

T/TKS/

ORIGINAL

Decision 88 08 027 AUG 10 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Star & Crescent)
Boat Company For Rate Change)
Pursuant To Public Utilities)
Code Sections 1007-1009.)

Application 88-06-008
(Filed June 6, 1988)

O P I N I O N

Star and Crescent Boat Company (Applicant) is a vessel common carrier operating between downtown San Diego and the City of Coronado's Old Ferry Landing commercial development.

Applicant seeks authority to increase its fares by approximately 50%. The present fares were established by Decision 87-02-011, dated February 11, 1987 in Application 86-09-037.

Table 1 shows the present and proposed fares.

TABLE 1

	<u>Present Fares</u>	<u>Proposed Fares</u>
One-Way Fare	\$1.00	\$1.50
All Day Round Trip Pass	4.00	4.00
Bicycle Surcharge	0.00	0.50

Children under three years will continue to be carried free.

Applicant set the present fares when it began operations in July 1987. Applicant alleges that actual operating experience has demonstrated that these fares produced a financial loss.

Applicant also alleges that passengers with bicycles are displacing other paying passengers, estimating that each bicycle displaces space that could be occupied by two additional paying passengers.

Table 2 has been constructed from information supplied by applicant. The table shows the projected results of operation under the present and proposed fares for the test year ending August 31, 1989.

TABLE 2

	<u>Test Year Ending August 31, 1989</u>	
	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenue	\$523,389	\$812,300
Expenses	637,897	637,897
Income (before Income Taxes)	(114,508)	174,403
Operating Ratio (before Income Taxes)	121.9%	78.5%

(Red Figure)

As indicated by Table 2, Applicant's operations in the test year ending August 31, 1989 under the present fares will result in a loss of \$114,508 with an operating ratio, before income taxes, of 121.9%. The proposed fares will result in an annual gross operating revenue increase of \$288,911 and operating income of \$149,510 before income taxes, with an operating ratio of 78.5%. This operating ratio is lower than is generally accepted by the Commission, but due to the small dollar value in the increase in individual fares (50¢) and because the carrier would operate at a loss under present fares, the fare increase should be granted.

Notice of filing of this application appeared on the Commission's Daily Calendar of June 10, 1988. No protests or requests for public hearing were received. Applicant's business is seasonal. Its ferry is most heavily patronized during the months of July and August. Therefore, the order should be issued as expeditiously as possible.

Findings of Fact

1. Applicant seeks authority to increase its fares as set forth in Table 1.

2. Applicant's present fares were established when it was granted vessel common carrier authority by Decision 87-02-011 dated February 11, 1987.

3. Applicant's operation in the test year ending August 31, 1989 under present fares would be at a loss of \$114,508 with an operating ratio of 121.9% before taxes.

4. Applicant's operations at the proposed fares will result in an annual gross revenue increase of \$288,911, with an operating ratio of 78.5% before taxes.

5. The requested passenger fares increases are necessary and justified.

6. No protests were received and a public hearing is not necessary.

7. To ensure applicant's continued operations, the effective date of this order should be the date of signature.

Conclusions of Law

1. The fare increases requested in Application 88-06-008 are just and reasonable and should be granted.

2. To ensure applicant's continued operations, the order should be effective today.

ORDER

IT IS ORDERED that:

1. Star and Crescent Boat Company is authorized to establish the increased passenger fares proposed in Application 88-06-008. Tariffs shall be filed on or after the effective date of this order. They may go into effect ten days or more after the effective date of this order on not less than ten days' notice to the Commission and to the public.

2. This authority shall expire unless exercised within 90 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 a printed explanation of its fares in conspicuous places on its vessel and at all its ticket selling locations.

4. The application is granted as set forth above.

This order is effective today.

Dated AUG 10 1988, at San Francisco, California.

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS-TODAY.



Victor Weissor, Executive Director