

ORIGINAL

Decision No. 78916

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of
H-10 WATER TAXI COMPANY, LTD., }
a Corporation, for authority to }
increase rates and revise }
Rules and Regulations. }

Application No. 52645

(Filed May 25, 1971)

INTERIM OPINION AND ORDER

Applicant, H-10 Water Taxi Company, Ltd. (H-10), is engaged in the business of transporting passengers and freight as a public utility common carrier by vessel

Within and about the Long Beach and Los Angeles Harbor areas,

Between said harbor areas and

Vessels arriving at or leaving said harbors;

Vessels at offshore moorings at El Segundo and Huntington Beach;

Points and places on Santa Catalina Island.

H-10 also provides a garbage disposal service for ships in the Long Beach and Los Angeles Harbors. All of its services are provided on an on-call basis.

By this application H-10 seeks authority to increase its rates and charges for its common carrier services, and to effect other changes in its tariff. Its present rates and charges and the increased rates and charges which it seeks to

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establish are set forth in Appendix A hereto. In other respects, H-10 seeks to

Double a 10 percent surcharge for night service;

Make the same surcharge applicable to service performed on specified holidays;

Cancel present reduced rates for waiting or standby time and assess regular hourly rates for said time;

Impose more restrictive rules to changes or cancellations in orders for applicant's services.

Applicant alleges that since its rates were established at their present level in 1969, it has experienced a sharp decline in revenues as a result of an apparent decline in ship traffic to and from the Los Angeles/Long Beach harbors; that meanwhile its operating costs have been increased substantially by increases in wage and other costs; that as a consequence of the decline in revenues and increase in costs its financial operating results for 1970 were as follows:

Revenues	\$173,041
Expenses	<u>186,808</u>
Loss	\$ 13,767
Operating Ratio	108.0%

It predicts that unless it is permitted to increase its rates its financial operating results for 1971 will be as follows:

Revenues	\$173,041
Expenses	<u>242,676</u>
Loss	\$ 69,635
Operating Ratio	140.2%

On the basis of the volume of its traffic for 1970 applicant estimates that the increased rates which it seeks herein would produce an increase in revenues of about \$90,000. Assuming a continuation of the level of expenses estimated for 1971, applicant's financial operating results for the coming year would be as follows:

Revenues	\$263,933
Expenses	<u>242,676</u>
Net Income ^(a)	\$ 21,257*
Operating Ratio ^(a)	91.9%*

*Corrected figure.

(a) Before provision for income taxes.

Applicant asks that the sought increases in rates and charges and other tariff changes be authorized by ex parte order. It also asks that if such action is not immediately possible, it be granted interim relief on a temporary basis forthwith. It declares that its financial position is so precarious that immediate relief from its losses is imperative if its services are to be maintained. The rate increases which it seeks to have authorized by interim order are as follows:

50 percent in rates and charges for service within Long Beach/Los Angeles harbors or for service for vessels arriving at or departing from said harbors except that the present minimum charge of \$27.50 for the latter service to be increased to \$50;

Other rates and charges to be increased as set forth in Appendix A or as otherwise sought in this matter.

Discussion

H-10 is here seeking to achieve an increase of 63.5 percent in its public utility common carrier revenues by rate increases which range from 20 percent in its "freight only" rates to about 80 percent in its rates for service for vessels arriving at or departing from the Long Beach/Los Angeles harbor areas. The extent of the need which applicant alleges for the sought increases and the propriety of rate increases which applicant proposes as a remedy for that need both require investigation and analysis to determine whether a finding may be made thereon that the sought rate increases are justified. Although action on applicant's rate increase proposals in full should be deferred until said investigation and analysis is completed and decision thereon is reached, some interim action appears necessary.

H-10 provides the only common carrier service of its kind within the Long Beach/Los Angeles harbor areas. The public interest in the continuance of the service requires that the service be supported by interim rate adjustments until more appropriate measures can be effectuated. It appears that an increase of about \$70,000 in H-10's public utility common carrier revenues would restore H-10 to a break-even point in its operations. It further appears that such additional revenues would be produced by interim increases of 50 percent (or increases as sought, whichever is the lesser) in applicant's rates and charges. We find that pending completion of our investigation and analysis of H-10's proposals in this matter, said interim increases have been shown to be justified and should be authorized.

Applicant will be authorized to establish said increases on five days' notice to the Commission and to the public. The order herein will be made effective one day after the date thereof.

IT IS ORDERED that:

1. Subject to the exceptions herein provided, H-10 Water Taxi Company, Ltd., is authorized to effect an increase of 50 percent in the rates and charges shown on Original Page 3 of its Tariff Cal. P.U.C. No. 9 and in the surcharge specified in Rule 4 of said tariff.

EXCEPTIONS: The increased rates which are established pursuant to the authority herein granted shall not exceed the rates which are proposed for the same services in Application No. 52645.

2. Amendments to applicant's tariff to be made as a result of this order shall be filed not earlier than the effective date of this order, and may be made effective not earlier than three days after the effective date hereof on not less than three days' notice to the Commission and to the public.

3. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

4. The increased rates herein authorized are subject to reductions, further increases or other change as may be found warranted upon further consideration of this application.

The effective date of this order shall be one day after the date hereof.

Dated at San Francisco, California, this 15th day of JULY, 1971.

William Lyman, Jr. Chairman
[Signature]
Vernon L. Sturgeon

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.

Appendix A

Present and Proposed Rates and Charges

	<u>Present</u> (a)	<u>Proposed</u> (a)
A. For service between points and places within Los Angeles/Long Beach Harbors		
Rate per hour	\$22.50	\$37.50
Minimum charge	22.50	37.50
Waiting or standby charge, per hour	19.00	37.50
B. For service between points and places within Los Angeles/Long Beach Harbors on the one hand and, on the other hand:		
Vessels arriving at or departing from said harbors		
Rate per hour	\$27.50	\$50.00
Minimum charge	27.50	50.00
Waiting or standby charge, per hour	24.00	50.00
Points and places on Santa Catalina Island		
Rate per hour	\$27.50	\$42.50
Minimum charge	27.50	42.50
Waiting or standby charge, per hour	24.00	42.50
Ships at off-shore moorings at El Segundo or Huntington Beach		
Rate per hour	\$35.00	\$42.50
C. For service, at customers election, by vessels as follows:		
Freight-only vessel, with maximum load capacity of 25 tons		
Rate per hour	\$50.00	\$60.00
Passenger vessel, with maximum load capacity of 99 persons		
Rate per hour	\$75.00	\$75.00

(a) Unless otherwise stated, rates apply per vessel having maximum capacity of 49 passengers and/or 5 tons of freight.

(End)