

Decision 99-02-024 February 4, 1999

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Blue & Gold Fleet, L.P., a Limited Partnership, to Increase Fare Levels for the Transportation of Passengers in Vessel Common Carrier Service between Sausalito, on the One Hand, and Authorized Points in San Francisco, on the Other Hand.

Application 98-07-047
(Filed July 28, 1998)

In the Matter of the Application of Blue & Gold Fleet, L.P., a Limited Partnership, to Increase Fare Levels for the Transportation of Passengers in Vessel Common Carrier Service between Tiburon, on the One Hand, and Authorized Points in San Francisco, on the Other Hand.

Application 98-07-049
(Filed July 28, 1998)

In the Matter of the Application of Blue & Gold Fleet, L.P., a Limited Partnership, to Increase Fare Levels for the Transportation of Passengers in Vessel Common Carrier Service between Angel Island, on the One Hand, and Authorized Points in San Francisco, on the Other Hand.

Application 98-07-050
(Filed July 28, 1998)

O P I N I O N

Summary

This decision grants Blue & Gold Fleet, L.P., (Blue & Gold, or Applicant) authority to increase its fares for transporting passengers in vessel common carrier service between Sausalito, Tiburon and Angel Island, on the one hand, and San Francisco, on the other hand. The new fares may be made effective on less than 30 days' notice.

Background

Blue & Gold (VCC-77) is a Delaware limited partnership which in 1997 took over the assets and services of affiliate Blue & Gold Fleet, Inc., and certain of the assets and services of Red and White Fleet, Inc., pursuant to Decision (D.) 97-06-066. Part of that transfer was Blue & Gold's assumption of ferry routes between San Francisco and Sausalito (SF/Sausalito), San Francisco and Tiburon (SF/Tiburon), and San Francisco and Angel Island (SF/Angel Island). Fares for all three routes were last increased under D.94-04-076 issued in April, 1994 when they were operated by Red and White Fleet. The only other scheduled ferry service on any of these routes is SF/Sausalito service operated by the Golden Gate Bridge, Highway and Transportation District. The Bridge District's ferry service operates to and from the San Francisco Ferry Building, whereas Blue & Gold operates to and from the Fisherman's Wharf area.

By these applications, Blue & Gold seeks Commission authorization under Public Utilities (PU) Code § 454 to increase fares to the levels in Table 1, and on less than 30 days' notice as permitted in PU Code § 491.

**Table 1
Current and Proposed Fares**

Current Fares		Proposed Fares	
One Way	Round Trip	One Way	Round Trip

SF/Sausalito

Adult	\$5.50	\$11.00	\$6.00	\$12.00
Child	2.75	5.50	3.00	6.00
Group Adult	5.00	10.00	5.50	11.00
Group Wholesale	N/A	N/A	5.00	10.00
Group Child	2.50	5.00	3.00	6.00

SF/Tiburon

Adult	5.50	11.00	6.00	12.00
Child	2.75	5.50	3.00	6.00
Group Adult	5.00	10.00	5.50	11.00
Group Wholesale	N/A	N/A	5.00	10.00
Group Child	2.50	5.00	3.00	6.00
Commute (20 tickets)	63.00		66.00	

SF/Angel Island

Adult	3.50	7.00	4.00	8.00
Child	1.75	3.50	2.00	4.00
Group Adult	2.75	5.50	3.00	6.00
Group Child	1.25	2.50	1.50	3.00

Based on the expected passenger mix, Blue & Gold projects the average fare increase to be \$0.31 per one-way passenger for SF/Sausalito, \$0.31 for SF/Tiburon at mid-day and \$0.15 net of discounts for commuters, and \$0.42 for SF/Angel Island.

Notice of the applications appeared in the Commission's Daily Calendar on July 31, 1998, and Blue & Gold within 10 days after filing mailed notices pursuant to the Commission's Rules of Practice and Procedure, Rule 24. In addition, Blue & Gold published public notices in the Tiburon ARK and the Marin Independent Journal, and posted copies on its passenger vessels providing service on these routes. The only public correspondence the Commission

received was a letter from the Mayor of the Town of Tiburon stating that the Town supports Blue & Gold's SF/Tiburon application.

The assigned Administrative Law Judge conducted a prehearing conference on October 30, 1998. Applicant's representative was the only appearance, and no protests have been received.

Discussion

Blue & Gold represents that SF/Tiburon and SF/Angel Island ferry services operate at significant losses, and SF/Sausalito at a small profit. It has provided with the verified applications a series of unaudited financial statements to support that position. Table 2 summarizes its recorded and estimated operating results extracted from the application appendices:

**Table 2
Financial Results**

	Sausalito	Tiburon	Angel Island
6/24/97 THROUGH 12/28/97 (recorded)			
Operating Revenue	\$1,241,898	\$ 888,753	\$ 165,107
Total Expenses	897,150	1,222,480	567,280
Net Income (before income taxes)	344,747	(333,726)	(402,173)
Recorded Operating Ratio	72%	138%	344%
YEAR ENDING 12/27/98 (estimated)			
Operating Revenue at Present Rates	\$1,769,815	\$1,417,422	\$ 223,605
Total Expenses	1,735,284	1,700,331	457,923
Net Income at Present Rates (before income taxes)	34,531	(282,909)	(234,318)
Operating Ratio at Present Rates	98%	120%	205%
Proposed Increase	\$ 103,128	\$ 75,513	\$ 31,515
Operating Revenue at Proposed Rates	1,872,943	1,492,935	255,120
Net Income at Proposed Rates (before income taxes)	137,659	(207,396)	(202,803)
Operating Ratio at Proposed Rates	92.6%	114%	179%

For the six months of 1997 after Blue & Gold took over from Red and White Fleet, the recorded figures show both SF/Tiburon and SF/Angel Island operations sustaining net losses. Blue & Gold's projected figures show them remaining unprofitable into 1998, even at requested fares. SF/Sausalito is projected to be marginally profitable in 1998 at an operating ratio of 98%. At proposed fares, SF/Sausalito's operating ratio would improve to 92.6%, which Blue & Gold points out is still less favorable than the Commission has approved for other carriers in the past (i.e., the 91.18% granted to Catalina Passenger Service, Inc. in D.92-09-040). In D.94-04-076, we found current SF/Sausalito fares reasonable based on a 92% operating ratio. None of these operations receives federal, state or local subsidies.

All of Applicant's financial statements properly exclude recovery of interest and depreciation costs associated with the excess over book value paid for Red and White Fleet, Inc.'s assets last year, as the Commission required in D.97-06-066.

Considering the losses Blue & Gold is experiencing on its SF/Tiburon and SF/Angel Island routes, the Town of Tiburon's express support for the SF/Tiburon application, and the lack of known opposition to any of the three applications after public notice and a prehearing conference, we will grant Blue & Gold the relief it requests.

Senate Bill (SB) 960 and SB 779 Considerations

By Resolution ALJ 176-2998, the Commission pursuant to Rule 6.1 preliminarily determined these to be ratesetting applications expected to go to hearing. No party other than Blue & Gold appeared at the prehearing conference, and no protests have been received. After due consideration, the assigned Commissioner on November 6, 1998, determined in his Scoping Ruling that a hearing is not necessary. We confirm the assigned Commissioner's Scoping

Ruling. There are no material facts in dispute, no known opposition to granting the full relief requested, and no need to hold an evidentiary hearing.

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

Findings of Fact

1. Blue & Gold's verified, unaudited financial statements show a small projected pre-tax profit producing a 98% operating ratio on SF/Sausalito ferry service in 1998 at current fares, and a 92.6% operating ratio at requested fares.

2. Blue & Gold's verified, unaudited financial statements show pre-tax net losses for SF/Tiburon and SF/Angel Island ferry services in partial-year 1997 recorded and in 1998 projected, and that its losses would continue in calendar year 1998 even at the fares requested in the applications.

3. Blue & Gold has shown that the new fares for which it requests approval in Application (A.) 98-07-047, A.98-07-049, and A.98-07-050 are justified.

4. There is no known opposition to granting the relief requested in the applications, and no need to hold a hearing.

Conclusions of Law

1. Blue & Gold should be authorized to implement the fare increases proposed in the applications, and to make them effective on less than 30 days' notice as permitted by PU Code § 491.

2. This is an uncontested matter in which the decision grants the relief requested. The otherwise applicable 30-day period for public review and comment should be waived as permitted by PU Code § 311(g)(2).

3. The order that follows should be made effective immediately so as not to exacerbate the losses Blue & Gold is already experiencing.

O R D E R

IT IS ORDERED that:

1. Blue & Gold Fleet, L.P., (Blue & Gold) is authorized to increase its fares for the transportation of passengers in scheduled vessel common carrier service between Sausalito, Tiburon and Angel Island, on the one hand, and San Francisco on the other hand, to the levels proposed in Application (A.) 98-07-047, A.98-07-049, and A.98-07-050.

2. To implement the increases authorized in this order, Blue & Gold shall, on or after the effective date of this order, file revised tariff sheets in accordance with General Order 117 Series. The revised sheets and the fares listed in them shall be made effective no earlier than five days after the date of filing.

3. Blue & Gold shall inform the public of the increased fares and their effective date by posting notice on passenger vessels providing service on the affected routes. Such notice shall be posted not later than the date the new fares take effect and shall remain posted for not less than 30 days.

4. The assigned Commissioner's Scoping Ruling determination that no hearing is required is confirmed. Under Rule 6.6, the Commission's Senate Bill 960 Rules and Procedures shall cease to apply to this proceeding.

5. The 30-day period for public comment and review of this decision is waived.

A.98-07-047 et al. ALJ/JCM/jva

6. A.98-07-047, A.98-07-049, and A.98-07-050 are closed.

This order is effective today.

Dated February 4, 1999, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners