

Decision 97-10-011 October 9, 1997

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Benchmark-Tech Corporation doing business as Chaminade at Santa Cruz, for authority to increase rates Public Utilities Code Section 454).

Application 97-05-055  
(Filed May 30, 1997)

**ORIGINAL**

**O P I N I O N**

Benchmark-Tech Corporation (applicant), a corporation, doing business as Chaminade at Santa Cruz, requests authority pursuant to Public Utilities (PU) Code § 454 to increase its present one-way and round-trip fares. The increase in the fares will generate a projected increase of 20.84% in total revenue for 1997.

Applicant is a passenger stage common carrier (PSC-9365) engaged in the transportation of passengers and their baggage on an "on-call" basis, between Santa Cruz, on the one hand, and San Jose International (SJC) and Monterey (MONT) and Watsonville (WATSN) Airports, on the other hand.

The present fares have not changed for approximately five years and were authorized by Decision (D.) 92-10-043 in Application 92-06-038, under the operations of its predecessor, Chaminade Ltd. (PSC-8011). Applicant published these adopted fares in its Local Passenger Tariff, effective May 18, 1995.

A pro forma income statement is included in the application and identified as Exhibit B. This document is supplemented by four pages, dated July 30, 1997, sent to the Rail Safety and Carriers Division.

The present and proposed fares are shown in Table 1.

**TABLE 1**

**FARES (In dollars per person)**

<u>Between Santa Cruz and:</u>	<u>Present</u>		<u>Proposed</u>		<u>INCREASE IN PERCENT</u>
	<u>One Way</u>	<u>Round Trip</u>	<u>One Way</u>	<u>Round Trip</u>	
SJC	\$35	\$70	\$45	\$90	28.57%
MONT	35	70	45	90	28.57%
WATSN	20	40	22	45	12.50%

Applicant also intends to offer promotional fares of approximately 20% less than the authorized fares to encourage repeat ridership.

Table 2 sets forth the estimated results of operations under present and proposed passenger fares for the test year ending December 31, 1997.

**TABLE 2**

**Test Period Ending December 31, 1997**

**INCOME STATEMENT**

	<u>Historical Year ended:</u>		<u>Test Year ending:</u>	
	<u>December 31, 1996</u>	<u>December 31, 1997</u>	<u>December 31, 1997</u>	<u>December 31, 1997</u>
	<u>Present Fares</u>	<u>Present Fares</u>	<u>Proposed Fares</u>	<u>Proposed Fares</u>
	<u>Unadjusted</u>	<u>Adjusted</u>	<u>Adjusted</u>	
Operating Revenue	\$54,616	\$61,000	\$66,000	
Operating Expenses	57,623	90,705	90,705	
Operating Loss	(3,007)	(29,705)	(24,705)	
Operating Ratio	105.51%	148.70%	137.43%	

In Table 2, the applicant's unadjusted financial statement, in the year that ended December 31, 1996, under its present fares, resulted in a loss of \$3,007 and an operating ratio of 105.51% before income taxes. Applicant, by letter of September 3, 1997, submitted an adjusted financial statement. The original financial statement, attached to the application, as Exhibit B, omitted to include the allocated expenses incurred by the transportation department of applicant's corporation. These allocated expenses

amounted to \$34,013, that include all of the driver's salaries and its taxes and benefits, vehicle maintenance, and insurance. Inclusion of these costs in the original financial statement for the year ending December 31, 1996 would have resulted in a net loss of \$29,154 and an operating ratio of 153.38%.

The proposed fare increases are expected to generate annual operating revenue of \$66,000 which will reduce its loss to approximately \$24,705 and an operating ratio of 137.43% before income taxes. Without the fare increases, applicant projects a revenue of \$61,000 resulting in a loss of \$29,705 and an operating ratio of 148.70%.

The applicant is engaged in operating Chaminade, a conference center, located in Santa Cruz, as its primary business.

The proposed fare increases are just and reasonable and should be granted. Notice of filing of this application appeared in the Commission's Daily Calendar on June 12, 1997. No protests have been filed.

#### Findings of Fact

1. Applicant seeks authority to increase its adult one-way and round-trip fares as requested in the application.
2. Applicant's present fares were authorized by D.92-10-043.
3. Applicant's unadjusted financial statement ending December 31, 1996, under its present fares resulted in a loss of \$3,007 that increased its operating ratio to 105.51%. The adjusted financial statement for the same period would have shown a loss of \$29,154 or an operating ratio of 153.38%.
4. The proposed fares are projected to increase its annual operating revenue of \$66,000, which will reduce its loss to \$24,705, with an operating ratio of 137.43%.
5. No protests have been filed in connection with this application.
6. A public hearing is not necessary.
7. The requested fare increases under PU Code § 454 are justified.

**Conclusions of Law**

1. The fare increases requested under PU Code § 454 are just and reasonable.
2. This application should be granted.
3. The applicant is operating at a loss and, therefore, this order should be effective on the date it is signed.

**O R D E R**

**IT IS ORDERED that:**

1. Benchmark-Tech Corporation (applicant), a corporation, is authorized to establish the increased passenger fares set forth in this application.
2. Tariffs may be filed on or after the effective date of this order. They may become effective ten days or more after the effective date of this order provided that the Commission and the public are given not less than ten days' notice.
3. This authority shall expire unless exercised within 90 days after the effective date of this order.
4. Application 97-05-055 is closed.

This order is effective today.

Dated October 9, 1997, at San Francisco, California.

P. GREGORY CONLON

President

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners