

ORIGINAL

Decision No. 14730

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of an Investigation)
on the Commission's own motion of)
the reasonableness of the rates,)
service, rules, regulations and) CASE NO. 2051.
practices of the MONTICELLO STEAM-)
SHIP COMPANY.)

Raymond Benjamin and Harry A. Encell, for
the Monticello Steamship Company.

SHORE and SEAVEY, COMMISSIONERS:

O P I N I O N

This is primarily an investigation into the service rendered and the reasonableness of the rates charged for the transportation of automobiles, trucks and other vehicles.

A public hearing was held in San Francisco on December 8, 1924.

The Monticello Steamship Company was organized July 26, 1904, and very soon thereafter commenced the operation of a steamship line between San Francisco and Vallejo. The Company carries passengers, vehicles and freight. Three large boats are now operated, having an average auto capacity of approximately 60 automobiles each. Seven trips are made daily from both San Francisco and Vallejo, two boats being run under a headway of about two and a quarter hours. The actual running time is approximately one hour and forty-five minutes between terminals.

The service rendered by the Company is reasonably adequate and the size of the equipment offers considerable room for any increase in traffic that normally may be anticipated. The Company is now operating with precaution and the service appears to be reasonably safe.

The remaining issue to be passed upon in this proceeding is the reasonableness of the vehicular rates charged by the Monticello Steamship Company.

A valuation of the physical property owned by the Company was introduced in evidence by the Commission's Engineering Department and is composed of an inventory and appraisal as of September 30, 1924, with four phases of value being shown, as follows:

Historical Reproduction Cost...	\$2,066,847.00
Historical Reproduction Cost less Depreciation	1,528,155.00
Reproduction Cost, New	2,071,205.00
Reproduction Cost, New, less Depreciation	1,501,503.00

Certain additions and betterments have been added to the property since the date of valuation. No objection was made by the Company to any of the values found. The Department of Finance and Accounts of the Commission presented a report showing the total investment of the Company as amounting to \$1,573,790.00 as of December 31, 1923. This figure is not inconsistent with the Company's statement for investment to the amount of \$1,701,945.06 as of June 30, 1924. Both of these figures were obtained from the Company's books, but the records as to actual investment are not available. It appears from the evidence presented that the fair

amount to be used as a rate base as of December 31, 1924, is the sum of \$2,073,162.00.

The Company's records show an increase in vehicular traffic of approximately 15 per cent during 1924. A considerable portion of this increase was undoubtedly due to the increased capacity of the boats effected in the latter part of 1924, and it appears reasonable to assume that this rate of increase will continue during 1925.

The Company competes, for a considerable portion of its traffic in the transportation of vehicles, with the Golden Gate Ferry Company, the Southern Pacific Company and the Rodeo-Vallejo Ferry Company.

The Commission's Engineering Department made a report (Commission's Exhibit No. 3) of the financial results of operation, in which estimates were given of revenues and expenses for the year 1925. It appears from this report that the entire operations of the Company may be expected to earn a net return of 5.7 per cent on the above rate base for the year 1925. The total earnings from vehicular transportation, exclusive of passengers, carried therein, amounted to \$75,842.00 for the year 1923, and \$86,091.00 for the year 1924.

It further appears from this report that, upon any reasonable basis of apportionment of the Company's operations as between its vehicular traffic and its other business, the earnings from its vehicular traffic will not give an excessive return upon that proportion of the property which is devoted to the transportation of vehicles.

There is now pending before this Commission a proceeding similar to this, in which the services and rates of the Companies competing with the Monticello Steamship Company are being investigated.

If any reductions are made in the rates charged by these competing companies, it is probable that the Monticello Steamship Company will desire to reduce its rates voluntarily to the same general level in order to retain its present vehicular business.

After a careful consideration of all the evidence in this case, it is our conclusion that no reduction in rates should be ordered by the Commission at the present time, and that this proceeding should be dismissed.

The following form of Order is recommended:

ORDER

Public hearing having been held in the above entitled proceeding, the Commission being apprised of the facts, the matter being under submission and ready for decision,

IT IS HEREBY ORDERED that the above entitled proceeding be, and it is hereby dismissed.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 1st day of April, 1925.

H. H. H. H. H.
C. H. H. H. H.
E. H. H. H. H.
G. H. H. H. H.
H. H. H. H. H.
 Commissioners.