

ORIGINAL

Decision No. 84619

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of M.G.R.S., Inc., a California }
corporation, for authority to }
adjust rates. }

Application No. 55721
(Filed June 2, 1975)

INTERIM OPINION

By this application M.G.R.S., Inc., a vessel common carrier, seeks an emergency interim increase in rates for transportation of passengers between San Pedro (Los Angeles Harbor) and Avalon, Santa Catalina Island. Applicant operates the steamship Catalina (capacity 2,184 passengers) during the summer season only.^{1/} It commenced operations for the current season on June 14, 1975.

The last increase in rates authorized applicant was in August 1969 by Decision No. 76001 in Application No. 51104. By this application it requests that fares be adjusted as follows:

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>One Way</u>	<u>Round Trip</u>	<u>One Way</u>	<u>Round Trip</u>
Adult	\$4.75	\$9.50	\$6.25	\$12.50
Child 12 and over	4.75	9.50	6.25	12.50
Child 5 through 11	2.40	4.75	3.25	6.50
Child under 5	.25	.50	.25	.50
Group Fares Per Person				
100 or more		8.00		10.50
Passes	.25	.50	.25	.50

Applicant proposes to adjust its 10-ride commute ticket from \$30.00 to \$40.00. It asserts that the commute fare should bear its fair

^{1/} By Decision No. 82347 scheduled service shall be initiated on the second Saturday in June of each year, and shall be conducted on a daily basis through the second Sunday in September of each year. The decision also permits applicant flexibility to commence daily scheduled service two weeks sooner than the second Saturday in June and to render such service two weeks later than the second Sunday in September.

share of the relative increase in the regular fares. The present rate for round trip charter from Los Angeles Harbor to Avalon is \$8,250. The proposed rate would be \$9,500.

The balance sheet as of December 31, 1974 is attached to the application as Exhibit A. Among other things, it reflects a loss carry-forward of \$460,780. Profit and loss data in Exhibits B and C reflect results of operations for 1974, along with estimated results of operations for 1975 under present and proposed fares. The estimates for 1975 reflect a test period of twelve months between June 14, 1975 and June 14, 1976 (based on summertime operation only). The profit and loss data are summarized below:

	<u>1974 (2)</u>	<u>1975 at Present Fares</u>	<u>1975 at Proposed Fares</u>
Operating Revenue	\$1,185,197	\$1,185,107	\$1,472,983
Operating Expenses and Income Taxes	<u>1,189,734</u>	<u>1,397,260</u>	<u>1,397,260</u>
Profit or (Loss)	(4,627)	(212,153)	75,723
Operating Ratio	100.4%	117.9%	94.9%

- (2) The 1974 annual report filed by applicant with this Commission shows 1974 operating revenues of \$1,062,239 and operating expenses and income taxes of \$981,000, for a profit of \$81,239 and a 92.3% operating ratio.

Applicant alleges that since the commencement of its operation in 1960 it has experienced an overall decline in patronage and has experienced increases in expenses. Fuel costs have increased. Increases in pensions and relief for the crew of almost \$60,000 have been incurred, and the increases are anticipated to be even greater by the end of the season. There have been other adjustments made necessary by change of circumstances which have required M.G.R.S., Inc. to lease directly from the City of Los Angeles rather than through Catalina Terminals, Inc. M.G.R.S., Inc. has suffered the loss of the availability of the Carib Star (a 600-passenger vessel) with attendant bad publicity, when the vessel sank at the pier in San Pedro on April 10 of this year, following an explosion.

Applicant explains that its operation is primarily recreational and amusement in character and is not a form of necessity transportation. It asserts that recent spiraling costs due to inflation have added substantially to its problems; that it cannot possibly continue to function with an estimated operating loss at present fares for 1975 of \$212,153 (in addition to the losses incurred over the years of over \$460,000); and that a fare adjustment is needed as soon as possible. It contends that for reasons beyond its control applicant has not been in a position to file for an increase prior to the filing of this application.

Copies of the application were mailed to the city of Los Angeles, the county of Los Angeles, and the city of Avalon on or about June 2, 1975. The application was noticed on the Commission's Daily Calendar of June 6, 1975. There are no protests.

The Commission staff is engaged in study of applicant's operations. In the light of preliminary staff analysis, applicant's allegations and supporting data, and annual reports on file, we are convinced that half of the fare increases which are sought in this matter should be authorized on an interim basis in order to provide timely relief from inadequate revenues which applicant is experiencing under present fares. The remainder of the sought increases should be considered after the staff has completed its study. The increased fares in Appendix A hereof have been justified on an interim basis. A public hearing thereon is not necessary.

During the summer of 1974, applicant ceased handling and checking baggage. This reduction in service was made in the absence of authority from this Commission, which has, by correspondence, instructed applicant to restore the baggage service. The authority to increase fares granted by this application will be contingent upon full and proper service to the public, including restoration of the baggage service.

Findings

1. Present rates which applicant maintains in its Local Passenger Tariff No. 1 do not provide revenues sufficient to enable applicant to cover the expenses of performing the common carrier vessel operations here involved.

2. Applicant is in need of additional revenue to offset the increases in operating costs it has experienced since the passenger rates here in issue were last adjusted in 1969.

3. Applicant should be authorized to establish on an interim basis the increased rates contained in Appendix A.

4. During the summer of 1974, applicant ceased its baggage service without authority to do so. Authority to increase fares should be contingent upon applicant providing full and proper service to the public, including restoration of the baggage service.

The Commission concludes that the rates in Appendix A should be authorized on an interim basis and that permanent relief should be considered at a later date.

INTERIM ORDER

IT IS ORDERED that:

1. Subject to the condition set forth below, applicant is authorized to establish on an interim basis the increased rates and charges contained in Appendix A of this decision.

2. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and 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.

3. The authority granted herein shall expire unless exercised within sixty days after the effective date of this order.

4. This authority is contingent upon applicant providing full and proper service to the public, including restoration of the baggage service. Applicant shall notify this Commission in writing that this requirement will be met prior to establishing the fares authorized by this decision.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 15th day of JULY, 1975.

~~William J. ...~~
 _____ President
 William J. ...
 Vernon L. Sturgeon

 Paul ...
 _____ Commissioners

Commissioner Leonard Ross, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Authorized Interim Rates for M.G.R.S., Inc.

	<u>One Way</u>	<u>Round Trip</u>
Adult	\$5.50	\$11.00
Child 12 and over	5.50	11.00
Child 5 through 11	2.85	5.65
Child under 5	.25*	.50*
Group fares per person, 100 or more		9.25
Passes	.25*	.50*

10-ride commute ticket \$ 35.00
 Round-trip charter rate \$8,875.00

* Means no change in rates sought.