

Decision 00-03-018 March 2, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Harbor Bay Maritime, Inc., a California Corporation, (VCC-69) for Authorization to Modify Certain Fare Levels for Passengers on Vessel Common Carrier Service on San Francisco Bay between the Harbor Bay Ferry Terminal in Alameda and Authorized Points in San Francisco.

Application 99-08-040
(Filed August 23, 1999;
amended December 15, 1999)

O P I N I O N

Summary

This decision grants Harbor Bay Maritime, Inc. (Harbor Bay) authority to modify its fares for transporting passengers in vessel common carrier service between the Harbor Bay Ferry Terminal in Alameda and the vicinity of the Ferry Building in San Francisco. The new fares may be made effective on less than 30 days' notice.

Background

Harbor Bay, a subsidiary of Harbor Bay Isle Associates, is a California corporation certificated to provide vessel common carrier service between the Harbor Bay Ferry Terminal on Bay Farm Island in Alameda and the San Francisco Ferry Building (Harbor Bay/SF ferry service, also referred to as East End Ferry Service); and between the Ferry Building and Fisherman's Wharf in San Francisco. By this Application, Harbor Bay seeks authorization to modify rates for Harbor Bay/SF ferry service only; Harbor Bay has not yet begun service between the Ferry Building and Fisherman's Wharf.

Harbor Bay has provided Harbor Bay/SF ferry service on a continuous basis since 1992, currently making three morning and three evening round trips weekdays during commute hours and occasionally offering weekend service in the warmer months. Harbor Bay operates the service pursuant to a contract with the City of Alameda, a copy of which was provided as supplemental information at the assigned Administrative Law Judge's (ALJ) request. Under the City and Harbor Bay's *Fifth Amended and Restated Operating Agreement for the East End Ferry Service* (Agreement) effective July 1, 1999, the City furnishes a publicly-owned vessel and acts as the lead agency in seeking operational subsidies from Metropolitan Transportation Commission (MTC) to make up for the shortfall in fare box and concession revenues. MTC and the City provide assistance from Regional Measure 1 funds and local matching funds (which derive from building permit fees funneled through the Harbor Bay Transportation Improvement Fund). Harbor Bay Business Park Association provides additional, private subsidies.

The Agreement requires Harbor Bay to file this Application:

As a material condition of acting as lead agency in seeking operational subsidies from public funding sources for the East End Ferry Service for FY 1999-2000, the City has required [Harbor Bay Maritime] to petition the CPUC for authorization to bring the passenger fares on the East End Ferry Service to the same levels as those on the Alameda/Oakland Ferry Service, taking into account that the Alameda/Oakland Ferry Service has applied to the CPUC for a fare increase... (*Agreement*, page 6.)

The Alameda/Oakland Ferry Service fares referred to are those the Commission recently approved in Decision 00-01-049 for Blue & Gold Fleet, L.P. According to the Application, the City believes having both ferry services serving Alameda charge the same fares would be simpler for the public and would facilitate cost saving measures such as joint ticketing and advertising.

Thus, Harbor Bay requests Commission authorization under Section 454 of the Public Utilities Code to modify fares to the levels set forth in Appendix A to this decision. Further, Harbor Bay asks that the Commission grant these fare revisions on less than 30 days' notice as permitted by Section 491 of the Public Utilities Code.

Notice of the Application appeared in the Commission's Daily Calendar on August 25, 1999, and Harbor Bay mailed a copy of the Application to those required to be informed under the Commission's Rules of Practice and Procedure, Rule 24. At the ALJ's direction, Harbor Bay posted a notice of the Application and the fare changes proposed on the only vessel providing the service, inviting the public to express its views to the ALJ in writing. There were no responses. The ALJ conducted a prehearing conference on November 22, 1999 at which Harbor Bay's representative appeared. There were no other appearances, and no protests to the Application have been received. Harbor Bay filed an amendment to the Application on December 15, 1999 to clarify the relief requested and update financial statements included in the earlier filing.

Discussion

The proposed fare changes would have little or no effect on many commuters who make up the majority of Harbor Bay's passengers: 40-ticket monthly commute books at \$3.25 per one-way trip would be replaced by 20-ticket books at \$3.25 per trip. Ten-ticket weekly commute books would increase to \$3.75 per trip from \$3.50; monthly passes would increase to \$125.00 from \$99.00; single trips would increase to \$4.75 from \$4.50; children's fares would rise to \$2.00 from \$1.25; and fares for senior, handicapped and military passengers would decrease to \$3.00 from \$3.50. Overall, the proposed fares are

5.5% above current rates and are anticipated to increase fare revenues by \$25,000 annually.

Harbor Bay has provided an estimated income statement for the fiscal year ending June 30, 2000, showing total revenue of \$1,134,050 at its proposed rates and total expenses of \$1,122,711, for a net income of \$11,339 on the service and a 99% operating ratio. These figures include an \$87,000 private subsidy from Harbor Bay Business Park Association and \$628,150 in public subsidies through the City. Figures in the Application indicate passenger volumes have remained relatively stable and flat over the past seven years. Examination of Harbor Bay's Agreement with the City confirms that the 1999/2000 subsidy will continue at the same \$628,150 annual level and will not vary depending on passenger volumes or other variables. Thus Harbor Bay cannot look to increases in the subsidy to bolster its operating results for the service through June 30, 2000.

The Agreement also confirms that the proposed fares have been the subject of negotiations with the City, and the Alameda City Council approved them only after notice to ferry passengers and the general public. Considering the City's endorsement, the lack of any protests or public opposition after notice and a prehearing conference, and Harbor Bay's uncontested showing of financial need, we will grant the request.

Procedural Considerations

By Resolution ALJ 176-3022, the Commission pursuant to Rule 6.1 preliminarily determined this to be a ratesetting application expected to go to hearing. The public has been notified and there have been no protests and no response of any kind in opposition to the Application. There are no material facts in dispute and thus no need to hold an evidentiary hearing. After due consideration, the assigned Commissioner on December 14, 1999 determined in

his scoping ruling that a hearing was not necessary. We confirm the assigned Commissioner's ruling.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code, the otherwise applicable 30-day period for public review and comment is being waived.

Findings of Fact

1. Harbor Bay has entered into the *Fifth Amended and Restated Operating Agreement for the East End Ferry Service* effective July 1, 1999 with the City to provide Harbor Bay/SF ferry service through June 30, 2000, at a subsidy of \$628,150 annually to Harbor Bay. The Agreement allows for annual renewal options running through June 30, 2004, subject to agreement on future service levels, fares and subsidies.

2. The Agreement calls for Harbor Bay to seek Commission authorization to charge the fares proposed in this Application.

3. Harbor Bay's unaudited financial statements project a very small net operating revenue for its Harbor Bay/SF ferry service in fiscal year 1999/2000, even at the rates proposed.

4. There is no known opposition to authorizing the modified fares Harbor Bay requests, and no need to hold a hearing.

Conclusions of Law

1. Harbor Bay is authorized to provide Harbor Bay/SF ferry service pursuant to a certificate of public convenience and necessity issued by, and at fares established by, the Commission.

2. Harbor Bay has shown that the modified fares for which it requests approval in the Application are justified.

3. Harbor Bay should be authorized under Section 491 of the Public Utilities Code to implement the changes approved in this decision on less than 30 days' notice.

4. The order that follows should be made effective immediately so as not to exacerbate the poor financial results Harbor Bay is already experiencing.

O R D E R

IT IS ORDERED that:

1. Harbor Bay Maritime, Inc. (Harbor Bay) is authorized to modify its fares for transporting passengers in vessel common carrier service between the Harbor Bay Ferry Terminal on Bay Farm Island in Alameda, on the one hand, and the vicinity of the Ferry Building in San Francisco, on the other hand, to the levels proposed in Application 99-08-040.

2. To implement the fares authorized in this order, Harbor Bay shall file in accordance with General Order 117 Series the revised tariff sheets included as Appendix A hereto on or after the effective date of this order. The effective date of the revised sheets and the fares listed in them shall be no earlier than five days after the date of filing with the Commission.

3. The assigned Commissioner's scoping ruling determination that no hearing is required is confirmed.

4. This proceeding is closed.

This order is effective today.

Dated March 2, 2000, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
CARL W. WOOD
LORETTA M. LYNCH
Commissioners

PASSENGER FARES FOR
 SCHEDULED SERVICE IN
 DOLLARS AND CENTS PER PASSENGER

Between the Harbor Bay Isle ferry terminal in Alameda on the one hand and San Francisco Pier 1/2 on the other hand.

	<u>One Way Fare</u>	<u>P.U.C. Fee</u>	<u>Gross Fare</u>
Per person over twelve (12) and under sixty-two (62) years of age	\$ 4.70	\$0.05	\$ 4.75
Per person over sixty-two (62) years of age	\$ 2.95	\$0.05	\$ 3.00
Per person over five (5) and under twelve (12) years of age	\$ 1.95	\$0.05	\$ 2.00
Military personnel	\$ 2.95	\$0.05	\$ 3.00
Handicapped persons	\$ 2.95	\$0.05	\$ 3.00
Weekly commute book (10 Tickets)	\$ 3.70	\$0.05	\$ 3.75
Monthly commute book (20 Tickets)	\$ 3.20	\$0.05	\$ 3.25
Monthly pass	-	\$2.00	125.00/Mo.

CORRECTION #4

Provisions herein, if effective, will not result in an effect on the quality of the human environment.

FOR EXPLANATION OF REFERENCE MARKS AND ABBREVIATIONS, SEE LAST PAGE

ISSUED:

EFFECTIVE:

Issued by Stephen K. Brimhall, President
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 Alameda, CA. 94501