

**ORIGINAL**

Decision No. 59231

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
AVALON NAVIGATION COMPANY, INC., for  
authority to increase rates in order  
to include children under 5 years of  
age as one-half fare passengers.

Application No. 41269

Leslie M. Thuet, for applicant.  
B. W. Rice, Jr., for the Island Transportation Company,  
and Bill Krug, in propria persona, interested  
parties.  
Glenn E. Newton for the Commission's staff.

O P I N I O N

Applicant is a common carrier by vessel, transporting passengers on a daily scheduled service between Long Beach, California, and Avalon, California, under authority issued by this Commission. In this application it seeks to amend its tariff so as to delete the provision which reads "Children under five (5) years of age will be carried free when accompanied by parent or guardian" and to substitute therefor the provision "For children from two (2) to eleven (11) years of age, inclusive, fare will be one-half the fare shown in this tariff."

A public hearing was held in Avalon, California, on August 20, 1959, before Examiner Grant E. Syphers, at which time evidence was adduced and the matter submitted. It now is ready for decision.

The evidence discloses that the applicant operates a boat known as the Magic Isle which has a passenger limit of 250. This

limit has been set by the U. S. Coast Guard and applies to all persons carried aboard regardless of size or age. During the period from May 28 to August 16, 1959, applicant transported approximately 1300 children under five years of age. None of these was required to pay a fare under applicant's present tariff yet all were counted in determining the boat's capacity. Accordingly, if there were 25 children aboard, that meant that the boat could only carry 225 other passengers.

This situation has also created confusion in the reservation system since people making reservations do not declare the children under five years of age. Accordingly, at the time of departure it may be found that some people who have made reservations are unable to get on the boat because others have brought children.

It was further pointed out that a City Ordinance of Avalon requires a payment of 25 cents per passenger per one-way trip, which tax is charged for each person loaded or unloaded on the boat regardless of age.

The applicant testified that the number of children is much greater than had been anticipated since the tendency seems to be toward more families going to Avalon. Other boat operators testified in favor of the application.

An engineer from the Public Utilities Commission presented a study showing the estimated results of operations under present and proposed fares, as follows:

| <u>Item</u>             | <u>Present Fares</u> | <u>Proposed Fares</u> |
|-------------------------|----------------------|-----------------------|
| Revenue                 | \$ 137,750           | \$ 140,820            |
| Total Expenses          | <u>130,810</u>       | <u>131,240</u>        |
| Net Income before Taxes | \$ 6,940             | \$ 9,580              |
| Income Taxes            | <u>2,280</u>         | <u>3,140</u>          |
| Net Income              | \$ 4,660             | \$ 6,440              |
| Operating Ratio         | 96.6%                | 95.4%                 |
| Rate Base               | \$ 74,990            | \$ 74,990             |
| Rate of Return          | 6.2%                 | 8.6%                  |

There was no opposition to this proposal.

A consideration of all of the evidence adduced herein leads us to the conclusion and we now find that it will not be adverse to the public interest to permit applicant to make the tariff changes as herein requested, that the increase resulting from the establishment of children's fares is justified, and that these changes will result in rates which are fair and reasonable.

O R D E R

Application as above entitled having been filed, public hearing having been held thereon, the matter having been submitted and the Commission being fully advised in the premises,

IT IS ORDERED:

(1) That Avalon Navigation Company, Inc. is authorized to establish in its tariff, on not less than five days' notice to the Commission and to the public, provisions relating to children's fares as follows and to cancel present provisions:

"Children under two (2) years of age will be carried free when accompanied by parent or guardian. For children two (2) to eleven (11) years of age, inclusive, fare will be one-half the fare shown in the tariff."

(2) That the authority herein granted shall expire unless exercised within sixty days' after the effective date hereof.

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

Dated at Los Angeles, California, this 3<sup>rd</sup> day of November, 1959.

Arnold R. Page  
President  
W. E. [unclear]  
W. H. [unclear]  
S. [unclear]  
Theodore J. [unclear]  
Commissioners