

ORIGINAL

Decision No. 71161

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Petition of REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO to have fixed the just compensation to be paid for certain lands and improvements thereon claimed by MARE ISLAND FERRY CO. existing within the boundaries of said Agency.

Application No. 46500
(Filed May 1, 1964)

Martin McDonough and Victor M. Castagnetto, for Redevelopment Agency of the City of Vallejo, petitioner.

McCutchen, Doyle, Brown, Trautman & Enersen, by Frederick O. Koenig and Kilpatrick, Peterson & Ely, by Henry H. Kilpatrick, for Mare Island Ferry Company, respondent.

Harold J. McCarthy, John L. Pearson, Eric Mohr, and William C. Bricca, for the Commission staff.

O P I N I O N

On May 1, 1964, petitioner, Redevelopment Agency of the City of Vallejo, hereinafter sometimes called Redevelopment Agency, filed a petition of the first class, under Sections 1401-1421 of the Public Utilities Code, requesting the Commission to fix the just compensation to be paid by said petitioner for the described lands, property and rights of respondent, Mare Island Ferry Company, hereinafter sometimes called Ferry Company, in a proceeding in eminent domain.

Hearing on the order to show cause, issued June 3, 1964, was held in Vallejo on July 9, 1964, and by Decision No. 67696, dated August 11, 1964, the Commission found that no cause had been shown why the Commission should not proceed to hear the petition herein and to fix the just compensation as requested by the Redevelopment Agency and ordered that further hearings be held for such purpose.

Further hearings were held before Examiner Cline in San Francisco on March 31, April 1, 2, 15 and 19, 1965. The matter was taken under submission subject to the filing of concurrent briefs on June 3, 1965. On January 18, 1966, the Commission issued Decision No. 70266 setting aside submission and ordering that further hearings be held for the purpose of receiving further evidence pertaining to the cost of substitute facilities as a measure of just compensation and/or severance damage in this proceeding, and such other evidence as may be appropriate.

A further hearing for such purpose was held before Examiner Cline on March 28, 1966, and oral argument was held on May 11, 1966 before Commissioner Holoboff and Examiner Cline with Commissioners Grover and Gatov in attendance. At the conclusion of the oral argument the matter was again taken under submission.

For approximately one hundred years the Ferry Company and its predecessors have provided ferry service across Mare Island Strait between the site of the Ferry Company's present terminal facilities in the City of Vallejo and Mare Island Shipyard. By Decision No. 28282 in Case No. 4012, 39 C.R.C. 419, 425 (1925), upon a showing that Ferry Company had on file with the Commission on August 17, 1923, a tariff naming fares for transportation of passengers between Vallejo and Mare Island, had rendered a common carrier service for many years prior to August 17, 1923 and on said date operated a scheduled service for the transportation of passengers between those points, this Commission found that the Ferry Company possessed a prescriptive right to transport passengers between Vallejo and Mare Island.

The Redevelopment Agency is in the process of carrying out the Marina redevelopment project in the City of Vallejo with the aid of a Federal loan and grant under Title I of the Housing Act of 1949. As a part of this project the Redevelopment Agency proposes to take the land and the entire terminal facilities of the Ferry

Company on the Vallejo side exclusive of the personal property, such as a few items of boat repair equipment, some furniture and fixtures, their four vessels, and the obligation to continue to provide common carrier passenger service by vessel. The Redevelopment Agency intends to construct a seawall along Mare Island Channel and fill in behind the seawall. The Ferry Company will be allowed to lease the necessary land from the Redevelopment Agency on which to construct another terminal in order to continue its ferry operations.

In this proceeding the Commission must determine the just compensation to be paid by the Redevelopment Agency to the Ferry Company for the properties described in the petition as of May 1, 1964.

An excellent description of the property to be taken is set forth in the Ferry Company's brief as follows:

"The Ferry Company's land consists of two roughly oblong parcels of tideland property at the foot of Georgia Street on the Vallejo waterfront about one-quarter of a mile across the strait from Mare Island and just opposite the midpoint of the three-mile-long shipyard facilities on the island. (Tr. 136-137, 207; Exs. 1, 2, 3, 4, 5) The two parcels are separated by a forty-six foot corridor of tideland property owned by the Agency and together encompass 69,460 square feet. (Tr. 25-26; Ex. 4) It is stipulated that the fair market value of the land is 25¢ a square foot, a total of \$17,365, assuming marketable title. (Tr. 27)

"The Ferry Company's terminal facilities are extensive, as they would have to be for a company which has been called upon to carry as many as 50,000 passengers a day and well over 1,000,000 passengers a month. (Tr. 209; Exs. 5, 8, 11, 24) At May 1, 1964, they consisted

of a terminal building and marine installations, both of which are clearly depicted in Exhibits 5, 8, 11, and 24. (Tr. 27-29, 40, 47-48, 145, 344-345, 348-350) They included a covered entrance, a turnstile-guarded waiting room, offices, storage space, woodworking and diesel-marine machine shops, restroom facilities, a restaurant, covered and uncovered work areas and piers, walkways leading out to floating loading docks, dry docking facilities, a fuel tank, and a ferry slip, all resting on piling and surrounded by dolphins at points at which docking vessels might otherwise cause damage as they were brought alongside. (Tr. 55; Exs. 5, 8, 11, 24)

"All the terminal facilities were located on the north parcel except the fuel tank, which rested on a platform on piling in the corridor between the two parcels; some piling and a small structure at the south edge of the north parcel; portions of the piers and walkways which had been extended out into the strait to give the Ferry Company required access to deep water; and some dolphins surrounding the extended piers, extended walkways, and floating docks. (Tr. 32-35, 296-301, 461; Exs. 4, 5) There were no improvements on the south parcel. (Tr. 461)

"Subsequent to May 1, 1964, pursuant to an agreement with the Ferry Company, the Agency removed a substantial portion of the Ferry Company's marine installations, leaving only the terminal building itself intact. (Tr. 27-28, 96, 215-216)"

Redevelopment Agency's Determination of Just Compensation

The counsel for the Redevelopment Agency in their brief urge that the total just compensation should be fixed in an amount not higher than \$52,300 and that no allowance be made for severance damages. They allege that: (1) The Redevelopment Agency is not injuring or reducing the earning power of any of the Ferry Company's property which is not being taken as such property will continue to be used in the Ferry operations in conjunction with the new terminal which will be constructed on land to be leased by the Ferry Company from the Redevelopment Agency. (2) The Ferry Company's investment in the new terminal will become a part of the rate base on which the Ferry Company will be entitled to have the opportunity to earn a reasonable rate of return in accordance with established Commission principles.

Rate Base and Income

Exhibit No. 34, entitled "Mare Island Ferry Company, Original Cost Rate Base, May 1, 1964, Results of Operation - 1961, 1962, 1963", was prepared by and introduced into evidence through a Commission staff engineer at the request of the Redevelopment Agency. This exhibit shows that the original cost rate base as of May 1, 1964, of the Ferry Company's properties described in the petition herein was \$6,470, of which \$2,750 was attributable to land and the balance of \$3,720 was attributable to \$5,187 of repairs effected in 1961, and that the original cost rate base as of May 1, 1964, of the properties not to be taken by the Redevelopment Agency was \$8,240. Exhibit No. 34 also shows that the net income of the Ferry Company from operations based upon reported revenues less expenses found by the Commission to be reasonable for rate-making purposes was \$8,770 for 1963, \$5,200 for 1962, and \$1,670 for 1961.

The Ferry Company in its annual reports filed with the Commission reported net operating losses of \$12,575 for 1963, \$10,267 for 1962, and \$5,290 for 1961.

In Decision No. 66113 issued October 1, 1963, in Application No. 45274, the Ferry Company's last rate proceeding, which decision was introduced as Exhibit No. 35, this Commission found that the Ferry Company had not shown that the proposed or any fare increase was justified where the adjusted annual net operating income of \$5,100 based on the existing fares would yield approximately 29.5 percent on a rate base of \$17,270 which was found to be reasonable.

Counsel for the Redevelopment Agency in their brief pointed out (1) that in the recent proceeding involving the water system of the California Water & Telephone Company on the Monterey Peninsula^{1/} the Commission found as just compensation a figure which was 23.3 times annual earnings (12,720,000 divided by 546,374), and (2) that the rate base applicable to the property which the Redevelopment Agency is seeking to acquire is 44% of the total rate base as of May 1, 1964. They then computed the just compensation figure of \$52,300 based on capitalization of earnings as follows:

The maximum earning power of the May 1, 1964 rate base which the Redevelopment Agency seeks to acquire is computed by taking 44% of the \$5,100 adjusted earnings found in the rate proceeding discussed above, which is \$2,244 annually. 23.3 times the \$2,244 earnings produces \$52,285.20 which is rounded to \$52,300.

Annual earnings of \$2,244 on an investment of \$52,300 would produce an annual rate of return of 4.3%.

If the earnings figure of \$8,770 for the year 1963 is substituted for the \$5,100 figure in the above mathematical

^{1/} Decision No. 68135, issued October 27, 1964, in Application No. 41463, 63 Cal. P.U.C. 533.

computation, the figure of \$3,859 will replace the \$2,244 computed earnings figure and a capitalized earnings of \$89,915 will result. The annual rate of return for earnings of \$3,859 on a rate base of \$89,915 is also 4.3%.

The average of the Commission staff engineer's earnings figures of \$1,670, \$5,200 and \$8,770 for the ferry system for the years 1961, 1962, and 1963, respectively, is \$5,213.33.

Ferry Company's Determination of Just Compensation

The Ferry Company requests (1) that the Commission find the just compensation for the properties to be taken to be \$299,990, exclusive of severance damages, and (2) that the Commission find severance damages in the amount of \$247,418.

The \$299,990 is the sum of the following estimates:

Market Value of Land	\$ 17,365
Depreciated Reproduction Cost of Terminal Building	38,525
Marine Installation	<u>244,100</u>
Total	\$299,990

The \$247,418 is the sum of the estimated costs of the following substitute facilities:

Terminal Facilities	\$203,448
Drydocking Facilities and Required Special Wiring	<u>43,970</u>
Total	\$247,418

The Market Value of Land

The Ferry Company claims title to 48,020 square feet of land in the north parcel in Tideland No. 3 and 21,440 square feet of land in the south parcel in Tideland No. 3. As the value of the fee land of the Ferry Company was stipulated to be 25¢ per square

foot, assuming clear title, this would amount to \$17,365 for the two parcels in Tideland No. 3.

A title company official who appeared as witness for the Redevelopment Agency produced a title report prepared for the Redevelopment Agency which was introduced as Exhibit 26 and which was the basis for the policy of title insurance introduced as Exhibit 30. These documents show that the lands claimed by the Ferry Company had never been included in any patent to private individuals, but had been included in a legislative grant to the City of Vallejo and thence to the Redevelopment Agency, and that the Ferry Company had no record title and hence no merchantable title. The position taken by the witness and the title company in these two documents is based on a survey made by Otto Von Geldern and a later one made by Bond and Dougherty. Exhibit 41 which is a map of the grant to the City of Vallejo, recorded at the request of the State Lands Commission and certified by a civil engineer of the State Lands Division, and approved by the Executive Officer of State Lands Commission, uses the same bearings and distances as the Bond and Dougherty survey introduced as Exhibit 29. Nevertheless the policy of title insurance was issued subject to the rights of the Ferry Company.

The title company witness produced by the Ferry Company testified that he would issue a policy showing merchantable title to the property in the Ferry Company if a quiet title suit, which he thought would be successful, were brought against the Redevelopment Agency and the City of Vallejo. This witness relied on a survey made in 1917 by the City Engineer of the City of Vallejo which placed the western boundary of Tideland No. 3 some 150 to 160 feet west of the western boundary of Tideland No. 3

established by the Bond & Dougherty Survey. The Redevelopment Agency will clearly secure a merchantable title to the Ferry Company's parcels if the Ferry Company deeds its interest to the Redevelopment Agency.

The Terminal Building

The following are the appraisals of the terminal building as of May 1, 1964 submitted in evidence:

	<u>Redevelopment Agency Witness</u>	<u>Ferry Company Witness</u>
Reproduction Cost New Estimate	\$ 69,563	\$ 76,300
Accrued Depreciation	<u>48,694</u>	<u>37,775</u>
Reproduction Cost New Estimate Less Accrued Depreciation	\$ 20,869	\$ 38,525

The Ferry Company's witness based his estimate of accrued depreciation on an inspection of the terminal building and on the actual age of the building. The Redevelopment Agency's witness estimated that the terminal building was 50% depreciated by reason of its condition and then he added an additional 20% for functional depreciation and economic obsolescence.

To confirm his estimates of reproduction cost new less accrued depreciation the Ferry Company's witness also submitted estimates of value using an income approach of \$38,500 in 1962, based upon rentals excluding equipment, and of \$57,600 in 1964, based upon rentals including equipment.

The Marine Installations

The marine installations include the piling, piers, walkways, work areas, dolphins, fuel tank and ferry slip. The Ferry Company introduced evidence respecting the reproduction cost new of the marine installations through a marine construction engineer whom the Ferry Company had employed and also through a

marine construction engineer employed by the Redevelopment Agency. The Redevelopment Agency did not introduce any evidence respecting the reproduction cost new of the marine installations.

As the estimates of the witness employed by the Ferry Company were made as of August 1964, it was conceded that his estimates could be adjusted downward by as much as 1-1/2% to reflect changes in labor cost between May 1, 1964, and August, 1964; therefore, his estimates have been adjusted downward accordingly.

The actual and adjusted estimates of the engineer employed by the Ferry Company and the actual estimates of the engineer employed by the Redevelopment Agency are as follows:

	Engineer Employed by Ferry Company		Engineer Employed by Redevelopment Agency
	<u>Actual</u>	<u>Adjusted</u>	<u>Actual</u>
Reproduction Cost New of Marine Installations	\$363,500	\$358,050	\$362,000
Present Condition Value of Marine Installations, based on Estimated Percent of New Value	244,100	240,450	225,100

The estimates made by the engineer employed by the Redevelopment Agency excluded the seawall which was not owned by the Ferry Company and some few items of property which had already been removed by the Redevelopment Agency at the time the inspection was made.

It should also be noted that the fuel tank is situated on a platform on piling in the corridor between the two parcels of land claimed by the Ferry Company, and that portions of the piers and walkways which have been extended out into the strait and the dolphins surrounding the extended piers, extended walkways, and floating docks also are not on land claimed by the Ferry

Company. Counsel for the Redevelopment Agency urges that such marine installations are purprestures, title to which is vested in the State or its grantees. He cites Yokohama Specie Bank v. Higashi, 56 Cal. App.2d 709.

Severance Damages - Cost of Substitute Facilities

The Ferry Company engaged architects to design and contractors to estimate the cost of constructing the minimum substitute facilities necessary to enable the Ferry Company to continue to meet its public utility obligations after the taking of its land and facilities. Exhibits and testimony were introduced to show that the cost of such substitute terminal facilities would be \$203,448 and that the installation of required special wiring and construction of dry docking facilities necessary to replace those being taken could cost an additional \$43,970. The Ferry Company claims the sum of these costs, \$247,418, as severance damages.

The Redevelopment Agency subsequent to the issuance of Decision No. 70266 herein also engaged an architect to design and contractors to estimate the cost of constructing such substitute facilities for the Ferry Company. Exhibits and testimony were introduced to show that the cost of the substitute facilities would be as follows:

Marine Railway	\$ 20,359
Terminal Building, Shop and Covered Walkway	81,920
Dock Platform	<u>18,000</u>
	\$120,279

The architect for the Ferry Company reduced the covered area of the existing facilities by 33-1/3% and the architect for the Redevelopment Agency further reduced the restaurant portion by 33-1/3% as a result of his examination of the actual use made of

the restaurant. The Redevelopment Agency architect moved the terminal building back slightly from the seawall and the shop over 30 feet back of the seawall. Because the fill behind the seawall was substantially superior to that originally contemplated, the Redevelopment Agency architect determined that it was not necessary to use the piling to support the foundation which was provided for in the Ferry Company's estimate.

The cantilever-covered passenger platform included in the Ferry Company's estimate was excluded because the Ferry Company had already constructed a passenger platform at the dock for \$18,000 which serves the same purpose. Also, the Redevelopment Agency estimate did not include anything for the outdoor work area, the paving for future terminal expansion and the landscaping which were included in the Ferry Company's estimate.

The Redevelopment Company estimates for the substitute facilities on a square footage basis are as follows:

<u>Type of Facility</u>	<u>Estimated Cost per Square Foot</u>		
	<u>Basic</u>	<u>Overhead and Profit</u>	<u>Total</u>
Restaurant	\$15.30	\$1.90	\$17.20
Terminal Building Proper	12.50	1.50	14.00
Terminal Building, including Restaurant	13.70	1.70	15.40
Shop	7.50	.90	8.40

As pointed out in Decision No. 70266 herein this Commission heretofore has determined just compensation as the reasonable market value of the property being taken and severance damages as the compensation for the injury to the property which is not being taken. In this proceeding the obligation of the Ferry Company to continue its operations will also be considered.

We are of the opinion that substitute facilities to enable the Ferry Company to continue its operations can reasonably be constructed for the sum of \$130,000. The replacement of the facilities, at a cost of \$130,000, which are being taken will have a negative impact on the value of the properties of the Ferry Company not being taken because the future rate of return on the original cost of such properties is likely to be less than 29.5 percent. If such remaining properties are valued in the manner suggested by counsel for the Redevelopment Agency they would be worth \$66,600.

Assuming that the Ferry Company receives the sum of \$108,500 for the properties described in the petition herein and goes into the capital market to raise an additional \$21,500 so that it can invest \$130,000 in new facilities, the earning power of its remaining property will be considerably reduced. On a rate base composed principally of new facilities on which very little depreciation has been accrued a reasonable rate of return would be more nearly 7 percent than the 29.5 percent which was developed in Decision No. 66113 issued October 1, 1963 in Application No. 45274. Earnings at the rate of 7 percent on a rate base of \$8,240 for the properties not taken amount to \$576.80. Capitalization of such earnings through multiplying by 23.3 produces a value of \$13,440 instead of the \$66,600 derived by the method used by the Redevelopment Agency. This would amount to a reduction in value of \$53,160.

The provision of severance damages in the amount of \$55,000 should enable the Ferry Company to replace its facilities as required to continue to meet its public utility obligations.

Moving Costs

Exhibit 16 was introduced to show that the Ferry Company will be required to pay moving costs in the amount of \$14,404. This Commission has previously held that moving costs are not a part of just compensation in eminent domain (Petition of North Sacramento, 56 Cal. P.U.C. 554 at 563, citing Central Pacific Railway Co. v. Pearson, 35 Cal. 247). The Redevelopment Agency has pointed out at the hearing and again in its brief that the Redevelopment Agency has authority and Federal funds to pay moving costs in reasonable and adequate sums if no other provision for moving costs is made.

Offer of Redevelopment Agency to Lease Back Land to Ferry Company

The Ferry Company has also requested that the Commission take specific note of the offer by the Redevelopment Agency to make available to the Ferry Company at an annual rental of 12¢ a square foot whatever land the Ferry Company requires to construct the minimal terminal facilities necessary to enable it to continue to operate.

Findings

Upon consideration of the evidence in this proceeding we find that:

1. The original cost rate base as of May 1, 1964, of the properties of the Ferry Company to be taken by the Redevelopment Agency was \$6,470, and the original cost rate base of May 1, 1964 of the remaining properties of the Ferry Company which are not to be taken by the Redevelopment Agency was \$8,240.
2. The net income of the Ferry Company from operations based upon reported revenues less expenses found by the Commission

to be reasonable for rate-making purposes was \$8,770 for 1963, \$5,200 for 1962, and \$1,670 for 1961.

3. The reasonable market value as of May 1, 1964 of the properties of the Ferry Company described in the petition herein, based upon earnings, was \$53,500.

4. The present day depreciated cost of the properties described in the petition herein, without consideration of the obsolescence from slum and blight which has resulted in the determination of the Redevelopment Agency to acquire the property for redevelopment purposes, is \$290,890 which is the sum of the following:

Market Value of Land	\$ 17,365
Depreciated Reproduction Cost of Terminal Building Marine Installations	38,525 <u>235,000</u>
Total	\$290,890

5. The Ferry Company does not have a merchantable title to the two parcels of land involved in this proceeding and on which are situated the terminal building and a portion of the marine installations, but the Redevelopment Agency will secure a merchantable title to said parcels of land and improvements situated thereon if the Ferry Company deeds its interest therein to the Redevelopment Agency.

6. The fuel tank, portions of the piers and walkways which have been extended out into the strait and the dolphins surrounding the extended piers, extended walkways, and floating docks are not on land claimed by the Ferry Company. Such marine installations are purprestures, title to which may already be vested in the State or its grantees the City of Vallejo and the Redevelopment Agency.

7. The Ferry Company has a legal obligation to continue its ferry operations as a common carrier by vessel and to provide the necessary facilities to conduct such operations.

8. This record shows that substitute facilities necessary to replace those being taken will cost the sum of \$130,000.

9. The reasonable market value as of May 1, 1964 of the operating properties of the Ferry Company not being taken by the Redevelopment Agency, based upon earnings, was \$68,100.

10. Severance damages amount to the sum of \$55,000.

We make no finding that moving costs should be included in the ultimate findings of just compensation herein.

ULTIMATE FINDINGS AND ORDER

The Commission finds that:

1. The just compensation (as of May 1, 1964) to be paid by the Redevelopment Agency of the City of Vallejo to the Mare Island Ferry Company for the taking of the lands, properties and rights described by the petition herein, excluding severance damages, is the sum of \$53,500.

2. The just compensation (as of May 1, 1964) to be paid by the Redevelopment Agency of the City of Vallejo to the Mare Island Ferry Company as severance damages resulting from the taking of the lands, properties and rights mentioned in the preceding paragraph is the sum of \$55,000.

3. The total just compensation (as of May 1, 1964) to be paid by the Redevelopment Agency of the City of Vallejo to the Mare Island Ferry Company for the lands, properties and rights described in the petition herein is the sum of \$108,500.

The Secretary is directed to cause certified copies of this order to be served upon the parties, and the effective date of this order, as to any party, shall be twenty days after service upon such party. After this order has become effective and final and upon the request of any party the Secretary shall execute a certificate to that effect and then send the certification, attached to a certified copy of this decision, to the appropriate Superior Court.

Dated at San Francisco, California, this 23rd day of AUGUST, 1966.

Robert E. Waldell
President

Augusta

William W. Bennett

Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.

I will file a dissenting opinion.

George E. Grover

DISSENTING OPINION OF COMMISSIONER GROVER

I dissent.

Except for the possibility that the company may lose customers when rates are increased, today's award is reasonable so far as the company itself is concerned. It fails, however, to provide for the added burden which will now be imposed upon the company's ratepayers.

The new rate base for these public utility operations will be much greater than before the condemnation, and the depreciation and profit which will be allowed on that rate base (even at the suggested 7% rate of return) will therefore be much greater. In addition, the company will now be required to pay rent to the Redevelopment Agency, whereas it formerly operated on the land which is being taken; as a proper operating expense, that rental charge will necessarily be passed on to the ratepayers.

In my view, the award should be increased so that the company can continue its service on substantially the same basis as before the taking. The company has agreed to use the proceeds of the condemnation for construction of replacement facilities, and in future proceedings the Commission could simply treat an appropriate portion of it as a contribution and disregard it for rate-making purposes. In that way, the ratepayers would be protected.

This property is already dedicated to the public, and it cannot be condemned without considering the rights of the public. Speaking of such a condemnation, the California Supreme Court has said (Southern California Edison Co. v. Railroad Commission [1936] 6 Cal.2d 737, 754):

" . . . We are here dealing with a problem in the condemnation of a specific unit of the property of a public utility corporation. That property is already impressed with a public use. . . . This is not like the property of a strictly private corporation, as to which the productiveness in excess of a reasonable return might be controlling. Here the public has already acquired an interest in the property in the sense that it may insist upon service faithfully and impartially and at no more than reasonable rates. . . ."

Today's case differs from the usual condemnation before this Commission (see, for example, Monterey Peninsula Mun. Water Dist., 63 CPUC 533) in that here the condemnor is not assuming the public utility responsibilities of the condemnee. It is unjust to allow the Redevelopment Agency, representing an entirely different segment of the public, to convert this dedicated property to a new use at the expense of the ratepayers. (Cf. Water Code §§ 11590 et seq.; Streets and Highways Code §§ 702-704.)

It is true that the new facilities will be better than the old. A reasonable adjustment in the amount of the award would be appropriate in recognition of the resulting benefit to the ratepayers -- notwithstanding the fact that they have not asked for such changes. Even with such an adjustment, however, a proper award would be higher than is here granted, for the value of the improved facilities to the ratepayers is slight compared to the substantial increase in fares which is bound to result from today's decision.

George G. Grover

George G. Grover, Commissioner

San Francisco, California

August 23, 1966