

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the proposed increased	)	
rates, fares, and charges filed by	)	
<b>CHAMPION’S AUTO FERRY, INC.,</b>	)	Case No. T-1860
in Tariff M.P.S.C. No. 34.	)	
_____	)	

At the August 26, 2008 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman  
Hon. Monica Martinez, Commissioner  
Hon. Steven A. Transeth, Commissioner

**ORDER APPROVING RATE INCREASE**

On July 3, 2008, Champion’s Auto Ferry, Inc., (Champion) filed Tariff M.P.S.C. No. 34, which has a proposed effective date of August 1, 2008. The proposed tariff applies to the ferry service that Champion provides between Harsens Island and Algonac, Michigan. As provided in the proposed tariff, Champion intends to raise the discounted commuter rate by \$0.50 per round-trip.<sup>1</sup> The single roundtrip fare for automobiles would increase from \$6.00 to \$7.00. The fare for single axle trailers will remain at \$5.00 per roundtrip. The rate for multiple axle vehicles will also remain at the new \$15.00 rate that went into effect on May 15, 2008. The rate for gas trucks will increase from \$24.00 to \$25.00 per roundtrip. The rate for motorcycles will increase from \$2.00 to \$3.00 per roundtrip. The school bus rate will increase from \$4.50 to \$5.00 per roundtrip. Finally,

<sup>1</sup>A book of 20 roundtrip tickets would increase from \$90.00 to \$100.00.

Champion proposes that the rate for dual wheel pick-ups should increase from \$6.00 to \$7.00 per roundtrip.

According to Champion, these fare increases are necessitated by increased fuel costs and decreased traffic volumes. Champion reports that its annual fuel costs, which were \$132,000 for 2006 and \$160,000 for 2007, are estimated to be \$228,000 for 2008. Additionally, Champion states that its traffic volume has declined by 10% to 15%. For these reasons, Champion characterizes the proposed fare increases as a “fuel surcharge”. Champion forecasted that its proposed rate adjustments would result in annual revenues of \$1,630,090 for 2008. According to Champion, its 2006 revenues were \$1,607,337 and its 2007 revenues were \$1,583,700.

On July 29, 2008, pursuant to MCL 460.201, the Commission issued an order suspending the proposed rate increase for 30 days. The Commission also ordered a public hearing regarding the merits of Champion’s application to determine whether the methodology proposed by Champion to increase its rates would produce just and reasonable rates.

An evidentiary hearing concerning the proposed rate increases was conducted by Administrative Law Judge Daniel E. Nickerson, Jr., (ALJ) on August 12, 2008 at 9:00 a.m. at the Commission’s Lansing offices, 6545 Mercantile Way, Lansing, Michigan 48911. Champion and the Commission Staff (Staff) participated in the proceeding.

At the hearing, Champion and the Staff agreed to the submission of the pre-filed testimony of Phillip M. Carlisle, a Public Utilities Auditor for the Commission, and to the receipt into evidence of Exhibit No. S-1. In his testimony, Mr. Carlisle stated that the Staff’s examination of the applicant’s books and records revealed that the revenues and expenses on the company’s financial statements were fairly stated and that rate relief would be appropriate at this time. However, Mr. Carlisle disagreed with Champion’s characterization of the application as proposing a “fuel

surcharge increase.” Rather, Mr. Carlisle testified that the Staff viewed the application as constituting a general rate increase “because the price stated on each ticket will be permanent and will not change as fuel costs go up and down as a fuel surcharge normally would do.” Tr. 10. Nevertheless, Mr. Carlisle indicated that the Staff was convinced that “[b]ased on the latest diesel fuel invoice that I examined and the number of gallons of diesel fuel the Company used per year, the cost of fuel will increase by \$153,690 per year at the current price per gallon.” Tr. 11. For this reason, Mr. Carlisle explained that the Staff was persuaded that Champion’s proposed rate increase was reasonable and should be approved.

Mr. Carlisle prepared Exhibit No. S-1, which demonstrates that granting the company’s July 2008 application will result in an annual revenue increase of \$88,000 whereas the projected increase of Champion’s annual fuel costs is expected to be \$153,690 during 2008.

THEREFORE, IT IS ORDERED that:

A. The rates set forth in Tariff M.P.S.C. No. 34, filed by Champion’s Auto Ferry, Inc., on July 3, 2008, shall become effective for service provided on and after August 27, 2008.

B. Champion’s Auto Ferry, Inc., shall file the necessary documents to bring its tariff into compliance with this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

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Orjiakor N. Isiogu, Chairman

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Monica Martinez, Commissioner

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Steven A. Transeth, Commissioner

By its action of August 26, 2008.

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Mary Jo Kunkle, Executive Secretary

**MPSC #34**

**CHAMPION'S AUTO FERRY, INC.**

**LOCAL TARIFF NAMING  
FARES, RATES, CHARGES, RULES, AND REGULATIONS  
FOR THE TRANSPORTATION OF MOTOR VEHICLES  
BETWEEN  
HARSENS ISLAND AND ALGONAC, MICHIGAN**

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**ISSUED: July 1, 2008  
EFFECTIVE: August 1, 2008  
IMPLEMENTED: August 1, 2008 at 6:00 a.m.**

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**ISSUED BY:**

**CHAMPION'S AUTO FERRY, INC.  
3647 Pte. Tremble Road  
Algonac, Michigan 48001**

## **RULES AND REGULATIONS**

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**At the end of the calendar year or upon the implementation date of any increase or adjustment in the rates, fares, or charges applicable to commuter discount tickets; new issues of such may be purchased from Champion's Auto Ferry, Inc. (which tickets shall be distinguishable from prior issues of commuter discount tickets by either color or imprint).**

**Commuter discount tickets shall be sold in lot sizes of 20 tickets per book. Tickets are valid only for the calendar year in which sold. Each ticket shall entitle the bearer to one round trip for an automobile or other vehicle of equal value except dual wheel vehicles.**

**Champion's Auto Ferry, Inc. will accept for transportation the most recent prior issue of commuter discount ticket for a period of 60 days after the implementation date of the new issue tickets providing that the customer also pays in cash the difference between the current issue and the prior issue tickets.**

**For a period of 60 days after the implementation date of new issue commuter discount tickets, prior issue tickets may be used as credit towards the purchase of a new book of commuter discount tickets. Credit will be rounded up to the nearest cent.**

**Upon 30 days written notice, no discount tickets will be sold to, or accepted from, patrons who have an Accounts Payable balance owed to Champion's Auto Ferry, Inc. that is in excess of 90 days old.**

**A finance charge will be imposed on all Account Receivable Balances that are due over 30 days. This finance charge will be based on the ANNUAL PERCENTAGE RATE of 12%.**

**Transportation of gasoline, fuel oil, liquid propane, and other vehicles carrying hazardous materials is subject to the schedule and safety requirements set by the U.S. Coast Guard.**

**Trucks exceeding 30 gross tons will only be transported at management's discretion and by appointment only.**

**Any equipment or vehicles requiring special handling or additional crew during loading or unloading will be subject to a flat rate charge of \$180 per hour.**

**Excursion trips outside the normal route will be subject to a flat rate charge of \$180 per hour and made by appointment only.**

**CHAMPION'S AUTO FERRY, INC.**

**Schedule of Rates and Charges**

**Rates are in U.S. Currency per Round Trip**

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**Automobiles and Other Single Wheel Vehicles**

* Round Trip (including passengers) .....	\$
7.00	
1-Axle Trailers – Single Wheel .....	\$ 5.00
Each Additional Axle.....	\$ 5.00
* Motorcycles, Snowmobiles, Mopeds, Motorized Bikes and Three-Wheel Vehicles (including passengers).....	\$ 3.00

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**Commuter Discount Ticket Purchases for Automobiles**

* 20 Round Trips Valid For The Calendar Year Issued .....	\$100.00
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**Trucks, Busses, Trailers with Dual Wheels, and Large Wheeled Construction Equipment**

One Axle In Addition to Front Axle .....	\$ 15.00
Gasoline, Fuel Oil, Liquid Propane, and Trucks with Hazardous Materials * (1 axle) (Special trip required with no other public traffic on board) .....	\$
25.00	
Each Additional Axle.....	\$ 15.00
* Dual Wheel Pick-Up Trucks .....	\$
7.00	
Algonac Community School Buses.....	Discount Ticket

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**No Charge**

**Eligible Employees and Their Immediate Families, State Police, Sheriffs, Border Patrol, and D.N.R. Officers in marked cars on police business and specific Public Community Service organizations. Also, all vehicles between 6:00 a.m. and 10:00 p.m. on Christmas Day**

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**\* Increase from previous tariff**