

T/ACB

Decision No. 92044 JUL 15 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of:
Airport Limousine Service of
Sunnyvale, Inc. for the authority
to increase passenger stage fares.)

Application No. 59658
(Filed May 15, 1980)

O P I N I O N

Airport Limousine Service of Sunnyvale, Inc. is a passenger stage corporation (PSC-899) operating between San Francisco International Airport, Oakland International Airport and San Jose Municipal Airport, on the one hand, and various communities in Santa Clara, San Mateo, Alameda and Contra Costa Counties, on the other hand. The applicant is also authorized to conduct charter-party operations, pursuant to a charter permit (TCP-321-P).

Applicant requests authority to increase its passenger stage fares by 4.96 percent across the board.

Applicant's fares were last adjusted pursuant to authority granted by Decision 91604, signed April 15, 1980 in Application 59147, filed September 19, 1979. The Transportation Division staff's recommendations in Decision No. 91604, to grant the proposed fare increase, were based on the results of operation study for the rate year ending June 30, 1981, which resulted in a net operating income of \$102,000 and an operating ratio of 96.6 percent before income taxes.

In support of the requested fare increase in this application, the carrier alleges that it is endeavoring to provide a good quality passenger service for a rapidly expanding market. It plans to acquire an additional 12 vehicles in the current year so as to be able to properly serve the public's transportation needs. However, the applicant states that the

fares must be set at a level which will generate revenues sufficient to justify the additional capital investments, and to defray the increasing operating costs of providing this public service. The proposed 4.96 percent fare increase will produce an additional annual revenue of about \$147,000 which applicant believes will produce an operating ratio before taxes of 92.0 percent.

The carrier's development of the 92.00 percent operating ratio is based on the staff's estimated operating revenues and expenses in Decision No. 91604, with the revenues adjusted upward by the amount of revenue resulting from the proposed fare increase. It appears that the carrier has failed to consider an upward adjustment of the estimated operating expenses by approximately \$37,000, since the drivers are allegedly paid approximately 25 percent of the gross passenger revenues.

The following table shows a summary of the staff's results of operation study for the rate year ending June 30, 1981, under both the present and proposed fares:

<u>Items</u>	<u>Rate Year Ending June 30, 1981</u>	
	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues	\$2,970,000	\$3,117,000
Expenses	2,868,000	2,905,000
Operating Income (Loss)		
Before Income Taxes	102,000	212,000
Operating Ratio		
Before Income Taxes -%	96.6	93.2

Granting the requested fare increase of 4.96 percent, based on an operating ratio of 93.2 percent before taxes would be consistent with the Commission's orders in its previous decisions for this carrier. In Decision No. 88554, dated March 7, 1978, and in Decision No. 84272, dated April 1, 1975, the Commission found operating ratios after income taxes of 93.8

percent and 93.2 percent, respectively, to be reasonable for Airport Limousine Service of Sunnyvale, Inc.

The proposed rates comply with the President's Guidelines for Wage and Price Increases and are necessary to ensure the continued viability of this transportation service.

Notice of the filing of this application was listed in the Commission's Daily Calendar. Additionally, the Commission staff notified affected public transit operators and planning agencies of the receipt of this application, pursuant to California Public Utilities Code Sections 730.3 and 730.5. No protests or adverse comments have been received.

F I N D I N G S

1. The requested fare increase will result in an additional annual gross revenue of approximately \$147,000 and an operating ratio of 93.2 percent before income taxes.

2. The proposed fares are necessary to ensure the viability of Airport Limousine Service of Sunnyvale, Inc.

3. Operating ratios of 93.8 and 93.2 percent before income taxes have been found to be reasonable in past decisions by the Commission for granting fare increase applications for this carrier.

4. The fare increase requested in Application 59658 is justified.

5. No protests have been received concerning this application.

6. A public hearing is not necessary.

The Commission concludes that the application should be granted.

ORDER

IT IS ORDERED that:

1. Airport Limousine Service of Sunnyvale, Inc. is authorized to establish the increased passenger stage fares proposed in Application No. 59658. 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 ten days after the effective date of this order on not less than ten 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 buses and terminals a printed explanation of its fares. Such notice shall be posted not less than ten 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 shall be 30 days after the date hereof.

Dated JUL 15 1980, at San Francisco, California.

John E. Byron
President

James L. Stanger

Richard D. Farrell

Clarence J. DeWitt

Arnold W. Pines
Commissioners