

Decision No. 92348 OCT 22 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SFO AIRPORTER, INC., for authority to)	Application No. 59980
increase its passenger stage corpora-)	(Filed October 1, 1980)
tion fares, pursuant to Section 454 of)	
the Public Utilities Code.)	

O P I N I O N

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 other peninsula cities southerly from Burlingame to San Jose, on the other hand, and between San Jose Municipal Airport and the San Francisco International Airport and intermediate points. SFO also has authority as a charter-party carrier of passengers (TCP-104A).

Decision No. 92148 dated August 19, 1980 in Applications Nos. 59630 and 59753, authorized SFO to increase the one-way passenger fares on all its routes by 30 cents. This increased the one-way fare on its major route between San Francisco and San Francisco International Airport from \$2.25 to \$2.55. By this instant Application No. 59980, SFO requests authority to further increase the fares on all its routes by 20 cents. This would increase the one-way fare between San Francisco to San Francisco International Airport from \$2.55 to \$2.75 for an increase in annual revenue of approximately \$383,400.

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In the preceding Applications Nos. 59630 and 59752, SFO furnished financial data supporting the authorized increase of 30 cents in Decision No. 92148. This financial data included all known operating expenses with the exception of contract wage increase for drivers, dispatchers, mechanics and baggage handlers which were under negotiation at the time and were consequently unknown. Negotiations with those labor classifications have now been completed and these wage costs are known. In order to offset these contract wage increases, SFO has requested in the instant Application No. 59980 to increase the one-way fares on all its routes by 20 cents.

The Transportation Division staff has prepared an engineering economic wage cost offset study using as a base the adjusted Results of Operation for the Rate Year 1981 approved by Decision No. 92148. This study is received into evidence as Exhibit 1. The following is a summary of the wage cost offset study made by the Transportation Division staff:

12 Months Ended December 31, 1981

<u>Item</u>	Present Fares (\$2.55) <u>Without Wage Increases</u>	Present Fares (\$2.55) With <u>Wage Increase</u>	Proposed Fares (\$2.75) With <u>Wage Increase</u>
Revenue	\$5,452,100	\$5,452,100	\$5,835,500
Expenses	4,860,400	5,147,000	5,183,700
Operating Income	591,700	305,200	651,800
Income Taxes	283,600	136,900	341,400
Net Income	308,100	168,217	337,500
Operating Ratio - %	94.4	96.9	94.2
Rate of Return-%	16.0	8.8	17.6
Rate Base	\$1,922,100	\$1,922,100	\$1,922,100

Imputed increase in charter revenues has not been applied since it has been reported that charter service is being decreased.

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Decision No. 86496 dated October 13, 1976 provided after hearing under similar operating circumstances for an operating ratio of 94.7 percent as being reasonable for SFO's predecessor. As indicated by the foregoing summary at present fares, and with the effect of the increased wage cost SFO will exceed its authorized operating ratio. With the addition of the 20 cent increase requested in Application No. 59980, SFO will experience an operating ratio of 94.2 which is almost identical with the approved operating ratio. The Commission's Transportation Division staff recommends that SFO be authorized to increase the existing fares on all its routes by 20 cents.

Notice of filing of this application appeared in the Commission's Daily Calendar on October 6, 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 protests have been received.

authorized by
The propose rates ⁱⁿ this order, in addition to those approved in Decision No. 92148, qualify for an exemption under the President's Guidelines for Wage and Price Stability, since they are necessary to ensure the continued viability of this transportation service.

Findings of Fact

After consideration, the Commission finds that:

1. The requested fare increase will result in additional annual revenue of \$383,400.
2. Under proposed fares, SFO will experience an operating ratio of 94.2.

3. Decision No. 86496 dated October 13, 1976 provided under similar circumstances an operating ratio after income taxes of 94.7 percent at requested fares as being reasonable for SFO's predecessor.

4. The proposed fares set forth in Application No. 59980 are justified.

5. A public hearing is not necessary.

Conclusions of Law

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. SFO Airporter, Inc. is authorized to establish the increased fares proposed in Application 59980. Tariff publications authorized to be made as a result of this order 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. This 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 operating vehicles 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.

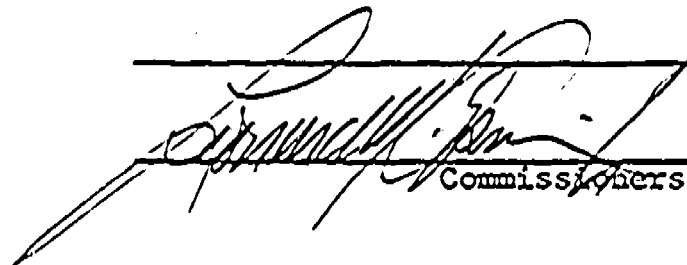
The effective date of this order is the date hereof.

Dated OCT 22 1980, at San Francisco, California.



President





Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

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