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Decision No. 74843

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of STAR & CRESCENT FERRY COMPANY for an increase in passenger fares.	Application No. 50032 (Filed February 20, 1968)

Graham & James, by Boris H. Lakusta; and Harrison & Watson by William J. O'Connell, for applicant.
Tyson & Neal, by William Tyson, for North Island Employees Association, protestant.
Donald M. Grant, staff counsel, and Chas. J. Astrue, for the Commission staff.

O P I N I O N

This application was heard May 22 and 23, 1968 before Examiner Thompson at San Diego and was submitted. Copies of the application were served and notice of the hearing was given in accordance with the Commission's procedural rules.

Applicant operates a passenger ferry as a common carrier by vessel between San Diego and North Island on the waters of San Diego Bay. It here seeks authority to increase its fare from 10 cents to 15 cents cash. North Island Employees Association and the Commission staff oppose the granting of the authority sought.

Applicant acquired the ferry in 1954 from Star and Crescent Boat Company which had operated it under a certificate granted by the Commission in 1925 and at a one way fare of five cents cash. In 1955, shortly after acquiring the business, applicant increased the fare to ten cents cash or one token sold at the rate of four for twenty-five cents, pursuant to authority granted by the Commission in Decision No. 51880 in Application No. 36840. In February 1958, by Decision No. 56292 in Application No. 39202 the Commission authorized an increase in the token fare to a rate of four tokens for thirty cents. In October of 1958, by Decision No. 57478 in Application No. 40131 the Commission again authorized an increase in fares by eliminating the token fare and retaining the ten cent cash fare.

Applicant contends that it is not earning a reasonable return on its present fare and alleges two circumstances that will probably have an adverse effect upon its operations in the future. All of applicant's passengers are either naval personnel stationed at North Island or civilian employees of the Department of Defense or of contractors with the Department. The extent of usage of applicant's ferry depends upon the extent to which military personnel are stationed at North Island and the extent of activity by the Department of Defense and its contractors in construction and repair of naval equipment. Applicant asserts that increased activity in the Vietnam conflict has resulted in departure to the war zone of military personnel on aircraft carriers and other vessels. The second consideration is the construction of a bridge across San Diego Bay between San Diego and Coronado which will be completed in 1969. Applicant asserts that when the bridge is constructed and open to the public either (1) applicant will lose patronage to the bridge, or (2) by reason of the San Diego Coronado Toll Bridge enabling act (Chapter 876 Statutes 1965) the ferry will be acquired by the Toll Bridge Authority.

North Island Employees Association contends that the new toll bridge will not adversely affect applicant's operations and that while some naval activities and facilities have moved from North Island, other activities and facilities have replaced or will replace them so that there should be more civilian personnel employed at the island in the future.

The staff contends that the possibility that the ferry may be acquired by the Toll Bridge Authority is not a proper consideration in determining whether the proposed fare increase is justified. Its position is that the present ten cent cash fare will provide adequate and reasonable earnings, but if it is found by the Commission that relief in the form of increased revenues is justified, token fares at a rate of something less than 15 cents should be provided.

The applicant, the protestant and the staff presented evidence to support these respective positions and we have considered all of such evidence.

Whether or not the ferry will be acquired by the State is conjectural. Section 6 of the enabling act provides that in the event the Toll Bridge Authority determines it to be necessary or desirable in connection with the financing of the bridge, it shall authorize and direct the Department of Public Works to acquire by mutual agreement with the ferry owners, or by the exercise of eminent domain, any passenger ferry operating across the Bay of San Diego. At the time of the hearing the Department of Public Works was negotiating with applicant concerning a price that would be acceptable to applicant; however, at that stage the authority had not directed the department to acquire the ferry. Protestant has been and is negotiating with the State and with agencies of the Federal Government in an attempt to retain passenger ferry service between San Diego and North Island. In this effort it apparently has the support of other groups concerned with transportation between San Diego, Coronado and North Island. The fact that applicant's operation may be purchased by the State in 1969 is not material to the issue of fixing just and reasonable passenger fares for the future. The company is not entitled to obtain from the rate payer any more than a just and reasonable fare for services provided by the utility as a going concern. The possibility of the operation being acquired by the State does not increase the risk of the investment of the stockholders in that it must be presumed that they would receive just compensation upon being divested of their property. It must be recognized, however, that if the ferry is not acquired by the State, the opening of the bridge to the public may provide applicant with more serious competition than it now encounters. This is a circumstance to be considered either to the forecasting of the results of operations to be conducted in the future, or in the determination of a reasonable return in the light of any increase in risk because of a change in competitive conditions.

Applicant and the staff presented estimates of the results of operations under present fares and under proposed fares for a future rate year. Their respective estimates differ substantially concerning revenues and certain expenses. In the case of certain other expenses the estimates of applicant and of the staff were close. We will discuss the former but not the latter where no party raised an issue concerning the reliability of such estimates.

<u>Revenue from Operations</u>

Passenger revenues account for 97 percent of the total revenue. The remaining 3 percent is mainly from the rental of Boat No. 44 to an affiliate, Star and Crescent Boat Company, which provides tug, charter and sightseeing services. An exhibit was presented showing the number of passengers transported each month during the period October 1950 through September 30, 1967. The exhibit shows a fluctuation in patronage from month to month and from year to year.

The average number of passengers per month for 12 months ended September 30 for each year from 1959 to 1967 are:

1959	256,881	1964	258,455
1960	233,373	1965	265,624
1961	259,035	1966	292,578
1962	290,752	1967	309,704
1963	271,939		

For the 12 months ended September 30, 1967 there was a total of 3,716,449 passengers. For the 12 months ended April 30, 1968 there was a total of 3,693,128 passengers. Both the staff and applicant in their forecasts for a future rate year considered a level trend in patronage. The staff used 3,719,400 passengers based upon the twelve months ended September 30, 1967 and applicant used the total passengers for the 12 months ended April 30, 1968.

The evidence discloses an increase in passengers over an eight year period; however, within that period there were substantial fluctuations in the number of passengers transported during any twelve months. From the data it is apparent that any forecast of the number of passengers that will be transported during any twelve month period in the future will be of doubtful accuracy and reliability. The completion of the new bridge in 1969 may have an adverse effect upon applicant's patronage. On the other hand, there is evidence that Congress has made appropriations which would permit the expansion of naval facilities at North Island which could have the effect of increasing the number of passengers. We will use the applicant's and the staff's approach to the problem by estimating on the basis of a level trend. Inasmuch as applicant's estimate is for the more recent period we will accept that basis and estimate that applicant will transport 3,693,000 passengers during the future rate year.

In making its estimates of revenues under increased fares, the staff applied a diminution factor of one-eighth of the percent of the increase in cost of transportation to the passenger. The cost of transportation includes the ferry fare, parking lot charges, and the cost of transportation to and between the passenger's home and the parking lot. Experience has shown that there is usually a certain amount of diversion of traffic resulting from fare increases and, to a certain extent, reductions in fares have the effect of stimulating traffic. It is difficult of precise measurement, but usually there is a relationship between the amount of the increase or reduction in fares and the amount of diminution or stimulation. Greyhound Corp. et al., 59 Cal. P.U.C. 213, 223. This effect results because a comparison of the costs of transportation and consideration of time and comfort favor one means of transportation, for example one's private automobile, against the transportation provided by other means such as this ferry. In this case, persons may now travel between San Diego and North Island by private automobile via the automobile ferry. The staff's method of determining diminution of traffic resulting from increases in applicant's passenger fares is reasonable and appropriate.

At the hearing applicant presented estimated results of operation under alternative token fares at 12 1/2 cents per token. In considering revenues under a fare structure of 15 cents cash and 12 1/2 cents per token the token usage must be taken into account. From 1955 to 1958 applicant maintained a cash fare of 10 cents and a token fare of 4 tokens for 25 cents. The token usage at that time was 89 percent. Token usage varies with the amount of difference between the token fare and the cash fare, and also depending upon the number of tokens that must be purchased. Based upon applicant's experience with token fares, if tokens are sold four for fifty cents, a token usage of 85 percent would appear to be appropriate. If on the other hand, the tokens are sold 2 for 25 cents the appropriate token use factor would be more like 95 percent. The preponderance of the passengers is civilian employees or military personnel stationed at North Island. Such passengers would be expected to avail themselves of the token fares. Most of the remaining passengers are shipboard personnel who when using the ferry while on "liberty" might be expected to purchase 2 tokens for 25 cents for the ride to and from San Diego but would be expected to not purchase four tokens for 50 cents. If the token fare is established at 2 for 25 cents, the only persons that might be expected to use the cash fare rather than the token fare would be military personnel being discharged from a ship or reporting to a ship scheduled to depart, and persons regularly using a car pool to and from the station who may have missed their ride.

Expenses

Applicant and the staff disagree regarding the estimates and the treatment of the following expenses and expense factors: (1) Operating hours (2) Maintenance expense (3) Depreciation expense (4) Telephone expense and (5) Administrative salaries and (6) Bad Debt expense. The staff stated that its estimates of expenses do not include the costs to the applicant of this proceeding and suggested that legal expense be increased $1,200 which would represent the amortization of $6,000 over a period of five years. This adjustment is appropriate.

In estimating direct operating expenses the staff multiplied certain costs per hour at January 1968 labor cost levels times the estimated annual operating hours. The staff used the total operating hours experienced during the twelve months ended

September 30, 1967 in estimating the direct operating expense under present fares. Under the proposed fares it reduced the number of operating hours proportionally to the diminution of passengers because of increases in the fares. The theory of this adjustment is that fewer passengers result in lesser operations. That theory, however, is not applicable here. The diminution in annual passengers under the proposed fares is estimated at 74,400. The diminution would occur in connection with commuters. This would be a reduction of 246 daily passengers or 123 passengers for each daily peak period. During the peak hours applicant operates a regular schedule with the larger vessels which can carry between 485 and 555 passengers per trip. The estimated passenger diminution would not permit a reduction in schedules or operating hours. The expense estimates under increased fares should be based upon the same number of operating hours used in estimating expense under the present fares.

Maintenance expense was estimated by the staff from the 18 months recorded experience for all vessels except Boats Nos. 45 and 46. These latter boats are small aluminum hull vessels with a 35 passenger capacity built by applicant to provide efficient service at times when the operation of the larger vessels would not be as economical. While they were designed for use in this service, unfortunately the aluminum hulls proved unsuited for rough water in San Diego. They were originally placed in service in 1966 and ever since have received a substantial amount of repair work and modifications. The vice president of applicant testified that the hull strengthtening modifications still have not resulted in satisfactory operations of these boats and the hulls crack or open when operated at high speed on relatively rough water. While the company has not given up entirely in attempting to modify the boats for this operation, recent similar experiences of aluminum hull hydrofoils operated on San Diego Bay indicate that there may not be a solution to the problem. He said that he doubted the aluminum hulls would or could be operated any more than five years.

In developing his estimates for maintenance expense of Boats 45 and 46 the staff engineer examined all invoices for the repair of the boats for the time they were in service (15 months) and separated what he considered to be expenses of a recurring type from those he considered to be improvements or non-recurring. He found the recurring expenses to be 60 percent of the total. He took 60 percent of the total expense and divided it by the number of hours the boats were operated during the 15 months to obtain a maintenance cost per hour. This latter figure he adjusted to reflect current expense levels and multiplied the resultant cost per hour times the estimated annual operating hours. When questioned concerning the remaining 40 percent designated as non-recurring expenses he stated that they were improvements to the vessels. The 40 percent figure, however, is a substantial amount over that shown on applicants books ($1,200 per boat) as being capitalized. The engineer did not normalize or amortize the balance of the 40 percent not capitalized on applicant's books. The record does not show what expenses or work on the boats were included in the 40 percent so that there is no basis from which we can normalize what the engineer considered to be non-recurring expense. In this particular instance, however, the evidence indicates that what the engineer considered to be non-recurring expenses may well be of a recurrent type, at least for a future rate year. The problem regarding the aluminum hulls has not yet been solved. It would not be prudent for applicant to replace the boats with steel or wooden hull vessels at this time because of the uncertainty of its future operations. In these unique circumstances, we believe that a reasonable and proper estimate of maintenance expense may be developed by considering only the $1,200 capitalized on applicant's books as non-recurring expense and by considering the balance as recurring expense items.

Depreciation of vessel hulls, except for Boats 45 and 46 is taken by applicant on a straight line basis over 25 years. That was the service life accorded those hulls by the staff in a prior proceeding (A. 41031). With respect to the hulls of Boats 45 and 46 applicant is taking depreciation at the rate of 20 percent of the declining balance. Except for Boats 43, 44, 45 and 46, all vessels were in service at the time of the said prior proceeding. The staff engineer testified that he believed that the depreciation schedules used by the staff and adopted by the Commission in the last proceeding are unrealistic. It is his opinion that proper service lives are 25 years for wooden and aluminum hulls and 30 years for steel hulls. The only one of the vessels in service in 1958 upon which the adjustment in service lives would have any effect is the Monterey which has a steel hull and was placed in service in 1952. Boats 43 and 44 have steel hulls and were acquired in 1962. Boats 45 and 46 have aluminum hulls and were placed in service in 1966. The engineer's opinion is a matter of his personal engineering judgment and his analysis of applicant's experience. He had not consulted any marine surveyor or anyone else experienced in vessel operations.

He has no personal experience with boats, ships or ferry operations and, from the cross-examination, apparently was not familiar with policies of other agencies, such as the Internal Revenue Service, concerning suitable service lives for wooden, steel or aluminum hulls. The only basis for his opinion is that the wooden hull vessels operated by applicant have been operating for about 25 years and are still servicable and it appears logical to him that aluminum vessels should last as long as the wooden ones, and that steel hulls should last longer. There is no support for such deduction nor is there any basis for changing the service lives adopted by the Commission in the prior proceeding. All hulls except Boats 45 and 46 will be accorded service lives of 25 years with 15 percent salvage.

Boats 45 and 46 present a different circumstance. As stated hereinbefore, the evidence is that these boats were built and designed for efficient and economical service and at the time appeared to be a prudent investment. If they had proved satisfactory the public would have benefitted from their acquisition. The hulls have not been able to withstand the pounding of the waters of San Diego Bay and from the testimony their continued operation for five years appears to be doubtful. Present sale value estimated by a marine appraiser is $30,000 per boat (hull and engines). The recorded value less depreciation of each boat is about $46,000. The engineer's estimated value for rate base purposes is about $64,000 per boat. It is said that hindsight is better than foresight. We cannot say that at the time of their acquisition the purchase of those boats was not a prudent investment; nor can we find that their acquisition was intended for anything other than the public's benefit. To require the applicant to assume the full brunt of the circumstances that could not have been foreseen would be unfair. As stated hereinabove, applicant is depreciating these vessels by 20 percent of the declining balance which method at the end of 5 years would leave a value of approximately $13,000 or 33 percent of the original cost. There is no evidence herein of what may be a normal service life of an aluminum hull vessel 38 feet overall with a 13 foot beam and a 35 passenger capacity. The wooden hull vessels with which the engineer compared these boats are over 60 feet overall with beams between 18 feet and 24 feet with capacities of between 110 and 485 passengers. We are of the opinion that straight-line depreciation on Boats 45 and 46 based upon 10 years service life and 15 percent salvage value is reasonable for rate making purposes in this proceeding.

The engineer suggested service lives of 12 years for engines in the boats and 8 years for spares. Most of the boats are propelled with 2 engines, the Monterey has 3. No reason was given by the engineer why the engines in the boats should be accorded service lives 50 percent greater than the engines not in the boats. Eight year service lives for engines is in accord with the practice used by the company. For rate making purposes we adopt a service life of eight years for engines whether they are in the boat or on standby as spares.

Applicant is affiliated with the San Diego Marine Construction Company and certain expenses incurred are common to both. In certain instances those expenses can be separated, however, in other instances common items of expense must be allocated between the two companies. Telephone expense and the salary of a switchboard operator are two such expense items that were allocated. Applicant assigned 10 percent of the salary of the switchboard operator and 33 1/3 percent of the telephone expense (charges from the telephone company) to the ferry business. A representative of the Commission's Division of Finance and Accounts testified that he had examined applicant's books and is of the opinion that certain adjustments are required in applicant's financial statements. One of these adjustments, which was adopted by the engineer in making his forecasts is a reduction in telephone expense in the amount of $2,379. His testimony is:

> "This adjustment is for a correction of expense allocation from a ratio of one-third to 10 percent in accordance with the opinion of applicant's management."

At the time the representative made his examination, the controller had been with the company for about six weeks and had replaced an employee who has retired. The controller testified that if the representative obtained the impression from him that management believed an allocation of 10 percent for telephone expense is proper, such impression was mistaken. He said that he had not had an opportunity to make any evaluation of suitable allocation for telephone expense. The retired employee testified that he was responsible for the allocations. He explained that the telephones were installed pursuant to a study of their needs made by the telephone company. Eight trunk lines go into the switchboards; four are assigned to Star and Crescent Ferry and four are assigned to San Diego Marine Construction Co. Star and Crescent has the prime number and at night time this number goes directly to the ferry operation. The ferry is on telephone answering service 24 hours per day. The recommendation of the telephone company was based upon its study of incoming calls for the two companies. At times he has made studies of the allocation of time spent by the switchboard operators. The most recent studies indicate to him that the fair allocation of their time is 30 percent to the ferry operation. We accept applicant's allocation of telephone expense in the ratio of one-third.

The staff engineer's estimate of administrative salaries is the same amount ($15,500) as recorded for the 12 months ended September 30, 1967. Exhibit 11 sets forth the salaries of office employees and officers as of January 1, 1968 which, computed on an annual basis, discloses administrative salaries of $19,200 for 1968. Applicant contends that $16,514 should be added to that amount by reason of changes in officer's salaries and changes in allocations in the salaries of officers. It was not shown specifically how the amount was computed. The reason for a change in officers salaries to be allocated to the ferry operation was explained. The late Captain O. J. Hall, Sr. was the head of Star and Crescent Ferry and its affiliates. According to the testimony, the operation of the ferry gave him great personal pleasure and he was not concerned with receiving compensation in the form of salary from the business. He had not received a salary from the ferry since 1955 when the total compensation he received was $20,000. Following a lengthy illness Captain Hall passed away in the latter part of 1967. During the time he was ill the active management of the ferry business was assumed by the controller who retired around January 1, 1968. Captain Hall's sons, who are now president and vice-president of applicant have assumed the executive management of the operation and a new controller has been employed. Such circumstance changes the executive or management structure of applicant. Of the $19,200 administrative salaries set forth in Exhibit 11, $10,150 is the amount provided for management.

It is recognized that the retirement of the controller who had been with the company since 1933 and who had actively managed the business for the past several years will have an impact upon the activities of the officers and the new controller. The impact, although great, would appear to be a relatively temporary one. Judging from the amount of time expended by the former controller in active management of the operation, the day to day routine of the business is conducted smoothly and efficiently without active close supervision by executive management. Such circumstance is to the credit of management and certainly the company should not be penalized for a smoothly run organization. The issues are whether the $10,150 is reasonable compensation for executive management considering that said management has interests and duties other than those involved in the ferry business which necessarily requires some allocation of the officers' compensation; if $10,150 is not adequate compensation is that amount plus the $16,514 suggested by applicant reasonable for such compensation; and, if not, what is a reasonable compensation for executive management. Applicant has not sustained the burden of presenting evidence justifying $26,664 for executive management. In Decision No. 51880, issued in 1953, involving applicant, $15,000 was determined to be a reasonable charge to operating expenses for such management (54 Cal. P.U.C. 382). We will utilize that amount in considering estimated results of operations for the purpose of this proceeding without prejudice to any showing which might be made by applicant in any future proceeding.

Applicant has included in its estimates $2,173 for bad debt expense. This is based upon the amount recorded in applicant's books as bad debts for the 12 months ended September 30, 1967. The staff has not allowed this expense in its estimates. The recorded amount represents the sum of money advanced or loaned to an employee who had been with the company for many years. It was found that the employee was not in a position to repay the loan and it was written off as a bad debt. Such circumstance is not likely to occur in the future. In its operations applicant collects its revenues prior to providing the service so that no bad debts would accrue from its ordinary business transactions. The decision to lend money to an employee without reasonable expectation of its repayment is not a decision in the best interests of the rate payer and the bad debt is a responsibility of the stockholders.

The issues raised concerning the estimates of applicant and the staff have been discussed. Estimates of other expense items were relatively close and were not disputed. For the purpose of arriving at overall estimates of operating results we will adopt the staff's format of presentation and will use its estimates of the items not in dispute. Table 1, below, sets forth these estimated results of operation under present fares, proposed fares and alternative token fares for a future rate year.

TABLE I
Estimated Results of Operations of
Star and Crescent Ferry Company
Under Present Fare, Proposed Fare,
and Alternate Fares for a Rate Year

	Present Fare	Proposed Fare	Alternate I	Alternate 2
No. Passengers	3,693,000	3,619,400	3,654,200	3,650,500
Fare	10¢ cash	15¢ cash	15¢ cash or 2 tokens/25¢	15¢ cash or 4 tokens/50¢
Token Usage	0%	0%	95%	85%
Passenger Revenue	$ 369,300	$ 542,900	$ 461,300	$ 469,900
Other Revenue	11,500	11,500	11,500	11,500
Total Revenue	$ 380,800	$ 554,400	$ 472,800	$ 481,400
Expenses	377,200	377,200	377,200	377,200
Operating Income	$ 3,600	$ 177,200	$ 95,600	$ 104,200
Income Taxes	-	79,200	37,100	41,500
Net Income	$ 3,600	$ 98,000	$ 58,500	$ 62,700
Operating Ratio - %	99.1	82.3	87.6	87.0

Earnings under present fares in the future will be insufficient and the present fares, therefore, will be unreasonably low. Earnings under the proposed 15 cent fare will be excessive and the fare will be unreasonably high. It is estimated that Alternate I fares (15 cents cash or 2 tokens for 25 cents) would provide a net income of $58,500 resulting in an operating ratio of 87.6 percent after income taxes. Under ordinary circumstances this would be considered excessive for this ferry operation. It seems unlikely, however, that applicant would achieve operating results as favorable as this estimate. Additionally, there is a problem of prescribing a fare that is convenient to the passenger and would not impede service. An eleven cent fare might provide suitable earnings; however, fares which are not in multiples of five cents are not convenient to most passengers. An eleven cent fare causes problems in making change and would slow the boarding of the vessels. The alternative to an eleven cent fare is a token fare. In order to avoid delays in the purchase of tokens the sale price should be one involving 2 coins or a dollar bill at most; also when the minimum token purchase exceeds 5 it is inconvenient to the passenger. For those reasons 9 tokens for $1.00 or 4 tokens for 45 cents would not be a convenient fare. This ferry is essentially a commute operation with most of the passengers traveling during two peak periods during the day. A convenient fare and one which will not require delays at a change booth or the turnstiles is necessary to this service. The fare of two tokens for 25 cents is a convenient fare and the passenger is enabled to purchase the token in any quantity that suits his needs or desires.

After consideration of all aspects concerning alternative fares, giving due regard to the fact that the estimates of operating results set forth in Table I may not be achieved for the reasons indicated herein, weighing the uncertainties of applicant's future operations and considering all other circumstances recited herein, we are of the opinion that an increase in fares is justified and that fares of 15 cents cash or one token sold at the rate of 2 for 25 cents will be reasonable.

We find that:

1. Earnings under the present fare are, and for the future will be, insufficient and the present 10 cent cash fare is, and will be, unreasonably low.

2. The proposed fare of 15 cents cash will provide excessive earnings and is unreasonably high.

3. A fare of 15 cents cash or a token in lieu thereof with tokens sold at the rate of two for 25 cents is just and reasonable.

4. The increase which will result from the establishment of the fares hereinabove found to be just and reasonable is justified.

We conclude that applicant should be authorized to establish the fares found herein to be just and reasonable and that in all other respects its application should be denied. We further conclude that applicant should be required to provide notice of the increase in fares by posting at its landings and terminals and on its boats an explanation of the increases in fares at least ten days prior to the effective date of such increased fares.

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O R D E R

IT IS ORDERED that:

1. Star and Crescent Ferry Company is authorized to establish the following fare for transportation:

Cash Fare: 15 cents

Token Fare: 1 token, sold at the rate of 2 for 25 cents

2. Tariff publication authorized to be made as a result of the order herein may be made effective not earlier than thirty days after the effective date hereof on not less than thirty days' notice to the Commission and to the public.

3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its vessels and at its landings and terminals a printed explanation of its fares. Such notice shall be posted not less than ten days before the effective date of the fare changes and shall remain 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 22nd day of OCTOBER, 1968.

William Symons Jr.
President

[signature]

William [illegible] Bennett

[signature]

Fred P. Morrissey
Commissioners