

Decision No. 38792

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
AVALON TRANSPORTATION CO. for certi-)
ficate of public convenience and)
necessity to operate water taxis for) Application No. 27236
the transportation of passengers for)
compensation between points in the)
State of California.)

Application of CHARLES PIERSON SLOCOMBE)
(Catalina Sea Clippers) for a certi-)
ficate authorizing transportation of)
passengers by vessel, between Balboa,) Application No. 27250
Orange County, and Avalon, Catalina)
Island, as an enlargement of rights)
sought to be acquired by applicant)
from Pacific Water Taxi Company.)

CLYDE THOMAS for Avalon Transportation Co. and
protestant in Application No. 27250.

CARROLL M. COUNTS for C. P. Slocombe and
protestant in Application No. 27236.

JAMES E. PAWSON for H-10 Water Taxi, Ltd. of
San Pedro, and De Lux Water Taxi Company
of Long Beach, and protestant in Appli-
cation No. 27236.

C. F. FENNEMA and GIBSON, DUNN & CRUTCHER, by
Woodward M. Taylor, for Wilmington
Transportation Co., Interested Party.

O P I N I O N

Each of the two applicants in this proceeding seeks
a certificate to conduct a common carrier service for the trans-
portation of passengers by means of so-called "Water Taxi" boats
to be operated between:

- a. Avalon, Santa Catalina Island, and Balboa,
Orange County, a distance of 26.4 miles.
- b. Avalon, Santa Catalina Island, and Long
Beach, Los Angeles County, a distance of
21.7 miles.

A public hearing was conducted in these proceedings
at Los Angeles, February 20, 1946, before Examiner Hunter. Upon

a stipulation of the parties the two original applications, together with the supplement to Application No. 27250, were heard on a common record.

Application No. 27236

This application was filed with the Commission on January 31, 1946, by the Avalon Transportation Co. The Articles of Incorporation, which were filed with the application, provide for the issuance of 2,500 shares of stock without par value. The record shows that this applicant now has \$20,000 pledged to invest in facilities to conduct the proposed operation and alleges it is in a position to get more money if necessary. It is the plan of the management to enter into contracts for the construction of two boats, each having a carrying capacity of 60 passengers, if and when the certificate sought herein is granted. (1)
The maximum cost of each boat is alleged by this applicant to be \$9,000.

(1) The following is taken from Exhibit C, attached to the application:

"Applicant has made arrangements with N. L. Lowman, operator of the Lowman Boat Builders, 485 Newport Blvd., Costa Mesa, California, for the building of two water taxis 42 feet long and 14 feet beam with twin screws. Each ship will be powered with two Chrysler motors which will give them an approximate speed of sixteen (16) knots per hour. Each will have seating accommodations for sixty passengers and will be equipped with ship to shore radio-telephone service. Ships will be constructed so as to comply in all respects with all requirements necessary for them to be licensed to carry at least sixty passengers and will be operated by licensed operators. Work will begin on these ships as soon as applicant has secured the Certificate of Public Convenience requested by this application. If such permit is received without undue delay, the ships will be ready to begin operation May 15, 1946."

A witness called by applicant Slocombe, protestant to the granting of Application No. 27236, testified that he had had many years of experience in the building of boats and is now in the business of constructing "Water Taxi" boats under contract, and based on this experience it was his opinion that under present day conditions the cost of a boat of a type proposed to be built by the Avalon Transportation Co. would cost not less than \$15,000.

The certificate sought in this application, as originally filed, provides for continuous operation through the year; however, at the hearing applicant requested and, without opposition, was granted, authority to modify the application to restrict the operation to a seasonal basis to extend from approximately May 15 to October 15, the proposed service to consist of two daily operations between Long Beach and Avalon and one between Balboa and Avalon. (2)

-
- (2) The Long Beach-Avalon operation to provide for one boat to leave Long Beach at a time to be selected between 8:00 a.m. and 10:00 a.m. and the other between 7:00 and 9:00 p.m. In the reverse direction one boat to leave Avalon at a time to be selected between 4:00 and 6:00 p.m. and the other between midnight and 2:00 a.m. The schedule will provide for a 2-hour operation between terminals although it is estimated that 1½ hours will, under normal operating conditions, provide sufficient time to negotiate this run.

In the case of the Balboa-Avalon operation it is contemplated to provide one service with a boat leaving Balboa at a time to be selected between 8:00 and 10:00 a.m. and returning, leaving Avalon between 4:00 and 6:00 p.m. The proposed scheduled time for this operation is two hours but as is the case with the Long Beach run it is estimated that 1½ hours will afford ample time to negotiate the run under normal operating conditions.

The fare structure applicable to this proposed service is shown in the table appearing later in this opinion, together with the proposed fare structure incident to the service offered in Application No. 27250.

The record shows that while the personnel comprising the organization of the Avalon Transportation Co. has had some experience in the operation of boats and in the "Water Taxi" business none of them have ever actually conducted or have been responsible for a public utility operation of a character as is involved herein. While this applicant has made no definite arrangements to provide for terminal facilities at either Balboa or Long Beach, such negotiations, it is alleged, are under way to be finally consummated if and when the certificate sought herein is granted. With respect to landing facilities at Avalon the city operates a municipal wharf, the facilities of which are available to all parties upon the payment of a tax of 50¢ per person landed on this dock with no charge for passengers departing.

The following is taken from a statement submitted by this applicant showing the estimated annual revenues and expenses for the two operations involved herein based upon a seasonal operation between May 15 and October 15. (3)

(3) The following is taken from a statement submitted by this applicant.

Net Funds on Hand for Boats & Operations	\$20,000	
Less: Cost of Two Boats	16,000	
Balance Available at Inception-Operating Capital (Boats not encumbered may borrow \$8000 if needed)	<u>4,000</u>	\$ 4,000
Funds provided by Net Income-per Statement	6,920	
Depreciation Reserve-per Statement	1,600	8,520
Available Working Capital at End of Year	<u>12,520</u>	\$12,520
Less: Funds reserved for expansion and/or improvements of existing facilities		5,000
Operating Capital at End of Operating Year		<u>\$ 7,520</u>

Operating Revenue*

Long Beach - Avalon	\$30,160.00	
Balboa - Avalon	<u>18,000.00</u>	
Total		\$48,160.00

Operating Expenses for Both Lines*

Salaries	\$15,500.00	
Maintenance & Operating of Boats	13,920.00	
General Administrative Expense	<u>9,820.00</u>	
Total		<u>\$39,240.00</u>

Estimated Net Income before Income Taxes		\$ 8,920.00
Estimated Income Taxes		<u>2,000.00</u>
Net Income		\$ 6,920.00

* Including a 50% toll charge per passenger landing at Avalon.

Application No. 27250

This application was filed with the Commission, February 8, 1946, by Charles Pearson Slocombe, whereby a certificate is sought to transport passengers by vessel between Balboa and Avalon. An amendment to the original application was filed February 20, seeking authority to enlarge on the original plan to include a similar operation between Long Beach and Avalon. With this amendment, both applicants in this proceeding seek authority to operate generally between the same termini and over two similar routes. Slocombe now conducts a night operation between Long Beach and Avalon. (4) This applicant proposes to conduct

(4) By Decision No. 38672, dated February 13, 1946, in Application No. 27060, the Commission authorized Slocombe to purchase this operative right from Pacific Water Taxi Company. The rights contained in this certificate were originally granted to C. P. Slocombe by Decision No. 28802 in Application No. 20433, dated May 11, 1936, and provide for one operation between Long Beach and Avalon, leaving Long Beach between 5:00 and 7:00 p.m. and returning leaving Avalon between midnight and 2:00 a.m. the following morning on a seasonal basis between May 22 and September 14 each year. Slocombe was authorized to transfer this right to the Pacific Water Taxi Company by Decision No. 31971 in Application No. 21798, dated May 2, 1939.

(5)
one round trip daily throughout the year on each route.

The record shows that Slocombe is an experienced operator in the conduct of a public utility service as is proposed herein and, in addition, has had many years of experience in the conduct of various types of "Water Taxi" businesses. He has arranged for the lease of ample boat equipment to conduct the proposed operation if the certificates sought herein are granted. These boats have a capacity of from 72 to 85 passengers but the record shows that applicant plans to restrict the maximum load to 60 passengers. Slocombe testified that he expects to forthwith begin the construction of two boats, but in the meantime has arranged for the lease of equipment. He alleges that he has leased the only booth on the Municipal Pier at Avalon which is available for the sole purpose of selling tickets for the operation of "Water Taxi" service to and from the mainland. The record shows that Slocombe has \$10,000 in cash, together with bank credit for further loans equal to two-thirds of all sums personally invested in the proposed operation.

As Slocombe now holds a right to conduct a night operation between Long Beach and Avalon, the granting of this application would permit him to conduct two round trips daily which might be designated as a day and night operation, respectively.

This applicant submitted an operating statement showing

-
- (5) In the case of the Balboa-Avalon operation authority is sought to conduct a boat operation between Balboa and Avalon with one round trip daily leaving Balboa at a time to be selected between 9:00 and 10:00 a.m. and the return trip leaving Avalon at a time to be selected between 3:00 and 5:00 p.m.

In the case of the Long Beach-Avalon operation it is proposed to employ the same schedule as the Balboa-Avalon operation.

the estimated revenue and expenses on an annual basis as follows:

	<u>Long Beach to Avalon</u>	<u>Balboa to Avalon</u>	<u>Total</u>
<u>Receipts*</u>	\$55,234.88	\$40,722.40	\$96,157.28
<u>Expenses*</u>			
Office-Mainland	14,760.00	14,760.00	-
Avalon	5,178.00	-	-
Boat Hire	27,490.00	20,100.00	-
	<u>\$47,428.00</u>	<u>\$35,160.00</u>	<u>\$82,588.00</u>
Net Profit	\$ 7,516.88	\$ 5,762.40	\$13,279.28

* Does not include Avalon Head Tax of 50¢ per person.

General

The following tabulation shows a comparison between the fare structure proposed by each applicant.

Application No. 27236 - Avalon Transportation Co.

Between Long Beach and Avalon

	<u>Fare per Person</u>
One Way	\$2.50
Round Trip*	4.00
Special Round Trip for 50 or more Passengers	3.50

Between Balboa and Avalon

One Way	2.75
Round Trip*	4.50
Special Round Trip for 50 or more Passengers	3.75

Application No. 27250 - C. P. Slocombe**

Between Long Beach and Avalon
and Between Balboa and Avalon

One Way (from Avalon)	\$2.47
One Way (from Long Beach or from Balboa)	2.97
Round Trip	4.28

* Limit 15 days
** Limit 10 days

The above fares include the 50¢ landing tax imposed by

the City of Avalon.

The Wilmington Transportation Co. now conducts a common carrier service between Wilmington and Avalon through the operation of large steamers. This service has been conducted over a long period of time and has provided the major public transportation between the mainland and Santa Catalina Island. The attorney for this company stated that it could not oppose the granting of the two applications involved herein, provided each applicant stipulated that in the event that at any time in the future the Wilmington Transportation Co. applied to this Commission for a certificate to conduct a boat service between Long Beach and Avalon, applicant or its successors or assigns will not offer any objection or opposition to the granting of such a certificate. To this stipulation each applicant agreed.

A number of witnesses testified that there was a need for public transportation between Avalon and both Long Beach and Balboa. In fact, the record shows that both cities urge the granting of an application to conduct such a boat service as is proposed herein. A number of witnesses testified in support of the granting of the Slocombe application, alleging that he was well qualified both as to having a practical knowledge of this business and being financially able to meet all expenses incident to such an operation.

Upon a careful review of this record the Commission finds that there is a need for public service for the transportation of passengers by boats between Avalon and both Balboa and Long Beach and that the volume of this business is not sufficient to justify the granting of two competing services on an enduring basis.

Upon this record it is concluded:

1. That the Avalon Transportation Co. should be granted a certificate to operate between Balboa and Avalon and denied the right to operate between Long Beach and Avalon.

2. That C. P. Slocombe should be granted a certificate to operate a day service between Long Beach and Avalon and denied the right to operate the service between Balboa and Avalon.

The following order will so provide.

O R D E R

A public hearing having been held on the above-entitled applications, and the Commission being fully advised

IT IS HEREBY ORDERED:

I. That a certificate of public convenience and necessity, as defined in Section 50(d) of the Public Utilities Act, be and is hereby granted to the Avalon Transportation Co., a corporation, authorizing the establishment and operation of a service as a common carrier for the transportation of persons and hand baggage by vessel for a "day" service, as described in the foregoing opinion, between Balboa, Orange County, and Avalon, Catalina Island, and its request for a similar "day" and "night" service between Long Beach, Los Angeles County, and Avalon, Catalina Island, is hereby denied.

II. That a certificate of public convenience and necessity, as defined in Section 50(d) of the Public Utilities Act, be and is hereby granted to Charles P. Slocombe, an individual, doing business as the Catalina Sea Clippers, authorizing the establishment and operation of a service as a common carrier for the transportation of persons and hand baggage by vessel for a "day" service, as described in the foregoing opinion, between Long Beach, Los Angeles County, and Avalon, Catalina Island, and his request for a similar "day" service between Balboa, Orange County, and Avalon, Catalina Island, is hereby denied.

III. The foregoing certificates are granted subject to the following service regulations:

- (a) Each applicant shall file with the Commission a written acceptance of the certificate herein granted to it within a period not exceeding thirty (30) days from the date hereof.
- (b) Each applicant shall, on or before June 30, 1946, and upon not less than one (1) day's notice to the Commission and the public, establish the service herein authorized and comply with the provisions of Tariff Circular No. 2 and General Order No. 27, by filing in triplicate and concurrently making effective appropriate tariffs and time tables satisfactory to the Commission.

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

Dated at San Francisco California, this 26th day of March 1946.

David C. Anderson
Justice J. Calver
Francis C. Clegg
Joseph M. Lawrence
Harold T. Hill
Commissioners