Decision 09-01-020 January 29, 2009

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Marin Airporter (PSC-990) for Authority to obtain a new Zone of Rate Freedom (ZORF) in Local Tariff No. 1-B CA P.U.C. No. 3 containing rates and fares for transportation of passengers and their baggage and the performance of specified services related thereto, as authorized by Section 452.2, Public Utilities Code and for authority to depart from the terms of Section 491 of said code when accomplishing such publication.	Application 08-10-010 (Filed October 17, 2008)

D E C I S I O N

Summary

This decision grants the application of Marin Airporter (Applicant), a corporation, to increase its passenger fares and to continue to exercise a previously authorized zone of rate freedom (ZORF), pursuant to Pub. Util. Code §§ 454 and 454.2. Fares will increase initially by $2.

Discussion

Applicant holds a passenger stage corporation (PSC) certificate under which it operates a scheduled bus service between points in Marin County and San Francisco International Airport (SFO). It has operated the service since 1976.

Applicant's current base fares were established in 2003 pursuant to Decision (D.) 03-06-014. Applicant has increased these fares at various times under a ZORF authorized by D.95-06-042. The ZORF allows Applicant to adjust its fares a maximum of $5 above and below its approved base fares. The application requests approval to increase base fares and to apply the previously authorized ZORF to the new fares.

Applicant explains that after losing money in 2006 and making a slim profit in 2007, it embarked upon cost-cutting measures, such as selling excess equipment, reducing staff, and postponing the purchases of new equipment. On January 1, 2007, it established an Employee Stock Ownership Trust (ESOT) covering substantially all full-time employees meeting age and length of service requirements. These cost savings have helped Applicant to continue operations. It explains, though, that employees continue to expect health and welfare programs, the cost of which continues to increase dramatically. Applicant indicates that its fleet of buses is aging, the newest one being a 2001 model. Replacement costs now exceed $400,000 per vehicle.

Also affecting its service are increased costs of fuel, tires, parts, and maintenance. Applicant notes that in view of the nation's current financial crisis, it is not clear what levels of commercial credit will be available in the near future to help fund its operations.

Attached to the application are various exhibits in support of the request. Exhibit A consists of financial statements for 2006 and 2007. The income statement for 2006 shows a loss from operations of $18,349 on revenue of $5,797,779 (operating ratio of 100.3%), and for 2007 a profit of $178,107 on revenue of $6,328,038 (operating ratio of 97.2%). Exhibit E contains various statistical tables published by the U.S. Department of Labor. As particularly relevant to its request, Applicant refers to the Consumer Price Index table for the San Francisco-Oakland-San Jose area, which shows an increase in the index of 19.65 points (10%) between 2003 and 2007.

Applicant has taken increases under its ZORF to offset the increased costs of operations. It has exercised the entire ZORF on certain fares, however.

Applicant proposes to establish as new base fares the current fares in effect under the ZORF. The existing ZORF authority would apply to these new base fares. According to the proposed fare schedule in Exhibit D of the application, fares initially will increase $2, either from $20 to $22 or from $21 to $23, depending on the service point in Marin County. Applicant states that without the fare increase it may have to reduce the frequency of service from its current half-hour schedule. Applicant requests authority to make fare changes on ten days' notice to the public and the Commission instead of the otherwise applicable 30 days' notice under Pub. Util. Code § 491.

Notice of filing of the application appeared in the Commission's Daily Calendar on October 22, 2008. Applicant served a notice of the application to the County of Marin, seven cities in the county, and SFO.

In Resolution ALJ 176-3224 dated November 6, 2008, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3224.

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.

Findings of Fact

1. Applicant operates as a scheduled PSC transporting passengers and their baggage between points in Marin County and SFO.

2. Applicant's current base fares were established in 2003 pursuant to D.03-06-014.

3. Applicant has experienced increased costs of operations, including for fuel, tires, parts, maintenance, and employee benefits.

4. Applicant reports operating ratios of 100.3% in 2006 and 97.2% in 2007.

5. D.95-06-042 authorized Applicant to establish a ZORF of $5 above and below its base fares.

6. Applicant has exercised the entire ZORF on certain of its fares.

7. The application requests authority to increase base fares to the current level of fares under the ZORF, and to apply the previously authorized ZORF to the new base fares. Fares will increase initially by $2.

8. The proposed increases in fares are justified under Pub. Util. Code § 454.

9. Applicant's continued use of the ZORF is reasonable under Pub. Util. Code § 454.2.

10. Applicant requests authority to file fare changes on ten days' notice to the public and the Commission.

11. No protest to the application has been filed.

12. A public hearing is not necessary.

13. 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 increased fares are just and reasonable and should be approved.

2. The request to apply the previously authorized ZORF to the new base fares should be granted.

3. The request to depart from Pub. Util. Code §491 should be granted.

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. Marin Airporter (Applicant), a corporation, is authorized under Pub. Util. Code § 454 to establish the new base fares described in the application.

2. 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 order provided that the Commission and the public are given not less than ten days' notice.

3. The authority to increase fares shall expire unless exercised within 90 days after the effective date of this decision.

4. Applicant is authorized under Pub. Util. Code § 454.2 to apply the zone of rate freedom (ZORF) granted by Decision 95-06-042 to the new base fares approved in Ordering Paragraph 1.

5. 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.

6. 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.

7. The Application is granted as set forth above.

8. This proceeding is closed.

This decision is effective today.

Dated January 29, 2009, at San Francisco, California.

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