

Decision No. 40685

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THE SAN DIEGO AND CORONADO FERRY) Application No. 28570
 COMPANY for authority to increase)
 rates.)

FORREST A. COBB and MORRISON, HOFFELD, FOERSTER,
 SHUMAN & CLARK, for Applicant

J. R. GOODBODY, City Attorney, for City of Coronado

O P I N I O N

In this application San Diego and Coronado Ferry Company, a corporation, seeks authority to effect a general increase in its rate and fare structure. (1) This carrier provides transportation service for persons, vehicles, and freight transported in vehicles by ferry boat between San Diego and Coronado, a distance of approximately one-half mile. This service is provided through the use of four vessels, ranging in capacity from 60 to 70 motor vehicles, which operate between the two ferry slips at San Diego and two at Coronado.

Public hearings were held at San Diego on August 8 and 22, 1947, at which time the matter was submitted and it is now ready for decision.

(1) The following rate increases are proposed:

	<u>Present</u>	<u>Proposed</u>
Automobiles	15¢ to 25¢ *	20¢ to 30¢ *
Sightseeing Car or Bus	25¢ to 35¢ *	30¢ to 40¢ *
above over 4,000 trips per month	25¢ *	25¢ *
Trucks (self-propelled)	20¢ to 40¢ *	28¢ to 56¢ *
Trailed Vehicles	5¢ to 15¢	Same as Trucks
Freight on Vehicles		
Minimum 5 ton loads per ton	18¢	22¢
Less than above	25¢	30¢
Commodity rates on brick & lumber		Cancel
One-way passenger fares	5¢	7¢
30-trip commutation rates		Increase from 33-1/3% to 60%
Property transported by motor vehicle		Increase approx. 25%.

* Includes drivers' fare.

Applicant alleges that, notwithstanding the fact that it has practiced all practical economies, the revenue from this operation is not sufficient to meet the cost of providing the service. The record shows that for the 5 months' period ended May 31, 1947, applicant's gross operating revenue was less than the operating expenses by \$2,277. As a result of a wage increase effective May 1, 1947, this carrier's operating expenses were increased approximately \$40,000 per year. In addition to the wage increase the cost of material and supplies has continued to rise during the past year.

Three engineering studies were introduced dealing with the estimated results that would obtain from this carrier's operations under various rate and fare structures during the 12-months' period ending June 30, 1948: one by the applicant, which was received as Exhibit No. 1, and the other two by the Commission's engineer, which were designated as Exhibits Nos. 2 and 3.

The following tabulation is taken from these three studies.

I t e m	Applicant's Exhibit 1		Commission Engineer's Exhibits 2 and 3			
	Present Rates	Proposed Rates	Present Rates	No Modification	With Certain Modifications (a)	(b)
Oper. Revenue	\$ 755,910	\$ 899,320	\$ 779,050	\$ 930,920	\$ 906,560	\$ 880,285
Oper. Expense	783,114	783,114	782,715	782,715	782,715	782,715
Net Income Before Income Taxes	(27,204)	116,206	(3,665)	148,205	123,845	97,570
Income Taxes	25	46,610	-	50,442	49,672	30,133
Net Oper. Income	\$ (27,229)	\$ 69,596	\$ -	\$ 88,763	\$ 74,173	\$ 58,437
Rate Base	\$1,038,000	\$1,038,000	\$1,038,000	\$1,038,000	\$1,038,000	\$1,038,000
Return	-	6.70%	-	8.55%	7.15%	5.63%
Oper. Ratio	-	-	-	84.08%	86.34%	88.90%

(a) Except with a passenger fare of 6¢ instead of 7¢.

(b) Except with a passenger fare of 5¢ instead of 7¢.

(Red Figure)

Applicant proposes to increase the commutation rates for buses by approximately 40%, except that no increase is proposed where the volume of business is in excess of 4,000 trips per month. The only patron whose business exceeds 4,000 trips per month is that of the San Diego Electric Railway Company which is owned by the same interests as applicant.

The City of Coronado takes the position that the company's proposal to increase all the bus rates except the one which under prevailing conditions is limited to the San Diego Electric Railway Company's operation, which, it is contended, constitutes a discrimination, and that any increase in revenue granted applicant should be spread equitably over all classes of traffic.

The Commission's engineer testified that with an increase of 40% on the San Diego Electric Railway Company's buses, comparable to that proposed by applicant for its other bus business, the gross revenue would be increased by approximately \$4,600 annually, with a net increase of nearly \$2,800.

The record shows that foot passengers are now offered a through fare between Coronado and San Diego for 15¢, whereas the combination of the local fares amounts to 20¢ cash or 10¢ with an 8-1/3¢ token. Prior to June 1, 1947, applicant received its full local fare of 5¢ out of the joint through fare. This practice of allowing applicant its full local fare also applied to passengers traveling on weekly and school passes. Subsequent to June 1 it has been the practice to credit applicant with 3-3/4¢ out of the 15¢ joint fare and 1¢ and 2¢ per trip out of the revenue received from the sale of school and weekly passes, respectively.

It is apparent from this record that if applicant's proposed fare increases were put into effect there would be a difference of 2¢ in the charge as applied to foot passengers and those carried in the buses of the San Diego Electric Railway Company, due to the fact that the company does not propose to increase the present 15¢ through fare for passengers traveling between San Diego and Coronado in the Railway Company buses, but does, on the other hand, propose to increase foot passengers on the ferry from 5 to 7¢.

The record further shows that a single coin fare is conducive to handling applicant's traffic in an expeditious manner. This fare collection problem applies to both foot passengers as well as those carried in vehicles in excess of the driver. The establishment of a multiple coin fare as proposed by applicant will have a detrimental effect on the service in the way of increasing the time of collection which, in turn, will materially delay loading operations.

A review of this record impels the conclusion that, in view of the fact that applicant is now operating at a loss, it is in the public interest to grant some financial relief if reasonable and adequate service is to be provided on an enduring basis. A denial of applicant's request to increase the fare for foot passengers is based principally on two grounds, one that it is desirable from a service standpoint to retain a single coin fare, and the other the fact that it appears applicant's revenues under the fare structure authorized herein will be sufficient to pay the cost of providing the service and provide a return in excess of 6% on a reasonable rate base. This latter conclusion is predicated on the assumption that applicant will exercise the authority herein granted to increase the rate on buses transported for the account of the San Diego Electric Railway Company and adjust the division of the joint fare passenger revenue with the San Diego Electric Railway on a more favorable basis to applicant.

Upon this record we find that the rates and fares set forth in the following order are just and reasonable.

ORDER

Based upon the foregoing opinion, IT IS HEREBY ORDERED that applicant is authorized to publish and file on one (1) day's notice to the Commission and to the public the following modifications in its fare structure:

1. To increase the following rates, as designated in Exhibit "C" attached to the application and identified as follows:

Local Freight Tariff No. 5:

Section 1 Items 5E, 20D, 25E, 35-
 Section 2 Items 40, 45, 55, 60, 65, 70, 85.
 Section 3 Items 90D, 95D, 100D, 112D, 113,
 115D, 120D, 125D, 130D, 135D.

2. To eliminate from its proposed tariff Item 113 providing a rate of twenty-five cents per trip for buses not exceeding 35 feet in length making in excess of 4,000 trips per month.

IT IS HEREBY FURTHER ORDERED that applicant's request to increase local passenger fares from 5¢ to 7¢ is hereby denied.

The effective date of this order shall be September 29th, 1947.

Dated at Los Angeles, California, this 10th day of September, 1947.

Harold Kuls
Justus F. Walker
Frank L. Linnell
R. E. Johnson

COMMISSIONERS