

ORIGINALDecision No. 54050

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CATALINA ISLAND STEAMSHIP LINE, a)
 corporation, for authority to sup-)
 plement its tariff regulations to)
 provide for steamer service only)
 during the summer and of CATALINA)
 ALL YEAR BOAT COMPANY, a corpora-)
 tion, to render additional)
 scheduled service.)

Application No. 38276

Gibson, Dunn & Crutcher by Max Eddy Utt,
 for applicants;
Bill Krug and James F. Trout, in propria
 persona, protestants;
Harvey H. Cowell, interested party;
Leonard Diamond and W. F. Hibbard, for the
 Commission staff.

O P I N I O N

The Catalina Island Steamship Line now and for many years past has been a common carrier by vessel transporting persons and property for compensation between Wilmington, California, and Avalon, California. By Decision No. 52024, dated October 4, 1955, in Application No. 37109, this company was authorized to temporarily suspend all operations of its steamship, the S. S. Catalina, during the period commencing October 17, 1955, and ending April 13, 1956, provided that during that period it operated a substitute service using its gasoline motorboat, the Descanso, or other craft at least equal thereto.

In the instant application the Catalina Island Steamship Line proposes to operate its steamship, the S. S. Catalina, for a minimum period commencing with the third Friday in May and ending on the third Sunday in September provided that such period of operation

may be extended if, in the judgment of the company, the demand for passenger service makes such extension economically feasible.

The Catalina All Year Boat Company is now authorized to operate as a common carrier by vessel transporting persons and property for compensation between Wilmington, California, and Avalon, California, and between Long Beach and Avalon. This authority is presently on a scheduled basis during the summer months and on an on-call basis during the winter. In the instant application this company proposes to operate on a scheduled basis all year round.

A public hearing was held in Avalon on September 19, and 20, and in Los Angeles on September 24, 1956. During these hearings evidence was adduced and on the last named date the matter was submitted.

The testimony disclosed that the Catalina Island Steamship Line and the Catalina All Year Boat Company both are wholly owned subsidiaries of the Santa Catalina Island Company. Exhibit No. 1 is a statement showing the operations of the Catalina Island Steamship Line for a 7-month period, October through April 1955-56, and shows a loss during this period of \$407,728. Exhibit No. 2 shows operations of this company for the year ending August 31, 1956, and shows a net profit of \$29,819.

It was the contention of the steamship line that while there is a large demand for transportation by sightseers and vacationers during the summer months, this is not so during the winter months. Resultantly it has proved uneconomical to operate the steamer during the winter and motorboat service has been substituted therefor. The last authorization for such substitution was Decision No. 52024, supra.

It now is the theory proposal of this company that the management should have the option of conducting steamer operations

when there is a sufficient passenger demand. When there is not, it should not be required to operate the steamer and in lieu thereof, its affiliate, the Catalina All Year Boat Company, will operate small boats. It was pointed out that there are, in effect, two types of operations: one is the tourist operation conducted by means of the steamer, and the other is essentially an operation conducted for the necessity riders by the use of small boats although it is the intention of the Catalina All Year Boat Company to transport any passengers who may apply, whether they be necessity riders or tourists.

The Catalina All Year Boat Company presently owns four boats. One is the Descanso which it has purchased from the Santa Catalina Island Company and which has been operated during the winter months by the Catalina Island Steamship Line. It is an 81-passenger motor cruiser. The second is the Jericho, a 52-passenger motorboat. The third is the Sportsman, a 110-passenger motorboat, and the fourth is the Streamline which is used primarily as a freight boat but is capable of transporting 75 passengers. In addition to these boats this company is planning to acquire a 100-passenger motorboat named the Companero, and a 60-passenger cruiser named the Pacifico. It was the general testimony of the witness for the Catalina All Year Boat Company that these boats are adequate to operate in the proposed service although no detailed testimony was presented in this connection.

An analysis of this record indicates that the principal reason for the instant proposal is to provide the management with flexibility in conducting its operations. While Exhibit No. 1 shows a loss of \$407,728 for the Catalina Island Steamship Line during the period October through April 1955-56, the testimony indicated that most of this loss would be sustained under the instant proposal. In other words, many of the expenses of the steamer, such as repairs and

maintenance, must be met whether the boat operates during the winter or not. The testimony showed that if the steamer had only operated for a period of three months there would have been a saving of about \$35,000 over the figures shown in Exhibit No. 1. It can be reasonably concluded from this record that the financial losses of the company are not a controlling issue in the instant proposal.

Testimony both in support of and in opposition to the proposal was presented by various witnesses who are residents and businessmen of the City of Avalon. A resolution of the City Council of Avalon favors the instant proposal as does a resolution of the Chamber of Commerce. It should be noted that the City Council resolution had three approving and two dissenting votes.

The petitions signed by residents and businessmen of the City of Avalon were presented in support of the proposal, and one petition in opposition thereto likewise was presented.

The testimony disclosed that the motor cruiser Descanso has been transferred to the Catalina All Year Boat Company and in this regard it was the contention of the applicants that no approval from this Commission is necessary for that transfer since the boat was owned by the Santa Catalina Island Company, a nonutility, and not by the Catalina Island Steamship Line.

While it was the contention of the applicants that these proposals merely involved a change in tariff, it must be concluded that, in effect, the proposals involve two phases: (1) The Catalina Island Steamship Line desires to suspend operations during the winter months and requests that it be required to conduct operations only for a minimum 4-month period during the summer. It is true that representatives of this company stated that it was the intention of the company to operate more than this minimum 4-month period if passenger traffic demanded such operations but the company does not want

to be required to do so. It should also be noted that the only vessel which the Catalina Island Steamship Line would control under the proposal is the steamer, the S. S. Catalina; it would not operate any small boats. (2) The second phase of the instant proposal is that the Catalina All Year Boat Company proposes to conduct a small boat operation on a scheduled basis all year round.

Upon this record we find that there has not been a sufficient showing by the Catalina Island Steamship Line to justify a suspension of operations as proposed. This company for many years has conducted an all-year common carrier service. This record presents no compelling reason why that service should be completely suspended during the winter months as proposed. We are aware of this applicant's offer to conduct such operations as in its judgment are necessary but whether or not a carrier completely suspends operations or not cannot be left to the judgment of the utility. On the other hand this record and prior records before this Commission have demonstrated that there is no need to operate the steamer on an all-year basis. As a matter of law the Catalina Island Steamship Line is only required to operate such vessels as are required to reasonably meet the service at any given period.

Therefore in the ensuing order the Catalina Island Steamship Line will be required to continue its all-year operations, using the steamship S. S. Catalina when the traffic requires and using small boats at least equal to the motorboat Descanso when they are adequate to meet the public demand.

In substance the request of the Catalina All Year Boat Company is to expand its certificate so as to permit operations on an all-year scheduled basis. There was no opposition to this request and we find that public convenience and necessity require that it be granted subject to the provision that this company file with this

Commission adequate financial statements and descriptions of the equipment it intends to use, and provided further that such equipment is adequate for the proposed operations. The ensuing order will so provide.

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 that:

1. The application of the Catalina Island Steamship Line to suspend operations during the winter months and to conduct operations for a minimum 4-month period during the summer months or longer at the discretion of the company be and it hereby is denied.

2. The Catalina Island Steamship Line shall continue to conduct its operations on an all-year basis, using the steamship S. S. Catalina when the traffic is of sufficient volume and using the gasoline motorboat Descanso or other craft at least equal thereto at other periods.

IT IS FURTHER ORDERED that:

1. A certificate of public convenience and necessity as provided in Section 1007 of the Public Utilities Code be and it hereby is granted to Catalina All Year Boat Company authorizing the establishment and operation of a service as a common carrier for the transportation of persons and their hand baggage by vessel between Wilmington in the City of Los Angeles and Avalon on Catalina Island, and between Long Beach and Avalon on Catalina Island.

2. The foregoing certificate is granted subject to the following service conditions and regulations:

- a. That the common carrier service herein authorized shall be performed on a year-round basis.

- b. Applicant shall file a written acceptance of the certificate herein granted within a period of not to exceed thirty days from the effective date hereof.
- c. Within sixty days after the effective date hereof, and on one days's notice to the Commission and the public, applicant shall establish the service herein authorized and file in triplicate and concurrently make effective tariffs and time schedules satisfactory to the Commission.

3. This certificate shall be in lieu of and shall replace and supersede applicant's present operating authority.

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

Dated at San Francisco, California, this 5th day of NOVEMBER, 1956.

John E. Mitchell
 President

Robert L. Winterman

Manuel R. ...

R. ...

Commissioners

Commissioner *L. Lynn Taylor* did not participate in the disposition of this proceeding.