

ORIGINAL

Decision 93809 DEC - 1 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of John Celani for authority to)
operate as a tour bus corporation)
between San Francisco and Marin,)
Napa and Sonoma Counties.)

Application 60766
(Filed July 27, 1981)

John Celani, for himself, applicant.
Malcolm Gissen, Attorney at Law, for
Gray Line, Inc., and Clapp & Custer
by Daniel J. Custer, Attorney at Law,
for O'Connor Limousine Service, Inc.,
protestants.

O P I N I O N

John Celani (applicant) seeks a certificate of public convenience and necessity to operate as a passenger stage corporation to provide sightseeing tours commencing from points within the City and County of San Francisco to points of interest in Marin, Sonoma, and Napa Counties. Timely protests to the application were filed by Gray Line, Inc. (Gray Line) and O'Connor Limousine Service, Inc. (O'Connor).

Duly noticed public hearing was held October 9, 1981 at San Francisco before Administrative Law Judge (ALJ) Banks at which time the matter was submitted.

According to the application the following tours will be offered:

- Tour 1 - From downtown San Francisco hotels to Muir Woods in Marin County, then to Sausalito, and return to San Francisco.
- Tour 2 - From downtown San Francisco hotels to various wineries in the Napa Valley, and return to San Francisco.

Tour 3 - (Alternate) From downtown San Francisco hotels to Muir Woods in Marin County, then to Tiburon, and return to San Francisco.

Applicant proposes operations on Saturdays and Sundays only. Two tours of approximately 4 hours' duration from San Francisco to Marin County would be conducted on Saturdays and an 8-hour Napa-Sonoma County Wine Country tour on Sundays. The proposed fares are:

Marin County Tour (Tour 1)	Adults	\$11.00
	Children (under 12)	\$ 9.00
Napa Valley Wine Country Tour (Tours 2 and 3)	Adults	\$23.00
	Children (under 12)	\$15.00

Service is to be provided in a 12-passenger, 1981 Ford Chateau air-conditioned van. The financial statement in the application shows assets of \$12,000, liabilities of \$4,000, with a net worth of \$8,000.

The applicant testified that he is presently employed as a chemist earning \$23,500 annually. He stated that the tour business has always been of interest to him and that his ultimate goal is to be in the business full time. His present plans are to continue employment as a chemist until the tour business becomes self-sustaining. He stated his present salary is sufficient to provide the necessary working capital while the business is in its infancy. Applicant's plans are to begin the tours from the large San Francisco hotels, such as the Fairmont, Hyatt Regency, and Sir Francis Drake. He stated he believed there was a need for the proposed service, realizing that it may take some time to reach a breakeven point.

On cross-examination applicant stated that he had made no revenue or total cost estimates. He stated the only estimates he made were operation cost estimates made from data provided by Chrysler Corporation for vanpool operations. He stated his service would be

substantially similar to that presently available, but as owner-operator he could provide more personal attention for his passenger's needs and desires than is now available.

During cross-examination applicant stated that he wished to amend the application by deleting the Muir Woods/Sausalito tour (Tour 1) and substituting a tour to Mt. Tamalpais/Tiburon. The ALJ accepted this amendment to the application without requiring further filings. By the amended application he proposes to provide two Saturday tours to Mt. Tamalpais/Tiburon and a Sunday tour to the Napa Valley Wine Country.

Also, during cross-examination applicant stated that he had not yet contacted hotel management regarding his tours being sold in their hotels. He also stated he had not contacted or received permission from any winery to conduct tours. He explained that these items were some of the details yet to be worked out. When asked if he would pay a commission to hotel employees for selling tours, he stated that he had not considered it, nor was he aware that such payment was customary or necessary. In regard to these details, applicant stated that he did not foresee any problems with either the hotels or the wineries.

Protestants each hold a passenger stage certificate authorized to conduct sightseeing service in the San Francisco Bay Area and to various other locations throughout the state.

Testifying for protestants was Robert H. Bury, marketing manager for Gray Line, and Tony Ruiz, general manager of O'Connor.

Bury stated that there was no need for applicant's service. He stated that Gray Line has sustained a substantial operating loss for the years 1980 and 1981 which could be attributed to the downturn in business and an increase in competition. He stated that the tour

business is very competitive, requiring constant contact with hotel bell captains and other employees to ensure continued tour sales. Finally, he stated that it is very difficult to obtain permission for paid tour groups to visit wineries, particularly on Sundays.

Ruiz also stated that there had been a significant downturn in the tour business. He stated that a large problem in the industry at present is the unusually large number of uncertificated operators. Ruiz questioned the viability of a Mt. Tamalpais/Tiburon tour stating that he was unaware of any such tour now available and that O'Connor did not offer this tour because they had not received any requests. He stated that visitors from outside the bay area were not familiar with either Mt. Tamalpais or Tiburon.

Discussion

We have stated on many occasions in the recent past that it is this Commission's general policy to encourage increased competition and entry into the field of passenger transportation. It is necessary, however, for an applicant to do more than file an application alleging the need for the proposed service.

From the evidence and testimony presented by applicant it is questionable whether there is any public interest or need for the proposed service. The only evidence of need was applicant's testimony to the effect that he had long dreamed of being in the tour business. He made no market survey or study and presented no public witnesses. No income and expense projections were available for review and only on cross-examination did applicant reluctantly make any estimates. Details of the tours have not been completed, i.e. hotels and wineries are still to be contacted. Applicant has no experience in the transportation or tour business, acknowledging that he is unfamiliar with how tour operators compensate sales people and only a vague idea how his reservations will be handled. Working as a chemist

from 8:30 a.m. to 5:00 p.m., it is questionable whether applicant can perform all of the necessary functions, i.e. sales, driver, tour director, etc. to make the operation viable. In addition to the lack of planning necessary to initiate the proposed service, applicant claims a net worth of only \$8,000 with which to commence operations which raises the question of his financial ability to provide the proposed service.

While circumstances require that this application be denied, we do so reluctantly and without prejudice. We would encourage applicant to conduct more research regarding his proposed service with the thought of perhaps refiling his application.

Findings of Fact

1. Applicant seeks a certificate of public convenience and necessity to provide sightseeing service from points in the City and County of San Francisco to points of interest in Marin, Sonoma, and Napa Counties.
2. Applicant proposes to purchase a 12-passenger air-conditioned Ford van.
3. Applicant plans to operate the service without employees on a parttime basis until it becomes self-sustaining.
4. Applicant made no market study in support of the application. No income or expense projections were presented to show that the proposal is viable. No public witnesses testified in support of the application.
5. It is questionable whether applicant's financial resources are adequate to provide the proposed service.
6. The evidence and testimony presented are insufficient to conclude that the application should be granted.

Conclusions of Law

1. Public convenience and necessity for the proposed operation have not been demonstrated.
2. The application should be denied without prejudice.

O R D E R

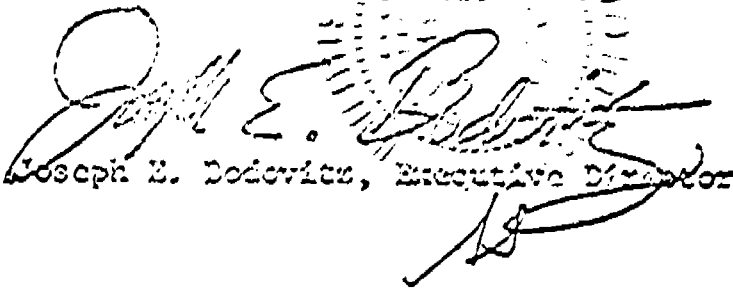
IT IS ORDERED that the application of John Celani for a certificate of public convenience and necessity to operate as a passenger stage corporation is denied without prejudice.

This order becomes effective 30 days from today.

Dated DEC 1 1981, at San Francisco, California.

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

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Dodovics, Executive Director