

7/6 CA-1

Resolution No. STD-1175

TRANSPORTATION DIVISION
TARIFF & LICENSE BRANCH
Tariff Section

Before the Public Utilities Commission
of the State of California

RESOLUTION ORDERING DISPOSITION OF
SPECIAL TARIFF DOCKET REQUESTS

Requests as identified hereinafter have been filed on the Special Tariff Docket for authority to make tariff changes for which permission of the Commission is requisite under provisions of the Public Utilities Code or orders of the Commission. Due consideration has been given to the representations contained in the verified requests, and good cause appearing, the following findings and order are made:

The Commission finds that the following requests are justified and should be granted subject to conditions specified in the orders which are attached hereto and by this reference made a part hereof:

Request and
Order No.

Request Filed By:

STD 10,002

Harbor Carriers, Inc.

Resolution No. STD- 1175
(Concluded)

The Commission finds that the following requests do not contain sufficient justification for the authority sought, and therefore should be denied without prejudice:

Request and
Order No.

Request Filed By:

NONE

The Commission finds that the following requests are of a nature not suitable for processing on the Special Tariff Docket, and therefore should be dismissed without prejudice:

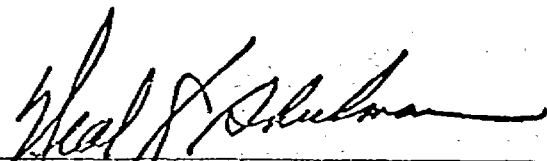
Request and
Order No.

Request Filed By:

NONE

IT IS ORDERED that the aforesaid requests are granted, denied or dismissed, as the case may be, in accordance with the findings hereinbefore set forth, and as specified in the orders which are attached hereto and by this reference made a part hereof.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California, held on the 6th day of July, 1990, the following Commissioners voting favorably thereon.



Executive Director of the
Public Utilities Commission of the State of California

Order No. STD- 10,002

Before the Public Utilities Commission of the State of California

Request filed by:

HARBOR CARRIERS, INC.

} Special Tariff Docket
Request Numbered Same as
Order Number Above.

In conformity with the findings and order made by the Commission in a resolution entered this day, the request, copy of which is attached hereto and by this reference made a part hereof, is granted, subject to the following conditions:

NONE

The authority herein granted is limited strictly to its terms, and shall expire unless the tariff provisions authorized herein are published and filed in the San Francisco office of this Commission within ninety days after the date hereof. The item of tariff or supplement issued pursuant to this order shall bear reference to this order in substantially the following form:

"Authorized by Cal. P.U.C. Order No. STD- 10,002."

This order issued July 6, 1990, by the Public Utilities Commission of the State of California by the adoption of the resolution of which this order is a part.


Executive Director of the
Public Utilities Commission of the State of California

State of California

Public Utilities Commission
San Francisco

MEMORANDUM

Date : June 20, 1990

To : The Commission
(Meeting of July 6, 1990)

From : *Jim Diani*
Jim Diani, Principal
Tariff and License Branch
Transportation Division

Subject : CA-1

SPECIAL TARIFF DOCKET RESOLUTION NO. 1175

STD - 10,002 - Harbor Carriers, Inc.

Requests authority to increase water taxi rates in its Local Freight Tariff No. 8, and Local Passenger Tariff No. 10, by approximately 33%.

Recommended Denial

NONE

Recommended Dismissal

NONE

7/16 CA-1

State of California

Public Utilities Commission
San Francisco

MEMORANDUM

Date : June 20, 1990

To : The Commission
(Meeting of July 6, 1990)

From : 
Jim Diani, Principal
Tariff and License Branch
Transportation Division

Subject : CA-1

SPECIAL TARIFF DOCKET RESOLUTION NO. 1175

STD - 10,002 - Harbor Carriers, Inc.

Requests authority to increase water taxi rates in its Local Freight Tariff No. 8, and Local Passenger Tariff No. 10, by approximately 33%.

Recommended Denial

NONE

Recommended Dismissal

NONE

Resolution No. STD- 1175

TRANSPORTATION DIVISION
TARIFF & LICENSE BRANCH
Tariff Section

Before the Public Utilities Commission
of the State of California

RESOLUTION ORDERING DISPOSITION OF
SPECIAL TARIFF DOCKET REQUESTS

Requests as identified hereinafter have been filed on the Special Tariff Docket for authority to make tariff changes for which permission of the Commission is requisite under provisions of the Public Utilities Code or orders of the Commission. Due consideration has been given to the representations contained in the verified requests, and good cause appearing, the following findings and order are made:

The Commission finds that the following requests are justified and should be granted subject to conditions specified in the orders which are attached hereto and by this reference made a part hereof:

Request and
Order No.

STD 10,002

Request Filed By:

Harbor Carriers, Inc.

Resolution No. STD- 1175
(Concluded)

The Commission finds that the following requests do not contain sufficient justification for the authority sought, and therefore should be denied without prejudice:

Request and
Order No.

Request Filed By:

NONE

The Commission finds that the following requests are of a nature not suitable for processing on the Special Tariff Docket, and therefore should be dismissed without prejudice:

Request and
Order No.

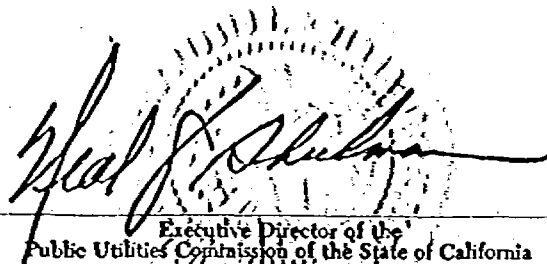
Request Filed By:

NONE

IT IS ORDERED that the aforesaid requests are granted, denied or dismissed, as the case may be, in accordance with the findings hereinbefore set forth, and as specified in the orders which are attached hereto and by this reference made a part hereof.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California, held on the 6th day of July, 1990, the following Commissioners voting favorably thereon.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners


Executive Director of the
Public Utilities Commission of the State of California

Before the Public Utilities Commission
of the State of California

ORIGINAL

Special Tariff Docket Request #10,002

The request of Harbor Carriers, Inc., Pier 41, San Francisco, California 94133, respectfully shows:

1. An order is requested authorizing Harbor Carriers, Inc. (HCI) to increase water taxi rates in its Local Freight Tariff No. 8 and Local Passenger Tariff No. 10, Cal. P.U.C. No. 9 and No. 11 respectfully, by approximately 33%. Current rates are shown in Exhibit No. A, and proposed rates are shown in Exhibit No. B, attached hereto.
2. This application is based upon the following facts and circumstances:
 - (1) This request meets all the requirements of General Order No. 109:
 - (a) The request is narrow in scope, covering only the water taxi service on San Francisco Bay.
 - (b) The request is not adverse to the interest of other parties, as there have been no competitive common carrier water taxi services on San Francisco Bay for several years.
 - (c) The request is not of general interest because water taxi service is only provided for ships at anchorage on San Francisco Bay and the large majority of the service is for tanker vessel owners or agents such as Shell Oil, Unocal,

1990 MAY 21 11 40 AM
PUBLIC UTILITIES COM.
STATE OF CALIF.

Chevron, Arco, and other domestic or foreign producers and/or transporters of crude oil.

- (d) The request should not be controversial because the general public is not affected by, nor a user of water taxi service.
- (2) The current rates of \$37.50 per quarter hour for Ordinary Service (minimum \$150) and \$43 per quarter hour for Special Service (minimum \$172) have been in effect since May 1, 1985, having been authorized in STD-P-237, Resolution PE-2009.
- (3) For the 12 month period ending February 2, 1990, HCl had a loss of \$110,707. A complete Financial Report for this period is attached as Exhibit No. C. This calculates to an operating ratio of 120%.
- (4) Exhibit D hereto is a 12 month projection of revenue and costs for the period ending February 28, 1991. If rates are not increased, applicant projects a loss of \$145,000 or an operating ratio of 126%. With the rate increase proposed, applicant projects an increase in revenue of \$186,818 which will return a net profit of \$42,074 and an operating ratio of 94.4%.
- (5) Attached hereto as Exhibit E is an explanation on the accounting procedures and methodologies followed by applicant in the preparation of the financial statements contained in Exhibits C and D. Exhibit F is a balance sheet for Applicant as of March 31, 1990. Exhibit G is a one-page financial analysis of water

taxi service costs.

- (6) This filing is made pursuant to Public Utilities Code Section 454 and General Order No. 109. While an increase of 33% may appear large, it has been over 5 years since applicant last received authorization to increase water taxi rates and it is necessary that the rates be increased by this magnitude to allow this service to return to a profitable status.
- (7) Wherefore, for the reasons stated above, applicant prays that the Commission, through its Executive Director, issues its Resolution pursuant to General Order No. 109 authorizing applicant to increase its rates for water taxi service to the levels specified in Exhibit B to this filing.

I certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated this 21st day of May, 1990, at San Francisco, California.

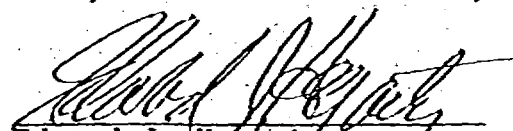

Edward J. Hegarty
Attorney-In-Fact and
Authorized Signator for
Harbor Carriers, Inc.

EXHIBIT A

15th Revised Page 3
 Cancels
 14th Revised Page 3

HARBOR CARRIERS, INC.
 Local Freight Tariff No. 8
 and
 Local Passenger Tariff No. 10

Cal. P.U.C. No. 9
 (Freight Series)
 Cal. P.U.C. No. 11
 (Passenger Series)

RATES			ITEM NO.
Per Quarter Hour or Fraction Thereof	<u>Ordinary Service</u>	<u>Special Service</u>	
Notes 1 and 2.	\$ 37.50	\$ 43.00	
Note 1: When service is provided to more than one vessel, of one owner or company, on a single trip, each vessel will be subject to the greater of:			
(1) A minimum charge of \$86.00	\$150.00	\$172.00	
(2) Pro rata share of charges computed at the applicable hourly rate for the total elapsed time to complete the service.			25
When such service is requested, carrier will, upon request, prepare billing for each vessel.			(1)
Note 2: When service is provided to more than one vessel, of different owners or companies, on a single trip, each vessel will be subject to a minimum charge for one hour, plus \$39.00 per 15 minutes of standby time after the first 15 minutes.			
Notes 3 and 4: Eliminated.			

*** Series of The Harbor Tug and Barge Company**

(1) Where an additional crewman is requested or required, an additional charge will be made at the rate of \$60.00 per trip, per crewman added to the regular crew.

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 LAPAGE

ISSUED: February 12, 1988

EFFECTIVE: March 15, 1988

Correction No. 15

Issued By:
 Russ Johnson, Marine Operations Manager
 Pier 9
 San Francisco, California 94111

EXHIBIT B PROPOSED

16th Revised Page 3
Cancels
15th Revised Page 3

HARBOR CARRIERS, INC.
Local Freight Tariff No. 8
and
Local Passenger Tariff No. 10

Cal. P.U.C. No. 9
(Freight Series)
Cal. P.U.C. No. 11
(Passenger Series)

RATES			ITEM NO.
Per Quarter Hour or Fraction Thereof	<u>Ordinary Service</u>	<u>Special Service</u>	
Notes 1 and 2.	\$ 50.00	\$ 57.50	
Note 1: When service is provided to more than one vessel, of one owner or company, on a single trip, each vessel will be subject to the greater of:	\$200.00	\$230.00	
(1) A minimum charge of \$115.00			
(2) Pro rata share of charges computed at the applicable hourly rate for the total elapsed time to complete the service.			25
When such service is requested, carrier will, upon request, prepare billing for each vessel.			(1)
Note 2: When service is provided to more than one vessel, of different owners or companies, on a single trip, each vessel will be subject to a minimum charge for one hour, plus \$57.50 per 15 minutes of standby time after the first 15 minutes.			

Series of The Harbor Tug and Barge Company

(1) Where an additional crewman is requested or required, an additional charge will be made at the rate of \$75.00 per trip, per crewman added to the regular crew.

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 PAGE 1

ISSUED:

EFFECTIVE:

Issued By:
Russ Johnson, Marine Operations Manager
Pier 9
San Francisco, California 94111

HARBOR CARRIERS, INC.
WATER TAXI SERVICE

YEAR ENDED 02/28/90 ACTUAL

CONTENTS

SCHEDULE I.....INCOME STATEMENT
SCHEDULE I A.....DIRECT ADMINISTRATIVE EXPENSES
SCHEDULE I B.....INDIRECT ADMINISTRATIVE EXPENSES
SCHEDULE II.....RATE BASE
SCHEDULE III.....INVESTMENT IN VESSELS
SCHEDULE IV.....RESERVE FOR DEPRECIATION - VESSELS
SCHEDULE V.....OTHER PROPERTY & EQUIPMENT
SCHEDULE VI.....WORKING CAPITAL
SCHEDULE VII.....LEASE EXPENSE - VESSELS

EXHIBIT C

HARBOR CARRIERS, INC.

SCHEDULE I

WATER TAXI SERVICE
 INCOME STATEMENT
 TWELVE MONTHS ENDED FEBRUARY 28, 1990

Operating Revenues		561,014
Direct Operating Costs		
Vessel Operating Costs		
Crew	269,328	
Repairs	94,550	
Fuel	30,100	
Insurance	956	
Operating Supplies	15,712	
Depreciation	19,316	
Lease Expense	25,791	
	<hr/>	
Total Vessel Cost		455,761
Non-Vessel Operating Cost		
Travel & Conference	100	
Operating Supplies	1,063	
Facilities & Occupancy	54,242	
Insurance	26,170	
Taxes & Licenses	1,200	
Commissions & Fees	3,925	
Contract Repairs	12,153	
	<hr/>	
Total Non-Vessel Operating Cost		98,861
		<hr/>
General & Administrative Expense (Schedule I A & B)		116,953
		<hr/>
Total Operating Costs		671,575
Depreciation - Other Property & Equipment (Non-Vessel)		146
		<hr/>
Net Income Before Income Taxes		<u><u>(110,707)</u></u>

HARBOR CARRIERS, INC.

SCHEDULE IA

WATER TAXI SERVICE
 DIRECT ADMINISTRATIVE
 TWELVE MONTHS ENDED FEBRUARY 28, 1990

Direct Admin. Cost

Payroll & Related

Operations Management	722,899
Marketing	283,002

Total Payroll & Related

925,901

Travel & Conference	15,867
Office Supplies	28,975
Office Equipment Rent & Maintenance	32,073
Communications	97,541
Data Processing	118,233
Occupancy	228,996
Insurance	9,839
Tax & License	51,375
Professional Fees	23,225
Dues & Subscriptions	9,798
Training	9,529
Other	32,321
Vice President Harbor and Passenger Services	74,131
Corporate Management Fee	184,172
Depreciation	193,759

Subtotal Direct Admin. Cost

1,109,834

Total Direct Administrative Costs

2,834,935

Allocated to the Water Taxi Service = 4.8%

98,571

HARBOR CARRIERS, INC.

SCHEDULE 1B

WATER TAXI SERVICE
INDIRECT ADMINISTRATIVE DETAIL
TWELVE MONTHS ENDED FEBRUARY 28, 1990

Indirect G & A Allocated	
Division Management	1,137,198
Personnel & Labor	1,043,785
General Accounting	3,139,487
Insurance Management	684,955
Purchasing	415,600
Office Services	1,934,524
Engineering	1,596,616

Total G & A Allocated 9,952,665

Allocated to the Water Taxi Service = 0.18% 18,382

HESBOR CARRIERS, INC.

SCHEDULE II

WATER TARI SERVICE

TWELVE MONTHS ENDED FEBRUARY 28, 1998

ASSET BASE

Investment In Vessels - Schedule III	32,889
Reserve For Depreciation - Vessels - Schedule IV	29,246
Vessels - Net	<u>3,643</u>
Other Property And Equipment - Net - Schedule V	226,312
Working Capital - Schedule VI	55,965
Total	<u><u>285,919</u></u>

HARBOR CARRIERS, INC.

SCHEDULE III

WATER TAX SERVICE
INVESTMENT IN VESSELS
TWELVE MONTHS ENDED FEBRUARY 28, 1990

NAME OF VESSEL	ORIGINAL COST 03/01/89	ADDITIONS & DELETIONS	ADJUSTED COST & AT 02/28/90	ALLOCATED TO WATER TAXI	ALLOCATED TO WATER TAXI
MALLARD	154,967	0	154,967	0.074	11,468
AILENE ELIZABETH	186,275	0	186,275	0.115	21,422
TOTAL	341,242	0	341,242		32,890

HARBOR CARRIERS, INC.

SCHEDULE IV

WATER TAXI SERVICE
RESERVE FOR DEPRECIATION - VESSELS
TWELVE MONTHS ENDED FEBRUARY 28, 1990

NAME OF VESSEL	DEPRECIABLE LIFE USED	BEGINNING OF PERIOD	END OF PERIOD	MID YEAR	PERCENTAGE TO WATER TAXI	AMOUNT TO WATER TAXI
MALLARD	*	154,967	154,967	154,967	0.074	11,468
AILENE ELIZABET	*	148,560	160,638	154,599	0.115	17,779
TOTAL		303,527	315,605	309,566		29,246

HARBOR CARRIERS, INC.

SCHEDULE V

WATER TAXI FERRY SERVICE
TWELVE MONTHS ENDED FEBRUARY 28, 1990

OTHER PROPERTY AND EQUIPMENT - NET

DESCRIPTION	COST AT 03/01/90	ADDITIONS DELETIONS	ADJUSTED COST AT 02/28/90	RESERVE AT MID YEAR	NET INVESTMENT
Nonvessel Assets	293,019	0	293,019	66,707	226,312

HARBOR CARRIERS, INC.

SCHEDULE VI

WATER TAXI SERVICE
WORKING CAPITAL
TWELVE MONTHS ENDED FEBRUARY 28, 1990

Vessel And Non-vessel Operating Expenses (Schedule I)	554,622
Administrative And General Expense (Schedule I)	<u>116,953</u>
Total	<u><u>671,575</u></u>
Allocated To Water Taxi Service 1/12 Of Total.	<u><u>55,965</u></u>

HARBOR CARRIERS, INC.

SCHEDULE VII

WATER TAXI SERVICE
TWELVE MONTHS ENDED FEBRUARY 28, 1990

VESSEL LEASE EXPENSE

	ANNUAL LEASE EXPENSE	% ALLOCATED TO WATER TAXI	AMOUNT ALLOCATED TO WATER TAXI
HYDRO SHUTTLE	30,200	85.40%	25,791
TOTAL	<u>30,200</u>		<u>25,791</u>

HARBOR CARRIERS, INC.
WATER TAXI SERVICE

PROJECTED TWELVE MONTH FORECAST
YEAR ENDING FEBRUARY 28, 1991

CONTENTS

SCHEDULE I.....	INCOME STATEMENT
SCHEDULE I A.....	DIRECT ADMINISTRATIVE EXPENSES
SCHEDULE I B.....	INDIRECT ADMINISTRATIVE EXPENSES
SCHEDULE II.....	RATE BASE
SCHEDULE III.....	INVESTMENT IN VESSELS
SCHEDULE IV.....	RESERVE FOR DEPRECIATION - VESSELS
SCHEDULE V.....	OTHER PROPERTY & EQUIPMENT
SCHEDULE VI.....	WORKING CAPITAL

EXHIBIT D

HARBOR CARRIERS, INC.
WATER TAXI SERVICE
INCOME STATEMENT
TWELVE MONTH PROJECTION
THROUGH FEBRUARY 28, 1991

SCHEDULE 1

Operating Revenues

717,832

Direct Operating Costs

Vessel Operating Costs

Crew	264,816
Repairs	132,375
Fuel	34,000
Insurance	2,603
Operating Supplies	18,300
Depreciation	30,636
Lease Expense	0

Total Vessel Cost

482,930

Non-Vessel Operating Cost

Operating Supplies	1,000
Facilities & Occupancy	23,964
Insurance	52,000
Taxes & Licenses	1,200
Commissions & Fees	4,200
Professional Fees	5,000
Contract Repairs	5,500

Total Non-Vessel Operating Cost

92,672

General & Administrative Expense (Schedule 1 A & B)

129,956

Total Operating Costs

705,758

Depreciation - Other Property & Equipment (Non-Vessel)

0

Net Income Before Income Taxes

42,074

HARBOR CARRIERS, INC.

SCHEDULE IA

WATER TAXI SERVICE
 DIRECT ADMINISTRATIVE
 TWELVE MONTH PROJECTION
 THROUGH FEBRUARY 28, 1991

Direct Admin. Cost

Payroll & Related

Operations Management	759,044
Marketing	213,152

Total Payroll & Related

972,196

Travel & Conference	16,000
Office Supplies	29,000
Office Equipment Rent & Maintenance	32,000
Communications	98,000
Data Processing	185,640
Occupancy	340,000
Insurance	9,000
Tax & License	51,000
Professional Fees	23,000
Dues & Subscriptions	9,000
Training	9,500
Other	32,000
Vice President Harbor and Passenger Services	81,723
Corporate Management Fee	184,172
Depreciation	192,000

Subtotal Direct Admin. Cost

1,292,835

Total Direct Administrative Costs

2,265,831

Allocated to the Water Taxi Service = 4.8%

109,717

HARBOR CARRIERS, INC.

SCHEDULE 1B

WATER TARI SERVICE
INDIRECT ADMINISTRATIVE DETAIL
TWELVE MONTHS PROJECTION THROUGH FEBRUARY 28, 1991

Indirect G & A Allocated	
Division Management	1,124,896
Personnel & Labor	1,239,774
General Accounting	3,521,587
Insurance Management	819,236
Purchasing	561,240
Office Services	2,133,157
Engineering	1,557,912

Total G & A Allocated 10,957,882

Allocated to the Water Tarr Service = 0.18% 20,240

HYGON CARRIERS, INC.

SCHEDULE II

WATER TAXI SERVICE

TWELVE MONTHS ENDED FEBRUARY 28, 1991

RATE BASE

Investment In Vessels - Schedule III	437,465
Reserve for Depreciation - Vessels - Schedule IV	<u>389,011</u>
Vessels - Net	48,455
Other Property And Equipment - Net - Schedule V	222,555
Working Capital - Schedule VI	<u>58,813</u>
Total	<u><u>329,823</u></u>

HARBOR CARRIERS, INC.

SCHEDULE III

WATER TAXI SERVICE
INVESTMENT IN VESSELS
TWELVE MONTHS ENDED FEBRUARY 28, 1991

NAME OF VESSEL	ORIGINAL COST 03/01/90	ADDITIONS & DELETIONS	ADJUSTED COST \$ AT 02/28/91	ALLOCATED TO WATER TAXI	ALLOCATED TO WATER TAXI
C/B HAWK	251,190	0	251,190	1.000	251,190
AILENE ELIZABETH	186,275	0	186,275	1.000	186,275
TOTAL	437,465	0	437,465		437,465

HARBOR CARRIERS, INC.

SCHEDULE IV

WATER TAXI SERVICE
RESERVE FOR DEPRECIATION - VESSELS
TWELVE MONTHS ENDED FEBRUARY 28, 1991

NAME OF VESSEL	DEPRECIABLE LIFE USED	BEGINNING OF PERIOD	END OF PERIOD	MID YEAR	PERCENTAGE TO WATER TAXI	AMOUNT TO WATER TAXI
C/B HAWK	#	212,048	238,612	221,330	1.000	221,330
ATHENE ELIZABET	#	168,638	174,723	167,681	1.000	167,681
TOTAL		372,686	405,335	389,011		389,011

HARBOR CARRIERS, INC.

SCHEDULE V

WATER TAXI FERRY SERVICE
TWELVE MONTHS ENDED FEBRUARY 28, 1991

OTHER PROPERTY AND EQUIPMENT - NET

DESCRIPTION	COST AT 03/01/90	ADDITIONS + DELETIONS	ADJUSTED COST AT 02/28/90	RESERVE AT MID YEAR	NET INVESTMENT
Vessel Assets	293,019	0	293,019	78,464	222,555

HARBOUR CARRIERS, INC.

SCHEDULE VI

WATER TAXI SERVICE
WORKING CAPITAL
TWELVE MONTHS ENDED FEBRUARY 28, 1991

Vessel And Non-vessel Operating Expenses (Schedule I)	575,882
Administrative And General Expense (Schedule I)	<u>129,966</u>
Total	<u>705,758</u>
Allocated To Water Taxi Service 1/12 Of Total.	<u>58,813</u>

EXHIBIT E

SCHEDULE I - INCOME STATEMENT

The financial statements provided in this package cover actual operating results for the year ended February 28, 1990 along with a twelve month projection using the new proposed rates. All accounting procedures followed in the preparation of the twelve month projection were consistent with those followed in the base year ended February 28, 1990.

1. Operating Revenues

Operating revenues reflect the actual revenue generated by billings to customers and recorded on the books of Harbor Carrier's, Inc.. The twelve month projection for revenues assumes that patronage remains at the base year level and implementation of the rates as presented in Exhibit B.

2. Direct Operating Expenses

A. Vessel operating expense can be broken down into the following six categories:

- i. Crew Expense - This expense represents the cost associated with the manning of Harbor Carrier's, Inc. vessels. The payroll expense is charged directly to the vessel from daily time logs maintained by the vessel's captain. These costs are then allocated to each service, i.e., Water Taxi, based on the DOR. For example, if a vessel operated 100 hours and 50 of those hours were for the Water Taxi, 50% of the cost would be allocated to that service.
- ii. Repairs - vessel repair expense represents the actual cost to repair Harbor Carrier's vessels. These costs are charged directly to the vessel and allocated to the service based on the DOR.
- iii. Fuel Expense - fuel expense is the cost of the fuel actually consumed by each of Harbor Carrier's vessels. The expense is charged directly against the vessel and allocated to the service based on the DOR.
- iv. Insurance Expense - vessel insurance expense represents the annual premium for "Hull and Machinery" coverage, "Protection and Indemnity" and "Hull and War Risk." The premiums are charged directly to the vessel and allocated based on the DOR.
- v. Vessel Operating Supplies - this category is used to record the cost of operating supplies such as hawsers and rope, janitorial supplies and restroom supplies. These costs are charged to the vessel and allocated based on the DOR.
- vi. Vessel Depreciation and Lease Expense - vessel depreciation represents the actual straight line depreciation based

on original cost for the vessels owned by the Company as explained in the discussion on Schedule IV, reserve for depreciation. Vessel lease expense is the lease payments for the the water taxi HYDRO SHUTTLE which was chartered during 1989 while the MALLARD and AILENE ELIZABETH were re-deployed to Alaska in response to the oil spill in Prince William Sound.

B. Direct Non-vessel Expenses - these expenses are directly associated with the operation of the Water Taxi service. An explanation of each category of non-vessel expenses is provided below.

- i. Travel and Conference - This expense is incurred whenever a conference or meeting specific to the Water Taxi service occurs. This category is also used when travel expenses are incurred in the transportation of crew members.
- ii. Operating Supplies - supplies consumed in the direct operation of the Water Taxi. Examples include the cost of supplies used at the Pier 9 terminal facility.
- iii. Facilities and Occupancy - This expense is primarily related to rent paid for the Pier 9 terminal facility, janitorial services and security costs.
- iv. Insurance - This covers the premium for Comprehensive General Liability insurance which is based on revenue. In addition, this expense includes loss and damage deductibles of up to \$50,000 per incident.
- v. Taxes and Licenses - This category is the expense related to real and personal property tax assessments and business taxes based on gross revenue or gross payroll.
- vi. Commissions and Fees - Port fees and special tolls. In addition, commission paid to the California Public Utilities Commission.
- vii. Contract Repairs - These costs are associated with the repair work performed at the Pier 9 terminal facility in San Francisco.

3. General and Administrative Expenses

This category of expenses represent a pro rata share of the costs for the administrative staff for Harbor Carriers, the Pacific Division of which Harbor Carriers is a part and a Corporate management fee.

1. The administrative staff for Harbor Carriers is located at Pier 41 in San Francisco and is responsible for the day to day operations of the various services provided by the Company, including the Water Taxi service. The staff consists of the general manager, operations/traffic management, marketing and administration. The costs of the Harbor Carriers' staff are allocated to the Water Taxi service in the ratio of operating costs of the service to the total operating costs of Harbor Carriers as a whole. Refer to Schedule I - A for a detailed presentation of these costs and the percentage allocated to

the Water Taxi service.

2. The pro rata share of administrative costs for the Pacific Division is for the functions performed at the division level not performed by the Harbor Carriers' administrative staff. These functions include division management and office services, personnel and labor relations, general accounting (payroll, accounts payable, accounts receivable and financial reporting), data processing, insurance management, purchasing and engineering. These costs are allocated to the Water Taxi service in the ratio of operating costs of the service to the total operating costs of the Pacific Division. Refer to Schedule I - 8 for a detailed presentation of these costs and the percentage allocated to the Water Taxi service.
3. Corporate Management Fee - This fee covers the cost incurred by the corporate administrative staff that indirectly benefits the Water Taxi service such as legal council, office services, banking relations and general management. This fee is allocated to the service in the ratio of operating costs of the service to the total operating costs of Crowley Maritime Corporation. The amount allocated is presented on schedule I A.

SCHEDULE II - RATE BASE

The rate base has been calculated by adding the net investments in vessels and other property and equipment to one month's working capital requirements. Net investment in "vessels" and "other property and equipment" is original cost plus additions less accumulated depreciation. A separate discussion of each category follows.

SCHEDULE III - INVESTMENT VESSELS

1. All vessels working in this service, excluding the HYDRO SHUTTLE, have been treated as if they were owned by Harbor Carriers, Inc. when in fact they are owned by Harbor Carriers' parent company, The Harbor Tug and Barge Company. Only original cost plus additions and/or modifications are included in the basis for investment.
2. The allocation of the investment base to this service is based on the DAILY OPERATIONS REPORT (DOR). This report records operating hours utilized by each vessel on each of Harbor Carriers services.

SCHEDULE IV - RESERVE FOR DEPRECIATION (VESSELS)

1. The depreciable life for the vessels which have been treated as if they were owned was twenty-five (25) years for the hulls and twelve (12) years for the engines. Other additions and/or modifications are depreciated over a term of three (3) to ten (10) years depending on each addition or modification.
2. The DOR also serves as the basis for the allocation of depreciation and lease expense for the vessels to the service.

SCHEDULE V - OTHER PROPERTY AND EQUIPMENT

This includes property and equipment used directly in the Water Taxi

service and a pro rata share of the administrative assets of Harbor Carriers. The direct asset base consists of the landing facility at Pier 9 in San Francisco. The administrative assets have been allocated to the Service based on the ratio of operating costs of the service to the total operating costs of Harbor Carriers as explained earlier in this writing.

SCHEDULE VI - WORKING CAPITAL

Working capital is defined as one month's total operating expense. This has been calculated by dividing by 12 the sum of the annual vessel and non-vessel operating expenses and general and administrative expense.

SCHEDULE VII - VESSEL LEASE EXPENSE

The vessel lease expense represents the actual lease payments made for the short term charter of the HYDRO SHUTTLE which replaced the MALLARD and AILINE ELIZABETH which were used in Alaska as part of the oil spill clean-up response in Prince William Sound, Alaska during 1989. The lease expense was allocated to the Water Taxi service based on the DOR.

HARBOR CARRIERS, INC.
BALANCE SHEET
AS OF MARCH 31, 1990

(UNAUDITED)

CURRENT ASSETS

CASH	155,549
ACCOUNTS RECEIVABLE	1,657,757
PREPAID EXPENSES	58,239
INVENTORY - PARTS & SUPPLIES	41,544
INVENTORY - FUEL	16,074

TOTAL CURRENT ASSETS 1,929,163

NON-CURRENT ASSETS

VESSELS, BARGES & EQUIP	6,435,583
INVESTMENT IN UNCONSOL AFFIL	136,380

TOTAL NON-CURRENT ASSETS 6,571,963

TOTAL ASSETS 68,501,126

CURRENT LIABILITIES

ACCOUNTS PAYABLE	1,213,680
ACCRUED EXPENSES & OTHER	831,928

TOTAL CURRENT LIABILITIES 2,045,608

CAPITAL AND FINANCING FROM PARENT 6,455,516

TOTAL LIABILITIES & EQUITY 68,501,124

EXHIBIT F

HARBOR CARRIERS, INC.
WATER TAXI SERVICE
FINANCIAL ANALYSIS/COMMENTARY

Harbor Carriers, Inc. is requesting authority to increase rates in its Local Freight Tariff No. 8 and Local Passenger Tariff No. 10, California P.U.C. Nos. 9 and 11 respectively, by 33%. Current rates are shown in Exhibit A and proposed rates are shown in Exhibit B, attached.

This request is based on the financial data presented in Exhibits C and D attached. Exhibit C includes financial data regarding actual operating results for the twelve months ended February 28, 1990. Exhibit D provides the same information for a twelve month projection ending February 28, 1991.

Referring to Schedule I, Exhibit C, it can be seen that the Water Taxi service experienced a loss totaling \$110,707 for the twelve months ended February 28, 1990. This loss is due to the fact that direct vessel and non-vessel expenses total 99% of operating revenue. Therefore the service did not generate revenue sufficient to contribute towards general and administrative costs.

At the time authorization was last granted by the Commission to increase rates (May 1, 1985), the Water Taxi service was losing \$65,000 before general and administrative expenses. That increase and improved patronage since that time have combined to improve the ratio of direct operating costs to revenue from 119.5% to the base year level of 99% as stated earlier. However, total operating costs are projected to increase by 5.1% for the twelve month projection ending February 28, 1991 as presented in Schedule I, Exhibit D. Assuming no increase in rates and patronage levels remaining at the base year level, the Water Taxi service will lose \$145,000. Implementation of the rates as presented in Exhibit B and assuming base year patronage levels, the Water Taxi service will generate positive net income of \$42,074 before income taxes (See Schedule I, Exhibit D).

EXHIBIT G