

ORIGINAL

Decision No. 52024

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 |) | Application No. 37109 |
| a suspension during the winter months |) | |
| of its passenger and freight opera- |) | |
| tions. |) | |

Gibson, Dunn & Crutcher, by Max Eddy Utt, for applicant.

Bill Krug, in propria persona, and James F. Trout, in propria persona, protestants.

O P I N I O N

Applicant Catalina Island Steamship Line, a California corporation, operates one steamship, the S. S. Catalina, between Wilmington, California, and Avalon on Santa Catalina Island, California, in the transportation of passengers and freight. Authority is requested herein to temporarily suspend these operations for the period from October 17, 1955 to April 13, 1956.

A public hearing was held by Examiner Grant E. Syphers in Avalon on September 7 and 8, 1955, at which time evidence was adduced and the matter submitted. It is now ready for decision.

At the hearing a witness for applicant detailed the experience of the company in the operations of its steamship line during recent years. By Decision No. 47828, dated October 14, 1952, in Applications nos. 33696 and 33697 (52 Cal. P.U.C. 80)

this Commission authorized a temporary suspension of all freight and passenger operations for the winter months of the 1952-1953 season. Similar authority was granted for the 1953-1954 winter months by Decision No. 49374, dated November 24, 1953, in application No. 34730.

Exhibit No. 3 is a summary of the profits and losses for the passenger operations during the seven months October through April, for five years commencing with the 1950-1951 season and ending with the 1954-1955 season. This statement shows that the company has consistently lost money on the operations, the losses ranging from \$361,518 in 1952-1953, and \$380,631 in 1953-1954, to \$436,787 in 1954-1955. It should be noted that during the 1954-1955 winter months the company did not operate its steamship, but rather operated a service with a gasoline motorboat called the Descanso. This boat is a 52-ft. craft and capable of carrying approximately eighty people.

Exhibit No. 4 is a profit and loss statement for the year ended August 31, 1955, and discloses a net loss for that year of both summer and winter operations of \$45,430.

The witness pointed out that these continued losses are becoming too great for the company to bear, and that the principal reason for requesting a suspension is the greatly increased losses suffered during the winter months.

Exhibit No. 5 is an estimate of the results of operations for the six months from October 16, 1955 to April 15, 1956, under various conditions, and is summarized below:

| | <u>S.S. Catalina Operation.</u> | <u>Small Boat Operation.</u> | <u>Complete Sus- pension of Service.</u> |
|--|-------------------------------------|----------------------------------|--|
| Operating revenue (including rentals) | \$ 199,900 | \$ 82,650 | \$ 3,000 |
| Operating expenses | 648,400 | 428,650 | 311,650 |
| Net Loss | 448,500 | 346,000 | 308,650 |

It was testified that Catalina Island is essentially a resort area and that most of the visitors come during the summer months. The City of Avalon has a present population of approximately 1,200 people, and accordingly there are necessity riders throughout the year. However, these necessity riders do not justify the operation of the steamer in the wintertime, according to the testimony presented by the company witness. Exhibit No. 6 summarizes data relative to the number of necessity riders.

The witness further testified that the applicant company is willing to conduct a small boat operation during the winter months, although the application requests a complete suspension of service.

Exhibit No. 9 is a copy of a resolution of the City Council of Avalon, dated September 1, 1955, which supports the proposed suspension provided the company operates a supplementary small boat service during the winter months. Exhibit No. 10 is a resolution of the Avalon Chamber of Commerce, dated August 25, 1955, taking the same stand as the City of Avalon in its resolution, Exhibit No. 9.

Additional testimony was presented in support of the proposed suspension by residents and businessmen of Avalon, and likewise testimony in opposition to the suspension was presented. The opposition testimony contended that Avalon is completely

dependent upon the steamer service in the summertime, and likewise there is a need for steamer operation during the winter months. This testimony cited instances of difficulties which various passengers have had in attempting to travel to and from the island, and also pointed out the desirability of the ride on a steamship as compared to transportation on a small boat.

After a consideration of all of the testimony presented in this matter, we are of the opinion and hereby find that applicant should be permitted to temporarily suspend operations of its steamship during the period commencing October 17, 1955, and ending April 13, 1956. However, we also find it to be in the public interest to require applicant to continue operation of its motor boat, the Descanso. According to this record, the Descanso, supplemented by the existing other boat services between the mainland and Avalon, will adequately handle all of the winter traffic.

While there were suggestions to the effect that the company should operate the steamship during the winter months with a limited crew, there is no showing on this record that such an operation could be successfully carried out. The evidence discloses that the company is required by its existing labor agreements to maintain a full crew on the boat during any period of operation, whether it be

winter or summer. While there were allegations made during the hearing that the company is not carrying out an adequate advertising policy and does not maintain sufficient sales agents, the evidence relative thereto is not sufficient to justify a denial of the application. It is clear from this record that the steamship operation during the winter months is uneconomical and, further, the existing traffic, both passenger and freight, during the winter-month period can be handled by the other facilities available.

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 Catalina Island Steamship Line be, and it hereby is, authorized to temporarily suspend all operations of its steamship, the S. S. Catalina, between Wilmington, California, and Santa Catalina Island, California, during the period commencing October 17, 1955, and ending April 13, 1956, provided that the company, during this period, operate a substitute service using its gasoline motorboat the Descanso, or other craft at least equal thereto.

(2) That 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 ten days after the date hereof.

Dated at San Francisco, California,
this 4th day of October, 1955.

John L. Mitchell
President

Justus D. Casser

Donald Interemer

Matthew Baker

R. H. Hunt

Commissioners