

ORIGINAL

Decision No. 81689

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.

Application No. 53863  
(Filed February 26, 1973)

INTERIM OPINION AND ORDER

H-10 Water Taxi Company, Ltd. (H-10) seeks authority to increase its rates and charges for its common carrier services by approximately 33 percent for some rates to 108 percent for other rates, to permit it to obtain revenues sufficient to produce an operating ratio of 90.6 percent before taxes.

H-10 provides 24-hour a day transportation service by vessel on an on-call basis in the Los Angeles-Long Beach Harbor area. It transports passengers and freight as a public utility common carrier by vessel between points within the harbor area, and between such points and Santa Catalina Island and ships moored offshore at El Segundo and Huntington Beach.

H-10's present rates were established by Decision No. 80081 dated May 18, 1972 on Application No. 52645 and were estimated to produce operating revenues of \$220,630 with an operating ratio of 90.5 percent after provision for income taxes for the year 1972. As shown in Exhibit D to the application, recorded revenues were \$186,224.86 with an operating ratio of 110.2 percent and a loss before income taxes of \$22,596.68, after excluding interest and franchise taxes.

Applicant alleges that such losses will increase as a result of increases in wages and fringe benefits to become effective July 1, 1973. Exhibit D to the application shows for the year 1973 an estimated operating ratio at present rates of 150.6 percent with a loss of \$88,909 before income taxes.

Based on recorded results for the year 1972 and estimated results for the year 1973, H-10 alleges that its financial position is precarious and that rate relief is imperative if service is to be maintained.

The extent of the need which applicant alleges for the sought increases and the propriety of rate increases which H-10 proposes as a remedy for that need require investigation to determine whether a finding may be made that the sought increases are justified. Although action on applicant's full rate increase proposals should be deferred until the investigation is completed, some interim relief appears necessary. Consequently, H-10 will be granted an interim increase of approximately \$26,000 or 18.6 percent of 1973 estimated tariff revenues at present rates.

#### Findings

1. Present rates and charges do not provide revenues sufficient to enable applicant to cover the expenses of performing its common carrier services.
2. Applicant is in immediate need of additional revenue at least equal to the losses experienced for the year 1972.
3. Applicant should be authorized to establish on an interim basis the increased rates and charges set forth in Appendix A.
4. The interim increase authorized herein is consistent with Rule 23.1 of this Commission's Rules of Procedure:
  - a. The proposed rate increases are cost justified. The increased revenue sought in this proceeding is to offset increases in costs, principally wages and terminal expenses, occurring since rates were last adjusted in 1972.
  - b. The increased wages and other costs sought to be recovered in this phase of the proceeding are those currently being experienced by the applicant.
  - c. The proposed rate increases are the minimum required to assure continued adequate and safe service of applicant.
  - d. The proposed rate increases take into account expected and obtainable productivity gains, efficiencies, and savings. The record does not show that there are any productivity gains,

efficiencies, or savings susceptible to quantitative measurement available to applicant which have not been reflected in its current operations.

5. We find that the increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

The Commission concludes that the rates set forth in Appendix A should be granted on an interim basis and that permanent relief should be considered at a later date.

IT IS ORDERED that:

1. Applicant is authorized to establish on an interim basis the increased rates and charges set forth in Appendix A.
2. Amendments to applicant's tariff made as a result of this order may be filed immediately and be made effective not earlier than August 13, 1973 on not less than three days' notice to the Commission and to the public.
3. The increased rates herein authorized are subject to such modification as may be found warranted upon further consideration of this application.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 31<sup>st</sup> day of JULY, 1973.

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

William Symons President  
[Signature]  
[Signature] Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
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PROPOSED RATES FOR 19% INTERIM FARE INCREASE

	<u>Day Operations</u> (a)	<u>Night Operations</u> (a)	<u>Holiday Operations</u> (a)
A. For service between points and places within Los Angeles/ Long Beach Harbors			
Rate per hour per vessel .....	\$38.10	\$ 43.80	\$ 43.80
Minimum charge .....	38.10	53.55	(43.80(b) (53.55(c))
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 per vessel .....	\$47.60	\$ 54.75	\$ 54.75
Minimum charge .....	47.60	71.40	(54.75(b) (71.40(c))
Points and places on Santa Catalina Island			
Rate per hour per vessel .....	\$47.60	\$ 54.75	\$ 54.75
Minimum charge .....	47.60	71.40	(54.75(b) (71.40(c))
Ships at offshore moorings at El Segundo or Huntington Beach			
Rate per hour per vessel .....	\$47.60	\$ 54.75	\$ 54.75
Minimum charge .....	47.60	71.40	(54.75(b) (71.40(c))
C. For service, at customers' election, by vessels as follows:			
Freight-only vessel, with maximum load capacity of 25 tons			
Rate per hour per vessel .....	\$71.40	\$ 82.10	\$ 82.10
Minimum charge .....	71.40	85.70	(82.10(b) (85.70(c))

APPENDIX A  
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PROPOSED RATES FOR 19% INTERIM FARE INCREASE

	<u>Day</u> <u>Operations</u> (a)	<u>Night</u> <u>Operations</u> (a)	<u>Holiday</u> <u>Operations</u> (a)
Passenger vessel, with maximum load capacity of 99 persons			
Rate per hour per vessel .....	\$89.25	\$102.65	\$102.65
Minimum charge .....	89.25	107.10	(102.65)(b) (107.10)(c)

- (a) Except as otherwise stated, the rates herein apply for vessels having a maximum capacity of 49 passengers and/or 5 tons of freight.
- (b) Minimum charge applicable to day operations on holidays as herein defined.
- (c) Minimum charge, applicable to night operations on holidays as herein defined.