

Decision No. 38437

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of WILMINGTON TRANSPORTATION)
COMPANY, a corporation, for an)
order authorizing the resumption)
of certain service for the trans-)
portation of passengers by vessel)
between Wilmington and Avalon at)
increased fares.)

Fourth Supplemental
Application No. 24757

ORIGINAL

C. F. Fennema and Gibson, Dunn & Crutcher
by Woodward M. Taylor, for applicant.

Benjamin Chapman, for Office of Price
Administration, Interested Party.

BY THE COMMISSION:

O P I N I O N

Wilmington Transportation Company by the instant supplemental application, requests authority to maintain in effect the rates authorized by this Commission's Decision No. 35019, of February 10, 1942, in this proceeding.

A public hearing on this application was held by Examiner Gorman at Los Angeles on October 26, 1945, at which time the matter was duly submitted for decision.

Wilmington Transportation is engaged in the business of operating vessels for the transportation of passengers and property between Wilmington and Avalon, Santa Catalina Island. The record shows that passenger service was suspended on December 24, 1941 due to war conditions. On February 5, 1942, anticipating early resumption of passenger service, but under difficult and expensive operating conditions, applicant sought authority to establish increased fares. By Decision No. 35019 of February 10, 1942 (44 C.R.C. 36)

the Commission authorized the higher fares for the duration of the national emergency. The rates authorized by Decision No. 35019 and those previously in effect are as follows:

	<u>Previous Fares</u>	<u>Decision No. 35019</u>
One-Way fare	\$ 2.00	\$ 2.47
Round-Trip fare	3.50	4.28
Special parties (30 to 99 adults)	3.00	3.76
Special parties (100 or more adults) Round-Trip fare	2.50	3.09

(Commutation fares and freight rates were not involved in Decision No. 35019, and are not involved in the instant supplemental application.)

Because of wartime conditions, the carrier was unable to restore regular passenger service as anticipated; and in October, 1942, its steamers were acquired by the United States Maritime Commission and the War Shipping Administration. Thereafter, until October 15, 1945, the only service between Wilmington and Avalon was rendered by the United States Maritime Service.

Wilmington Transportation Company resumed limited services on October 15, 1945, using water taxis and barge. Restoration of regular steamer service is planned in the near future.

Applicant alleges that it is practically impossible to forecast at this time the probable financial results of operation for 1946, inasmuch as no agreement has yet been reached between the Governmental agencies and the Company as to how the cost of rehabilitation of the properties will be apportioned between applicant and the Government; that demands have been made for an increase in wages

¹ The steamer Avalon has been released by the Maritime Commission to the War Shipping Administration and is now in the process of being returned to the Wilmington Transportation Company. At the time of the hearing the vessel was in dry dock undergoing annual government inspection and immediate necessary repairs and rehabilitation. Applicant anticipates that the steamer Catalina will be returned to it early in 1946.

of 45% to 50% over the wages paid in 1941, with added demands for overtime pay, including overtime pay for Saturdays, Sundays and holidays; that the Marine Insurance premium for 1946 will be at a higher rate than that prevailing during 1941; that fuel oil, which was selling for 85¢ per barrel prior to the war will cost applicant \$1.10 per barrel during 1946; and that other expenses will increase 15% to 25%. During 1943 the City of Avalon acquired from the State of California the title to all tidelands in Avalon Bay, which includes the tidelands upon which applicant's steamer pier is located. As a result thereof applicant will be required to lease the tidelands upon which its steamer pier is located from the City of Avalon for a rental of \$6,000 per year. Applicant further alleges that it will be called upon to make an expenditure of between \$30,000 and \$40,000 during 1946 on its Avalon pier, and that other heavy expenditures will be necessary to take care of maintenance which was deferred during the war years.

Although hostilities have now ceased, there has been no official notification or determination that the duration of the National Emergency has terminated. Applicant contends that such determination by either Presidential Proclamation or Joint Resolution of Congress may not be forthcoming for many months, and that the period in which its present rate schedule may remain in effect is therefore indefinite and uncertain. For these reasons it herein seeks authority to maintain said rate schedule until January 1, 1947, at which time a full year of operation under the schedule will have been completed. Applicant declares that it will at that time be in a much better position to determine whether or not it will be able to revert to its previous rates.

Applicant did not notify the Office of Price Administration of this application prior to the hearing, inasmuch as its counsel was of the opinion that such notice was not necessary in view of the fact that this application was merely for a continuation of rates now in effect. Counsel of the Office of Price Administration at the hearing expressed the opinion that a thirty-day notice to his agency would be necessary under federal statutes. Applicant thereupon agreed to serve the notice and did so under date of October 29, 1945. Counsel for the Office of Price Administration stated that this procedure would be satisfactory provided a thirty-day period elapsed before the Commission's order was issued or made effective.

For reasons hereinbefore explained, applicant's operations have been entirely suspended for several years. Many of the conditions under which applicant will operate in the future cannot be forecast with any degree of accuracy. The record shows convincingly, however, that the necessary expenses of operation in 1946 will be substantially in excess of those which prevailed in 1941. Moreover, applicant contends and the record indicates that the net operating results will in any event be less favorable than those indicated by the record upon which Decision No. 35019, supra, was based. Under these circumstances it does not appear that the carrier should be required to reduce its rates to the 1941 level in the event the national emergency should be officially terminated before the present rates have had a reasonable trial period under current conditions.

After a careful review of all of the evidence of record, the Commission concludes that Wilmington Transportation Company will be justified in maintaining in effect until January 1, 1947, the rates authorized by Decision No. 35019, supra.

O R D E R

IT IS HEREBY ORDERED that Wilmington Transportation Company be and it is hereby authorized to maintain in effect until January 1, 1947, the rate schedule authorized by Decision No. 35019 of February 10, 1942, in this proceeding.

IT IS HEREBY FURTHER ORDERED that Wilmington Transportation Company shall amend its tariff, on not less than thirty (30) days' notice to the Commission and to the public, to show that the rates now in effect and herein authorized shall expire on January 1, 1947.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 27th day of November, 1945.

Harold Rudman
Justus F. Craven
Frank W. Ovi
Ray M. Lowell
Harold P. Huls
COMMISSIONERS