

ORIGINAL

Decision No. 57254

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
H-10 WATER TAXI COMPANY, LTD., for  
certificate of public convenience  
and necessity to operate vessels for  
the transportation of freight and  
passengers for compensation between  
points, and for an order authorizing  
an increase of tariffs and rates.

Application No. 40051

Allan F. Bullard, for applicant.  
Gibson, Dunn & Crutcher, by Robert Erburu, for  
Catalina Island Sightseeing Lines and  
Island Boat Service, protestants and  
interested parties.  
Henry E. Jordan, for the Bureau of Franchises and  
Public Utilities of the City of Long Beach,  
interested party.  
Glenn E. Newton and W. F. Hibbard, for the  
Public Utilities Commission of the  
State of California.

O P I N I O N

Applicant is a California corporation engaged in the  
business of transporting, as a common carrier by vessel, passengers  
and express between the Los Angeles-Long Beach harbors, and between  
the harbors and points on Santa Catalina Island, except Avalon.  
It also provides a sightseeing service from San Pedro around the  
Los Angeles-Long Beach harbors.<sup>1/</sup> It has both individual fares  
and hourly rates.<sup>2/</sup>

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<sup>1/</sup> Decisions Nos. 25668, 34510, 41431, 49281, 50398, 50479.  
<sup>2/</sup> Decisions Nos. 25668, 46171, 49021.

By the application herein filed on April 28, 1958, and amended by an amendment filed on June 26, 1958, applicant seeks (1) authority to extend service between the Los Angeles-Long Beach harbors and Avalon Bay, Santa Catalina Island, and (2) to increase its hourly rates.

A public hearing on the application was held before Examiner Kent C. Rogers in San Pedro on June 24, 1958.

The Extension of Service to and from Avalon.

By Decision No. 50479, dated August 31, 1954, in Application No. 35338, applicant was given authority to establish and operate "a transportation service by vessel for the transportation of persons and property between docks, wharves, ships, points and places within the Los Angeles and Long Beach harbors and between said docks, wharves, ships, points and places, on the one hand, and points and places in Catalina Island, excepting therefrom Avalon Bay, and all vessels departing from or arriving at said harbors, on the other hand, ..."

Applicant herein seeks to secure a certificate of public convenience and necessity to operate an on-call service for the transportation of passengers and baggage and personal property by water between docks, wharves, ships, points and places in the Los Angeles-Long Beach harbors and Avalon Bay, Santa Catalina Island, California. This proposed service is to be rendered at authorized rates for service to and from Catalina Island as such rates are modified by the decision herein.

The evidence on behalf of the applicant shows that it receives from 14 to 19 calls per year from various organized groups

for service to Avalon at group rates such as proposed by applicant herein. Prior to the present time applicant has been forced to deny many of these requests. Within the ten-day period prior to the hearing applicant purchased an additional water taxi and is now in a position to handle such business.

The service is to be provided to groups only on the basis of a minimum charge for at least 40 passengers, plus individual fares for each additional passenger in any one group. The service will be nonscheduled.

The protestants, who provide service on an individual fare basis to and from Avalon, have no objection to the applicant receiving the authority it requests provided it is restricted to an on-call schedule with a minimum charge for 40 passengers in one group as requested.

Upon the evidence of record it appears, and we find, that public convenience and necessity require that applicant extend service to and from Avalon Bay, Catalina Island, and it will be so ordered.

The Rate Increase and Rule Modification Request.

Applicant requests authority to increase its hourly rates only and to add a 10 percent surcharge for services rendered between 6 p.m. and 6 a.m. Its rates to and from Catalina Island for groups, and its individual fares in the harbors, will not be modified.

The hourly rates which applicant is presently assessing are as follows:

1. On-call service within Los Angeles-Long Beach harbors -

Rate: \$12.50 per hour. Minimum charge: \$10.00

2. Passenger and express service from points within Los Angeles-Long Beach harbors to ships entering and leaving said harbors -

Rate: Single-screw taxi: \$15.00 per hour  
15.00 minimum charge

Twin-screw taxi: \$17.50 per hour  
17.50 minimum charge

3. Waiting and standby charge -

Rate: \$12.50 per hour

4. On-call service to Catalina Island -

Waiting or standby charge:

Single-screw taxi: \$15.00 per hour  
15.00 minimum charge

Twin-screw taxi: \$17.50 per hour  
17.50 minimum charge

Passenger Tariff -

Nonprofit organizations:

Minimum of five (5) hours to Catalina Island points, and waiting charges at the rate of \$15.00 per hour for single-screw taxi and \$17.50 per hour for twin-screw taxi.

Express Tariff -

Single-screw taxi: \$15.00 per hour  
15.00 minimum charge

Twin-screw taxi: \$17.50 per hour  
17.50 minimum charge

5. Passenger tariff Rule and Regulation No. 4 and Express tariff Rule No. 3 provide in substance that a vessel goes on hire and charges begin when the applicant's vessel leaves the terminal at Berth #90, San Pedro, California.

The hourly rates which applicant proposes to assess are as follows:

- a. On-call service within Los Angeles-Long Beach harbors -

Rate: \$15.00 per hour. Minimum charge: \$12.50

Waiting or standby charges: \$15.00

- b. Passenger and express service from points within Los Angeles-Long Beach harbors to ships entering and/or leaving said harbors -

Single-screw taxi: \$17.50 per hour  
17.50 minimum charge  
17.50 waiting or standby charge

Twin-screw taxi: \$20.00 per hour  
20.00 minimum charge  
20.00 waiting or standby charge

- c. On-call service to Catalina Island -

Waiting or standby charge:

Single-screw taxi: \$17.50 per hour  
17.50 minimum charge

Twin-screw taxi: \$20.00 per hour  
20.00 minimum charge

Nonprofit organizations:

Minimum charge to Catalina Island six (6) hours.

Waiting charge - Single-screw taxi \$17.50 per hour  
Twin-screw taxi 20.00 per hour

- d. Passenger Tariff Rule No. 4 and Express Tariff Rule No. 3 -

Vessel goes on hire at the time ordered.

In addition, applicant will add a rule containing a night differential as follows:

All charges for night operation as herein defined are subject to night differential or surcharge of 10 percent.

Night operations are defined as those operations "between 6 p.m. and 6 a.m. of the following day."

Applicant is also revising its rules and regulations to provide charges for "no-shows" and "cancellations."<sup>3/</sup>

As justification for the proposed increases applicant's witness testified that for the period from September 1, 1957, to February 28, 1958, it suffered a loss from operations of \$19,913 (Exhibit No. 7 in the application), and that for the first five months of 1958 it suffered a loss from operations of \$4,902 (Exhibit No. 6).

Applicant's last rate increase was made pursuant to the authority of Decision No. 49021, dated August 25, 1953, in Application No. 34312. Its witness stated that since that time insurance, fuel, maintenance and labor costs have increased. As examples, the witness stated that on January 1, 1957, labor costs, except office help, increased from \$2.25 per hour to \$2.40 per hour, plus fringe benefits of \$8.40 per month for each such employee, plus \$17.40 per month per each such employee for pension benefits, and that on April 1, 1958, the salaries were increased 10 cents per hour. The existing labor contract expires in April 1959 and it is expected that salaries will increase another 10 cents per hour at that time.

In addition to such salary increases applicant has been required by the Coast Guard, pursuant to Public Law 519, to add life rafts, new life preservers, water-tight bulkheads, radios, and lights. These changes, which are mandatory, are estimated to cost between \$3,500 and \$3,800 per boat. Applicant has a total of 7 boats which will require these changes.

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<sup>3/</sup> See Exhibit No. 4 in the application and the amendment to the application.

The applicant's operations reflect an actual loss for the year ending May 31, 1958,<sup>4/</sup> and it estimates that under the proposed fares it would have a rate of return of 6.1 percent for the year ending April 1, 1959.<sup>5/</sup>

The Commission engineer's report shows estimated results of operation under present and proposed fares for the year ending April 30, 1959, to be as follows:

Item	Present Rates	Proposed Rates
<u>Revenue</u>		
Passenger (On-call)	\$ 134,450	\$ 164,030
Disposal Service	35,260	35,260
Tug & Barge Service	24,470	24,470
	<u>\$ 194,180</u>	<u>\$ 223,810</u>
<u>Expense</u>		
Repairs to Equipment	\$ 28,450	\$ 28,450
Depreciation	12,720	12,720
Traffic & Advertising	7,500	7,500
Transportation		
Operators & Deckhands	105,150	105,150
Fuel & Oil	10,020	10,020
Administrative & General	46,070	46,070
Operating Taxes	5,790	5,790
	<u>\$ 215,700</u>	<u>\$ 215,700</u>
Net Before Income Taxes	<u>(21,520)</u>	8,110
Income Taxes	25	2,570
	<u>\$ (21,545)</u>	<u>\$ 5,540</u>
Operating Ratio %	111.1	97.5
Rate Base	\$ 83,420	\$ 83,420
Rate of Return %	-	6.6

(Red Figure)

<sup>4/</sup> See Exhibit No. 6.

<sup>5/</sup> Exhibit No. 6 in the application.

The record shows that the applicant would continue to operate at a loss under the present fare structure. We are of the opinion that the estimates of the Commission engineer fairly reflect the results that may be expected from the revised fare situation as set forth in the order of this decision, which fares we find have been justified and will be authorized. The rate of return calculated on the adjusted rate base of \$83,420 we hereby find to be reasonable. The applicant will be authorized to file and make effective the rules proposed.

O R D E R

A public hearing having been held in the above-entitled matter, the Commission being fully advised in the premises and having found that public convenience and necessity require that applicant extend service between the Los Angeles-Long Beach Harbors and Avalon, Catalina Island, and that the fares as hereinafter set forth are reasonable and justified,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity be, and it hereby is, granted to H-10 Water Taxi Company, Ltd., a corporation, authorizing the establishment and operation of a transportation service by vessels for the transportation of persons or property between docks, wharves, ships, points and places in the Los Angeles-Long Beach Harbors, on the one hand, and Avalon Bay, Santa Catalina Island, California, on the other hand, provided that said service shall be rendered only at the rates, rules and regulations in applicant's passenger tariff and express tariff for service between the Los Angeles-Long Beach Harbors, on the one hand, and points and places on Catalina Island, on the other hand.



(2) That in providing service pursuant to the certificate herein granted, H-10 Water Taxi Company, Ltd., shall comply with and observe the following service regulations:

- a. Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted.
- b. 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.

IT IS FURTHER ORDERED that H-10 Water Taxi Company, Ltd., be and it is hereby authorized to amend, on not less than five days' notice to the Commission and to the public, its Passenger Tariff Cal. P.U.C. No. 7 and its Express Tariff Cal. P.U.C. No. 7 to make effective the rates, rules and regulations set forth in the application herein.

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

Dated at San Francisco, California, this 26<sup>th</sup> day of August, 1958.

E. Lynn Fox  
President

William J. ...

William J. ...

Frederic J. ...

Commissioners

Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.