T/ctb

Decision 93239 JUN 16 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of AIRPORT TRANSPORTATION CO., dba AIRPORT LIMOUSINE (Monterey), a corporation, for authority to increase rates between the Monterey Peninsula Airport and points on the Monterey Peninsula (Total Increase - $92,300.00).	Application 60377 (Filed March 19, 1981)

O P I N I O N

Airport Transportation Co., doing business as Airport Limousine (Monterey), presently operates as a passenger stage corporation (PSC-898), transporting passengers and their baggage between the Monterey Peninsula Airport, on the one hand, and Carmel, Monterey, Seaside, Ford Ord, Salinas, Del Monte Forest, Del Rey Oaks, Esalen Institute, Highland Inn, Quail Lodge and intermediate points, on the other hand. Applicant provides an on-call service tailored to coincide with arrivals and departures of aircraft at the Monterey Peninsula Airport.

By this application, Airport Transportation Co. seeks authority to increase its passenger fares by approximately 37%.

The present fares were established by Decision 91236 dated January 15, 1980 in Application (A.) 59207.

Applicant alleges that the company has been recently operating at a deficit, and the proposed fare increase would offset the estimated loss for the rate year 1981.

Applicant further alleges that the proposed revenue increase would also have to offset the estimated loss for the rate year 1981.

Applicant asserts that the proposed revenue increase would also have to offset the increase in the following expenses each of which varies as a percentage of gross revenue:

1. Drivers' compensation on a commission basis, 40%.

2. Franchise fee to airport (10% on first $10,000 of monthly gross revenue and 15% above that), 15%.

3. Ad Valorem Tax (possessory interest) on airport lease, 1%.

4. Payroll taxes and Workmen's Compensation Insurance 16.93% of above payroll or 6.77% of gross revenue.

The Transportation Division of the Commission reviewed the data in the application, the annual reports to the Commission, and the operations of applicant.

The annual report to the Commission for the year 1980 shows that this carrier had gross revenues of $246,521 and expenses before taxes on income of $248,921.

Exhibit A attached to the application uses a rate year of Estimated 1981 and shows estimated revenues and expenses at both the present fares and at the fares proposed in the application. The exhibit indicates that the 37% increase in fares will generate $71,900 and the operating ratios will be 108.6% and 97.0% at present and proposed fares, respectively. The projected 1981 revenue is shown to be $194,204 at present fares and $266,076 at proposed fares.

Applicant claims that the increase in fares should be granted expeditiously because immediate and continuing increases in expenses, especially gasoline and insurance, will cause applicant to operate at a greater loss.

The Commission is aware that airline service to and from the Monterey Peninsula Airport is being greatly reduced as a result of the Airline Deregulation Act of 1978. This is causing a reduction in potential passengers for this carrier thus causing even greater losses than previously anticipated.

Notice of the filing of this application was listed in the Commission's Daily Calendar on March 24, 1981.

In accordance with Public Utilities Code Section 730.5, the Commission staff notified all affected corporations and government agencies operating passenger transit systems of the application and asked them to analyse the effect of the proposed rate increase on transportation in their territories. Monterey Peninsula Transit replied that the proposed increase would not affect their operations. This 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 seeks authority to increase its passenger fares.

2. Applicant's operations in the test year ended December 31, 1981 will be at loss.

3. The requested fare increase will result in additional annual gross revenue of $71,872, with an operating ratio of 97.0% before taxes.

4. The requested fares are necessary to offset increases in operating costs, and to ensure applicant's continued operations.

5. The sought fare increase is justified.

6. No protests have been received, and a public hearing is not necessary.

7. Since applicant's operations under its present fares are at a loss, the effective date of this order should be the date of signature.

Conclusion of Law

The sought fare increase is just and reasonable and should be granted.

O R D E R

IT IS ORDERED that:

1. Airport Transportation Co. is authorized to establish the increased fares proposed in A.60377. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect ten days or more 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 90 days after the effective date of this order.

3. In addition to posting and filings tariffs, applicant shall post a printed explanation of its fares in its buses and terminals. The notice shall be posted at least ten 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. Bryson
President

Richard D. Gravelle

Leonard M. Grimes, Jr.

Victor Calvo

Priscilla C. Grew
Commissioners