

Decision No. 55329**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)
 AVALON NAVIGATION COMPANY (formerly)
 named Catalina Island Transportation)
 Company) for certificate of public)
 convenience and necessity to operate)
 an on-call passenger and freight)
 service between Long Beach and Avalon,)
 Catalina Island.)

Application No. 38902
 (Amended)

Augustus F. Mack, Jr. for applicant.
Clyde Thomas for Clipper Transportation Co., Inc.;
Robert C. Beecher for DeLuxe Water Taxi Company;
Lester Price for International Longshoremen and
 Warehousemen Union; and William (Bill) Krug,
 protestants.

Gibson, Dunn & Crutcher by Max Eddy Utt for
 Catalina Island Steamship Line and Catalina All
 Year Boat Company, interested parties.
William F. Hibbard for the Commission staff.

O P I N I O N

Applicant is a California corporation incorporated on February 15, 1957, as the Catalina Island Transportation Company. Before the hearing on this matter was held applicant amended its Articles of Incorporation so as to change its name to Avalon Navigation Company. Applicant's First Amended Application was filed on May 20, 1957. The corporation was formed specifically for the purpose of engaging in the business of transporting passengers and freight, by vessel, between Catalina Island and Southern California mainland ports. It has an authorized capital of \$200,000 consisting of 20,000 shares of the par value of \$10. each. There are five directors, the president is William H. Thuet and the secretary-treasurer is C. Neale Brown. No shares have been sold

or issued to date but the company is preparing an application before this Commission requesting authority to sell a portion of its capital stock.

By this application, as amended, authority is sought to conduct a service as a common carrier by vessel between Long Beach, California, and the City of Avalon on Catalina Island. A public hearing was held on May 28, 1957, at Avalon before Examiner Mark V. Chiesa, at which time evidence was adduced and the matter submitted.

Applicant proposes to operate from Pierpoint Landing in the City of Long Beach to the City of Avalon, transporting only passengers during the summer season, April 16 to October 15, and passengers and freight between October 16 and April 15 of each year. In summer there will be a daily round-trip service leaving the mainland at 9 a.m. and returning from Avalon at 4 p.m. The winter service will be operated "on call" for a minimum of 20 passengers although applicant may operate with fewer passengers depending on the number of passengers and the amount of freight business. Applicant will charge an adult one-way passenger fare of \$2.96, plus 30 cents tax, children five to twelve years of age will pay half fare, younger children will ride free if accompanied by an adult. A commutation fare of 10 rides for \$2.76 each, plus tax, will be offered. Freight rates will be similar to those now on file by the Catalina Island Steamship Line.

The vessel to be used is twin screw with deisel engines of 320 hp each, 114 feet in length, 27 feet in width with a draft of 10 feet. It is an all-weather boat having two decks, a passenger capacity of not less than 200 and a freight capacity of approximately 40 tons. It is now named the "Magic Isle" (formerly the "Coastal Forest") and was built new for the U.S. Army in 1943 for use in the

Aleutian Islands and has just been remodeled for use as indicated.

A financial statement filed with the amended application shows a condition as of the date of hearing as follows: cash, \$10,000.; equipment (the vessel), \$80,000.; Chevrolet truck, \$1,000., or total assets of \$91,000.; liabilities consist of a promissory note in the sum of \$14,000., secured by a mortgage on said vessel, payable at the rate of \$216.19 per month. The net worth is \$77,000. It is alleged that an additional \$20,000. in cash is available to applicant when and as needed.

Applicant's president and first vice-president testified concerning the proposed operation. Each has resided and worked on Catalina Island for many years, and they have the experience and ability to conduct the proposed operation. One holds a pilot's license and a master's license. It is their position that in the recent past the passenger and freight transportation service, in winter time between Avalon and the mainland, has not been satisfactory and that through their knowledge of the situation, acquaintances and background they will be able to build a service that will be accepted and used by the permanent residents and businessmen on the island to such an extent that the operation will become compensable. Testimony of several public witnesses indicates that their expectations are justified. Four witnesses, businessmen on the island, testified that there is a public need for a service such as is herein proposed. Informal approval has been expressed by a majority of the City Council of Avalon, the mayor of the City of Long Beach, the assistant general manager of the Port of Long Beach, and by the Avalon Catalina Island Chamber of Commerce.

Estimated annual revenue and expense, exclusive of freight revenue, is \$105,000. and \$90,155. respectively (Exhibit No. 6).

Catalina Island Steamship Line and Catalina All Year Boat Company, wholly owned subsidiaries of Catalina Island Company, now operate a passenger and freight transportation service between Avalon and the mainland, the former between Avalon and Wilmington and the latter between Avalon and Wilmington and Avalon and Long Beach. Catalina Island Steamship Line operates the well-known SS Catalina during the summer months and smaller motor vessels during the winter or off season.¹ Catalina All Year Boat Company operates a year-around "on call" service using the 81 passenger motor vessel Descanso. Neither company opposes this application, but they contend that their service is adequate.

Clipper Transportation Co., Inc., protests the application on the grounds that it has a certificate to operate between the Magnolia Pier in Long Beach and Avalon and that the competing carrier would adversely affect its operation. This protestant operated in 1955, however in 1956, due to financial difficulties, did not render any service. It was testified that this company intends to resume operations this summer. Its certificate (Dec. 50474) requires it to render a regular schedule passenger service from June 1st through Labor Day and an "on call" service the remainder of the year. It is not authorized to carry freight.

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Other boats owned by Catalina Island Steamship Line are the Pacifico, Compenero, Sportsman, Jericho, and Streamline having passenger capacities varying from 42 to 110 passengers.

Other protesting parties contended that any additional winter freight service would further dilute the business of the present carriers, Catalina Island Steamship Line and Catalina All Year Boat Company, and might eventually result in less service; therefore, it is detrimental to their interests and to the public. Their conjectures are not supported by this record.

A review of the entire evidence shows, and we find, that a service such as is proposed by applicant would be in the general public interest. The testimony of the public witnesses, residents and businessmen on the island, indicates that an additional passenger and freight vessel, as herein proposed to be operated, would improve the winter time movement of small and moderately large freight shipments as well as passenger transportation. The application will be granted.

O R D E R

A public hearing having been held, the Commission being fully advised in the premises and finding that public convenience and necessity so require,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity, as provided in Section 1007 of the Public Utilities Code, be, and it hereby is, granted to Avalon Navigation Company, a corporation, authorizing the establishment and operation of a service as a common carrier for transportation of persons and property by vessel between the City of Long Beach and the City of Avalon on Catalina Island subject to the following conditions and regulations:

- (a) Applicant shall operate the common carrier service herein authorized between Pierpoint Landing, in

Long Beach Harbor, and the city of Avalon using the motor vessel "Magic Isle" described in the application or some other vessel at least equal thereto.

- (b) Between April 16 and October 15 of each year applicant shall transport passengers and their baggage only and shall operate said service on a regular daily schedule.
- (c) Between October 16 and April 15 of each year applicant shall transport passengers and property on an "on call" basis; however, applicant must operate whenever twenty or more persons request transportation and may operate for a lesser number of passengers.
- (d) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted.
- (e) Within sixty days after the effective date hereof, and on not less than five days' 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.

(2) That except as hereinabove authorized Application No. 38902, as amended, be and it hereby is denied.

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

Dated at Los Angeles, California, this 30th day of July, 1957.

[Signature]
 President
[Signature]
[Signature]
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 Commissioners