

Decision 05-08-025 August 25, 2005

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Star & Crescent Boat Company, a California corporation, doing business as San Diego Harbor Excursion (VCC-63), For Rate Relief and a General Passenger Fare Increase on Its Vessel Common Carrier Service on San Diego Bay Between the City of Coronado and the City of San Diego.

Application 05-04-012  
(Filed April 7, 2005)

**O P I N I O N**

**Summary**

This decision grants the application of Star & Crescent Boat Company (Applicant), a corporation, to increase its fares pursuant to Pub. Util. Code § 454.

**Discussion**

Applicant is authorized to operate as a vessel common carrier (VCC-63) transporting passengers and their baggage (including bicycles) on San Diego Bay between San Diego and Coronado. Applicant's current fares were authorized in 1992 by Decision (D.) 92-04-023 in Application (A.) 91-12-016.

The application requests authority to increase Applicant's one-way base fare from \$2.00 to \$2.50.<sup>1</sup> Applicant requests to implement the increase on 10 days' notice to the Commission and the public pursuant to Pub. Util. Code § 491.

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<sup>1</sup> The current and requested base fares do not include a temporary \$0.25 surcharge imposed by Applicant to recover increased fuel costs as authorized by Resolution TL-19051. The surcharge authority will expire December 2, 2005, unless earlier modified or canceled by the Commission. Applicant collects a separate charge of \$0.50 for bicycles.

It also seeks to eliminate the weekly and monthly passes authorized by D.92-04-023.

Applicant states that the requested increase is needed in order to meet the rising costs and expenses of operating its ferry service. Vessel and dock maintenance expenses increased 61% between 2000 and 2004. By 2006, Applicant projects a conservative 5% increase over 2004. Vessel operating costs (which include wages of vessel crews, employee benefit premiums, and diesel fuel) totaled \$376,200 in 2004 versus \$306,900 in 2000, an increase of 22.6%. Costs for 2006 are projected to be 10.3% over 2004. Other cited increases between 2000 and 2004 are 19.2% in terminal expenses and 80% in insurance costs.

Applicant states that its pre-tax profit declined from \$195,020 in 2000 to \$44,250 in 2004, when its operating ratio was 96.3%. Applicant projects a pre-tax profit of \$34,301 for 2005 on revenue of approximately \$1.2 million, with an operating ratio of 97.2%. Applicant does not believe this is a reasonable rate of return for its substantial investment in the ferry service. Without the requested fare increase, and with the expectation that the temporary fuel surcharge will be discontinued after December 2005, Applicant projects a loss in 2006 of \$189,609 and an operating ratio of 117.8%. With the fare increase, it projects a pre-tax profit of \$70,391 and an operating ratio of 94.7%. This, in Applicant's view, is a reasonable rate of return on its investment.

Applicant currently offers weekly and monthly passes for \$20 and \$84, respectively, for passengers, and \$5 and \$21, respectively, for bicycles. It has informed passengers of their availability, but it has not sold any in at least five years. Applicant requests permission to eliminate the passes. It wants to end the burden of having passes available for purchase when there is no demand for them.

We find that Applicant's requests are justified. We will grant the application effective immediately.

Notice of filing of the application appeared in the Commission's Daily Calendar on April 12, 2005. A copy of the application was served on the Cities of San Diego and Coronado, the Port of San Diego, and the County of San Diego. Applicant posted a notice of the application on its vessels and at its ticket booth.

In Resolution ALJ 176-3151 dated April 21, 2005, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3151.

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

### **Assignment of Proceeding**

Richard Clark is the assigned Examiner in this proceeding.

### **Findings of Fact**

1. Applicant operates as a passenger vessel common carrier on San Diego Bay between San Diego and Coronado.
2. The application requests authority to increase Applicant's one-way base fare from \$2.00 to \$2.50 and to eliminate weekly and monthly passes.
3. Applicant's current fares were authorized in 1992 by D.92-04-023.
4. Under its current fares, Applicant projects a 2005 pre-tax profit of \$34,301 and an operating ratio of 97.2%.
5. Under the proposed increase, Applicant projects a 2006 pre-tax profit of \$70,391 and an operating ratio of 94.7%.
6. The proposed fare is justified under Pub. Util. Code § 454.

7. Applicant requests to implement the fare increase on 10 days' notice to the Commission and the public pursuant to Pub. Util. Code § 491.

8. Applicant has not sold any of the weekly or monthly passes authorized by D.92-04-023 in at least five years.

9. No protest to the application has been filed.

10. A public hearing is not necessary.

11. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

### **Conclusions of Law**

1. The proposed fare increase is just and reasonable and should be granted.

2. The request to eliminate weekly and monthly passes is justified and should be granted.

3. Applicant should be authorized to implement the fare increase on 10 days' notice to the Commission and the public.

4. Since the matter is uncontested, the decision should be effective on the date it is signed.

## **O R D E R**

### **IT IS ORDERED** that:

1. Star & Crescent Boat Company (Applicant) is authorized to establish the increased vessel common carrier fare set forth in the application.

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

3. Applicant shall inform the public of the increased fare and its effective date by posting notice at its terminals. Such notice shall be posted not later than 10

days before the new fare takes effect and shall remain posted for not less than 30 days.

4. Applicant is authorized to eliminate weekly and monthly passes.
5. This authority shall expire unless exercised within 90 days after the effective date of this order.
6. The Application is granted as set forth above.
7. This proceeding is closed.

This order is effective today.

Dated August 25, 2005, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
DIAN M. GRUENEICH  
JOHN A. BOHN  
Commissioners