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Decision 92 10 025 OCT 06 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the )  
Application of BALBOA )  
ISLAND FERRY, seeking )  
authority under Section 454 )  
of the Public Utilities Code )  
to publish tariff provisions )  
resulting in increases. )  
\_\_\_\_\_ )

**ORIGINAL**

Application 92-07-027  
(Filed July 17, 1992)

O P I N I O N

Balboa Island Ferry, a California corporation (applicant), requests authority to increase its present vehicle fares by approximately 18% pursuant to Public Utilities (PU) Code § 454 and 491. Applicant is a vessel common carrier (VCC-2) engaged in the transportation of passengers and their baggage, and vehicles including bicycles, motorcycles, passenger vehicles, and trucks weighing a maximum of 5000 pounds. It operates a service between the Balboa Peninsula and Balboa Island, on inland waters, between points entirely within the city limits of Newport Beach, California.

The present fares were authorized by Decision (D.) 89-11-044 in Application 89-05-050. Applicant published these fares in its Local Passenger Tariff No. 5, effective December 2, 1989.

Applicant has submitted its latest unaudited Balance Sheet and Income Statement, for the year ending December 31, 1991. A pro forma income statement is included in the application and identified as Exhibit "C". This pro forma statement includes present and proposed cash flow data.

Present and proposed fares are shown in Table 1.

TABLE 1Balboa Island FerryONE WAY FARES (In dollars)

	<u>Present</u>	<u>Proposed</u>
<b>PASSENGER FARES</b> (per pedestrian or vehicle occupant)		
Adult	\$ 0.25	\$ 0.25
Children (5 years & under 12)	\$ 0.10	\$ 0.10
<b>VEHICLE CHARGES</b> (including described vehicle & driver)		
Passenger Automobile (including driver)	\$ 0.65	\$ 0.90
Motorcycle & Scooters (including driver)	\$ 0.45	\$ 0.50
Bicycle (including adult driver)	\$ 0.40	\$ 0.40
Bicycle (including child driver)	\$ 0.25	\$ 0.25
Panel Trucks (including trucks under 1 ton rated capacity, and driver)	\$ 0.65	\$ 0.90
Truck (rated capacity over 1 ton but less than 2 1/2 tons, and driver)	\$ 0.75	\$ 0.90
Vehicle (over 21 feet in length, and driver)	\$ 1.00	\$ 1.00
Vehicle (not otherwise specified)	\$ 1.00	\$ 1.00
COMMUTER (30-rides for passenger automobiles & vehicles under 1 ton rated capacity, and driver)	\$15.00	\$18.00

Table 2 sets forth the estimated results of operations under present and proposed passenger fares for the test year ending December 31, 1992.

TABLE 2  
Test Year Ending December 31, 1992  
INCOME STATEMENT

	<u>Present</u>	<u>Proposed</u>
Operating Revenue	\$ 866,889	\$1,022,298
Operating Expenses	953,378	953,378
Operating Income		
Income Before Tax	\$(86,892)	\$ 55,568
Operating Ratio		
Before Income Tax	110%	94.5%

As Table 2 shows, if present fares and trends continue, applicant forecasts that its income will decline for 1992 with an operating ratio of 110%. Over the last two years, labor costs have increased by \$111,056 or 24%. Higher salaries and revised labor practices contribute to the increased labor costs.

The proposed fare increases will result in an annual operating revenue of \$1,022,298, a net income of \$55,585, and an operating ratio of 94.5%.

The proposed fare increases are just and reasonable and should be granted.

Income Statement Adjustments

Applicant provided additional information to staff resulting in an adjustment of the income statement provided initially in the application. The results of the adjustment are included in Table 2.

Applicant provided an additional Income and Expense Statement for the year ending December 31, 1992. The revenues and expenses are those projected for 1992, based on current fares. The revenues are the basis for the current revenue projections in Table 2.

Applicant included \$70,000 in legal settlement expenses as part of their expense projections. Applicant

estimated attorney's fees to be \$30,000, and a \$40,000 estimated settlement amount.

Applicant also provided a revised attorney's fees charge representing actual legal fees of \$30,504.09. Staff included the actual attorney's fees in projected expenses; the settlement fee of \$40,000 was excluded because it does not arise from a written contract since the final figure remains under discussion.

Findings of Fact

1. Applicant seeks authority to increase its vessel passenger fares by approximately 18% to offset increases in labor costs.
2. Applicant's present fares were authorized by D.89-11-044, dated November 22, 1989.
3. Applicant's operations in the test period ending December 31, 1992, under present fares, would result in a loss of \$86,892 and an operating ratio of 110%.
4. The proposed fares will result in an annual operating revenue of \$1,022,298, which will generate an annual income of \$55,568 with an operating ratio of 94.5%.
5. The requested fare increases under PU Code § 454 are justified.
6. Notice of filing of this application appeared in the July 22, 1992 Daily Transportation Calendar.
7. No protests have been filed in connection with this application.
8. A public hearing is not necessary.

Conclusions of Law

1. The vessel fare increases under PU Code § 454 herein requested are just and reasonable.
2. This application should be granted.
3. Since applicant is experiencing the increased costs, this order should be effective on the date it is signed.

O R D E R

IT IS ORDERED that:

1. Balboa Island Ferry, Inc., a California corporation is authorized to establish the increased vessel passenger fares set forth in this application.

2. Tariffs may be filed on or after the effective date of this order. They may become effective five days or more after the effective date of this order provided that the Commission and the public are given not less than five days' notice.

3. This authority shall expire unless exercised within 90 days after the effective date of this order.

4. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in applicant's operating vessels a printed explanation of the fares. Such notice shall be posted not less than 5 days before the effective date of the fare changes and shall remain posted for a period of not less than 30 days.

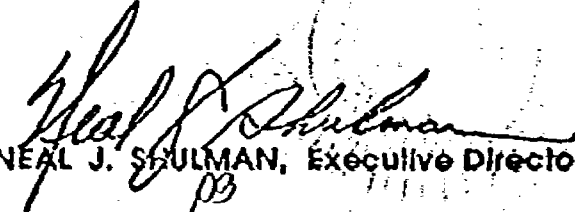
5. This application is granted as set forth above.  
This order is effective today.

Dated OCT 06 1992, at San Francisco, California.

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

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

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NEAL J. SHULMAN, Executive Director