

Decision 92-04-023 April 8, 1992

Filed
APR 9 1992
ORIGINAL

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 91-12-016
) (Filed December 2, 1991)
)

O P I N I O N

Star & Crescent Boat Company, a California corporation, (applicant) operates the Coronado ferry between San Diego and Coronado. Applicant requests a change of its current passenger fare from \$1.50 to \$2.00 for a one-way trip and authorization to sell monthly and weekly passes at a rate of the \$84.00 per month for passengers and \$21.00 per month for bicycles and \$20.00 per week for passengers and \$5.00 per week for bicycles. The passes would entitle the passenger to unlimited passage on the ferry during the month. Applicant's charge of 50¢, one-way, for a bicycle remains unchanged.

The justification for the rate changes is based upon applicant's losses from ferry operations for the fiscal year ending August 31, 1991 and projected losses for the fiscal year ending August 31, 1992. Applicant's expenses for the ferry operation for the fiscal year ending August 31, 1991 were \$937,000. Its revenues for the same period were \$719,600. Net losses for the year, therefore, were \$217,400. Applicant's balance sheet and profit and loss statement for the fiscal year ending August 31, 1991 are attached to its application. Assuming no rate increase, applicant projects a net loss of \$99,800 for the fiscal year ending August 31, 1992. If the fares are increased as requested, applicant projects a net profit of \$80,648 for the fiscal year ending August 31, 1992.

Table 1

<u>Fare Structure</u>	Historical Year 1991	Test Year 1992	
	<u>Current</u>	<u>Current</u>	<u>Proposed</u>
Operating Revenues	\$719,600	\$724,800	\$916,800
Operating Expenses	<u>937,000</u>	<u>824,600</u>	<u>836,152</u>
Profit (Loss)	(\$217,400)	(\$ 99,800)	\$ 80,648
Operating Ratio	1.30	1.14	0.91

Applicant requests the change in fares in order to obtain a reasonable rate of return on its investment and to ensure the continued maintenance of the ferry service which has as one of its primary benefits, public convenience and necessity to both residents and tourists of the cities of San Diego and Coronado by providing mass transportation service via water to both cities. Applicant alleges it must strengthen the financial posture of its ferry operation in the face of competition for passengers from water taxi services utilizing small vessels under five tons net register.

Applicant desires to provide monthly and weekly passes for its customers. The pass rates are based on 21 business days a month and five business days a week as follows:

Monthly Pass

Passenger	21 x \$4.00 (round-trip fare) = \$84.00
Bicycle	21 x \$1.00 (round-trip fare) = \$21.00

Weekly Pass

Passenger	5 x \$4.00 (round-trip fare) = \$20.00
Bicycle	5 x \$1.00 (round-trip fare) = \$ 5.00

Although the pass rates are based on a limited number of trips, the pass usage would be unlimited per week or per month. Passengers will receive a cost savings on the ticket price if they use the ferry more often than 21 round-trips on the monthly pass or five round-trips on the weekly pass. Applicant believes that the pass

system will encourage regular passage on the ferry which will result in an overall increase in use of the ferry. Applicant's customers will benefit by the convenience of this fare structure.

Findings of Fact

1. Applicant seeks authority to increase its passenger fares approximately 26.0% to offset increased operating expenses.

2. Notice of the filing of the application appeared in the Daily Transportation Calendar on December 24, 1991. No protests have been filed. A hearing is not necessary.

3. Applicant's present fares were authorized by Decision 87-02-011, dated February 11, 1987, in Application 86-09-037.

4. Applicant's operations in the test year ending December 31, 1992, under present fares would be at a loss of \$98,800 with an operating ratio of 114%.

5. The proposed fares will result in annual operating revenues of \$916,800, and a profit of \$80,800, with an operating ratio of 91%.

6. The requested fares are necessary and justified.

7. Applicant is operating at a loss.

8. The increases in rates and charges authorized by this decision are justified, and the resulting fares are just and reasonable.

Conclusions of Law

1. The fares requested in Application 91-12-016 are just and reasonable and should be granted.

2. Since applicant's operations will be at a loss under the present fares, the effective date of this order should be the date of signature.

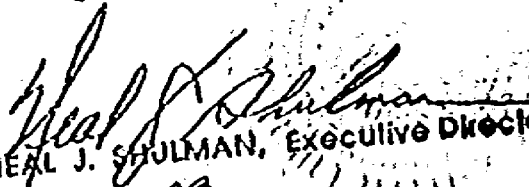
O R D E R

IT IS ORDERED that:

1. Star & Crescent Boat Company, a California corporation, is authorized to establish the increased rates (rules or fares) proposed in Application 91-12-016. Tariffs shall be filed on or after the effective date of this order. They may go into effect 5 days or more after the effective date of this order on not less than 5 days' notice to the Commission and to the public.
2. The 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 in applicant's vessels a printed explanation of the 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 30 days.
4. The application is granted as set forth above.
This order is effective today.
Dated April 8, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners

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


NEAL J. SHULMAN, Executive Director