

T/clb

Decision 93711 NOV 3 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AIRPORT SERVICE,
INCORPORATED, for authority to
adjust its rates.

)
Application 60854
(Filed August 27, 1981)

Application of ORANGE COAST SIGHT-
SEEING COMPANY for authority to
adjust its rates.

)
Application 60853
(Filed August 27, 1981)

O P I N I O N

Airport Service, Incorporated (Airport) is a passenger stage corporation (PSC-869) engaged in operations between various airports in Los Angeles and Orange Counties and various points in Los Angeles and Orange Counties, as well as between certain of the airports, as set forth in the appendix of Decision (D.) 83743, as amended by D.84583, in Application (A.) 54778.

Orange Coast Sightseeing Company (Orange Coast), an affiliate of Airport, sharing common management, operating personnel, and equipment, is a passenger stage corporation (PSC-322) which provides a sightseeing service between various points in Orange County, and points of interest in Orange and Los Angeles Counties, as set forth in D.69671 in A.47707 as amended by later decisions.

Airport and Orange Coast (applicants) allege that the increases in their operating costs necessitate the filing of the instant applications, requesting a 9.5% fare increase for both companies. It is estimated that the requested increase will result in additional gross annual revenue of approximately \$962,485 for Airport and \$77,039 for Orange Coast. Exhibit B of each application shows the present and proposed fares.

The present fares for both Airport and Orange Coast were established in D.92847 dated March 17, 1981 in A.60015 and A.60018.

Exhibit C, attached to each application, is a statement of earnings for the recorded year ending June 30, 1981 and an estimated results of operations for a test year ending December 31, 1982.

As shown in the applications, Airport's operations for the 12 months ending June 30, 1981 were conducted at a profit of approximately \$416,000, with an operating ratio before income taxes of 95.6%. Orange Coast's operations for the same period resulted in an operating loss of about \$39,000, with an operating ratio of approximately 103.6%.

The following tables show applicants' individual and combined estimated results of operations under present and proposed fares for a test year ending December 31, 1982.

TABLE I

Results of Operations For Test Year Ending December 31, 1982
At Present Fares

Item	Airport	Orange Coast	Combined
Operating Revenues	\$11,754,000	\$1,766,000	\$13,520,000
Operating Expenses	11,354,000	1,660,000	13,014,000
Operating Income Before Income Taxes	400,000	106,000	506,000
Operating Ratio Before Income Taxes	96.6%	94.0%	96.3%

TABLE II

Results of Operations For Test Year Ending December 31, 1982
At Proposed Fares

Item	:	Airport	:	Orange Coast	:	Combined
Operating Revenues		\$12,736,000		\$1,916,000		\$14,652,000
Operating Expenses		11,461,000		1,700,000		13,161,000
Operating Income						
Before Income Taxes		1,275,000		216,000		1,491,000
Operating Ratio						
Before Income Taxes		90.0%		88.7%		89.8%

As indicated by the above tables, Airport's operations in the test year ending December 31, 1982 under its present fares will be at a profit of \$400,000 with an operating ratio of 96.6% before income taxes. The proposed fares will result in an annual gross operating revenue of \$12,736,000, an annual gross revenue increase of \$982,000 with an operating ratio of 90.0% before income taxes.

Orange Coast's operations in the same period under present fares will be at a profit of \$106,000 with an operating ratio of 94.0% before income taxes. The proposed fares will result in an annual gross revenue of \$1,916,000, an annual gross revenue increase of \$150,000 with an operating ratio of 88.7% before income taxes.

Both applicants' combined operations in the test year under proposed fares will produce annual gross revenue of \$14,652,000, and result in an annual gross revenue increase of \$1,132,000, with an operating ratio of 89.8% before income taxes.

Notice of the filing of these applications appeared on the Commission's Daily Calendar. No protests or request for public hearing have been received.

The Commission notified affected public transit district operators of the application under Public Utilities Code Sections 730.3 and 730.5, and the Commission requested the public agency to prepare an analysis of the effect of the fare increase on overall transportation problems within the territory served by the public transit system. No response has been received from any public transit district. 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. Applicants seek a 9.5% increase in their passenger fares to offset increased operating expenses.
2. As shown in Tables I and II, Airport's operations in the test year under its present fares will be conducted at a profit of \$400,000, with an operating ratio of 96.6% before income taxes. The requested fare increase will result in additional annual gross revenues of \$982,000 with an operating ratio of 90.0% before income taxes. ✓
3. Orange Coast's operations in the test year under its present fares will produce a profit of \$106,000 with an operating ratio of 94.0% before income taxes. The requested fares will result in additional annual gross revenues of \$150,000 with an operating ratio of 88.7% before income taxes.
4. Applicants' combined operations in the test year under the present fares will be conducted at a profit of \$506,000 with an operating ratio of 96.3% before income taxes. The requested fares will produce additional gross annual revenues of \$1,132,000 with an operating ratio of 89.3% before income taxes.

5. The requested fare increases are necessary to offset increased operating expenses and to ensure applicants' continued operations.

6. The requested fare increases are justified.

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

8. Since the fare increases are necessary to ensure applicants' continued operations, the effective date of this order should be the date of signature.

Conclusion of Law

The increased fares are reasonable and justified and should be authorized.

O R D E R

IT IS ORDERED that:

1. Airport Service, Incorporated is authorized to establish the increased fares proposed in A.60854. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect 10 days or more after the effective date of this order on not less than 10 days' notice to the Commission and to the public.

2. Orange Coast Sightseeing Company is authorized to establish the increased fares proposed in A.60853. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect 10 days or more after the effective date of this order on not less than 10 days' notice to the Commission and to the public.

3. The authorities shall expire unless exercised within 90 days after the effective date of this order.

4. In addition to posting and filing tariffs, applicants shall post a printed explanation of their fares in their buses and terminals. The notice shall be posted at least 10 days before the effective date of the fare changes and shall remain posted for at least 30 days.

This order is effective today.

Dated NOV 3 1981, at San Francisco, California.

JOHN E. BRAYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
FRISCHILLA C. GREW
Commissioners

*I certify that this Decision was approved
by the above Commissioners today.*

John E. Brayson