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Decision No. 81792

ORIGINAL

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;
amended March 5, 1973)

Jeanne M. Seehorn, for H-10 Water Taxi Company,
Ltd., applicant.
Lionel B. Wilson, Attorney at Law, for the
Commission staff.

O P I N I O N

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.

After notice, public hearing was held before Examiner Johnson on July 9, 1973 in San Pedro and the matter was submitted.

Evidence was presented by H-10's secretary-treasurer and by an engineer and a financial examiner of the Commission staff.

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.

At the time this application was filed, H-10's rates had been established by Decision No. 80081 dated May 18, 1972 on Application No. 52645. These 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.

The record shows that for the period January 1, 1973 to June 30, 1973, H-10 suffered a loss of \$17,295.77. H-10's secretary-treasurer testified that this loss was incurred after curtailing operations and minimizing the staff as much as possible. She further testified that this deficit would increase due to a 12 percent wage increase effective July 1, 1973 and an increase in the cost of diesel oil from 20.4 cents per gallon plus 5 percent sales tax to 23.4 cents per gallon plus 6 percent sales tax, effective in July 1973.

The staff financial examiner testified that the 1972 staff adjusted results of operation show a net loss of \$19,471 with an operating ratio of 108.76 percent. The staff engineer testified that for the test year July 1973 through June 1974 it is estimated that the utility operations will experience a loss of \$68,850, with an operating ratio of 144.2 percent before income taxes at present rates, and a profit of \$14,410, with an operating ratio of 94.0 percent before income taxes at proposed rates.

Both staff witnesses recommended that the requested rate increase be granted in full. There were no protests to granting the requested rate increase.

H-10's secretary-treasurer presented evidence to justify on a revenue-per-call versus cost-per-call basis the apportionment of the requested increase among the various categories of service. The greatest increase request is for service between points within the Los Angeles-Long Beach Harbors and vessels arriving at or departing from these harbors. The least increase request was for freight service. The staff engineer recommended that the requested rates be granted.

Findings

1. H-10 Water Taxi Company, Ltd. was authorized an interim increase of 18.6 percent by Decision No. 81689 dated July 31, 1973, pending determination of the final relief to be accorded in this proceeding. The tariff covering such increased charges went into effect on August 13, 1973.
2. The rates and charges established by Decision No. 80081 or Decision No. 81689 do not provide revenues sufficient to enable applicant to cover the expenses of performing its common carrier services.
3. The increases in rates and charges authorized herein are justified, the rates and charges authorized herein are reasonable, and the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.
4. Applicant should be authorized to establish the increased rates and charges set forth in Appendix A which will produce estimated net operating revenues (before provision for income taxes) as represented by an operating ratio of 94.0 percent.
5. Rule 23.1 of the Commission's Rules of Procedure does not apply to the rate increase authorized herein because H-10 qualifies for the small business exemption set forth in Title 6, Economic Stabilization Section 150.60, subpart D.

The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. H-10 Water Taxi Company, Ltd. is authorized to establish the increased rates proposed in Application No. 53863 which are set forth in Appendix A hereto in lieu of the interim rates authorized by Decision No. 81689. Tariff publications authorized to be made as a result of this order shall be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

2. The authority 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 terminal a printed explanation of its fares. Such notice shall be posted not less than five 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 is the date hereof.

Dated at San Francisco, California, this 21st
day of AUGUST, 1973.

Vernon L. Sturgeon
President
William J. Simpson
H. J. [illegible]
[illegible]
Commissioners

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

APPENDIX A

H-10 WATER TAXI COMPANY, LTD.
AUTHORIZED RATES (a)

:	:	Day	:	Night	:	Holiday	:
:	:	Operations	:	Operations	:	Operations	:

A. For service between points and places within Los Angeles/Long Beach Harbors.

Rate per hour per vessel	\$48.00	\$57.60	\$75.00
Minimum charge	48.00	60.00	75.00

B. For service between points and places within Los Angeles/Long Beach Harbors on the one hand and, on the other hand:

1. Vessels arriving at or departing from said harbors

Rate per hour per vessel	\$80.00	\$96.00	\$96.00
Minimum charge	80.00	96.00	96.00

2. Points and places on Santa Catalina Island

Rate per hour per vessel	\$55.00	\$66.00	\$70.00
Minimum charge	55.00	66.00	70.00

3. Ships at offshore moorings at El Segundo or Huntington Beach

Rate per hour per vessel	\$70.00	\$84.00	\$84.00
Minimum charge	70.00	84.00	84.00

C. For service, at customers' election, by vessels as follows:

1. Freight-only vessel, with maximum load capacity of 25 tons

Rate per hour per vessel	\$80.00	\$96.00	\$96.00
Minimum charge	80.00	96.00	96.00

2. Passenger vessel, with maximum load capacity of 99 persons (b)

Rate per hour per vessel	-	-	-
Minimum charge	-	-	-

(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) Rates are applicable as defined in tariff.