

ORIGINAL

Decision No. 49374

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CATALINA ISLAND STEAMSHIP LINE, a)
 corporation, for an order authorizing)
 a temporary suspension of its passen-)
 ger and freight operations.)

Application No. 34730

Gibson, Dunn & Crutcher, by Woodward M. Taylor,
 for applicant. George E. Shibley, by Mitchell Levy,
 for International Longshoremen's and Warehousemen's
 Union, and Marcus L. Roberts, in propria persona,
 protestants. Clyde Thomas, interested party.
Otto B. Liersch for California Public Utilities
 Commission.

O P I N I O N

By Decision No. 47828, dated October 14, 1952, in
 Application No. 33697 (52 Cal. P.U.C. 80), the Catalina Island
 Steamship Line was authorized to temporarily suspend all freight
 and passenger operations between Wilmington, California, and
 Santa Catalina Island, California, for a period to end not
 later than April 30, 1953. In the instant application the
 Catalina Island Steamship Line again requests authority to
 temporarily suspend all operations until April 30, 1954.

A public hearing was held by Examiner Syphers in
 Los Angeles on October 14, 1953, at which time evidence was
 adduced and the matter submitted subject to the filing of
 briefs within seven days after receipt of transcript. Seven
 days after receipt of transcript would extend the time to
 November 11, but that day being a holiday the final date for

filing briefs became November 12, 1953. Briefs were filed by the applicant on November 10, and by the International Longshoremen's and Warehousemen's Union on November 12, 1953. The matter is now ready for decision.

At the hearing the testimony presented by the Catalina Island Steamship Line disclosed the results of the temporary suspension granted by Decision No. 47828, supra. The vice president testified that the suspension commenced on November 3, 1952, and service was resumed on March 16, 1953. During this period passenger traffic was handled by the Harbor Water Taxi Company and by United Air Lines, and freight was transported by the City of Avalon. In the opinion of this witness, the company gained certain benefits from this suspension, including (1) the saving of winter operating losses, (2) a condition which enabled the company to make a definite and early announcement as to the inauguration of steamer service for the following summer, (3) the curtailing of a downward trend in revenues, (4) a temporary stabilization of wage costs, and (5) an alleged public realization of the need of the steamship line to operate at a profit. He further testified that the objective of the newly requested suspension is to benefit further the financial condition of the company. He pointed out that the bulk of the business amounting to between 75 and 89 percent of total passengers carried occurs during the five summer months, May through September. It has been the past experience of the operation that during the winter months the revenues decrease materially and the company piles up huge operating losses. He further observed that in past years there has been a downward trend of

passengers even for the summer-month period, but this trend was checked in 1953. From April 25 until August 31, 1953, the company carried 181,544 passengers as compared to 177,674 passengers for the same period in 1952. This reversal of the downward trend was, according to this witness, attributable to the temporary winter suspension. In his opinion, if the company is not permitted to temporarily suspend, the old established trends of decreasing revenues and increasing costs will again come into being, and this will eventually lead to a permanent suspension of service.

A certified public accountant presented and explained a statement showing a summary of profit and loss information for the year ended August 31, 1953. He testified that this statement includes results of operations obtained from daily steamer service for 171 days, September 1 through October 12, 1952, and April 25 through August 31, 1953; the operation of the company-owned small boat, the Descanso, for 61 days from October 13 through November 2, 1952, and from March 16 through April 24, 1953; and complete suspension of service for 133 days from November 3, 1952, through March 15, 1953. The statement shows a net income during this period and under these conditions of \$62,565. The witness estimated that if there were a year-round steamer operation there would have been a net loss of over \$164,000.

The testimony also disclosed that the Catalina Island Steamship Line is a wholly owned subsidiary of the Santa Catalina Island Company. This last-named company operates various concessions and attractions on the island of Santa

Catalina, among them a bird park and a casino. The profit and loss statement shows that for these two attractions the sum of \$83,509 was charged to the steamship company. Of this amount \$50,000 was for rental of the top floor of the casino and the balance was for the operation of the bird park.

Additional testimony favoring the suspension was presented by a businessman of Catalina, who is president of the Catalina Island Chamber of Commerce, a second businessman, who is a member of the City Council of the City of Avalon, and a third businessman, who is chairman of the City Council and mayor of the City of Avalon. These witnesses testified that business on the island did not suffer during the temporary suspension last season, and that, in their opinion, business would not suffer if a second suspension were granted. The members of the City Council of Avalon stated, in addition, that the city is willing and able to take over the transportation of freight if the suspension is granted.

Testimony in opposition to the application was presented by two businessmen of the City of Avalon, who pointed out the difficulties of riding in water taxis and also the difficulties to the city if the transportation of freight were suspended. The president of the International Longshoremen's and Warehousemen's Union presented testimony to the effect that the present application for suspension tends to influence pending labor negotiations. He further observed that the expenses of the bird park and the casino should not be charged to the steamship company, and that water taxis are not a satisfactory substitute for the steamer. During the course of the hearing Marcus L. Roberts withdrew his protest to the application.

Exhibits presented include Exhibit 1, a resolution of the Avalon Chamber of Commerce approving the proposed suspension; Exhibits 2 and 3, excerpts from minutes of meetings of the City Council of Avalon; and Exhibits 4 and 5, resolutions of the City Council approving the proposed suspension and indicating the willingness of the Council to operate a freight and transportation service during the period of the suspension. Exhibit 6 is a letter from John M. Forline, the labor representative of the Catalina Island Steamship Line, and Exhibit 7 is an affidavit by Gordon Giblin, President of the International Longshoremen's and Warehousemen's Union, and a letter from John M. Forline to the Marine Engineers' Beneficial Association No. 79, Inc.

It should be noted that by Application No. 34738, Bryan Bayly, doing business as Harbor Water Taxi Company, requested authority to transport freight during the period of the suspension, if any be authorized. However, at the hearing this applicant withdrew its application.

After a consideration of this record and of the briefs filed herein, we are of the opinion, and hereby find it to be in the public interest to permit the Catalina Island Steamship Line to temporarily suspend operations for a period not to extend beyond April 30, 1954.

The principal issue in this matter is the public interest, and from the evidence in this record it appears that there will be transportation for passengers and for freight during the period of the suspension. The water taxis and air lines which handled the passenger service during the previous

suspension are still in operation, and responsible officials of the City of Avalon, on this record, indicated the city would again handle the freight. In this decision we make no attempt to influence or settle any labor negotiations now pending.

O R D E R

Application as above entitled having been filed, public hearings having been held thereon, the Commission being fully advised in the premises and finding it to be in the public interest,

IT IS ORDERED:

(1) That the Catalina Island Steamship Line be, and it hereby is, authorized to temporarily suspend all freight and passenger operations between Wilmington, California, and Santa Catalina Island, California, for a period to end not later than April 30, 1954.

(2) That the Catalina Island Steamship Line shall advise this Commission and the public by not less than five days' notice of the date when the above-authorized temporary suspension shall commence, and by similar notice as to the date when the service shall be resumed.

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

Dated at San Francisco, Cal., California, this 24th day of March, 1953.

R. E. [Signature]
President
James J. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners