

Decision 08-12-013 December 4, 2008

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

Application of SuperShuttle of San Francisco, Inc. (PSC-1298) for authority to establish revised rates and Zones of Rate Freedom for service between the Oakland International Airport, the San Francisco International Airport, and the San Jose Airport, on the one hand, and points in Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, and Solano Counties, on the other hand.

Application 08-07-016  
(Filed July 9, 2008)

**D E C I S I O N**

**Summary**

This decision grants the application of SuperShuttle of San Francisco, Inc. (Applicant), a corporation, to increase its passenger fares, to modify its fare for children and charges for baggage, and to establish a new zone of rate freedom (ZORF), pursuant to Pub. Util. Code §§ 454 and 454.2.

**Discussion**

Applicant holds a passenger stage corporation (PSC) certificate under which it operates a door-to-door airport shuttle service between points in San Mateo, Santa Clara, San Francisco, Alameda, Contra Costa, Marin, and Solano Counties, on the one hand, and San Francisco International (SFO), Oakland International (OAK), and San Jose International (SJC) Airports, on the other hand. Applicant was first issued a PSC certificate in 1985 by Decision (D.) 85-08-

077 that authorized transportation between San Francisco and SFO. The service area was subsequently expanded by decisions and an advice letter.<sup>1</sup>

The application requests approval to increase current base fares. Some of those base fares were established by Applicant in 2005 pursuant to D.05-10-033. Other base fares were established in 1995 by M & M Luxury Shuttle, Inc. (M & M) and adopted by Applicant in 2007 when it acquired M & M. Applicant indicates that the former M & M fares will receive the greatest increases, while only minimal increases will apply to the fares Applicant established in 2005. Overall, the new base fares will increase Applicant's revenues by approximately 5%.

D.05-10-033 authorized Applicant to establish a ZORF of \$10 above and below any base fare of \$30 and under and \$20 above and below any base fare over \$30. The M & M fares adopted by Applicant included a ZORF authorized by D.98-02-017 of \$7 above and \$5 below M & M's base fares. Applicant requests authority to establish a new uniform ZORF of \$20 above and below any of its base fares, with a minimum fare of \$10.

Applicant also seeks to make certain adjustments to its fares and charges which it states will align them with airline industry practices. It proposes to allow children under the age of 3 to ride for free, while all others will be charged full fare. Currently, children under 2 years of age ride free and persons under 11 years of age qualify for a reduced fare. Additionally, it proposes to transport two bags weighing less than 50 pounds each for free, and to charge \$5 for each

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<sup>1</sup> Under procedures authorized by D.98-10-031 and Resolution TL-18875, in 2007 Applicant utilized the advice letter process to obtain approval of its acquisition of M & M Luxury Shuttle, Inc., a PSC. Applicant's service territory was expanded by several counties when the PSC certificate it acquired from M & M Luxury Shuttle, Inc. was consolidated with Applicant's existing certificate.

additional bag and a \$1 handling charge for any bag that requires assistance to load. Applicant's current tariff limits each passenger to two bags.

Applicant states increased costs of services, particularly gas prices, require that it seek relief. It indicates that the 13-year-old M & M base fares are simply too low to be viable. Additionally, since Applicant's other fares were established in 2005, the Consumer Price Index for San Francisco has increased by about 8%. Applicant advises that the requested new ZORF is similar to those sought and obtained by other carriers. It notes that it operates in a highly competitive environment where many other transportation options are available to consumers.

In further support of the requests, Applicant states that since it entered the airport ground transportation market 20 years ago, it has proven to be a leader in the provision of high quality, reliable, and economical service to and from airports in Northern California. In particular, it has provided reliable shared-ride service to airports, a market segment Applicant believes many other carriers eschew. Approval of the requests, according to Applicant, will enable it to continue to provide the high quality and extremely reliable service for which it enjoys a solid reputation.

Concurrent with the filing of the application, Applicant filed a motion, pursuant to Pub. Util. Code § 583 and General Order 66-C, for an order that Exhibit A to the application be sealed and not open to public inspection. The exhibit consists of the following: an unaudited Balance Sheet for Applicant as of September 30, 2006, and the period ended July 31, 2007; an unaudited Statement of Operations for Applicant for the years 2005 and 2006 and for the period ended July 31, 2007; and several unaudited consolidated financial statements for Applicant's corporate parent, SuperShuttle International, for periods in 2005, 2006, and 2007. The motion argues that "public disclosure of this private,

confidential information would place Applicant at a competitive disadvantage in its operations.” The unopposed motion was referred to the Law and Motion Administrative Law Judge (ALJ) for disposition. ALJ Jean Vieth’s ruling dated August 5, 2008, granted Applicant’s motion.<sup>2</sup>

The Commission’s Consumer Protection and Safety Division staff has reviewed the financial statements contained in Exhibit A. The statements show that Applicant’s operation is currently profitable. Staff does not object to the requested relief since the current base fares were established in 2005, and in the case of the former M & M fares, 1995.

Applicant will compete with other PSCs, taxicabs, charter limousines and sedans, public transit, and private automobiles in its service area. This highly competitive environment should result in Applicant pricing its services at a reasonable level. In view of this, and the fact that Applicant’s base fares were established three and 13 years ago, the requests to increase fares and establish a new ZORF are reasonable and will be granted. We will also approve Applicant’s request to modify its child fare and baggage charges.

Notice of filing of the application appeared in the Commission’s Daily Calendar on July 15, 2008.

In Resolution ALJ 176-3218 dated July 31, 2008, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received.

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<sup>2</sup> The ruling provides that the confidential information will remain under seal for two years from the date of the ruling and shall not be made accessible or disclosed to anyone other than (a) Commissioners and Commission staff; (b) other parties to this proceeding who have executed a reasonable nondisclosure agreement with Applicant; or (c) upon further order or ruling of the Commission, the assigned Commissioner, the assigned ALJ, or the ALJ then-designated as Law and Motion Judge.

Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3218.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

### **Assignment of Proceeding**

Richard Clark is the assigned Examiner in this proceeding.

### **Findings of Fact**

1. Applicant is currently authorized to operate as a door-to-door PSC between points in seven Bay Area counties and SFO, OAK, and SJC.
2. Applicant requests authority to file new base fares that will increase revenues approximately 5%.
3. Applicant proposes to modify its child fare and baggage charges to align them with airline industry practices.
4. Applicant requests authority to establish a new ZORF of \$20 above and below any new base fare shown in Exhibit C of the application. A minimum fare of \$10 will apply.
5. The proposed increases and modifications to fares and charges are justified under Pub. Util. Code § 454.
6. Applicant will compete with other PSCs, taxicabs, charter limousines and sedans, public transit, and private automobiles in its operations. The ZORF is fair and reasonable.
7. No protest to the application has been filed.
8. A public hearing is not necessary.
9. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

### **Conclusions of Law**

1. The proposed fares and baggage charges are just and reasonable and should be granted.
2. The application for a ZORF should be granted.
3. Before Applicant changes any fares under the ZORF authorized below, Applicant should give this Commission at least ten days' notice. The tariff should show the high and low ends of the ZORF and the then currently effective fare between each pair of service points
4. Since the matter is uncontested, the decision should be effective on the date it is signed.

### **O R D E R**

#### **IT IS ORDERED** that:

1. SuperShuttle of San Francisco, Inc. (Applicant), a corporation, is authorized under Pub. Util. Code § 454 to establish the base fares shown in Exhibit C of the application.
2. Applicant is authorized to modify its child fare and baggage charges as described in the application.
3. Applicant is authorized under Pub. Util. Code § 454.2 to establish a zone of rate freedom (ZORF) of \$20 above and below any of the base fares shown in Exhibit C of the application. The minimum fare will be \$10.
4. Amended tariff pages may be filed on or after the effective date of this decision. They may become effective ten days or more after the effective date of this decision provided that the Commission and the public are given not less than ten days' notice.
5. Applicant shall file a ZORF tariff in accordance with the application on not less than ten days' notice to the Commission and to the public. The ZORF and

the authorized increase in fares shall expire unless exercised within 120 days after the effective date of this decision.

6. Applicant may make changes within the ZORF by filing amended tariffs on not less than ten days' notice to the Commission and to the public. The tariff shall include the authorized maximum and minimum fares and the fare to be charged between each pair of service points.

7. In addition to posting and filing tariffs, Applicant shall post notices explaining fare changes in its terminals and passenger-carrying vehicles. Such notices shall be posted at least ten days before the effective date of the fare changes and shall remain posted for at least 30 days.

8. The Application is granted as set forth above.

9. This proceeding is closed.

This decision is effective today.

Dated December 4, 2008, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
TIMOTHY ALAN SIMON  
Commissioners