

**ORIGINAL**Decision No. 48590

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 JOSEPH A. BEEK (BALBOA ISLAND FERRY) )  
 to increase rates for ferry service ) Application No. 34140  
 and for a certificate of public con- )  
 venience and necessity at Newport )  
 Beach, Orange County, California. )

Mize, Kroese, Larsh and Mize, by R. E. Hubbard,  
 for applicant.

Glenn E. Newton, Associate Transportation  
 Engineer, and Leonard Diamond, Assistant  
 Transportation Rate Expert, representing  
 the Commission.

O P I N I O N

By Decision No. 22747, dated August 5, 1930, applicant was authorized to establish and operate a "ferry service between Balboa Beach, northerly end of Palm Street, and Balboa Island, Agate and South Bay Front Street, in the City of Newport Beach, Orange County, ... for the transportation of persons and property ... as a common carrier over the inland waters of the State, to-wit, Newport Beach Harbor, by use of vessels of more than five (5) tons net burden. ..."

Pursuant to said authority, applicant has published the following fares and rates (Balboa Island Ferry Passenger Tariff P.U.C. No. 1 and Freight Tariff P.U.C. No. 2):

Passenger Fares

Adult passengers	\$ .05 one way
25 one-way ride tickets (not transferable)	1.00
Children under 5 years, accompanied by adult	Free
Children 5-12 years, one way or round trip	.05
Two children together, 5-12 years	.05 one way
Special trip other than regular schedule	.25
Hand baggage, carried by passenger	Free

Freight (Truck) Rates

Passenger car or motorcycle and driver	\$ .25 one way
Passenger car and driver - 10-trip ticket	2.50
Truck, lading and driver, 5000 lbs. maximum	.50 one way
Same 10-trip ticket	3.50
Truck, lading and driver, 5000-7500 lbs.	.75 one way
Same 10-trip ticket	6.00
Truck, lading and driver, over 7500 lbs.	1.00 one way
Same 10-trip ticket	8.50
Other vehicles, lading and drivers	1.00 one way

By this application authority is sought (1) to extend the certificate of public convenience and necessity to include a service between points and places within Balboa Bay, by operating around Balboa Island and Lido Island, and (2) to revise and increase the passenger fares and freight rates.

This matter was heard at Newport Beach, California, on April 8, 1953, before Commissioner Justus F. Craemer and Examiner M. V. Chiesa.

In support of the proposed enlargement of his certificated operating rights, applicant testified that he has for some time been performing an "on-call" service to and from mainland and island points within the bay, including stops alongside yachts and boats anchored therein; that a daily year-round need exists for such service, and especially during the summer season; that small motive-powered watercraft under five tons net burden will be used; and that proposed passenger fares around either island are 25 cents for full trip, 15 cents for halfway points, and 10 cents minimum to apply for shorter trips.

As it appears from the evidence of record that applicant proposes to transport passengers in "vessels" under the burden of five tons net register, the Commission is unable to find that a certificate of public convenience and necessity is required for the establishment and operation of the proposed additional transportation service (P.U.C. Section 238).

Applicant also testified in support of the proposed rates, and a Commission engineer presented and explained a report (Exhibit No. 1) of estimated results of operation under present and proposed fares. This is applicant's first request for a rate increase.

Applicant's proposed fares and rates are as follows:

Passenger Fares

Passenger or pedestrians - one way	\$ .10
20-ride tickets	1.50
50-ride tickets	3.00
Children under 12	.05
Children 5, accompanied by parent	Free

Freight (Truck) Rates \*

Passenger car or motorcycle	.25
1-ton trucks	.25
2-ton trucks	.35
Over 2 tons, but not exceeding 5000 lbs.	.50
Vehicles N.O.S. not over 5000 lbs.	.50
Vehicles over 5000 lbs. not carried.	

\* Including driver.

Financial statements filed with the application show assets and liabilities applicable to this operation, as of December 31, 1952, of \$41,914.16 and \$1,726.34, respectively, resulting in a net worth of \$40,187.82. Total revenues and expenses for the year 1952 were \$72,694.44 and \$70,451.45, resulting in a net profit, before income tax, of \$2,242.99.

In addition to said statements, applicant testified that operating expenses will be increased approximately \$9,400 by the establishment of a Retirement and Insurance Plan for eight employees, including applicant,<sup>1</sup> and by an increase in wages on July 1, 1953, of approximately \$4,500; that negotiations are now pending which

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<sup>1</sup> All employees, save one, are licensed marine pilots.

would make the Retirement and Insurance Plan retroactively effective as of March 1, 1953; that applicant is committed to said proposed increase in wages; and that a similar increase was granted to the employees in January of this year.

Applicant's revenue is derived from the operation of two small ferry boats, each of which has a capacity of three automobiles and approximately 75 passengers. The boats ply back and forth between the two terminals from morning until late evening, with service at other times conforming to traffic requirements. The principal source of revenue is from pedestrian passenger fares and the transportation of passenger automobiles.

Material changes in fares, as proposed, are an increase in adult passenger fares from 5 cents to 10 cents and in children's fares from 2-1/2 cents to 5 cents. No increase is proposed for the transportation of passenger cars, and the change in rates for the transportation of trucks is not considered important due to the small number of trucks transported. Applicant desires to be relieved of the obligation to carry the larger trucks because of the size of his ferry boats and attendant safety problems. Special trip rates are no longer necessary in view of the regularity of the present service.

The Commission's staff presented the following estimated results of operations under present and proposed fares and rates for the year ending April 30, 1954 (Exhibit No. 1, as supplemented by oral testimony and other data)<sup>2</sup> which we adopt for the purpose of establishing the rates herein:

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<sup>2</sup> Consideration has been given the afore-mentioned pension plan requirements, wage increase, and a revised rate base to include \$5,000 additional cost of land.

Item	: Present : Fares	: Fares Proposed: : by Applicant#:	: Alternate: : Fares* :
Revenue	\$74,880	\$95,770	\$84,485
Expenses	76,880	76,880	76,880
Net Before Income Taxes	(2,000)	18,890	7,605
Income Taxes	-	7,650	2,130
Net Income	\$(2,000)	\$11,240	\$ 5,475
Operating Ratio - Per Cent	102.7	88.3	93.5
Rate of Return (a)	-	34.1%	16.6%
(b)	-	23.9%	11.7%

Rate Base (a) \$33,000 (depreciated).  
 (b) \$47,000 (50% condition of properties).

# Reduced rate fares considered as unlimited  
 in respect to time of use.

\* Tickets 4/25¢ or 10¢ cash fare.  
 Children - 5¢.  
 Trucks and autos as proposed.

(Red Figure)

In the opinion of the staff, the alternate fare structure of 10 cents and four rides for 25 cents (6-1/4 cents) will result in a very high token use factor, and it is believed to be much more desirable from the riders' standpoint than applicant's proposal of 20 rides for \$1.50 (7-1/2 cents) or 50 rides for \$3.00 (6 cents). Either plan will obviate the use of pennies considered too cumbersome by applicant for such a short trip.

The evidence shows that applicant is operating under a fare structure established in 1930; that operating costs for the current year will be materially higher; and that the operation will not be compensatory under the existing fare structure.

Although we are of the opinion that the proposed fare increase in total is not justified, upon all the evidence of record applicant is, however, entitled to relief through an adjustment in fares. Therefore, we find that an increase in the passenger fare to 10 cents, with four tickets or tokens for 25 cents, and other fares and rates, as set forth in the following order, have been justified and will be authorized, and that such increased fares will produce a reasonable return. ✓

No one opposed the application at the hearing, although notice thereof was published and posted as required.

For the purpose of clarity, the description of the truck classifications has been slightly modified. The changes will not materially affect applicant's revenue due to the limited volume of such business.

O R D E R

A public hearing having been held in the above-entitled proceeding, the Commission being fully advised in the premises and having found that fares and rates as hereinafter set forth are reasonable and justified,

IT IS ORDERED:

(1) That Joseph A. Beek, doing business as Balboa Island Ferry, be, and he hereby is, authorized to establish, on not less than five days' notice to the Commission and to the public, the following fares and rates:

Passenger Fares

Adults (pedestrian or auto passengers) one way	\$ .10
Adults, 4 tokens or tickets for	.25
Children - over 5 years and under 12 years	.05
Children - under 5 years accompanied by parent	Free

Passenger Car Rate

Passenger automobile, including driver .25

Truck Rates

Truck and Lading Not Exceeding 5000 Lbs.

Panel trucks and trucks under 1-ton rated capacity	.25 *
Trucks over 1-ton rated capacity and not exceeding 2-1/2-ton rated capacity	.35 *
Vehicles not otherwise specified	.50 *

\* Rates include driver.

When transportation of any vehicle will imperil the safety of the carrier's operation, transportation may be refused.

(2) Applicant shall keep posted, in a clearly visible manner, the fares and rates herein authorized at each terminal and on each ferry boat.

(3) That on or before sixty days after the effective date of this order applicant shall file with this Commission a copy of the Retirement and Insurance Plan, referred to herein, as executed.

(4) That on or before August 15, 1953, applicant shall file a statement showing the amount of weekly or monthly wages or salaries paid to each ferry service employee as of December 31, 1952, and the amount or amounts of any increase in said wages or salaries for the period of January 1, 1953, to and including July 31, 1953.

(5) That, except as hereinabove authorized, Application No: 34140 be; and it hereby is, denied.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 12th day of May, 1953.

J. J. [Signature]  
President  
Justin F. Casner  
Harold H. [Signature]  
Kenneth P. [Signature]  
John E. [Signature]  
Commissioners