

T/ctb

Decision 93223 JUN 16 1981

ORIGINAL

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)
passenger stage corporation fares,)
pursuant to Section 454 of the)
Public Utilities Code.)

Application 60536
(Filed May 11, 1981)

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, 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 75 cents for one-way fares between San Francisco and SFO where approximately 99% of its traffic is generated. This would increase the one-way fare from \$3.25 to \$4.00.

Decision (D.) 92562 dated December 30, 1980 granted Airporter a 50 cent increase in one-way fares increasing its fares from \$2.75 to \$3.25.

The revenue projection in D.92562 was predicated on a traffic projection for 1981 of approximately 1,627,428 passengers. Airporter's traffic for the first 3 months of 1981 is down considerably from 1980 as is the traffic at SFO which generates the majority of Airporter's traffic. Indications are that airport traffic will continue to decline for the rest of the year, substantially reducing the traffic that Airporter can expect. Along with a diversion by SamTrans and two Commission-authorized carriers who operate a similar airport service in San Francisco, it is expected that Airporter's traffic for

1981 will be down to approximately 1,267,340 total passengers this year, and it requests a fare increase predicated on this more realistic traffic projection. It will also experience increased costs of operations in 1981 due to increased wages and other increases in expense.

The Transportation Division staff has analyzed a results of operations study prepared by Airporter based on its 1980 annual report and other financial data contained in its verified application under present and proposed fares for the test year 1981.

It is summarized as follows:

<u>Item</u>	<u>Test Year Ended December 31, 1981</u>	
	<u>Present Fares (\$3.25)</u>	<u>Proposed Fares (\$4.00)</u>
Revenue	\$4,537,100	\$5,487,600
Expenses	4,676,200	4,765,700
Operating Income	(139,100)	721,900
Income Taxes	200	350,400
Net Income	(139,200)	371,500
Operating Ratio	103.1%	93.2%

(Red Figure)

The analysis shows that since the present fares were authorized in D.92562 there have been substantial increases in labor and other costs resulting in an estimated \$873,700 loss at present fares during the test year for an operating ratio of 103.1%. At proposed fares there would be a profit of \$371,500 after income taxes for an operating ratio of 93.2%. D.85633 dated March 30, 1976 authorized an operating ratio of 94.95% and D.87560 dated July 6, 1977 an operating ratio of 95.25%.

Notice of the filing of the application which appeared in the Commission's Daily Calendar on May 11, 1981 was mailed in accordance with Rule 24 of the Commission's Rules of Practice and Procedure. No protests or request for public hearing have been received.

The Commission staff notified all affected corporations and government agencies operating passenger transit systems of the application and asked them to analyze the effect of the proposed rate increase on transportation in their territories. No replies were received.

~~In accordance with PU Code § 730.5, this fare increase will result in "an insignificant decrease" in patronage. The fare increase will not affect transit system plans prepared under Chapter 2.5 of Title 7 of the Government Code.~~

Findings of Fact

1. Applicant is a passenger stage corporation performing an airport passenger service in the San Francisco Bay Area.
2. Applicant's fares were last increased in 1980.
3. Applicant has recently incurred increases in labor and other costs, and its expected increase in passenger traffic has failed to materialize.
4. The requested fare increase would result in an annual net income increase of \$371,500 after taxes.
5. An operating ratio of 93.2% at proposed fares is reasonably close to the previously authorized operating ratios.

Conclusions of Law

1. A public hearing is not necessary.
2. The requested fare increase is justified and should be authorized.
3. The effective date of this order should be the date it is signed since Airporter is experiencing operating losses.

O R D E R

IT IS ORDERED that:

1. Applicant SFO Airporter, Inc. is authorized to establish the increased fares proposed in Application 60536. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect five days or more 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 90 days after the effective date of this order.

3. In addition to posting and filing tariffs, applicant shall post a printed explanation of its fares in its buses and terminals. The notice shall be posted at least five days before the effective date of the fare changes and shall remain posted for at least 30 days.

This order is effective today.

Dated JUN 16 1981, at San Francisco, California.

John E. Burns
President
Richard D. K... ..
Thomas W.
Walter
Priscilla C.
Commissioners