

Decision No. 92562 DEC 30 1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of SFO AIRPORTER, INC. for)	
authority to increase its)	Application No. 60099
passenger stage corporation fares.)	(Filed November 20, 1980)
pursuant to Section 454 of the)	
Public Utilities Code.)	

O P I N I O N

SFO Airporter, Inc. (Airporter) furnishes bus transportation as a passenger stage corporation for passengers and their baggage, and express, between San Francisco International Airport (SFO), Oakland International Airport, San Jose Municipal Airport, and various bus terminals in the San Francisco Bay Area. It also operates as a Class A charter-party carrier. In this application it requests a fare increase of 50 cents in each of its existing one-way adult passenger fares, and further requests interim ex parte relief on the ground of financial emergency.

Exhibit D attached to the application shows that for 1979 Airporter sustained a net operating loss of \$492,103. It sought rate relief in Application No. 59630 filed May 1, 1980, and Application No. 59753 filed June 23, 1980. We granted some of the relief requested in Decision No. 91834 dated May 20, 1980 and Decision No. 92148 dated August 19, 1980.

The latter decision assumed that declining patronage, then being experienced by Airporter, would be reversed upon completion of the new downtown San Francisco terminal. This was the position taken by the staff. Airporter had argued that other factors were responsible and no such reversal would occur.

According to Airporter, subsequent events have proved that the decline is not the result of an obsolete or inadequate passenger terminal in downtown San Francisco but such considerations as competition from newly established service by Lorrie's Travel & Tours and Bankers Limousine Service, as well as the publicly subsidized 80 cents SamTrans fare, and the SamTrans service between the Daly City BART station and SFO.

Thus, Airporter's application states, the staff's previous passenger projections have proved invalid while Airporter's have been verified. By employing actual (recorded) passenger counts through October 1980, and applying estimates for November and December consistent with the recorded 1980 figures, Airporter estimates a passenger count for 1980 of 1,627,428 passengers (compared to the previous staff estimate of 1,917,000 on which the Commission relied, and compared to Airporter's original estimate of 1,670,000). The actual passenger counts and the estimates demonstrate a gradual passenger diminution from 1978 through 1980.^{1/} Exhibit F to the application illustrates this graphically; Exhibit G shows the actual passengers carried between SFO and the downtown San Francisco terminal from 1977 through 1980 (using estimates for November and December 1980). Reproductions of these exhibits follow.

^{1/} Airporter has now furnished us with the November 1980 recorded passenger total, 119,359. Compared to the 1979 November total of 150,793, there is a decrease of 31,442 or 20.85 percent, exceeding the estimated diminution for that month.

SFO AIRPORTER, INC.

PASSENGERS TRANSPORTED MONTHLY
TO OR FROM SAN FRANCISCO INTERNATIONAL AIRPORT
FROM JANUARY 1977 TO DECEMBER 1980

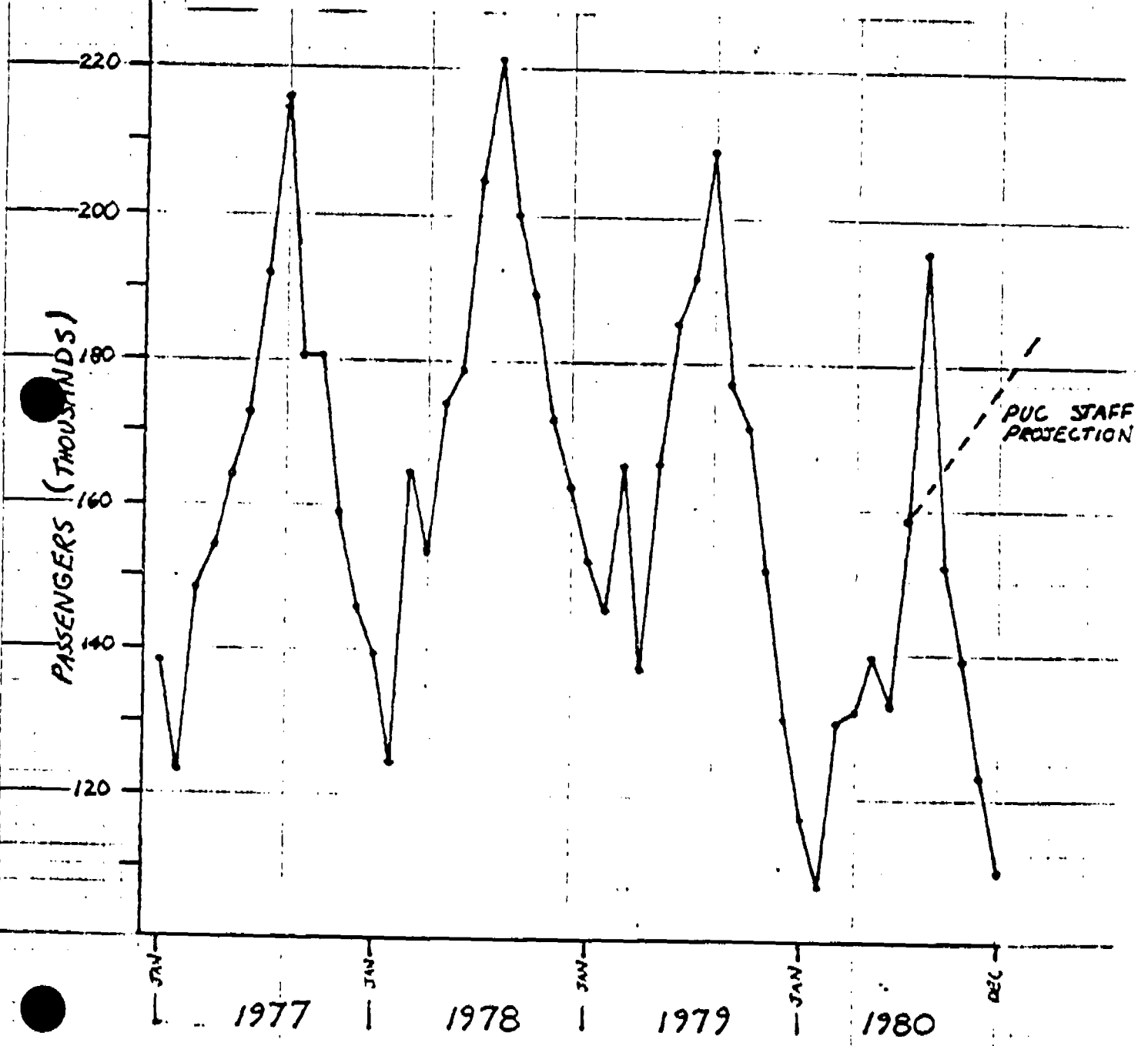


EXHIBIT "F"

SFO AIRPORTER, INC.
Passengers Carried
San Francisco to/from San Francisco International Airport

	<u>From Airport</u>	<u>To Airport</u>	<u>Total</u>	<u>Diminution Vs Prior Year</u>
<u>JANUARY</u>				
1977	79,091	59,174	138,265	
1978	80,925	58,399	139,324	1,059
1979	89,669	62,895	152,564	13,240
1980	70,826	46,091	116,917	(35,647) - 23.36%
<u>FEBRUARY</u>				
1977	69,819	53,926	123,745	
1978	71,589	52,816	124,405	660
1979	86,451	60,076	146,527	22,122
1980	64,979	42,655	107,634	(38,893) - 26.54%
<u>MARCH</u>				
1977	83,821	64,465	148,286	
1978	93,450	71,242	164,692	16,406
1979	97,803	67,965	165,768	1,076
1980	77,916	52,514	130,430	(35,338) - 21.31%
<u>APRIL</u>				
1977	87,752	66,273	154,025	
1978	87,411	65,925	153,336	(689)
1979	80,943	56,474	137,417	(15,919)
1980	80,920	51,262	132,182	(5,235) - 3.80%
<u>MAY</u>				
1977	93,540	70,746	164,286	
1978	98,232	75,544	173,776	9,490
1979	97,520	68,927	166,447	(7,329)
1980	84,405	55,536	139,941	(26,536) - 15.94%
<u>JUNE</u>				
1977	99,394	73,071	172,465	
1978	102,487	75,761	178,246	5,781
1979	110,922	74,915	185,837	7,591
1980	80,403	52,344	132,747	(53,090) - 28.56%
<u>JULY</u>				
1977	111,116	81,077	192,193	
1978	117,988	86,900	204,888	12,695
1979	113,933	78,096	192,029	(12,859)
1980	92,452	65,832	158,284	(33,745) - 17.57%

EXHIBIT "G"

Passenger Carried - Page Two

AUGUST

1977	120,490	94,784	215,274		
1978	123,810	97,909	221,719	6,445	
1979	120,509	88,684	209,193	(12,526)	
1980	109,174	85,963	195,137	(14,056)	- 6.71%

SEPTEMBER

1977	102,866	77,357	180,223		
1978	114,607	85,969	200,576	20,353	
1979	104,274	73,070	177,344	(23,232)	
1980	87,406	65,045	152,451	(24,893)	- 14.03%

OCTOBER

1977	104,047	76,584	180,631		
1978	108,197	80,682	188,879	8,248	
1979	102,642	68,675	171,317	(17,562)	
1980	81,521	57,575	139,096	(32,221)	- 18.80%

NOVEMBER

1977	89,656	67,968	157,624		
1978	98,390	74,448	172,838	15,214	
1979	89,872	60,921	150,793	(22,045)	
1980 (estimate)			123,000	(27,793)	- 18.43%

DECEMBER

1977	81,064	65,757	146,821		
1978	89,591	70,681	160,272	13,451	
1979	76,331	55,409	131,740	(28,532)	
1980 (estimate)			110,000	(21,740)	- 16.50%

YEAR

1977	1,122,656	851,182	1,973,838		
1978	1,186,675	896,276	2,082,951	109,113	
1979	1,170,869	816,107	1,986,976	(95,975)	
*1980	551,901	366,234	918,135	(228,484)	
**1980			1,637,819	(349,157)	- 17.57%

* Through July 1980

** 1980 annualized

EXHIBIT "G"

The above figures demonstrate that Airporter will suffer a total loss of passengers for 1980 of 349,157, a 17.5 percent drop. Airporter emphasizes in this connection that after the opening of the new downtown terminal on July 2, 1980 there was no discernible change in the diminution of riders.

Airporter also points out that a major contributing trend is the gradual decrease in the number of passengers traveling through SFO, due to recessionary factors and higher air fares. In the first nine months of 1980, SFO was used by 1,186,894 fewer passengers than in the same nine months of 1979 (Exhibit H to application).

Exhibit C to the application shows revenue and expense projections for existing and proposed new fares. This table is essentially based on the Commission's adopted methodology for Airporter in its last rate applications (Applications Nos. 59630 and 59753) which includes certain adjustments for lease payments to affiliates made for bus equipment and its terminal. On this basis, for a 1979 historical year, Airporter sustained a \$148,082 operating loss. For 1980, based on the 1979 adopted expenses in Decision No. 92148 and the revenues adjusted for 1980 passenger diminution, present fares produce an estimated operating loss of \$94,711. If the same expense figures are used except for a \$78,127 increase for fees paid to the airports, but the fares are increased as proposed, a net operating income of \$640,876 is estimated.

The following table shows existing and proposed fares:

SFO AIRPORTER, INC.

Present and Proposed One-Way Fares*

	Between					
	San Francisco International Airport and		Oakland International Airport and		San Jose Municipal Airport and	
	(A)	(B)	(A)	(B)	(A)	(B)
San Francisco International Airport	\$ -	\$ -	\$2.60	\$3.10	\$4.10	\$4.60
San Francisco Treasure Island	2.75	3.25	2.45	2.95	4.10	4.60
Oakland International Airport	2.60	3.10	-	-	-	-
Oakland Berkeley	2.60	3.10	2.20	2.70	-	-
Burlingame	2.90	3.40	-	-	-	-
San Mateo	2.15	2.65	-	-	4.10	4.60
Belmont	2.15	2.65	-	-	3.90	4.40
San Carlos	2.40	2.90	-	-	3.75	4.25
Redwood City	2.70	3.20	-	-	3.75	4.25
Menlo Park	2.70	3.20	-	-	3.75	4.25
Palo Alto	3.30	3.80	-	-	3.60	4.10
Mountain View	3.30	3.80	-	-	3.45	3.95
Sunnyvale	3.55	4.05	-	-	3.45	3.95
Santa Clara	3.75	4.25	-	-	3.30	3.80
San Jose Municipal Airport	3.85	4.35	-	-	3.20	3.70
San Jose	4.10	4.60	-	-	-	-
San Jose	4.10	4.60	-	-	2.90	3.40

(A) Present fares.

(B) Proposed fares.

* Children 5 to 12 years charged one-half fare - under 5 years, no charge.

Airporter points out that it has traditionally offered low fares per mile compared to other cities and that the fares will continue to be relatively low. Comparisons of fares in Exhibit J to the application show that Airporter's present fare is the lowest, per mile, in any major city.

Discussion

Airporter's application amply demonstrates that ex parte relief is essential. It sustained an operating loss of \$148,082 in 1979, and has shown with more than adequate documentation that an operating loss of approximately \$95,000 will result for 1980. In Decision No. 86496 dated August 13, 1976, fares producing an operating ratio of 94.7 were found to be reasonable. Present fares for 1980 will produce an operating ratio of 101.88. Proposed fares will, according to Airporter's estimates, result in an operating ratio of 94.33. Such a fare level is reasonable. ✓

We agree with Airporter that subsequent events have verified its previous passenger projections. In the face of a general decline of passenger volume at SFO, we wish to maintain a clean and efficient transportation system. Airporter has historically been a major part of that system, offering comparatively low fares while paying full union wages. If we fail to act promptly, we may set in motion a chain of events which will force Airporter to curtail service in order to cut costs, which will lead to further passenger diminution, in turn prompting the necessity for even higher fares. Maintaining an adequate passenger volume is essential if such a cycle is to be avoided. A 50 cents increase still leaves Airporter with a reasonably low fare and should, in our opinion, cause minimal, if any, passenger diversion.

Nor is there likelihood of any reversal of general air passenger trends in the immediate future. As of January 1, 1981, some transcontinental air fares will increase drastically, and there will be tighter restrictions on discount fares.

We will make ex parte relief effective the date this order is signed, granting the fare increase requested. ✓
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Findings of Fact

1. For a 1979 historical year, Airporter sustained a net operating loss of \$148,082 and for 1980, based upon ten months of recorded information and estimates for November and December, it is reasonable to assume that a net operating loss of \$94,711 will be experienced.

2. Since 1978, Airporter has experienced a decline in passengers carried monthly. The opening of the new downtown San Francisco passenger terminal on July 2, 1980 did not reverse this trend. Based upon ten months of recorded information and estimates for November and December consistent with the recorded figures, it is reasonable to estimate that Airporter's total passengers carried for 1980 will be 1,627,428, a decline in excess of 17 percent from 1979.

3. For approximately a year, total arrivals and departures at SFO have declined due to recessionary factors and changes in air fares. Because of projected air fare increases and stricter rules on discounts, it is reasonable to expect this decline to continue through 1982.

4. Airporter is in need of immediate rate relief in order to prevent further operating losses.

5. Airporter's proposed new fares are reasonable and will result in an estimated operating income for 1981 of \$640,876 and an operating ratio of 94.33.

Conclusions of Law

1. Relief of 50 cents for each one-way fare should be granted, producing the schedule of fares set forth in the opinion section of this decision. ✓

2. Such fare relief should be granted immediately, subject to public availability of fare schedules containing the new fares.

3. The effective date of this order should be the date it is signed because Airporter is experiencing operating losses. ✓

O R D E R

IT IS ORDERED that:

1. SFO Airporter, Inc. is authorized, subject to public availability of fare schedules listing the new fares, to increase its one-way fares by 50 cents, producing the fare schedule set forth in the opinion section of this decision. ✓

2. 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 authority shall expire unless exercised within ninety days after the effective date of this order.

4. 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 five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

5. Hearings will be set for a date or dates in 1981 to determine whether these new fares should be made permanent. KA

The effective date of this order is the date hereof.

Dated DEC 30 1980, at San Francisco, California.

John E. Byron
President

Richard D. Howell

Charles J. ...

Francis ...
Commissioners

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