

ORIGINALDecision No. 54793

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
 COGGESHALL LAUNCH COMPANY for authority)
 to increase rates and to change certain) Application No. 38515
 other items or rules in its passenger,)
 freight and towing tariffs.)

O P I N I O N

Coggeshall Launch Company operates as a common carrier by vessels for the transportation of passengers and property between points on Humboldt Bay. By this application, as amended, authority is sought to increase certain of its passenger fares and freight rates and to make various other changes in its tariff.

Applicant operates regularly scheduled launches between Eureka, on the one hand, and Samoa and Fairhaven, on the other. Launch service, on a special trip basis, is provided between Eureka and various points, including vessels at anchor in the bay. Small freight shipments are handled on the passenger boats and by special barge. The larger freight shipments consist principally of logs, lumber and petroleum. The logs are towed in raft formation and the other commodities are transported by barge.

Applicant's rates and fares were last adjusted pursuant to Decision No. 46693, dated January 29, 1952 in Application No. 32720, when increases in most of the major items in the carrier's tariffs were authorized. Under the instant application the present commutation fares of \$2.50 for 20 rides and \$5 for 50 rides would be increased to \$2.75 and \$5.50, respectively, and the time limits of these fares would be reduced from one year for both types to 60 days for the 20-ride book and 90 days for the 50-ride book. ^{1/} Various

^{1/} No changes are sought, in the application as amended, in present one-way and round trip fares between Eureka and Samoa-Fairhaven, which are 15 cents and 30 cents respectively.

fares for special trips would be increased by amounts ranging from 50 cents to \$2.00, depending upon the distance traveled and whether the trip is made during the daytime or at night.

Increases sought in the less-than-cargo-lot freight rates range from five cents per shipment weighing less than 10 pounds to 25 cents for those weighing over 149 pounds but less than 200 pounds, while for shipments weighing 200 pounds or more the rate would be increased from 20 cents to 30 cents, per 100 pounds.^{2/} No increases are sought in the rates for cargo-lot shipments of freight transported in barges. For those transported in towing service certain adjustments are sought as follows: Increase the extra charge for deckhand from \$2.00 to \$3.00 per hour, and increase the hourly rate for towboats of over 240, but not over 270, horsepower, from \$10 to \$15 per hour. Correspondingly higher hourly rates are proposed to be initially established for towboats having horsepower in excess of 270.

In addition to the above-mentioned fare and rate increases, authority is also sought to make certain rule changes and to cancel obsolete tariff items.

Applicant alleges that the sought increases are made necessary by increases in operating expenses, including those relating to wages, repairs and replacement of equipment, which it has recently experienced.

The Commission's staff made a detailed study of applicant's operations. The results of that study are set forth in a document which is hereby incorporated in the record herein as Exhibit No. 1. The staff study includes a summary of results for 1956 and estimates

^{2/} The present rates for shipments weighing less than 200 pounds range from 10 cents per shipment for those weighing less than 10 pounds to 35 cents for shipments weighing over 149 pounds but less than 200 pounds.

of operating results, for the calendar year 1957, under both present and proposed rates and fares. These results are summarized in the following tables:

Table I

Operating Results for Year Ending
December 31, 1956*

	Barging and Towing	Passenger Services	Total Operations
Total Operating Revenues	\$43,872	\$35,780	\$79,652
Total Operating Expenses	<u>31,085</u>	<u>37,359</u>	<u>68,444</u>
Net Before Income Taxes	\$12,787	\$(1,579)	\$11,208
Income Taxes	<u>4,348</u>	<u>(537)</u>	<u>3,811</u>
Net After Income Taxes	\$ 8,439	\$(1,042)	\$ 7,397
Operating Ratio	80.8%	104.4%	90.7%

*The amounts for "Total Operation" are based on the company records. The segregation to type of service was made by the staff.

(Red Figure)

Table II

Estimated Results of Operations
for Year Ending December 31, 1957

	<u>Present Fares and Rates</u>			<u>Proposed Fares and Rates</u>		
	Barging and Towing	Passen- ger Services	Total Opera- tions	Barging and Towing	Passen- ger Services	Total Opera- tions
Total Revenues	\$43,000	\$33,600	\$76,600	\$43,000	\$37,400	\$80,400
Total Expenses	<u>31.013</u>	<u>35.530</u>	<u>66.543</u>	<u>31.013</u>	<u>35.530</u>	<u>66.543</u>
Net Before Income Taxes	\$11,987	\$(1,930)	\$10,057	\$11,987	\$ 1,870	\$13,857
Income Taxes	<u>4,076</u>	<u>(657)</u>	<u>3,419</u>	<u>4,075</u>	<u>636</u>	<u>4,711</u>
Net After Income Taxes	\$ 7,911	\$(1,273)	\$ 6,638	\$ 7,912	\$ 1,234	\$ 9,146
Rate Base	\$28,000	\$21,000	\$49,000	\$28,000	\$21,000	\$49,000
Rate of Return	28.3%		13.5%	28.3%	5.9%	18.7%
Operating Ratio (After Income Taxes)	81.6%	105.7%	91.3%	81.6%	96.7%	88.6%

(Red Figure)

It will be seen from the figures set forth in the two tables above that applicant's operations with its passenger vessels resulted in a loss during 1956 and that, under present charges, the staff estimates that a loss of approximately the same magnitude will be experienced during the projected rate year. Under the proposed charges, the staff estimates that applicant's passenger vessel operations will produce, after provision for income taxes, net operating revenue of \$1,234, reflecting a rate of return of 5.9 per cent and an operating ratio of 96.7 per cent.

Applicant's overall operations during 1956 were conducted at a profit, reflecting an operating ratio of 90.7 per cent. For the rate year the staff estimates overall operating ratios of 91.3 per cent under present charges and 88.6 per cent under the proposed rates and fares.^{3/} It is apparent that the losses incurred in passenger boat operations under present rates and fares are being offset by the more favorable operating results of the towing and barge services of the utility. It is apparent also that revenues anticipated for the future from applicant's passenger boat operations, under present rates and fares, will be insufficient to cover the expenses which may reasonably be expected in connection with these operations.

Patrons were informed of the filing of the application by notices posted in the vessels and terminals of applicant. Local authorities were served with copies of the application. No one has opposed the granting of the sought increases and rule changes.

Upon careful consideration of all the facts and circumstances of record, the Commission is of the opinion, and hereby finds

^{3/} Since practically no increase is sought in towing charges and none in the rates for freight barge service, the staff has assumed, for these branches of applicant's operations, the same results under proposed, as under present rates.

that the proposed increases and changes in fares, rates and tariff rules are justified. The application, as amended, will be granted. A public hearing does not appear to be necessary.

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 ORDERED that Coggeshall Launch Company be and it is hereby authorized to establish, on not less than five days' notice to the Commission and the public, the increases and changes in passenger fares, freight rates and tariff provisions proposed in the application, as amended, filed in this proceeding.

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

IT IS FURTHER ORDERED that, in addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its vessels and terminals a printed explanation of its rates and fares. Such notice shall be posted not less than five days before the effective date of the tariff changes, and shall be posted for a period of not less than thirty days.

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

Dated at San Francisco, California, this 2nd day of April, 1957.

[Signature]
President
[Signature]
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Commissioners