



1. Between the Navy Landing in the City of Long Beach, on the one hand, and the City of Avalon on Santa Catalina Island, on the other hand on a daily scheduled basis between June 15 and September 15 of each year and on an on-call basis during other times of the year.
2. Between the City of Avalon, on the one hand, and points and places on Santa Catalina Island northward from Avalon to and including Emerald Bay on a daily scheduled basis between June 15 and Labor Day of each year and on an on-call basis during other times of the year.

By its Application No. 46623, as amended, Avalon Navigation Company seeks authority to operate between Wilmington and Avalon instead of between Long Beach and Avalon. By its petition for modification in Application No. 44411 the company seeks to defer commencement of service from Long Beach until after decision on its Application No. 46623.

Public hearings on the matters involved were held before Examiner Abernathy at Los Angeles on June 17 and 18, 1964. Evidence was presented by applicant, by M.G.R.S., Inc., by Catalina Motor Cruisers, Inc., and by the City of Avalon.<sup>1</sup> The Department of Public Utilities of the City of Los Angeles entered a statement in support of the applications.

In general, applicant alleges as basis for the sought change in its operations from Long Beach to Wilmington that it cannot operate profitably from Long Beach, that the relocation of

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<sup>1</sup> M.G.R.S., Inc., and Catalina Motor Cruisers, Inc., provide common carrier service by vessel between Wilmington and Avalon. M.G.R.S., Inc., operates the S.S. CATALINA, and Catalina operates four cruisers, the DESCANSO, the CABRILLO, the JERICHO, and the SPORTSMAN.

its operations to Wilmington is the only means by which it can realize sufficient traffic to sustain its services, and that in the event the sought authority is not granted it will have to cease operations altogether.

The evidence which was presented by applicant, by M.G.R.S, Inc., and by Catalina Motor Cruisers, Inc., respectively, is to the following effect:

- a. That applicant's revenues, expenses, and net operating results for 1963 were as follows:

Revenue	\$104,115
Expenses	<u>152,731</u>
Loss .....	48,616

- b. That in the past three years of operations from Long Beach applicant has lost more than \$190,000;
- c. That insufficient patronage of applicant's services is a principal cause of the losses:
  - (1) That the capacity of the MAGIC ISLE is 344 passengers,
  - (2) That for 1963 applicant's average load factor per trip was 28 percent, inclusive of groups from points other than Long Beach, and 20 percent exclusive of said groups;
- d. That in seeking to relocate its service to Wilmington, applicant's objective is to establish a service which is coordinated with, and supplementary to, service provided by M.G.R.S, Inc., in the operation of the S.S. CATALINA between Wilmington and Avalon;
- e. That by the establishment of said coordinated service, applicant would accommodate overflow traffic from the S.S. CATALINA;
- f. That during July, August and part of September of each year, travel to and from Avalon is at its peak;
- g. That during the peak period, the public's demand for service exceeds the capacity of the S.S. CATALINA (1966 passengers);

- h. That by handling overflow traffic from the S.S. CATALINA plus group traffic which would follow it from Long Beach, and by limiting its services to the period of peak travel, applicant expects to realize a substantial increase in its average load factor per trip;
- i. That applicant expects to realize substantial operating economies as a result of joint use of terminal facilities with M.G.R.S, Inc.;
- j. That with the increased traffic and reduced expenses, applicant expects to be able to meet its operating costs and to earn some profit;<sup>2</sup>
- k. That M.G.R.S, Inc., expects to be benefited by the supplementary services that applicant would provide, in that
  - (1) It anticipates that it will be able to gear its own passenger solicitation efforts more nearly to the capacity of the S.S. CATALINA, and thereby to increase its own average load factor, and
  - (2) It anticipates that the additional services of applicant will lessen a loss of good will it suffers when, because of the load limitations of the S.S. CATALINA it is unable to accommodate prospective passengers;
- l. That Catalina Motor Cruisers, Inc., (Cruisers) does not anticipate that the establishment of the proposed service will be detrimental to its own operations;
- m. That the services of Cruisers during the spring and summer months, when the S.S. CATALINA is in operation, have been provided in part as supplementary services to those by the S.S. CATALINA;

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<sup>2</sup> Applicant expects also to be able to augment its earnings by so-called "charter" service -- the transportation of groups in on-call service. Applicant indicated an intention to seek authority for said service by a subsequent application.

- n. That the overflow traffic from the S.S. CATALINA during peak periods exceeds the capacity of Cruisers;
- o. That the establishment of applicant's service at Wilmington may result in some reduction in need for the services of Cruisers from that point;
- p. That to offset such reduction Cruisers is undertaking to establish a daily scheduled service between Long Beach and Avalon to replace that which applicant would abandon under its proposals in these matters;<sup>3</sup>
- q. That in net result Cruisers expects to enjoy more traffic and to attain greater and more efficient utilization of its vessels than it does at present.

The evidence which was presented on behalf of the City of Avalon was submitted by a member of the City Council who stressed the City's dependence upon the maintenance of adequate public transportation facilities to and from the mainland. He expressed the view that the relocation of applicant's services to Wilmington would be advantageous. However, he indicated concern about curtailment of service from and to Long Beach. Counsel for the City of Avalon urged that, if necessary, the Commission take steps on its own motion to preserve necessary transportation between Avalon and Long Beach.

Upon consideration of the evidence we find that:

- a. Public convenience and necessity no longer require the operation of the vessel, the MAGIC ISLE between Long Beach and Avalon.

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<sup>3</sup> Catalina Motor Cruisers, Inc., holds operative authority for nonscheduled service between Long Beach and Avalon subject to a minimum of 20 round-trip fares per trip.

- b. Public convenience and necessity require the operation of the vessel, the MAGIC ISLE (or some other vessel at least equal thereto) for the transportation of persons and their baggage between Wilmington (City of Los Angeles) and the City of Avalon, Santa Catalina Island, during the period from about July 1 through Labor Day of each year.

As indicated earlier in this opinion, the operative authority which applicant holds permits service to and from points along Santa Catalina Island in addition to the City of Avalon. The evidence shows that applicant has not served said other points since prior to 1963. Assertedly, service to said points is not feasible with a vessel as large as the MAGIC ISLE. Applicant's manager stated that applicant's rights to serve said points may be deemed to be abandoned. In the circumstances said rights will be cancelled. Official notice is taken of the fact that Island Boat Service, another common carrier by vessel, is authorized to operate between points along Santa Catalina Island, and that Catalina Motor Cruisers, Inc., is authorized to provide nonscheduled, restricted service and nonscheduled service at hourly rates between Long Beach and Wilmington, on the one hand, and points along Santa Catalina Island, on the other hand. Hence, the cancellation of applicant's operative authority to serve points on Santa Catalina Island other than Avalon does not leave said points without service.

In view of our findings herein, and the Order which follows, applicant will be granted authority to defer the commencement of service from Long Beach this season pending the establishment of service from Wilmington.

Avalon Navigation Company is hereby placed on notice that the operative rights which are granted hereinafter do not, as such, constitute a class of property which may be capitalized or

used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspects such rights extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity be, and it hereby is, granted to Avalon Navigation Company, a corporation, authorizing it to operate as a common carrier by vessel, as defined in Sections 211(b) and 238 of the Public Utilities Code, between the points and subject to the conditions set forth in Appendix C attached hereto and by this reference made a part hereof.

2. In providing service pursuant to the certificate herein granted, applicant 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. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its operations and to comply with and observe the insurance requirements of the Commission's General Order No. 111-A. Failure to file such reports, in such form and at such time as the Commission may direct or to comply with and observe the provisions of General Order No. 111-A, may result in a cancellation of the operating authority granted by this decision.

- b. Within one hundred twenty days after the effective date hereof, applicant shall establish the service herein authorized and file tariffs and timetables, in triplicate, in the Commission's office.
- c. The tariff and timetable filings shall be made effective not earlier than two days after the effective date of this order on not less than two days' notice to the Commission and to the public, and the effective date of the tariff and timetable filings shall be concurrent with the establishment of the service herein authorized.
- d. The tariff and timetable filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs and timetables set forth in the Commission's General Orders Nos. 87 and 117.

3. Appendix C attached to Decision No. 62338, as heretofore amended, is further amended by incorporating Second Revised Page 1, attached hereto, in revision of First Revised Page 1.

4. Pending applicant's establishment of service between Wilmington and Avalon pursuant to the provisions of this order, applicant's authority to provide service between Long Beach and Avalon is suspended.

5. Until otherwise authorized by further order of the Commission, applicant shall assess, charge and collect fares, rates and charges for its service between Wilmington and Avalon which are the same as those which it now maintains in its Local Passenger Tariff





Avalon Navigation Company, a corporation, by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to transport persons and their baggage, using the motor vessel MAGIC ISLE or some other vessel at least equal thereto, between Wilmington (City of Los Angeles), on the one hand, and the City of Avalon, Santa Catalina Island, on the other hand, subject to the following conditions:

1. Service shall be operated on a daily, scheduled basis only and shall be operated during the period from July 1 through Labor Day of each year. However, when in the opinion of the management of Avalon Navigation Company, public convenience and necessity require the operation of daily service sooner than July 1, or later than Labor Day, or both, said service may be initiated not sooner than one week before July 1 and/or continued to not later than one week after Labor Day of each year upon 10 days advance notice to the Commission and to the public.
2. In providing service under this certificate, Avalon Navigation Company shall not permit the vessel used in said service to depart from its Wilmington terminal for Avalon sooner than one-half hour after the first departure of the morning of the S.S. CATALINA from said steamer's Wilmington terminal for Avalon; neither shall Avalon Navigation Company permit its vessel to depart from its Avalon Terminal for Wilmington sooner than one-half hour after the first departure of the afternoon of the S.S. CATALINA from said steamer's Avalon terminal for Wilmington.

Issued by California Public Utilities Commission.

Decision No. 67467, Application No. 46623.