

ORIGINAL

Decision No. 64154

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ISLAND BOAT SERVICE, a corporation, for an in-lieu certificate of public convenience and necessity to operate a scheduled and an on-call vessel service under Section 1007 of the Public Utilities Code; and for authority to increase rates under Section 454 of said Code; and to publish said rates on less than statutory notice.

Application No. 44124  
(Filed January 19, 1962; amended March 21, May 29, June 14, 1962.)

Karl K. Roos, for Island Boat Service, applicant.

James H. Radcliffe, for Avalon Navigation Company, protestant.

James H. Lyons, for M.G.R.S., Inc., interested party.

E. J. Langhofer, for the San Diego Chamber of Commerce, interested party.

Henry E. Jordan and Raymond H. Bredenkamp, for the City of Long Beach, interested party.

Walter G. Linstedt, for the Commission's staff.

INTERIM OPINION

Island Boat Service operates as a common carrier by vessel under a certificate of public convenience and necessity authorizing it to transport persons and their baggage "between Long Beach Harbor and Los Angeles Harbor (Wilmington and San Pedro), on the one hand, and all points and places on the coast of Santa Catalina Island,

on the other hand;" and also "between Avalon, Santa Catalina Island, on the one hand, and all points and places on the coast of Santa Catalina Island, on the other hand."<sup>1/</sup> By this application it seeks authority to increase or to make other changes in its fares on less than statutory notice. It also seeks certain revisions in its operating authority.

Public hearings on the application were held before Examiner C. S. Abernathy on July 19 and 20, 1962, at Avalon and on July 25, 26 and 27, 1962, at Los Angeles.

Applicant submitted evidence to show that the revenues which it receives for its services under present fares are substantially less than the costs of said services. Applicant's showing was developed in part on costs charged to its own operations and in part on costs assigned to an affiliated company, Catalina Island Sightseeing Lines, from which applicant leases the vessels which it uses for its services.<sup>2/</sup> The costs which are assigned to Catalina Island Sightseeing Lines include such items of expense as repairs and maintenance (in part) of the vessels, depreciation, insurance and taxes. Assertedly, these costs are all part of the total costs which apply to the operation of the vessels and should, therefore, be considered in the determination of the revenues needed to sustain the services.<sup>3/</sup> On the basis

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<sup>1/</sup> Decision No. 62449, dated August 22, 1961.

<sup>2/</sup> Applicant and Catalina Island Sightseeing Lines are affiliated in the sense that they are both wholly owned companies of the Santa Catalina Island Company.

<sup>3/</sup> Although these costs presumably would be offset by charges of Catalina Island Sightseeing Lines for the rental of its vessels to applicant, it appears that such is not the case except in instances when applicant's net revenues equal or exceed such costs. The lease agreement between applicant and Catalina Island Sightseeing Lines provides for a rental which is equivalent to the net operating income of applicant subject to a limitation that the rental shall not exceed the total of the aforesaid costs plus 6 percent of the depreciated value of the vessels.

of its own revenues and expenses, and on the basis of the expenses assigned to Catalina Island Sightseeing Lines, applicant reported that the financial results of its operations for the first 6 months of 1962 were as follows:

	<u>Applicant</u>	<u>C.I.S.L.*</u>	<u>Total</u>
Revenues	\$50,981		\$50,981
Expenses	<u>63,250</u>	<u>\$35,740</u>	<u>98,990</u>
Loss	\$12,269	\$35,740	\$48,009

\*Catalina Island Sightseeing Lines

Estimates of financial operating results for the year 1962 were also submitted by applicant to show financial operating results for the full year 1962 (a) if present fares are continued in effect and (b) if the sought fares had been assessed throughout the year. These estimates are set forth in the following tables:

Table No. 1

Estimated Operating Results for Year 1962  
Under Present Fares

	<u>Applicant</u>	<u>C.I.S.L.</u>	<u>Total</u>
Revenues	\$123,900	\$ 9,000 (a)	\$132,900
Expenses	<u>134,700</u>	<u>58,400</u>	<u>193,100</u>
Loss	\$ 10,800	\$49,400	\$ 60,200

(a) Terminal rent revenues

Table No. 2

Estimated Operating Results for Year 1962  
Under Proposed Fares

	<u>Applicant</u>	<u>C.I.S.L.</u>	<u>Total</u>
Revenues	\$133,600	\$ 9,000 (a)	\$142,600
Expenses	<u>135,000</u>	<u>58,400</u>	<u>193,400</u>
Loss	\$ 1,400	\$49,400	\$ 50,800

(a) Terminal rent revenues

The Commission's staff was represented at the hearings in this matter but did not submit evidence. No one appeared in opposition to the sought fare increases.

Insofar as applicant's own operations are concerned it appears that the estimates which are set forth in Tables Nos. 1 and 2 above reasonably portray the levels of applicant's earnings under present and proposed fares. We hereby adopt said estimates as reasonable for the purposes of this proceeding. Irrespective of the costs of Catalina Island Sightseeing Lines, it is evident that applicant is incurring losses under present fares and that even under the proposed fares applicant will continue to experience losses. In the circumstances we find that the increases in fares which are hereinafter authorized have been shown to be justified. In view of the fact that the season of principal travel to and from Santa Catalina Island ends shortly after Labor Day, said fare increases should be authorized by interim order pending consideration of applicant's proposals which involve revisions in its operating authority. The increases should be authorized to become effective on five days' notice to the Commission and to the public, and the order herein will be made effective five days after the date thereof.

The fare increases thus authorized will be limited to applicant's fares for the transportation of individuals or groups between Long Beach and/or Wilmington, on the one hand, and points on Santa Catalina Island, on the other hand. Applicant's present and proposed fares in these respects are set forth in Appendix "A" attached hereto. The remainder of applicant's fare proposals will be considered subsequently.

INTERIM ORDER

Based on the evidence of record and on the findings contained in the preceding opinion,

IT IS HEREBY ORDERED that Island Boat Service be, and it hereby is, authorized to amend its Local Passenger Tariff No. 1, Cal. P.U.C. No. 1, to establish the fares and related provisions which are designated as "Proposed Fares" in Appendix "A" hereto, which appendix is made a part hereof by this reference. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

IT IS HEREBY FURTHER ORDERED that the authority herein granted be, and it hereby is, made subject to the following conditions:

- a. In addition to the required filing of tariffs, Island Boat Service shall give notice to the public of the fare changes herein authorized by posting in its terminals and in the vessels used in its operations a printed explanation of said fare changes. Such notices shall be posted not later than five days before the effective date of the fare changes and shall remain posted until not less than thirty days after said effective date.
- b. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

This order shall become effective five days after the date hereof.

Dated at San Francisco, California, this 24th day of AUGUST, 1962.

Commissioner George G. Grever, being necessarily absent, did not participate in the disposition of this proceeding.

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

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*[Signature]* President  
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*[Signature]*

Appendix A to Decision No. 64154

Present and Proposed Fares  
Between Wilmington or Long Beach and Points  
on Santa Catalina Island  
(See Notes 1 and 2)

	Present <sup>(a)</sup>		Proposed <sup>(b)</sup>	
	<u>One Way</u>	<u>Round Trip</u>	<u>One Way</u>	<u>Round Trip</u>
<u>Fares, Individual</u>				
Adult .....	\$2.74 <sup>(c)</sup>	\$5.48 <sup>(c)</sup>	\$3.41 <sup>(d)</sup>	\$6.82 <sup>(d)</sup>
Child <sup>(e)</sup> .....	1.26	2.52	1.71 <sup>(f)</sup>	3.41
Commute .....	1.25 <sup>(g)</sup>	2.50 <sup>(g)</sup>	1.50 <sup>(g)</sup>	3.00 <sup>(g)</sup>
<u>Fares, Group</u>				
50 or more persons, per person .....	-	3.91	-	-
20 or more, but less than 40 persons, per person .....	-	-	-	5.45 <sup>(h)</sup>
40 or more persons ...	-	-	-	5.00 <sup>(h)</sup>

NOTE 1. Points on Santa Catalina Island means (a) under present fares all points and places on the coast of Santa Catalina Island, and (b) under proposed fares Avalon, Gallagher's Beach, Toyon Bay, White's Landing, Camp Fox, Empire Landing, Isthmus Cove, and Emerald Bay.

NOTE 2. Service to or from points on Santa Catalina Island subject to a minimum (a) under present fares of 10 one-way adult fares, and (b) under proposed fares of 20 round trip adult fares.

- (a) Fares do not include federal transportation tax or any wharfage or landing fee or fees.
- (b) Fares do not include federal transportation tax but include wharfage or landing fee or fees.
- (c) Service between Long Beach and Avalon subject to a minimum of 10 one-way adult fares per trip.
- (d) Service between Long Beach and Avalon subject to a minimum of 20 round trip adult fares.
- (e) Children's fares apply for children 5 years and over but under 12 years of age. Children under 5 years of age are carried without charge when accompanied by parent or guardian.
- (f) Proposed as \$1.73. Adjusted to \$1.71 to conform to tariff rule governing children's fares.
- (g) Based on purchase of 10-ride book of tickets for \$12.50.
- (h) Group fares apply only on regularly scheduled trips.

End of Appendix A