

Decision 83 95 022 MAY 4 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of HARBOR CARRIERS, INC., a)
corporation, for authorization)
to increase rates for passenger)
vessel service between)
San Francisco and Angel Island.)

Application 82-09-35
(Filed September 22, 1982)

O P I N I O N

Harbor Carriers, Inc. (Harbor) is a California corporation and a wholly-owned subsidiary of the Harbor Tug and Barge Company, which is, in turn, a wholly-owned subsidiary of the Crowley Maritime Corporation. It is a common carrier of passengers and property by vessel between points around the San Francisco, San Pablo, and Suisun Bays under prescriptive operative rights and also under certificates issued by this Commission or transferred to it by Commission decision. Harbor now operates passenger ferry service between Tiburon, Angel Island, and Sausalito, on the one hand, and San Francisco, on the other hand.

Harbor now applies for a 10% fare increase for its Angel Island-San Francisco service. Harbor expects also to realize a 5% increase in patronage over the segment to generate, with the rate increase, approximately \$36,000 in additional annual revenue.

Harbor was last granted a fare increase for its Angel Island-San Francisco service by Decision (D.)92809 on March 17, 1981.

The fares authorized by that decision and those proposed now are shown below:

HARBOR CARRIERS, INC.
PRESENT and PROPOSED FARES
BETWEEN ANGEL ISLAND and SAN FRANCISCO
(Only Round-Trip Fares are Sold)

	<u>Present</u>	<u>Proposed</u>
Adults	\$5.00	\$5.50
Children, ages 5-11	2.50	2.75
Children, under age 5	Free	Free

Harbor's expenses in providing the Angel Island-San Francisco service exceeded revenue during the year ended April 30, 1982 by \$170,000. With the fare increase sought, and assuming the 5% patronage increase estimated by Harbor, this loss would be reduced to \$134,000 per year. Harbor receives no subsidies for providing the ferry service. Harbor has not indicated why it is willing to continue incurring such losses.

In its application, Harbor has not provided a forecast of revenue and expenses and has not referred to a future test or rate year. It has deviated from the allocation procedures it agreed to, and which were described in the Separation and Allocation For Harbor Carriers, Inc. of January 1981 (referred to in D.92809 at Conclusion of Law number 4 (p.9)). Considering the magnitude of the loss of the operation, the deviation is not a major factor, but it should be noted.

In the agreed allocation procedures, the Depreciation and Amortization (see A.82-09-35, Schedule VI, Item #411), which is the increase in the reserve for depreciation allocated to the regulated service during the historical year, was added to the

Nonvessel Operating Expense. In the application under consideration (A.82-09-35) it is presented as part of the Vessel Operating Expense instead. Harbor is placed on notice that it must use the method agreed upon or request a change in allocation methods if it wishes to depart from its use in future fare increase applications.

A.82-09-35 was placed on the Commission Calendar of September 23, 1982. The County Counsels and County Clerks of San Francisco and Marin Counties and the City Attorney of San Francisco have been notified. Harbor also notified the Regional Director of the State of California Department of Parks and Recreation. There have been no protests; a public hearing is not necessary.

Findings of Fact

1. In the period May 1, 1981 to April 30, 1982 Harbor suffered a loss of \$170,000 in its Angel Island-San Francisco service.
2. With the 10% increase sought, and assuming a 5% increase in patronage, Harbor's loss would be reduced to \$134,000 per year.
3. Harbor has deviated from the allocation procedures it agreed upon for use in A.59773 and all subsequent applications. Although the deviation is not significant in this Application, Harbor is placed on notice that it must follow the allocation agreement in future applications until it requests and receives the authority to change it.
4. Harbor needs the fare increase sought in order to reduce its losses; the fare increase is reasonable.
5. No protests have been received; a public hearing is not necessary.
6. The fare increase should be made effective as soon as possible in order to minimize operating losses.

Conclusions of Law

1. Harbor is in need of rate relief in order to reduce its operating losses on its regulated Angel Island ferry operations.
2. We should make this decision effective the date it is signed and allow Harbor to institute its proposed fares with only five days' notice to the public in order to reduce Harbor's operating losses.

O R D E R

IT IS ORDERED that:

1. Harbor Carriers, Inc. is authorized to increase its fares for its San Francisco-Angel Island commuter service to those set forth as proposed fares as described in this decision.
2. Tariff publications authorized to be made as a result of this order may take effect on not less than five days' notice to the Commission and to the public. Such notice to the public shall be given by posting the new fare schedules conspicuously on vessels used in the service and at the terminals not less than five days before the effective date of the fare change and shall remain posted for a period of not less than 30 days.

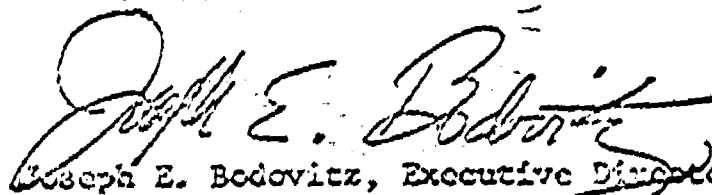
3. For ratemaking purposes, the separation and allocation procedures and the expense allocation methods set forth in Exhibits 13 and 14 in A.59773 shall be used in future rate applications by this applicant.

This order is effective today.

Dated MAY 4 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
FRISCILLA C. GREW
DONALD VIAL
Commissioners

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


Joseph E. Bodovitz, Executive Director