

Decision No. 86044

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of JEFFREY W. STICKLER and BRUCE PONCEL, a partnership doing business as CATALINA ISLAND WATER TRANSPORTATION CO., for a certificate of public convenience and necessity to operate a common carrier service by vessel between points and places on Santa Catalina Island, California, and between such points and places and vessels on the inland waters of the State, and between such vessels on the inland waters of the State as a passenger water taxi service.

Application No. 56067
(Filed November 12, 1975)

ISLAND ENTERPRISES, INC.,

Complainant,

vs.

JEFFREY W. STICKLER and
BRUCE PONCEL dba CATALINA
ISLAND WATER TRANSPORTA-
TION CO.,

Defendants.

Case No. 10012
(Filed November 26, 1975)

James H. Radcliffe, Harry L. Root, and Robert C. Bewley,
Attorneys at Law, by Harry L. Root, for applicants in
A.56067 and defendants in C.10012.

James H. Lyons and Arthur Baldonado, Attorneys at Law,
by James H. Lyons, for Island Enterprises, Inc.,
protestant in A.56067 and complainant in C.10012.

Doug Bombard, for himself as protestant and interested
party.

Rudy Pilch, Mayor, Charles Wagner, City Manager, and
Hugh Smith, Councilman, for the City of Avalon,
California; and James E. Townsend, for Island Boat
Service; interested parties.

John E. deBrauwere, for the Commission staff.

O P I N I O N

This proceeding began as an application by Jeffrey W. Stickler and Bruce Poncel doing business as Catalina Island Water Transportation Company (CIWT) for a certificate of public convenience and necessity (cpcn) as a common carrier by vessel, under Section 1007 of the Public Utilities Code (Code) to operate between all points and vessels, and between vessels, and all points and places on the inland waters in and around Santa Catalina Island (Catalina) on an "on call" and chartered basis. About two weeks after the filing of this application Island Enterprises, Inc. (IE) filed a complaint (C.10012) against CIWT for operating without the requisite certificate under Section 1007. (IE had been granted a certificate under Section 1007(b), generally between the West and Main harbors in Avalon to Long Point on Catalina, by D.84685 dated July 22, 1975.) IE also protested this application as to its authorized areas of operation. On March 2, 1976 D.85528 temporarily ordered CIWT to cease and desist from all vessel common carrier operations pending further order of this Commission, after finding that the defendants had conducted unauthorized operations. In D.85690 dated April 13, 1976 the Commission awarded interim authority to CIWT to operate in an area beyond that being protested by IE. The latter decision stated there was no other service authorized to the unprotested area. This was not entirely accurate since Island Boat Service has authority, with certain limitations and conditions, to operate in this area. However, Island Boat Service did not protest the application. The application and the complaint were consolidated and heard before Examiner Phillip E. Blecher on April 23, 27, and 28, 1976 in Los Angeles. On April 28, 1976 the matter was

submitted for decision to the Commission subject to the filing of certain late filed exhibits which were received and submitted on May 4, 1976. On April 23, 1976 A.56429 was filed by Doug Bombard Enterprises, a California corporation, doing business as Catalina Cove and Camp Agency and doing business as Catalina Mooring Service for the transportation of passengers to generally cover all points on Santa Catalina Island, as more particularly set out in Paragraphs I and III of said application. Mr. Bombard protested those areas requested by CIWT which compete directly with his operations in the Two Harbors area of Catalina.

The Evidence

CIWT, a partnership consisting of the two named individuals, was formed at the end of 1974 and formalized in January 1975. It built two boats for the specific purpose of shoreboat operation in and around Catalina. It commenced operations approximately mid-June 1975 with the first boat and with the second about two weeks later. The boats are fully described in Exhibit D of the application. One boat is certificated for 39 passengers and operator and is 26 feet long. The other is licensed for 49 passengers and operator and is 30 feet long. Both are slightly wider and have greater capacity than IE's vessels. They each have two fire extinguishers, buoyant apparatus, and life preservers and are Coast Guard licensed for up to three miles off-shore.

In D.84684 dated July 22, 1975 in A.55588 James H. Snidow and Houston A. Snidow doing business as Catalina Water Taxi (Taxi) received a grandfather certificate for Catalina. These two individuals are the president and vice president respectively of IE.

In A.55588, filed March 27, 1975 the applicants represented that Taxi has been in continuous operation since July 27, 1974 and qualifies for grandfather rights under Section 1007(b) of the Code.^{1/} Houston Snidow testified here that the operations of Taxi commenced on July 28, 1974; that it did not operate in December 1974 or January 1975; operated some of February 1975 and has never operated since that time, though it leases one of its boats to IE. Approximately some time in the fall of 1975 the Snidow family purchased all the outstanding shares of stock of IE. For all practical purposes IE and Taxi had then merged and IE became the surviving entity. Taxi's boats were and are presently leased to IE, and are operated together with IE's five boats.

IE and Taxi between them have seven vessels designated as Shoreboats 1, 4, 7, 8, 9, Water Taxi No. 3, and Captain's Launch No. 2. The last named vessel is being retired. Each vessel is 26 feet long and seats up to 38 passengers. Exhibits 20, 21, and 22 are Coast Guard certifications for Shoreboats 1, 4, and Water Taxi No. 3 which indicate the boats are permitted to travel not more than one mile off-shore and are limited to 30-minute trips. To obtain the certification that CIWT has for its two vessels requires VHF radio and buoyant equipment. CIWT's vessels are faster and perhaps safer because of the additional equipment required for the Coast Guard certification they possess. Both CIWT and IE have revocable business permits of the city of Avalon (City) which were first issued by City in 1974 for shoreboat operators. CIWT is seeking a certificate between: the city of Avalon and boats within

^{1/} Section 1007(b) was added to the Code effective January 1, 1975. All vessels involved here are less than five tons net registered, which were exempt from PUC regulation prior to January 1, 1975.

three miles; between the city of Avalon and all points and places on the island; within three miles of the island; between boats within three miles of the island; and between boats within three miles of the island and the island itself. CIWT is seeking on-call service in accordance with the service schedule introduced as Exhibit 6, which is the same schedule required by City. The proposed fares are shown in Exhibit A of the application.

Exhibit 7 is a letter with a questionnaire on the reverse side dated March 15, 1976 signed by Stickler and Poncel on the letterhead of CIWT which was sent to approximately all 350 mooring owners in Avalon harbor. This letter solicited support for CIWT. About 175 to 200 replies were received, all of which were favorable. Question 2 on the questionnaire reads as follows: "Is there a need for competitive shoreboat services in and around Avalon harbor?" All replies answered yes to Question 2. Exhibit 8 was a petition consisting of 23 pages of signatures, (approximately 340) which was prepared and circulated by one of the witnesses to the proceedings who is a supporter of competitive shoreboat service in Avalon harbor. The petition is entitled: "WE THE UNDERSIGNED RESIDENT CITIZENS, VISITORS, PROPERTY OWNERS, YACHTMEN AND OTHERWISE INTERESTED PERSONS HEREBY AND FORTHWITH RECOMMEND, REQUEST, PROPOSE, AND SINCERELY DESIRE THAT THE MEMBERS OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION GRANT, APPROVE, ENDORSE IN FULL THE APPLICATION NUMBER 56067 SUBMITTED BY THE CATALINA ISLAND WATER TRANSPORTATION COMPANY TO PROVIDE SHOREBOAT SERVICES AT, ON, AND NEAR CATALINA ISLAND." Exhibit 9 is a resolution of the city of Avalon adopted March 15, 1976 by the City Council supporting CIWT's request for certification.

Both individual applicants have experience operating shoreboats. Poncel was the manager of IE before it was purchased by its present owners. CIWT admits it was operating without obtaining a certificate prior to the entry of the interim order. These operations occurred in January 1976 and weekends in February 1976. It did not operate in December 1975. CIWT justifies these operations because City required it to operate under its revocable business permit and the directions of its harbor master contained in Exhibit 11. After the cease and desist order was entered (D.85528 dated March 2, 1976), CIWT did not operate again until interim authority was granted.

Exhibit 10 is a solicitation by City dated March 18, 1976 addressed "Dear Yachtsmen:" which discusses this application and was mailed with an attached postcard to be returned to City. The postcard reads as follows:

I support the concept of two shoreboat operations
in the Avalon Harbor:

AGREE ☒ DISAGREE ☐

I request the P.U.C. to grant a "Certificate of
Convenience" to Catalina Island Water Transpor-
tation Company:

YES ☐ NO ☐

SIGNED _____

The city manager of City testified that 550 of these letters and attached postcards were mailed. As of the time he testified City had received about 385 back, of which 359 answered both questions in the affirmative; a 93 percent affirmative vote.

CIWT also presented some public witnesses who were connected with various facilities on Catalina. They need shoreboats from time to time at various points and places in and around the island. All these witnesses had used CIWT's shoreboats and some preferred CIWT's boats because they were bigger, which might make fewer trips necessary (depending on the number of passengers), and thus reduce costs. There are some coves on the island that are either not accessible or difficult of access by any means other than water. One public witness testified to about six occasions when he waited for an unreasonable length of time (which he characterized as at least a half-hour) to obtain shoreboat service and that when two shoreboat companies (Taxi and IE) were operating (for a short time during the 1974 season) the service was much better, but went downhill after Taxi ceased service. City's harbormaster testified that the boat traffic and number of boats increases every year. Many people used dinghies from the bigger boats for getting to and from shore and the City is in favor of more shoreboat service. The records of City indicate that Taxi was not operating after March 1975; that from 1961 through 1967 Avalon Shoreboats ran the only water taxi service; this company was bought out by IE in June 1967; that subsequent licenses were granted to Taxi and CIWT; that the shoreboat operators pay a use fee of nine percent of their total gross revenue to City for operating rights. The parties assert that there is no possible environmental impact involved in this application and complaint.

IE presented Houston H. Snidow, its vice-president, as its major witness. He testified that he started operations as Taxi on July 28, 1974 and was then of the opinion that two shoreboat operators could exist at Catalina, but by the end of September 1974 or shortly thereafter he changed his mind. He started operations with two boats; IE then had five boats. He already owned one-third of the IE's stock when he started Taxi and his family purchased the balance of the outstanding stock of IE about November 1974. Mr. Snidow testified that he sometimes operates boats and does other work but receives no income from IE; his wife keeps the books and receives no income, and his son James Snidow is president and receives a salary of \$1,000 per month. Mr. and Mrs. Snidow and their son James, each own one-third of IE's outstanding shares of stock. He said the cost to the shoreboat operators is greater when there is competition because the boats lining up for passengers on shore have a longer waiting time to obtain the earliest business available. One of IE's employees testified that competition caused slower service when Taxi started in 1974, and there were increased collisions and bumpings between the competing shoreboats exceeding the speed limit while racing for customers, but he saw none in which CIWT was involved. This witness indicated there was a longer boating season now and a need for more boats because of the increased traffic. A second operator would mean more and bigger boats and less waiting time, but longer traveling time for the passengers. Three of IE's seven boats have radios; radios are on order for the other three boats, and one of the seven boats is being retired. Three of the vessels are allowed to go one mile off-shore

and the other three only 1,000 feet off-shore. Snidow admitted the number of boats in and around the island has increased, but stated there has been no material increase in shoreboat business because of the increased use of dinghies. He is now of the opinion that two separate operators cannot survive in the harbor.

Taxi did not operate November or December 1974 and January 1975 but did operate in February 1975. Taxi is a partnership of the witness and his son. Taxi has not complied with the tariff and timetable provisions of the decision granting Taxi a certificate, and Taxi has not operated since February 1975. Snidow operated Taxi partially to force IE shareholders to sell out to him. One of his reasons for buying out IE was because he believed he was going to obtain an income tax write-off. IE leases Taxi's boats and pays a monthly charge which includes the amount of depreciation being taken by Taxi.

IE introduced Exhibit 17 which indicated that in the 12-month period of calendar 1975 its total operating time was approximately 20 percent less than for the 10-month period of March through December of 1974. This discrepancy could not be explained, particularly since it was admitted that there was an increase in the number of boats entering the harbor from 1974 to 1975. Exhibit 18 was a comparative income statement of IE from March 1, 1972 through December 31, 1975 by fiscal years (March through February) except for the last period of March 1, 1975 through December 31, 1975. It indicated that IE has lost money on its shoreboat operations from

March 1, 1974 to December 1975, partially due to long deferred maintenance and large expense increases, and during the three prior fiscal years its shoreboat business earned \$5,778.00, \$2,352.00, and \$2,862.00 respectively. Mr. Snidow testified that competition by CIWT during the season of 1975 cut down IE's volume substantially, but Exhibit 18 indicates that the shoreboat revenues for the 10 month period of March 1, 1975 through the end of the year was approximately the same as the entire preceding 12-month fiscal year, during which IE had competition from Taxi during the majority of the boating season. The evidence also indicated that the total revenues for fiscal 1974 (a 12-month period) were of the same magnitude as the total revenues for the 10 month period March 1, 1975 through December 31, 1975 for all operating shoreboats during those periods of time.

The staff did not take any position on either the application or the complaint.

Positions of the Parties

CIWT believes that public convenience and necessity require an additional shoreboat operator at Avalon and all points on the island, in accord with its application. It asserts there is an abundance of public testimony indicating both the need and the desire for additional service throughout the island and City strongly supports the service; therefore, CIWT is entitled to certification for the entire island.

IE's position is: (1) That where CIWT is seeking a certificate for duplication of existing service it has the burden of showing present service is inadequate (Thomas R. Poor (1973) 74 CPUC 583). Here this burden was not met except by one witness which IE maintains it has adequately refuted; (2) that all the certification

of CIWT will accomplish is the dilution of the existing carrier's profits, since CIWT would compete in the same market, and CIWT has failed to show its service would not dilute the revenues of the existing carrier; and (3) that CIWT has failed to show any projections of anticipated revenues, expenses and feasibility of its operations, and therefore has failed to sustain its burden of proof.

In regard to its complaint, IE states that CIWT has defied the law and the Commission and should be penalized in accordance with the prayers of the complaint, if the violations were knowingly committed.

Discussion

CIWT has the burden of proving that public convenience and necessity require the issuance of the requested certificate. In determining whether that burden has been met the Commission has to consider the question of experience, financial ability, equipment, public need for the service, whether the service proposed is responsive to the public need, and whether the granting of the certificate would adversely affect protestants or the public interest (Presto Delivery Service Inc. D.83726 dated November 19, 1974). In our view, the evidence adequately shows the desire of a great number of people using the water and other facilities of Catalina for additional shoreboat service. This necessarily leads to the conclusion that a public need exists for such competing service and we so find. The crucial questions which must be determined before deciding whether the application should be granted are whether or not the existing service is adequate to meet the present and future needs of the public; whether or not IE's assertion that there will only be a dilution of its profits and the lack of showing otherwise, and a

failure to show projections of revenues and expenses indicate such a lack of potential economic feasibility for CIWT and such an adverse effect upon IE as to require a denial of this application.

The financial statements and testimony of CIWT clearly indicate that it has the experience, the financial ability, and the equipment to render the service proposed. That the proposed service is responsive to the public's needs is also established by the proposed operating schedules (which are in accord with those required by City) and the testimony and evidence of shoreboat users at Avalon and the balance of the island.

In 1975 IE paid \$6,621.11 in City's use fees. On the other hand CIWT paid approximately \$1,682.56 in such fees for the last six months of 1975 with one-third of IE's equipment. This indicates that on an annualized basis CIWT would have paid over 50 percent of the sum paid by IE while using less than one-third of IE's equipment. As use fees are an indicator of gross revenues of the respective operators, it is an adequate showing of the potential feasibility of the operation of CIWT. There need be no precise calculations or projections of anticipated revenues and expenses, particularly for a service with only a six month's history. Any such projections would have little, if any, value in attempting to determine the possible economic feasibility of an operator proposing competition with an existing carrier. To hold otherwise would bar any service by a new operator, even though all requirements of experience, financial capability, and adequate equipment are present. There is no adequate way to determine the economic feasibility of a new operation until the operation has been seasoned. The fact that the new operation may

even lose money at its outset is not indicative of a lack of economic feasibility, since this is not atypical of new operations, and would not alone indicate a lack of economic feasibility.

Nor does IE's assertion that CIWT failed to show a lack of dilution of IE's revenues have more validity. The evidence introduced on this subject dictates the opposite conclusion. Regardless, there is no burden on the applicant to show such dilution; the burden is on protestant to show a dilution, not only of revenues, but of profits, so long as CIWT has met the burden of proving public convenience and necessity for the proposed service. The evidence indicates increased boat traffic, shoreboat volume, and gross revenues over the last few years. Moreover, we fail to see how profits could be diluted, where there were losses in IE's last two years of operation, particularly when two of the three shareholders of IE's stock have donated their services to the company. Had these services been paid for in the usual manner, IE's losses would have been even greater than indicated.

IE's objection to the showing of inadequate service is not well taken. The Poor case cited by IE is distinguishable because there three utilities were already operating and there was no showing of unsatisfactory service. Where there is but one carrier operating, we look favorably on competition, however regulated. We do not condone monopoly, since we believe that competition invariably benefits the public interest. Moreover, the spur of competition might cause the existing carrier, dominant in its market place, to

become more efficient and better serve the public interest by providing better, safer, and faster service and equipment. This would not be an unnatural consequence of providing competition to an existing monopoly, and is already evident by the improvement in radio equipment being made by IE. Thus, whether adequate or not, the existing service is improved merely by the threat of competition. Improved service to the boating public might well further increase the shoreboat business, at least by diverting traffic from privately owned dinghies. If the shoreboat service was better, faster, and more reliable, there might well be an increase in business which would benefit all operators. For these reasons, we do not believe any of the objections and protests of IE are valid, and we believe that the burden of proving that public convenience and necessity require this service has been adequately met by CIWT, and we shall therefore order the certification of CIWT as requested. No shoreboat service solely within the Two Harbor area^{2/} shall be granted CIWT, however.

Since the operation of motorized boat traffic in the Catalina harbors and the inland waters around Catalina is so extensive the addition of the two boats of CIWT would have no significant effect on the environment.

In regard to the complaint filed by IE against CIWT, we have found in D.85228 that there was a violation of Code Section 1007 for which we issued a temporary restraining order. This order has been complied with by CIWT. We do not believe any other action on the complaint is warranted under the facts and circumstances here,

2/ This area is defined at T. Vol. 1, pp. 113-114.

and therefore shall order a dissolution of the temporary restraining order entered in D.85528 dated March 2, 1976, as of the effective date of this order, as well as a dismissal of the complaint. Since the order being entered here is a final order, the interim opinion in D.85690 dated April 13, 1976 will be rescinded on the effective date of this order. We also wish to provide notice to James H. Snidow and Houston A. Snidow, doing business as Catalina Water Taxi, applicants in A.55588 which resulted in D.84684 dated July 22, 1975 granting them a certificate of public convenience and necessity, that since their service was not being operated on the effective date of Code Section 1007(b), January 1, 1975, and was not operating continuously thereafter, and in fact has not operated since February 1975 and that they have not provided any service pursuant to the authority granted nor have they complied with the provisions of Paragraph 2(b) through (e) of the above decision, their certificate may be canceled by further action of this Commission. Therefore, we shall issue an order to show cause, pursuant to Code Section 1708, why D.84684 should not be rescinded.

Findings

1. CIWT has the ability, experience, equipment, and financial resources to perform the proposed service.
2. CIWT proposes water taxi shoreboat service between vessels, and between vessels and shorepoints, and between all points and places on Catalina in accordance with the schedule introduced as Exhibit 6 and the attachments to the application.
3. The certification of CIWT will not impair the ability of IE to continue to provide its existing service.

4. Public convenience and necessity require that CIWT be granted a certificate to operate in accordance with its application.

5. The certification of a competing shoreboat operator in an area where only one now exists will provide better service and equipment for the public using these services, and may increase the volume of shoreboat traffic.

6. CIWT presently owns two boats about one year old, which are bigger, faster, with more safety equipment than any boats of the existing carrier. These boats are certificated by the U. S. Coast Guard for a greater service area than the boats of the existing carrier. The advantages that may accrue to the public who use the services proposed by CIWT more than outweigh any possible diversion of traffic or dilution of the existing carrier's profits because the increase in competition will provide better service to the public requiring this service.

7. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Jeffrey W. Stickler and Bruce Poncel, doing business as Catalina Island Water Transportation Co., are 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. 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.

Conclusions

1. This application for water taxi shoreboat service in and around Santa Catalina Island by CIWT should be granted in accordance with the ensuing order.
2. The competition being created by this order is desirable where only one existing carrier is providing the service requested.
3. D.85690 granting interim authority to CIWT should be rescinded.
4. D.85528 temporarily restraining CIWT from operating should be rescinded.
5. An order requiring James H. Snidow and Houston A. Snidow, doing business as Catalina Water Taxi, should be entered requiring the above named to show cause why the certificate granted in D.84684 should not be revoked.
6. Because the season for shoreboat service is commencing shortly, this order should become effective on the date hereof to provide maximum service and competition to the boating public during the time it is most necessary.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Jeffrey W. Stickler and Bruce Poncel, doing business as Catalina Island Water Transportation Co., a partnership, authorizing them 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 over the routes set forth in Appendix A of this decision.

2. In providing service pursuant to the authority granted by this order, applicants shall comply with the following service regulations. Failure so to do may result in a cancellation of the authority.

- (a) Within thirty days after the effective date of this order, applicants shall file a written acceptance of the certificate granted. Applicants are placed on notice that if they accept the certificate they will be required, among other things, to comply with the insurance requirements of the Commission's General Order No. 111-Series.
- (b) Within one hundred twenty days after the effective date of this order, applicants shall establish the authorized service 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 five days after the effective date of this order on not less than five 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 authorized service.
- (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-Series and 117-Series.
- (e) Applicants shall maintain their 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 their operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

3. D.85690 dated April 13, 1976 is hereby rescinded.

4. D.85528 dated March 2, 1976 is hereby rescinded, and the relief requested in C.10012 is denied.

5. The staff shall issue an order to James A. Snidow and Houston A. Snidow, doing business as Catalina Water Taxi, to show cause why the certificate of public convenience and necessity granted by D.84684 should not be revoked and why D.84684 should not be rescinded.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 29th
day of JUNE, 1976.

William Synora President
George L. Sturgeon
Robert DeFurionel Commissioners

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.

dz

Appendix A

Jeffrey W. Stickler and
Bruce Poncel

Original Title Page

dba
CATALINA ISLAND WATER
TRANSPORTATION CO.

CERTIFICATE
OF
PUBLIC CONVENIENCE AND NECESSITY
AS A VESSEL COMMON CARRIER

Showing vessel common carrier operative rights, restrictions,
limitations, exceptions, and privileges applicable thereto.

All changes and amendments as authorized by the Public Utilities
Commission of the State of California will be made as revised pages
or added original pages.

Issued under authority of Decision No. 86044,
dated JUN 29 1976, of the Public Utilities Commission
of the State of California, in Application No. 56067.

CATALINA ISLAND WATER TRANSPORTATION CO.

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,
AND SPECIFICATIONS.

Jeffrey W. Stickler and Bruce Poncel, doing business as Catalina Island Water Transportation Company, by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized to operate as a vessel common carrier to transport passengers and their hand baggage in a "water taxi shoreboat service" between vessels, and between vessels and shorepoints and between all points and places on Catalina Island subject to the following conditions:

- a. Service shall be operated with vessel of less than five tons net register, only.
- b. No vessel shall be operated unless it has met all applicable safety requirements including those of the United States Coast Guard.
- c. Service shall be operated on an "on-call" and "charter" basis.
- d. The term "on-call" as used herein refers to service which is authorized to be rendered dependent on the demands of passengers. The tariffs and timetables shall show the conditions under which each authorized "on-call" service will be rendered.
- e. The term "charter" service, as used herein refers to service in which the vessel is engaged, for a specified charge, by a person or group of persons for the exclusive use of said person or group of persons. The tariffs shall show the conditions under which each "charter" service will be rendered.
- f. Service shall not be rendered within the Two Harbors area between any vessels, points, and places.
- g. The Two Harbors area is described as the inland waters of Isthmus Cove which is within a line drawn from Blue Cavern Point to Lion's Head and Catalina Harbor which is within a line drawn from Pen Rock to Catalina Head.

Issued by California Public Utilities Commission.

Decision No. 86044, Application No. 56067.