

ORIGINAL

Decision No. 78328

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of G. T. AVALON, INC.  
for a Certificate of Public  
Convenience and Necessity to con-  
duct operations as a common carrier  
by vessel between Los Angeles Harbor  
and Avalon, Santa Catalina Island.

Application No. 51985  
(Filed June 23, 1970  
Amendment  
Filed June 26, 1970)\*  
2nd Amendment  
(Filed July 30, 1970)

Knapp, Gill, Hibbert & Stevens, by Karl K. Roos,  
Attorney at Law, for applicant.  
Vaughan, Paul & Lyons, by John G. Lyons, Attorney  
at Law, for Harbor Carriers, Inc.; James H.  
Lyons, Attorney at Law, for M.G.R.S., Inc.,  
Catalina Motor Cruisers, Inc., Catalina  
Terminals, Inc.; Rudolph V. Alosio, Attorney  
at Law, for Pacific Hydrofoil Lines, Inc.;  
Bodle, Fogel, Julber & Reinhardt, by Stephen  
Reinhardt, Attorney at Law, for Marine Firemen,  
Oilers, Watertenders and Wipers, AFL-CIO, Sailors  
Union of the Pacific, SIUMA, AFL-CIO; George E.  
Shibley, Attorney at Law, and James P. Francis,  
Attorney at Law, for District No. 1, Pacific  
Coast District, Marine Engineers' Beneficial  
Association, protestants.  
Joe Valensi, Jr., for International Organization of  
Masters, Mates & Pilots; Louis Possner, for the  
City of Long Beach; Maynard W. Asper, Attorney  
at Law, Nowland Hong, Attorney at Law, and  
Walter C. Foster, Attorney at Law, for the City  
of Los Angeles; R. W. Russell, Chief Engineer  
and General Manager, Department of Public Utilities  
and Transportation, by K. D. Walpert, for the City  
of Los Angeles; Dan Terry, for the "Now" sound of  
Dan Terry's Big Band; Captain Frank Seehorn,  
Attorney at Law, Harvey Cowell, Mayor of the City  
of Avalon, Herbert A. Wegmann, Jack Osteen,  
Rudolph E. Piltch, Norman Perluss and Joe Daniels,  
for the City of Avalon, interested parties.  
William H. Well, Charles T. Fritter and Edward C.  
Crawford, for the Commission staff.

\*The original application inadvertently described applicant as  
a "water corporation". The only change reflected by the  
June 26th amendment was to show that applicant seeks authority  
as "a common carrier by vessel" as stated in the caption herein.

O P I N I O N

After due notice, public hearings on the application were held before Examiner Rogers in Avalon and Los Angeles, commencing on July 21 and ending on October 14, 1970. On the last day of hearing all parties were given until 30 days after the filing with the Commission of the last volume of the transcript in which to file concurrent briefs. The last volume of the transcript was filed on November 9, 1970, and each party was notified by letter dated November 10, 1970, that he had to and including December 9, 1970, in which to file briefs. On the latter date the matter was submitted. The briefs filed have been considered.

Applicant is a California corporation.<sup>1/</sup> It is authorized by its articles of incorporation to operate vehicles for the transportation of passengers.

Applicant's officers are E. M. Dillhoefer, president and director; Tim Mazur, vice president and director, and Martha Taylor, secretary-treasurer and director. One hundred shares of common capital stock having a stated par value of \$100 each have been issued. Each of the following persons owns 20 shares: Mitchell B. Howe, Robert B. Sprague, E. M. Dillhoefer, Hugh V. Hunter and Thomas H. Smith.

Applicant proposes to operate a daily scheduled common carrier service by vessel between San Pedro and Avalon, rendering a minimum of one round trip per day in the summer months and operating five days per week the balance of the year. It also proposes to

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<sup>1/</sup> The original name of the corporation was Hillcrest Enterprises, Inc.

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render nonscheduled extra service to meet special conditions, when, as, and if needed. This nonscheduled service would be provided for 200 or more advance reservation passengers. Its proposed schedule is as follows:

Leave San Pedro	Arrive Avalon	Leave Avalon	Arrive San Pedro
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(Approximately May 1 through October 31)

Daily Except Sunday

11:45 AM	1:00 PM	5:45 PM	7:00 PM
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Friday, Saturday

7:30 PM	8:45 PM	Midnight	1:15 AM
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Sunday Only

11:45 AM	1:00 PM	3:30 PM	4:45 PM
5:00 PM	6:15 PM	6:45 PM	8:00 PM

(Approximately November 1 through April 30)

Wednesday through Sunday

9:45 AM	11:00 AM	3:45 PM	5:00 PM
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Applicant's proposed fares are as follows:

	<u>Round Trip</u>			<u>One Way</u>		
	<u>Fare</u>	<u>Head Tax</u>	<u>Total</u>	<u>Fare</u>	<u>Head Tax</u>	<u>Total</u>
Full Fare	\$9.00	\$.50	\$9.50	\$4.50	\$.25	\$4.75
Half Fare (5-11 yrs.)	4.50	.50	5.00	2.25	.25	2.50
Child (Under 4 yrs.)	-	.50	.50	-	.25	.25
Commuter (10 rides)	-	-	-	2.75	.25	3.00
Group (Minimum of 25)	7.00	.50	7.50	-	-	-

Applicant will use the G. T. (for gas turbine) Avalon for the service. The ship is owned by Holiday Services, Inc., a California corporation. Exhibit No. 2 is a photograph of the ship, the hull of which is constructed entirely of aluminum and is 160 feet long with a beam of 27 feet. Its registered tonnage is 94 gross tons. It has two passenger decks and a promenade deck around the outside of the upper deck, and seats 500 passengers in individual, upholstered seats, most of them having armrests on each side. The interior is carpeted throughout and contains a cocktail lounge, snack bar, and dance floor. It is powered by four General Electric gas turbine engines, mounted in pairs. Each pair drives one propeller through a vertical strut drive. It has four electronic operated stabilizers and is capable of a speed of 23 knots. The applicant expects that with some increase in the blade area of the propellers, the G. T. Avalon will achieve its design capacity of 25 knots with a full load of passengers.

The engine room is entirely automated and controlled from the pilot house. The ship is equipped with automatic shut-down controls to shut the engines off if they exceed the designed speed. It has an automatic fire detection system, automatic bilge pumps and sewage holding tanks. It is equipped with ballast tanks for correcting the trim in compensating for change in passenger loads. It has 10 restrooms.

The G. T. Avalon is capable of crossing the channel between the Los Angeles Lighthouse and Avalon Harbor in approximately one hour, and applicant estimates that it will take approximately 10 to 12 minutes for it to travel between Berth 55 (its assigned berth) and the Los Angeles Lighthouse.

Exhibit No. 27, a map of a portion of Los Angeles Harbor, shows the location of Berth 55 and the associated area assigned by the Los Angeles Board of Harbor Commissioners to the G. T. Avalon. The assigned area includes adjacent office space and waiting room area and a parking area just south of 22nd Street and west of Minor Street. The office and waiting room comprise approximately 64,000 square feet. The parking area, which contains approximately 120,000 square feet, is paved, fenced and lighted and will be large enough to hold approximately 400 automobiles. Public toilet facilities are available in the immediate vicinity.

On the Santa Catalina Island side of the channel, the City of Avalon (hereinafter City), in connection with its harbor development program, has built a breakwater or jetty on the eastside of Avalon Bay. A pier has been constructed on the oceanside of the jetty and floats have been installed on the inboard side of the jetty.

The City has constructed these floats on the inside of the jetty primarily for the purpose of meeting the requirements of the ship. The City will provide docking space for the ship if the Commission grants the applicant's request.

Applicant's balance sheet as of June 30, 1970 (per books and pro forma) is as follows:

## G. T. AVALON, INC.

BALANCE SHEET AS OF JUNE 30, 1970Assets

	<u>Per Book</u>	<u>Pro-Forma</u>	<u>Giving Effect</u>
Cash in Bank	\$ 1,516.18		\$201,516.18
Reserve (shareholders)		\$200,000.00	
Prepaid Taxes	200.00		200.00
Prepaid Licenses & Permits	79.00		79.00
Organization Expense	300.00		300.00
	<u>\$ 2,095.18</u>		<u>\$202,095.18</u>

Liabilities

Accounts Payable	\$ 4,301.48		\$ 4,301.48
Payroll Taxes Payable	935.27		935.27
Loans Payable	7,900.00		7,900.00
Shareholders Advances		\$200,000.00	
Paid in Surplus	916.60		
Capital Stock	10,000.00		
Loss to 6/30/70			
	(21,958.17)	(11,041.57)	(11,041.57)
	<u>\$ 2,095.18</u>		<u>\$202,095.18</u>

The \$200,000 entry is the total sum which Mr. Dillhoefer and Mr. Howe have committed themselves to advance to the applicant in cash if, as and when needed. In the event it becomes necessary for the shareholders to advance such sums of money to the applicant,

they will subordinate said advances to all other debts and liabilities of the applicant. In the event that applicant's projected revenues for its first year of operation do not materialize and the \$200,000 commitment is insufficient to sustain operations, the shareholders of applicant and partners of Holiday Service (the owners of the ship) are prepared to advance all sums that are necessary to the corporation.

The applicant's pro forma operating statement for the period January 1, 1970 through December 31, 1971 (Exhibit No. 14), shows a net profit of \$54,000 for the first twelve months of operation. This projection assumes a minimum of 87 round-trips between January 1, 1971 through April 30, 1971, carrying an average of 175 passengers per trip or at 35 percent of capacity. It further assumes a total of 267 round-trips between May 1, 1971 through October 31, 1971, carrying an average of 300 passengers per trip or at 60 percent of capacity and a minimum of 43 round-trips between November 1, 1971 through December 31, 1971, inclusive, carrying an average of 150 passengers per trip or at 30 percent of capacity. Applicant expects to generate approximately \$60,000 in additional pre-tax net revenue for the twelve-month period by offering short sea cruises or loop tours to the public. At the time of the hearings applicant claimed that the public response to these short sea cruises or loop tours had more than paid for the cost.

It should be pointed out that the estimate was presented by applicant's president, a man who had not been active in transportation for a quarter of a century and had no experience in cross-channel operations.

Public Witnesses

The applicant presented 16 witnesses in support of its application. Brief resumes of such witnesses' testimony are below.

1. The president of the Avalon Chamber of Commerce testified that the Chamber passed a resolution supporting the application.

This resolution provided, among other things:

"We have been looking forward to new and improved types of transportation for cross-channel service to Avalon. This new, 500-passenger vessel, is the first of what we hope will be many improvements in this area.

"One of the present objectives of the Chamber is to extend the 'season' by stimulating pre and post season group activity. We have engaged the services of a 'mainland' representative and progress is being made in the fulfillment of this particular need.

"If we are successful in our efforts, and we certainly hope to be, vessels with greater passenger capacity than those now in winter service will be needed."

The witness further stated that he had tentative commitments for the maintenance of Catalina businesses, for example, the hotels after the steamer stopped running; that most restaurants remain open on week ends during the winter months; that some convention activities are held in the Casino ballroom during the winter months; and that there is a catering service available for meals. He said that more passenger transportation is needed during the winter months. He was familiar with the new service of Harbor Carriers out of Long Beach, but, in his opinion, the winter transportation was still not adequate.

2. The owner of the Catalina Island Visitors Bureau, Inc. testified that the bureau was formed three years ago to bring people to Catalina; that the Steamship Catalina has a limited season; that the Catalina Art Association has a festival late in September; that the Eastern Star will have a convention in April 1971 which will be attended by approximately 400 - 600 people; that in January 1971 there will be a University of California at Irvine Physicists' convention which will be attended by several hundred people; that in October Bon-Vivants will have a convention attended by 150 to 200 people; and that the main reason for the visitors bureau is to bring people to Catalina in the off season.

This witness further testified that she is aware that Avalon does not have adequate housing for big conventions, but her feeling is that if the application is granted the City will be able to bring people and expand the services. She presented a resolution supporting the year round services by the G. T. Avalon because, in her opinion, the year round services will boost Avalon's off season economy.

3. The owner of a clothing store in Avalon testified that he feels that the ship would be a tremendous improvement in transportation to the Island; that his shop is open all year round; that some shops close the first of October and start opening in March or April.

This witness admitted that in 1969 he opposed the application of Harbor Carriers, Inc. to provide service between Long Beach and Avalon.

4. Exhibit No. 1 is a petition signed by over 1,000 residents of Avalon. One of the petition circulators testified that the people were advised that the petition was for year round service by the G. T. Avalon between Los Angeles and Avalon.

5. The Mayor of Avalon testified that the City favors the application; that there are docking facilities available; that the City is developing the harbor at Avalon and that the development included consideration of the G. T. Avalon as a safer, more modern type of transportation between the mainland and Avalon; that the use of the ship is essential to the success of Avalon development; and that he feels there is a place for the G. T. Avalon, the Steamship Catalina and the small cruisers now serving the Island. He said that at present, the big white steamer has the effect of opening and closing the Avalon season. Included in his testimony is his statement:

" . . . I think that the type of transportation that the G. T. Avalon affords is one that will give us an opportunity to have a 500-passenger boat when the 2,000-passenger boat goes off the run. There will be some continuity."

He further stated that the only salvation for the Island is to increase off season business. He believes that if there is additional transportation, new housing and development will follow, and that the steamer is important to the economy of Avalon. He admitted that many attractions have disappeared from Avalon in the last 10 years, including the Bird Farm and the diving bell. He said there are fewer rooms available on Avalon than there were 20 years ago, and there is no land outside the City available for purchase.

On several occasions he stated that the City had no desire to eliminate the Steamship Catalina.

6. The leader of the Casino band stated that, in his opinion, lack of transportation in the evenings hampered his business; that he had planned a series of moonlight cruises between the mainland and Avalon with a stop at Avalon to enable passengers to dance at the Casino and dine; that he could find no ship offering adequate service at night; that the ballroom has not been financially successful due to lack of night-time cruises; that the steamship has operated moonlight cruises; that these cruises can be arranged by the guarantee of \$9,200 to M.G.R.S., Inc.; that this is too much; that there are many organizations in southern California which would like to have an evening cruise between Catalina and the mainland; and that he needs groups of 400 to 415 people to make the Casino financially successful.

7. The senior vice president of the Santa Catalina Island Company in charge of leasing and maintaining company properties testified that he feels Avalon's future must be based on getting people to come to Catalina and making their homes there; that in 1962 the Southern California Edison Company took over all of the utilities and operations including the supplying of fresh water; that the present utilities can accomodate three times the present population in Avalon, which he estimated to be between 1,800 and 2,000 people; that in order to develop a balanced economy not solely dependent on seasonal tourism, a fast modern type of transportation that would cater to the frequent traveler is needed; that such transportation would encourage development of summer or resort

homes; that the steamship satisfies the tourist who has never been on the ocean before; and that the G. T. Avalon would appeal to commuters and tourists who have a short time for the trip. He further testified that the G. T. Avalon is a luxurious looking comfortable boat; that it is the type that the Santa Catalina Island Company has been looking for for some time; and that the company has no complaint with the service of Harbor Carriers, Inc. between Long Beach and Avalon. He further testified that 40 percent of the Avalon area (1 mile square) is owned by the company; and that the company owns all of the rest of the Island except for five acres which have been donated to the University of Southern California. The witness further testified that he hopes the ship will be able to develop more trips a day than scheduled; that an Avalon resident should be able to leave in the morning and return the same day; that Catalina Motor Cruisers operates the year round; that he hopes sufficient business will develop to keep the Catalina Motor Cruisers and the G. T. Avalon operating year round; that the forecast is for a population of 12,000 people in Avalon in 15 to 20 years and an additional 6,000 in the remaining portion of the Island; that he has never said that the steamer is not desirable, but that commuter service is needed; and that the size of the G. T. Avalon lends itself to such service.

8. The chairman of the Board of Arthur Meyerhoff Associates, a national advertising agency with headquarters in Chicago and a local office in Avalon, stated that the agency has many large advertisers such as the Reynolds Tobacco Company, Brach Candy Company and William Wrigley Jr. Company; that the agency made a study hoping to promote the City of Avalon; that it has attempted for many years

to extend the season and improve business; that one restriction to business and to keeping Avalon open is that its season opens and closes with the steamer service; that there are two separate products in Avalon in the way of transportation; that the steamer is for the person who wants to come for a leisurely sightseeing trip and is looking for entertainment; that the people who want to get here at the quickest possible moment would be served by the G. T. Avalon; that the certification of the ship would give the City a shot in the arm and help the steamer's business; and that the G. T. Avalon and the Steamship Catalina would not compete with each other but would appeal to the different types of passengers. The witness stated that he had had trouble finding rooms on week ends during the height of the season "but there are many, many rooms that can be sold beyond the season if we can only get the type of story or activity that would tend to bring people over here because I think there is something more that may even compete with the steamer on a so-called off season basis. I think the G. T. Avalon could bring some business over here."

9. A real estate broker, who is also the owner of a sporting goods, television and hardware store, and a member of the city council, testified that daily tourists do not help his business but he would benefit from the general prosperity of the town if there were more people buying during winter months. It was his opinion that the ship would help extend the tourist season. He said that when the steamer is off-run there is very little tourism. He admitted that in the past few years there have been fewer activities in Avalon. He said that the Bird Park and one of the largest hotels, the St. Catherine, are gone.

10. The sales manager for the Convention Bureau of the Los Angeles Chamber of Commerce testified that it is his duty to bring conventions to the City of Los Angeles; that he concentrates on national conventions from all over the country; that these conventions will be attended by between 3,000 to 5,000 persons and some others run as high as 15,000 persons; that they get conventions, such as the International Lions with between 30 and 40,000 persons, and the American Dental Association with 15 to 20,000 persons; that in getting these conventions, the bureau advises the group of the hotel facilities and the added attractions such as Universal Studios, Marineland and Avalon; that there are problems with Avalon in securing adequate transportation; that he rode the G. T. Avalon and in his opinion, its certification would help promote the convention business; that the convention business in Los Angeles is more or less limited to the off season period, which is from the first of October to the first of June or the end of May; that the bureau receives many inquiries concerning Avalon as a week-end, pre-season or post-season convention location for groups coming to Los Angeles; that he has been to Catalina to see the facilities; that there is a meeting space at the Country Club, a Casino with a large ballroom, and there are 300 to 400 hotel rooms available; that 5 to 10 percent of the total persons attending a big convention could be expected to want to go to Catalina; and that he knows there are many requests to visit the Island while the conventions are here.

11. A public relations and advertising counsel testified that with the proper advertising and promotional campaign there was a very good possibility that he would be able to generate new business from people desiring to use the G. T. Avalon.

12. The president of Knickerbocker Tours, Incorporated, testified that his company operates buses for sightseeing; that he is also on the board of directors of the American Sightseeing Association; that if the G. T. Avalon was made available for service between the Los Angeles Harbor and Avalon he did not think it would help his sightseeing tours but it would be another attraction to bring to the attention of tourists; that about five years ago he promoted a tour to Avalon by the Cincinnati Red Rooters; that this same group is expected to come again; that the group felt it spent too much time getting to Avalon and back; that a shorter transit time would probably influence the group to take that trip again; and that he had no knowledge whether the group would actually go to Avalon.

He further testified that he saw no reason why his company could not do business with Harbor Carriers, Inc. (out of Long Beach), for the transportation of a group of 120 people.

13. The president of Studio Transportation testified that his company operates as a charter party carrier; that, due to the speed and beauty of the G. T. Avalon, he thought his company could promote it and thus promote bus transportation for his company; that he did not know the proposed schedule of the ship, nor was he sure what the charge was to be.

14. A real estate broker residing and with offices in Avalon testified that she has noticed a decline in the number of summer residents as the steamer terminates its transportation; that the Catholic Daughters of America planned a convention in Avalon on October 17 and 18, 1970; and that this convention was cancelled as the ladies all wanted to come on one boat and could not get one to accommodate the 400 to 500 people expected at the convention.

15. The Avalon Harbor Master testified that the Catholic Daughters of America convention was cancelled as no single boat was available to take them at one time and that the Catalina Motor Cruisers could not handle all passengers at one time.

16. The owner of the Attic Restaurant in Avalon testified that he caters to the dinner type trade; that he now operates from the first of May to the end of September coinciding with the steamer season, and that he would like to see the season extended.

One witness, a former member of the city council who is an Avalon real estate broker and travel agent, testified that Avalon is a resort catering to tourists; that it is geared to tourists and lives or dies by tourists; that the G. T. Avalon is a beautiful boat; that any new carrier will dilute the business of the present carriers; that if any of those carriers cease functioning, the town is in serious trouble; that the steamer can carry 2,200 people; that until July 15, 1970, the steamer operated at 48 percent of capacity; and that the steamer sustains the town.

#### Labor Unions

During the hearings attempts were made by the representatives of the labor unions to which the personnel of the Steamship Catalina belong, to present evidence in opposition to the granting of the application. These representatives cite:

Catalina steamship line, 52 P.U.C. 80; Pacific Electric Railway Co. 52 P.U.C. 718; Metropolitan Coach Lines 55 P.U.C. 500; Glendale City Lines, Inc. 61 P.U.C. 772; Richmond and San Rafael Ferry and Transportation Co. 52 P.U.C. 420 and Sale v. Railroad

Commission 51 Cal. 2d 612 as authorities in support of the proposition that labor organizations have the legal right to present their views, evidence and opposition to the substitution or abandonment of one transportation company and the operation by another.

We have no quarrel whatsoever with such general proposition although we will not concede that the cited authorities would support such a broad claim.

Here we have neither the substitution of one company for another nor the abandonment of any service. We have an application for a new certificate in which it is incumbent on the applicant to show that public convenience and necessity require the proposed service (Section 1007 Public Utilities Code) and that the applicant will be able to provide the proposed service (Roy J. Peterson Co. 46 CRC 177).

The Examiner refused to permit the unions, as such, to appear in opposition to the application. We affirm this ruling.

Protestants

Opposition to the application was presented by carriers operating between Avalon and the Los Angeles and Long Beach harbors.

Harbor Carriers, Inc.

This company operates as a common carrier of passengers by vessel in scheduled service between Long Beach and Avalon pursuant to authority granted by this Commission's Decision No. 76496, dated December 2, 1969, in Application No. 50710. It is one of several related companies operating vessels for hire. Its main office is in San Francisco.

The carrier's general manager testified that it inaugurated the Long Beach-Avalon service on May 20, 1970; that the service is performed with the Eagle which carries 149 passengers under cover and the Condor which carries 49 passengers under cover; that in the summer months the carrier makes three round trips per day (Exhibit No. 28) and in the winter it makes two round trips per day; and that from May 31, 1970 through August 9, 1970 (the witness appeared at the August 13, 1970 hearing) the company carried a total of 16,318 passengers with a load factor of 22.1 percent of the available seats. The witness further testified that the main reason this company is protesting the application is that applicant has asked for authority to use an alternate vessel for overflow crowds, or during the days the G. T. Avalon is not proposed to be in service. The company wants the carrier restricted to the use of 500 passenger vessels if granted a certificate.

H-10 Water Taxi, Inc.

H-10 Water Taxi, Inc. is one of the senior companies operating between the mainland and Avalon (Decision No. 76436, dated November 18, 1969, in Application No. 51342 consolidates all its authority in one certificate). It has authority to carry passengers between both the Long Beach and the Los Angeles Harbors, on the one hand, and any place on Santa Catalina Island, on the other hand, on an on-call basis. All service is on hourly basis per vessel. It has five 49-passenger vessels of the so-called water taxi type. It also has one vessel with a capacity of 99 persons. It has no objection to

the granting of authority as requested for the G. T. Avalon. It objects to any authority being granted for the use by applicant of any vessel smaller than the 500-passenger G. T. Avalon.

M.G.R.S., Inc.; Catalina Motor  
Cruisers, Inc.; Catalina  
Terminals, Inc.

The three companies named above are members of a group of affiliated corporations, each of which is concerned with the transportation of persons between San Pedro and Avalon.

M.G.R.S., Inc. operates the S. S. Catalina, hereinafter sometimes steamer, which is owned by the Catalina Transportation Company. This latter company also owns the Sportsman which it charters to the Catalina Motor Cruisers. This latter company also operates the Cabrillo which it leases from the Island Boat Service. The Catalina Motor Cruisers also leases a hydrofoil from the Star and Crescent Ferry Company. Channel Concessions operates the concessions, i.e. the snack bar, souvenir stand, fan-tail bar, telescope and photographic concession on the steamer. Catalina Terminals, Inc. operates the parking lot at the San Pedro terminal.

M.G.R.S., Inc. acquired authority to operate the steamer in 1959 and commenced operating it in 1960. On acquisition of the steamer, M.G.R.S. improved it by adding the fan-tail bar which seats 222 people; a ballroom which will accomodate 50 couples, a bandstand for a pianist and three instrument players; a snack bar; a souvenir stand; a pay telescope; and a roving photographer. All of the concessions are operated by the Channel Concessions Corporation. As modified, the steamer can carry approximately 2,200 passengers.

In 1960, the Casino on Catalina was operated six nights a week and the steamer made night trips on Fridays and Saturdays. Big name bands played there. Channel Concessions brought entertainers and entertainment groups, such as the Los Angeles Philharmonic Orchestra with Threepenny Opera, to the Island. It also hired a roving band of troubadors to operate on the streets of Avalon. These things were done in an attempt to extend the season in Avalon. Channel Concessions claims to have lost about \$90,000 doing these things. The number of first class hotel accommodations in Avalon has decreased since 1960.

Exhibit No. 32 is a record of the operations of the S. S. Catalina between the years 1960 when M.G.R.S. commenced its operation, and the end of the 1970 season. The exhibit shows that the number of days of operation has decreased from 185 in 1960 to 122 in 1970. The exhibit also shows that in 1960 the steamer was used for 30 extra trips (night cruises) and that there were only ten such extra trips in 1970. The original service period started the last week in April, 1960, and terminated on the end of October, 1960. The vessel was idle in 1968, and could not start until June, 1969. In 1970, service started in May and terminated the last week in September (See Decision No. 75691, dated May 20, 1969, in Application No. 51065). The exhibit also shows that the average number of passengers per voyage in each direction has remained fairly constant, varying between a low of 987 in 1965 and a high of 1,174 in 1969. During the summer seasons the steamer was very seldom filled to capacity. When it was, the cruisers carried the excess.

The Catalina Motor Cruisers commenced operations in 1964 using smaller vessels to provide transportation to and from Avalon when the steamer is not operating and auxiliary service when the steamer is in operation. Over the past few years its vessels have included the Cabrillo which can carry 110 passengers, the Sportsman which can carry 111 passengers, the hydrofoil, Sea Wing, which can carry 48 passengers, the Descanso which can carry 87 passengers, and the Jericho which can carry 46 passengers. It also had in 1969 a hydrofoil, Victoria.

The Cruisers' transportation equipment, by years, has been as follows:

<u>Year</u>	<u>Vessel</u>	<u>Capacity</u>
1965	Cabrillo	110
	Sportsman	111
	Descanso	86
	Jericho	46
	Magic Isle	344
	Total	697
1966	Same	
1967	Same	
1968	Descanso	Gone
1969	Cabrillo	110
	Sportsman	111
	Hydrofoil-Victoria (July & August)	50
	Total	271
1970	Cabrillo	110
	Sportsman	111
	Hydrofoil-Sea Wing	48
	Total	269

The fares for the Sea Wing were \$6.25 each way full fare and \$3.75 each way half fare. These were not group or commuter rates. The scheduled time, dock to dock, was 55 minutes.

The steamer fares are \$9.50 round trip for adults on weekends (1/2 fares for children) and \$8.50 round trip on weekdays. The cruiser fares are \$8.50 round trip for adults (1/2 fare for children). Both the cruisers and the steamer have commutation rates (10 rides), however, the steamer's cost \$30 and the cruisers' cost \$22. These rates were established in 1969. Since the differential was established no commutation tickets have been sold to steamship passengers.

Exhibit No. 33 herein shows the following:

DAILY AVERAGE ROUND TRIP PAID PASSENGERS OF CATALINA  
MOTOR CRUISERS

<u>Year</u>	<u>Jan-Apr</u>	<u>May-Oct</u>	<u>Nov-Dec</u>
1965	86	42	34
1966	101	72	53
1967	83	84	57
1968	101	253*	45
1969	<u>65</u>	<u>124</u>	<u>47</u>
5-Year Average	87	115	41

\*The steamer did not operate in 1968.

Insofar as ability to carry all persons desiring to go to and from Avalon in the summer, M.G.R.S., Inc., and Catalina Motor Cruisers, Inc., presented Exhibit No. 42 which shows that during the year 1967<sup>2/</sup> the steamer operated 330 one-way trips; that it was filled

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<sup>2/</sup> 1967 was taken as typical as the steamer did not operate in 1968 and in 1969 the season was short. 1970 was incomplete at the time of the hearings.

to capacity on only 23 trips; and that the over-all load factor was 53 percent. During this period the Catalina Motor Cruisers had backup boats to handle the overload.

Discussion

Applicant's operations manager was in charge of operations of the protestant, Catalina Motor Cruisers, Inc. for several years. During said period he acquired experience and background sufficient to enable him to render the proposed service. It also appears that the applicant would have the financial ability to operate the G. T. Avalon for a reasonable period even though the service were operated at a loss.

The majority of businessmen and residents of Avalon desire that the G. T. Avalon be authorized to operate as a common carrier of passengers by vessel between San Pedro and Avalon. There is dock space available in Avalon for the ship, and the Company has adequate facilities in the Los Angeles harbor.

The number of persons visiting Catalina has remained fairly constant for several years. The applicant has promised an active course of promotion if it is given a certificate. We feel that the people of Avalon should be given the opportunity to test the results of having the new form of transportation between San Pedro and Avalon.

We will grant the G. T. Avalon a certificate for the year 1971 only, conditioned upon the applicant inaugurating schedules which do not conflict with the schedules of the S. S. Catalina in that during the steamer season the first trip of the G. T. Avalon shall not leave San Pedro for at least one hour after the steamer leaves San Pedro and in the afternoon no trip by the G. T. Avalon

shall leave Avalon during the period from one hour before the steamer's scheduled sailing to one hour after the steamer leaves Avalon. In addition, there should be no commuter tickets sold for the G. T. Avalon. No alternate vessel shall be used at any time.

In addition, the applicant should be required to carry on an active program of promotion. It shall keep the Commission advised of its promotion efforts.

Findings

The Commission finds that:

1. Applicant proposes to provide service as a common carrier by vessel for compensation between San Pedro (Los Angeles) and the harbor in Avalon, both in Los Angeles County, California.
2. Applicant has the experience, personnel and finances with which to inaugurate and maintain for a reasonable time, the proposed service using the G. T. Avalon as its passenger carrying vessel.
3. Applicant has made firm arrangements for docking space and adequate passenger facilities at both San Pedro and Avalon, and it has made arrangements for adequate automobile parking space in San Pedro.
4. Applicant proposes to operate all year with slightly curtailed schedules in the winter if it is granted the requested authority.
5. The City of Avalon, travel agents, residents and business people in Avalon, and the owner of the Island, desire that the application be granted.

6. In 1969 during the summer months, 281,348 persons used the then existing Commission certificated carriers between San Pedro and Avalon. In 1970, a new Commission certificated carrier was added between Long Beach and Avalon and the total number of visitors carried by the three carriers dropped to 275,083 during the summer months.

7. The carriers did not operate at capacity during the years 1969 and 1970, and have adequate facilities to carry all persons desiring to travel to or from Avalon.

8. It is possible that with promotion, additional traffic between San Pedro and Avalon can be developed. The applicant claims to have a type of transportation which will appeal to a separate class of traveler. We hope the applicants expectations may be realized. We will give the applicant one season in which to demonstrate that it can develop new traffic. If its expectations are not realized, we will be forced to cancel the authority.

9. Public convenience and necessity require that applicant be granted the requested authority subject to the conditions set forth in the order herein. There is no need for commuter tickets and the requested authority therefor should be denied.

We conclude that the application should be granted.

G. T. Avalon, Inc. is hereby placed on notice that operative rights, as such, do not 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 aspect, 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 is granted to G. T. Avalon, Inc., a corporation, authorizing it to operate as a common carrier by vessel, as defined in Section 211(b) and 238 of the Public Utilities Code, between the points and over the routes particularly set forth in Appendix A attached hereto and made a part hereof. This authority is subject to the conditions, among others:

- (a) Any authority hereby granted shall automatically terminate at midnight, December 31, 1971, unless extended by written order of this Commission.
- (b) All transportation shall be exclusively rendered by the G. T. Avalon. No substitute vessel shall be used.
- (c) During the time the steamship Catalina is in use, the first trip from San Pedro shall clear the San Pedro breakwater not less than one hour after the steamship crosses the breakwater. No G. T. Avalon schedule shall leave Avalon during the period between one hour before the time the steamship Catalina sails from Avalon and one hour after the steamship Catalina sails from Avalon.
- (d) No commuter tickets shall be sold or issued for transportation on the G. T. Avalon.

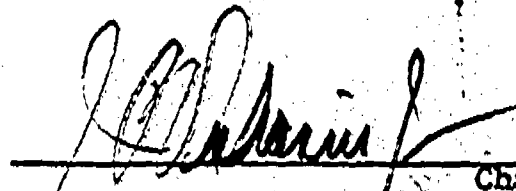
In providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations. Failure so to do may result in a cancellation of the operating authority granted by this decision.

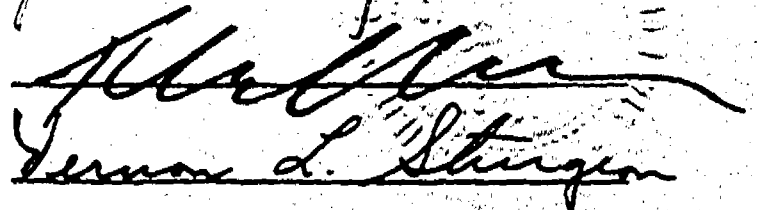
- (a) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. Applicant is placed on notice that, if it accepts the certificate of public convenience and necessity herein granted, it will be required, among other things, to comply with and observe the insurance requirements of the Commission's General Order No. 111-B.
- (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. If not accomplished the certificate in above (a) is automatically revoked.
- (c) The tariff (and timetable) filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and 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.


- (e) Applicant shall maintain its accounting records on a calendar year basis in conformance with the applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission and shall file with the Commission, on or before March 31 of each year, an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

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

Dated at San Francisco, California, this 17<sup>th</sup> day of FEBRUARY, 1971.

  
Chairman

  
Vernon L. Sturgeon

  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

G. T. Avalon, Inc., a corporation, by the decision noted in the margin, shall conduct a daily scheduled common carrier service throughout the year 1971, specifically by the vessel G. T. Avalon, for the transportation of passengers and their baggage between the Los Angeles Harbor (San Pedro) and Avalon, Santa Catalina Island.

Condition

During the time the steamship Catalina is in use, the first trip from San Pedro shall clear the San Pedro breakwater not less than one hour after the steamship crosses the breakwater. No G. T. Avalon schedule shall leave Avalon during the period between one hour before the time the steamship Catalina sails from Avalon and one hour after the steamship Catalina sails from Avalon.

Issued by California Public Utilities Commission.

Decision No. 78328, Application No. 51985.