

ORIGINAL

Decision No. 78921

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of HARBOR CARRIERS, INC., a
corporation, for authorization
to increase rates.

Application No. 52661

(Filed June 3, 1971)

OPINION AND ORDER

Harbor Carriers, Inc. (Harbor) operates a common carrier vessel service for the transportation of persons between Long Beach and Avalon. It also is engaged in common carrier operations by vessel between points on San Francisco, San Pablo and Suisun Bays.

By this application it seeks authority to increase certain of its fares for transportation between Long Beach and Avalon on five days' notice to the Commission and to the public. The present and proposed fares for said transportation are as follows:

	<u>Present</u>	<u>Proposed</u>
Adult		
One-way	\$3.75	\$4.25
Round trip	7.50	8.50
Child, less than 5 years of age		
One-way	.25	.25
Round trip	.50	.50
Child, 5 years old or older but less than 12 years of age		
One-way	1.90	2.15
Round trip	3.75	4.25
Commute		
One-way	3.00 ^(a)	3.00 ^(a)

(a) Based on purchase of 10-ride
ticket for \$30.00.

The proposed fares, other than commute, are the same as those charged by Catalina Motor Cruisers, Inc., a common carrier by vessel operating between San Pedro and Avalon.

Harbor states that the proposed fares are sought to offset the effect of wage increases which it recently had to grant its employees and also to offset the effect of certain other increases in its operating costs which have occurred since the commencement of its operations between Long Beach and Avalon on May 20, 1970. On the basis of its operating experience from June 1, 1970 through April 30, 1971, Harbor calculates that had the sought fares been collected throughout that period they would have produced revenues (after commissions) of \$18,400 in excess of those actually received. On the other hand, had the present wage rates and related costs been in effect throughout the same time, Harbor's labor costs would have been almost \$17,000 more than those experienced.

It appears that Harbor's operations between Long Beach and Avalon are being conducted at a loss and that they will continue to be unprofitable under the sought fares. Applicant reports that it incurred a loss of \$243,181 from said operations during the period from June 1, 1970 through April 30, 1971. It also appears that applicant's operations between Long Beach and Avalon were established with the anticipation that losses might be incurred initially. Decision No. 76496, dated December 2, 1969, which granted Harbor authority to engage in said operations, reports that in the proceeding therein involved Harbor's president estimated that it might take two years before sufficient business could be generated to produce a profit. He said that Harbor was prepared to continue service for the first two years even at a loss.

Decision No. 76496 shows that Harbor then had nearly \$200,000 in equity capital. The present application shows that as of February 28, 1971, Harbor had a negative equity of \$15,910.

In the circumstances it might be questioned whether the company can continue its operations even under the increased fares herein sought.

Harbor is reported to be a wholly owned subsidiary of The Harbor Tug and Barge Company. Said company has said that it will underwrite any and all losses of Harbor Carriers, Inc. A letter from The Harbor Tug and Barge Company so stating is included in the record herein as Exhibit No. 1.

The filing of this application of Harbor Carriers, Inc., was reported on the Commission's calendar of June 4, 1971. The Cities of Avalon and Long Beach have informed the Commission that they are not opposed to the granting of the application. No expressions of opposition to the application have been received by the Commission. Public hearing thereon is not necessary.

It is clear from the application that by the proposed fare increases Harbor is seeking to attain additional revenues which are sufficient only to compensate for principal increases in operating costs which Harbor has experienced or to which Harbor has become committed since commencement of the operations involved in May, 1970. We find that the fare increases have been shown to be justified. Said fare increases should be authorized.

Harbor's request for permission to establish the increased fares on five days' notice to the Commission and to the public is made on the grounds that its summer season of heavy traffic volume has started. Early establishment of the increased fares would therefore enable Harbor to realize the maximum benefits therefrom. This request should be granted also. The order herein will be made effective one day after the date thereof.

O R D E R

IT IS ORDERED that:

1. Harbor Carriers, Inc., is authorized to establish the following increased fares for the transportation of persons between Long Beach and Avalon:

Per adult

One-way	\$4.25
Round trip	8.50

Per child, 5 years old
or older but less than
12 years of age

One-way	2.15
Round trip	4.25

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

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

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 terminals an explanation of its fares. Such notice shall be posted not less than five days before the effective date of

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the fare changes, and unless superseded shall remain posted for a period of not less than thirty days.

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

Dated at San Francisco, California,
this 13th day of JULY, 1971.

William J. Lyons Chairman

[Signature]

Vernon L. Stinson

Commissioners

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.