation fares,)
pursuant to Section 454 of the)
Public Utilities Code.)

Application No. 59630
(Filed May 1, 1980)

INTERIM OPINION

SFO Airporter, Inc. (SFO) is a passenger stage corporation (PSC-37) 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 SFO seeks interim authority to increase its one way adult fares by 30 cents between San Francisco and San Francisco International Airport and will request an additional increase to be determined at a future date at which time in support thereof it will furnish comprehensive financial data. This interim authorization will increase the fare for this service from \$1.95 to \$2.25 for an estimated annual increase of \$496,670 additional gross passenger revenue. SFO's present fares were established pursuant to Decision No. 90903 dated October 10, 1978 which authorized an operating ratio of 95 percent.

In support of the requested interim increase SFO has submitted Exhibit C in its application covering the results of operation for the twelve months period ended December 31, 1979 which shows an operating ratio of 112 percent after taxes. These results of operation are supported by the annual report for 1979 filed by SFO. Exhibit C of SFO's application also contains a projection showing the proposed increased revenue and operating expense held constant at 1979 levels with the exception of the inclusion of revenue expenses, an adjustment upward for fuel costs and a decrease for non allowable equipment rental

costs. There is no adjustment in this interim study for higher costs that will be incurred in 1980 for increased employee wages, payroll costs, communications and other operating expenses. The supplemental cost study to be prepared and submitted by SFO will contain an adjustment for these additional expenses for the year 1980. The supplemental study to be prepared by SFO will also include traffic flow summaries that will show a decrease in airport passenger traffic due to competition from both publicly supported and private airport carriers. This appears to present a choice between reduced service or keeping present service and raising fares. If such is the case, then the latter of the two is the preferable alternative as it best serves the public interest.

The Transportation Division staff has reviewed the data submitted by SFO in support of its request for an interim increase and submits the following results of operation prepared by SFO for the period ended December 31, 1979 at present fares and with the interim increase:

<u>ITEM</u>	<u>12 MONTHS ENDED DECEMBER 31, 1979</u>	
	<u>PRESENT FARES</u>	<u>WITH INTERIM INCREASE</u>
Revenue	\$4,086,642	\$4,583,312
Expenses	4,578,745	4,253,805
Operating Income	- 492,103	329,507
Income Taxes	200	145,704
Net Income	- 492,303	183,803
Operating Ratio-%	112	96

An analysis of the foregoing results of operation discloses that SFO has exceeded its previously authorized operating ratio of 95 percent in Decision No. 90903 and with the interim increase of 30 cents will experience an operating ratio of 96 percent.

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. An increase of 30 cents in applicant's one-way adult fare between San Francisco and San Francisco International Airport is reasonable and should result in total increased gross revenues of \$496,670 and an operating ratio, after taxes, of 96 percent.

Conclusions

1. The interim fare increases as specified in the following order should be authorized, pending further consideration by the Commission.

2. Because of SFO's immediate need for relief, SFO should be authorized to establish increased fares on not less than 5 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 adult fare by 30 cents. 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. 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 vehicles and terminals a printed explanation of fares.

Such notices 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 MAY 20 1961, at San Francisco, California.

John E. Guyon

President

Vermon L. Thompson

Richard D. Swales

Clair T. Reddy

Thomas W. Verrier

Commissioners