

Decision No. 65062**ORIGINAL**

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

(Second Amendment to Amended Application Filed November 14, 1962)

O P I N I O N

Island Boat Service is engaged in the business of transporting persons and their baggage, as a common carrier by vessel, (a) between Wilmington and Long Beach on the one hand, and points on Santa Catalina Island on the other hand, and (b) between points on Santa Catalina Island. By this application it seeks authority to increase its fares between Wilmington and Long Beach and Santa Catalina Island on one day's notice to the Commission and to the public.

Applicant's present fares for transportation to or from Santa Catalina Island and the fares which applicant seeks to establish are as follows:

	<u>Present Fares</u>	<u>Proposed Fares</u>
<u>Fares, Individual</u>		
<u>Adult</u>		
One way	\$3.41	\$3.75
Round trip	6.82	7.50
<u>Child</u>		
One way	1.71	1.90
Round trip	3.41	3.75
Commute, per ride	1.50 (a)	1.65 (a)
<u>Round Trip Fares, Group</u>		
20 persons or more but less than		
40 persons, per person	5.45	6.00
40 persons or more, per person	5.00	5.50

(a) Based on purchase of 10-ride book of tickets.

Applicant's present fares were established pursuant to authority granted by Decision No. 64154 dated August 24, 1962. Said fares did not include the then applicable federal transportation tax of 10 percent. This tax no longer applies. The fare increases which applicant now seeks are the equivalent of the former tax.

Applicant alleges that its present fares do not, and have not since they were established, returned sufficient revenues to cover the costs of the services performed thereunder. It points out that when the present fares were authorized by Decision No. 64154 the decision recognized that the fares would not meet applicant's operating costs. In this regard the decision states with respect to the present and proposed fares then under consideration that "it is evident that applicant is incurring losses under present fares and that even under the proposed fares applicant will continue to experience losses." Applicant asserts that the continued drain of the losses is so severe that its ability to continue to discharge its common carrier duties to the public is endangered.

According to estimates which applicant submitted in support of its proposals, the establishment of the sought fares would only enable applicant to meet its operating costs. Applicant still would not be able to realize any profit from its operations. Applicant's estimates of operating results for the year 1963 if present fares are continued in effect and if the proposed fares are established are summarized in the following table:

Table No. 1
 Estimated Financial Results of Operations
 Under Present and Proposed Fares
 for Year 1963

<u>Revenues</u>	<u>Under Present Fares</u>	<u>Under Proposed Fares</u>
Passenger	\$ 127,500	\$ 140,250
Other	30,900	30,900
Total revenues	\$ 158,400	\$ 171,150
 <u>Expenses</u>		
Transportation	24,400	97,150
Terminal	17,100	17,100
Traffic	16,700	16,700
Administrative	24,000	24,000
Depreciation	3,600	3,600
Insurance	10,800	10,800
Taxes	1,800	1,800
Total expenses	\$ 158,400	\$ 171,150
 Net Income	 -0-	 -0-

As the foregoing table shows, applicant anticipates that the sought fares, if assessed throughout the year 1963, would return revenues of \$12,750 over those that would be earned under present fares. On the other hand applicant predicts an increase in its expenses by a like amount. This increase in expenses would result under the terms of a lease under which applicant rents the vessels used in its operation from an affiliated company, Catalina Island Sightseeing Lines. Under this lease certain of the costs applicable to the operation of the vessels are borne by Catalina Island Sightseeing Lines. These costs include depreciation, insurance, taxes and part of the repair and maintenance costs. On the other hand the rental which Catalina Island Sightseeing Lines receives from the lease of the vessels to applicant is the equivalent of the net operating income of applicant (before allowance for the rental)

subject to a limitation that the rental shall not exceed the total of the aforesaid costs which are borne by Catalina Island Sightseeing Lines plus an amount equal to six percent of the depreciated cost of the vessels. In the following table are shown estimates which applicant submitted of the financial return to Catalina Island Sightseeing Lines under the lease:

Table No. 2
Estimated Financial Operating Results of Catalina
Island Sightseeing Lines from Lease of Vessels to
Island Boat Service During Year 1963.

	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues		
Landing fees	\$ 9,800 (a)	\$ 9,800 (b)
Charter rents	15,200	27,950
Total revenues	<u>\$25,000</u>	<u>\$37,750</u>
Expenses		
Repairs	24,800	24,800
Miscellaneous	1,200	1,200
Depreciation	24,000	24,000
Insurance	4,200	4,800
Taxes	3,600	3,600
Total expenses	<u>\$58,400</u>	<u>\$58,400</u>
Loss	\$33,400	\$20,650

(a) Vessel rental from Island Boat Service under present fares.

(b) Vessel rental from Island Boat Service under proposed fares.

Notices to the public regarding the proposed fare increases were posted in applicant's vessels and terminals. No protests against authorization and establishment of the sought fares have been received. In the circumstances public hearing on this matter is not necessary.

Applicant's showing in this matter indicates that the revenues which applicant expects to earn during 1963 will not be sufficient, either under present fares or under the proposed fares,

to return the costs of the services which applicant would provide under said fares and that the establishment of the proposed fares would serve to bring the operations more nearly to a self-sustaining basis. We find that the increases in fares which applicant seeks are justified. They will be authorized. In connection with the applicant's request that it be permitted to make the increased fares effective as soon as possible, authority will be granted to establish said fares on five days' notice to the Commission and to the public. Also, the order herein will be made effective ten days after the date hereof.

O R D E R

IT IS ORDERED that:

1. 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 increased fares which are set forth 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.
2. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.
3. 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 notice 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.

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

Dated at San Francisco, California, this 12th day of March, 1963.

George H. Hoover
President
John S. Mitchell
Wesley B. Page
Frederick B. Holloff
William W. Burnett
Commissioners

Appendix "A" to Decision No. 65062

Authorized Fares
Between Wilmington and Long Beach,
on the one hand, and Points on
Santa Catalina Island.
(See Notes 1 and 2)

	<u>One Way</u>	<u>Round Trip</u>
<u>Fares, Individual</u>		
Adult	\$3.75	\$7.50
Child	1.90	3.75
Commute	1.65(a)	-
<u>Fares, Group</u>		
20 persons or more, but less than 40 persons, per person		6.00
40 or more persons, per person		5.50

NOTE 1. Points on Santa Catalina Island means Avalon, Gallagher's Beach, Toyon Bay, White's Landing, Camp Fox, Empire Landing, Isthmus Cove, and Emerald Bay.

NOTE 2. Fares include wharfage or landing fee or fees.

(a) Based on purchase of 10-ride book of tickets for \$16.50.

(End of Appendix)