

**ORIGINAL**Decision No. 53854

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 THE HARBOR TUG AND BARGE COMPANY for ) Application No. 38242  
 authority to increase rates. )

OPINION AND ORDER

The Harbor Tug and Barge Company is a corporation engaged in the transportation of passengers and property by vessel upon the inland waters of this State. By application filed July 12, 1956, it seeks authority to cancel its present rates and fares for the transportation of passengers and property, other than petroleum in bulk, between points on San Francisco Bay and San Pablo Bay, and to establish hourly rates for all such transportation. The hourly rates proposed for regular service are 60 per cent higher than the hourly rates presently effective.

The present rates have been in effect since January, 1949. Applicant alleges that by reason of changed conditions, certain provisions of the existing tariffs have become inoperative and should be canceled, and that an increase in the cost of operations resulting from labor negotiations recently concluded necessitates increases in the rates for performing service.

Under the present tariff, where rates are named on a per hour basis, the time included in the charges begins when the vessel leaves Pier 16, San Francisco, or Grand Street Pier, Alameda, and ends when the vessel has returned to the starting point. Applicant states that as a result of having no requests for service from Alameda, its operations in recent years have centered about Pier 16, San Francisco. It proposes to cancel the computation of time from Grand Street Pier.

Applicant desires to cancel present fares per passenger applicable from and to vessels in San Francisco Bay. According to the application, the U. S. Navy has discontinued public visitation to their ships at anchor. As a result, there has been no demand for the service for which the rates were established.

It is proposed to cancel per passenger fares to Albany Race Track because operations have not been possible for over two years by reason of the removal of the pier by the track authorities.

Proposals to cancel other rates and fares stem from the above proposals or because of terms of the recently negotiated labor contracts under which employees are not permitted to engage in any operation involving the loading or unloading of cargo.

Applicant proposes to establish hourly rates which are higher than those presently in effect. The extent of the proposed increases in rates as compared with increases in wages between January 1949 and the present is set forth in the application as follows:

	<u>Ordinary Service</u> <sup>1</sup>	<u>Special Service</u> <sup>1</sup>
Present rates per hour	\$2.50	\$3.125
Proposed rates per hour	4.00	4.625
Volume of Increase	60%	48%
Wages per hour Jan. 1949	\$1.18	\$1.60
Wages per hour June 1956	2.215	2.54
Volume of Increase	87.71%	58.75%

The wage scales shown above include allowances for health and welfare benefits.

An associate transportation engineer of the Commission staff made a study of the applicant's operations in connection with

<sup>1</sup> "Special Service" in general contemplates service during times when overtime-wage rates are applicable. "Ordinary Service" means other than "Special Service".

this application. The report of the results of his study and its covering letter dated August 27, 1956, addressed to the president of the Commission, will be received in evidence in this proceeding and placed in the record as Exhibit No. 1.

Applicant and the engineer presented summaries of the operating results of the applicant in the service involved herein for the 12 months ended June 30, 1955. The results determined by the applicant show an operating loss of \$20,925. The operating loss, according to the engineer's study, was \$17,843. The difference results from a different treatment of wage and overtime expenses, otherwise the expenses shown by the applicant and by the engineer are identical.

The applicant and the engineer projected the operating results to reflect present cost of operation under present fares and under proposed fares. The results developed are summarized as follow:

Estimates of the Revenues and Expenses for the  
Water Taxi Operation of The Harbor Tug  
and Barge Company for a 12-month Period

	<u>Estimates at Present Fares</u>		<u>Estimates at Proposed Fares</u>	
	<u>Applicant</u>	<u>Engineer</u>	<u>Applicant</u>	<u>Engineer</u>
Revenues				
Passenger	\$ 37,485	\$ 37,480	\$59,977	\$59,970
Other	7,293	7,300	7,293	7,300
Total	<u>44,778</u>	<u>44,780</u>	<u>67,270</u>	<u>67,270</u>
Expenses				
Wages	27,807	25,300	27,807	25,300
Overtime	3,437	3,030	3,437	3,030
Other	41,954	38,380	41,954	38,380
Total	<u>73,198</u>	<u>66,710</u>	<u>73,198</u>	<u>66,710</u>
Net Profit	(28,420)	(21,930)	(5,928)	560

(Red Figure)

Copies of the application were served upon the Chamber of Commerce of San Francisco, the Chamber of Commerce of Oakland, and the Pacific American Steamship Association. No one has opposed the granting of the authority being sought.

It is evident that continued operations under present rates and fares would be conducted at a substantial loss and that revenues

earned under the proposed rates will not provide a greater than a reasonable return to the applicant. After consideration, the Commission is of the opinion that the increases resulting from the proposed changes in rates, rules and regulations are justified. A public hearing is not necessary. Applicant requests authority to establish the proposed rates on less than thirty days' notice to the Commission and to the public. It is clear that operations are being conducted at a substantial loss; the authority will be granted.

Good cause appearing,

IT IS ORDERED:

1. That applicant The Harbor Tug and Barge Company is authorized to establish, on not less than five days' notice to the Commission and to the public, the rates, rules and regulations as proposed in Exhibit "C" to the application filed July 12, 1956, in this proceeding.
2. That applicant is authorized to cancel, concurrently with the establishment of the rates, rules and regulations authorized in paragraph 1 hereof, the rates, rules and regulations contained in its Tariff Cal. P.U.C. No. 2 (Freight Series) and Tariff Cal. P.U.C. No. 9 (Passenger Series).
3. That the authorities herein granted shall expire unless exercised within sixty days after the effective date of this order.

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

Dated at San Francisco, California, this 12<sup>th</sup> day of OCTOBER, 1956.

*E. W. Mitchell*  
President

*James J. Calverley*

*Paul J. Terrence*

*W. H. Gode*

*R. H. Hardy*  
Commissioners