

ORIGINAL

Decision No. 48865

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MARE ISLAND FERRY COMPANY for an order) Application No. 34344
authorizing carrier to increase fares.)

Victor Raschaugo, for applicant.
F. A. Hopkins, for the Commission's Staff.

O P I N I O N

Applicant is engaged in the transportation of passengers by vessel between Vallejo and Mare Island Navy Yard. By this application it seeks authority to establish increased fares on less than statutory notice. Public hearing was held in Vallejo on June 25, 1953 before Examiner Lake.

Applicant proposes to increase the cash fare applicable between Vallejo and Mare Island from 10¢ to 15¢; to increase the commutation fare from \$1.00 for 15 rides to 5 rides for 50¢ and to increase the joint fare maintained with the Vallejo City Bus Line from 20 rides for \$3.25 to 20 rides for \$3.75.

Applicant alleged that because of increased costs of operations coupled with the downward trend of traffic the present fare structure does not yield enough revenue to permit continued operations. According to the record applicant's operations under present fares for a 12-months period ending May 31, 1953 were concluded at a loss of \$30,593 and at an operating ratio of 122.49%. Estimates submitted by the Commission's Staff indicate that for the period ending June 30, 1954 operations under existing fares would produce a loss of \$28,500 and an operating ratio of 127.57%. Estimates of the financial results of operations under the proposed fares submitted by applicant and the Commission's Staff are as follows:

Operations Under Proposed Fares

	<u>Applicant</u>	<u>Commission Staff</u>
Revenues	\$ 126,567	\$ 133,286
Expenses	148,679	134,885
Net Operating Income	(22,112)	(1599)
Operating Ratio	*117.47	101.2
Rate Base	**	31,625

() Indicates loss

*Calculated figures

**Not submitted

The variations in the witnesses estimates of the revenue under the proposed fares are attributable to different methods used in calculating the anticipated patronage of applicant's lines. Applicant's witness stated that his estimate was based upon conditions prevailing during the past 5 months' period. The engineer stated that in determining his estimate of future traffic he had given consideration to the experience of the carrier for approximately a two and one-half year period. The difference in expenses estimated by the two witnesses is approximately \$14,000. Applicant's estimate of expenses was based upon prevailing conditions and service. The engineer gave effect to certain proposed reduction in expenses resulting from contemplated revision in service which is likely to occur in the immediate future. The engineer testified that in the event the contemplated curtailment of service were not to materialize, the estimates of the applicant would more nearly reflect the actual conditions than those submitted by him.

The record shows that notices in the hearing in this matter were posted in applicant's vessels and depots and were published in newspapers of general circulation in the area involved. In addition, notices were sent by the Commission's secretary to persons believed interested. No one appeared in opposition to the granting

of the application.

It is clear from the evidence of record that increased fares are necessary to sustain applicant's operation. Applicant and the Commission's witness differ in their estimates of operating results of present fares. However, even under the more favorable results submitted by the engineer the proposed revenue would operate only to reduce applicant's losses. On careful consideration of all of the facts and circumstances of record the Commission concludes and finds as a fact that the sought fares have been justified. The application will be granted.

O R D E R

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Mare Island Ferry Company be and it is hereby authorized to establish within 90 days after the effective date of this order and on not less than 5 days' notice to the Commission and to the public increased fares as set forth in the application.

IT IS HEREBY FURTHER ORDERED that applicant be and it is hereby directed to post and maintain in its vessels and depots a notice of fares herein authorized. Such notice shall be made not less than five days prior to the effective date of such fares and shall be maintained for a period not less than 30 days.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire unless exercised within 90 days after the effective date of this order.

This order shall become effective 20 days after the date hereof.

Dated at San Francisco, California, this 21st day of July, 1953.

R. J. Davidson

PRESIDENT

Justin F. Campbell

Harold L. ...

Samuel J. ...

COMMISSIONERS

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.