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Decision 84 04 094

APR 18 1984

**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 ISLAND PASSENGER SERVICE CORPORATION,  
 INC., a California corporation, for a  
 Certificate of Public Convenience and  
 Necessity authorizing the transporta-  
 tion, by vessel, of persons and prop-  
 erty between Redondo Beach and points  
 and places on Santa Catalina Island,  
 California; and, for an order author-  
 izing the issuance of stock.

Application 83-03-64  
 (Filed March 25, 1983)

Russell and Hancock, by John C. Russell,  
 Attorney at Law, for applicant.  
Edward J. Hegarty, Attorney at Law, for  
H. Tourist, Inc., dba Catalina Cruises;  
 and James H. Lyons, Attorney at Law,  
 for Catalina Channel Express, Inc.;  
 protestants.  
Richard Brozosky, for the Commission staff.

O P I N I O N

Applicant Island Passenger Service Corporation, Inc.  
 (Island), a California corporation, seeks a certificate of public  
 convenience and necessity under the provisions of Public Utilities  
 (PU) Code Section 1007 for the transportation of passengers and  
 their baggage between Redondo Beach Marina (Marina), in King  
 Harbor, Redondo Beach, on the one hand, and all points and  
 places on Santa Catalina Island (Catalina), on the other hand,  
 and for the transportation of provisions and supplies between  
 Marina, on the one hand, and Emerald Bay, Catalina, on the other  
 hand. In addition, Island seeks authority from the Commission to  
 authorize the issuance of 3,000 shares of its common capital stock.

Island does not presently hold any operating authority or  
 conduct any vessel carrier operations under the jurisdiction of  
 this Commission.

Island proposes to provide a regular scheduled passenger service from the Marina to the communities of Avalon, Two Harbors, and Emerald Bay located on Catalina in addition to a passenger "on-call" service between Marina and any and all points on Catalina equipped with suitable facilities. In addition, Island proposes to transport provisions and supplies to the Boys Scout of America (BSA) camp at Emerald Bay in conjunction with daily scheduled passenger service and/or "on-call" service. Between November 1 and April 30 of the following year (the off season) Island proposes to conduct scheduled service on Saturdays, Sundays, and holidays and to be available daily on an "on-call" basis for charter service. Between May 1 through October 30 (peak season) Island proposes to conduct daily passenger scheduled service which will include baggage capabilities for the transportation of bicycles in order to accommodate the needs of various bicycle clubs desiring to ride on Catalina.

Island proposes to provide its passenger, baggage, and cargo service with one 1983 aluminum hull vessel built by Gulf Craft, capable of seating 301 passengers. This vessel is 80 feet in length overall with a 21-foot beam, powered to reach a speed of 20 knots. Island alleges that at the present time there are no vessel common carriers authorized to provide service between the South Bay region of the Los Angeles Metropolitan area and Catalina. According to Island, the only service currently available to the island from Los Angeles County is via the commercial ports of Long Beach/San Pedro which are more than a half-hour driving time from the principal communities in the South Bay area. Island states that it conducted a survey

among residents of the South Bay communities and interviews with potential users which revealed a strong demand for vessel service originating in the South Bay area.

Island also seeks authority to issue 500 shares of its common capital stock to six shareholders, each paying \$10,000 cash, which will be used for the initial capitalization of the corporation. Island intends to finance the entire purchase price of the vessel through long-term arrangements with private lenders.

Protests to the application were received from H. Tourist, Inc. (Tourist) and Catalina Channel Express (Express).

-A late-filed protest was submitted by Skipper's 22nd Street Landing, but Skipper's was not represented at the hearing on the application and did not file a brief.

Following notice, public hearings on the application were held in Los Angeles on June 6, 8, and 9, 1983 and on October 24, 25, 26, and 27, 1983 before Administrative Law Judge W. A. Turkish. The matter was submitted upon the filing of concurrent briefs by the parties on January 20, 1984.

Island called eight witnesses including three of its officers/investors. Fifteen exhibits submitted by Island were received into evidence. Tourist called one witness to testify on its behalf and Express called two witnesses on its behalf. Fifteen documents were received into evidence on behalf of Tourist while eight exhibits were received into evidence on behalf of Express.

#### Island's Presentation

Island has six principal investors; three of them are officers of the corporation. Steven A. Kofahl, Island's president, and Stuart Seidner, Island's treasurer, testified as to their extensive experience in recreational activities on Catalina, including their various staff positions with the BSA camp located at Emerald Bay. In connection with their activities

with the BSA, Kofahl participated in transporting the scouts and their supplies by vessel between the mainland and Emerald Bay and Seidner cited his many years of experience operating various vessels in the transporting of supplies and groups of people between the mainland and Emerald Bay. For several years Seidner was the skipper of a converted 63-foot aircraft rescue vessel which was used by the BSA to carry personnel and supplies between the mainland and Emerald Bay. Seidner currently owns and operates a 36-foot twin engine trawler. Island's vice president, Roy Tibbs, is also president of Gulf Craft, Inc., builder of the vessel which Island has acquired for use in the proposed service. According to Tibbs, Gulf Craft specializes in the construction of small passenger vessels similar to Island's and since 1965 Gulf Craft has constructed 25 vessels from 65 to 125 feet in length. The remaining investors are active businessmen located in Southern California and Louisiana.

Island was incorporated in 1982 and took delivery of the vessel "Cormorant" in August 1983. The vessel is 80 feet long overall with a 22-foot extreme beam and a 4-foot 11-inch normal maximum draft. It is powered by three General Motors turbocharged diesel engines with a total of 1,530-horsepower driving three propellers. The vessel's normal operating speed is approximately 18 knots with a maximum speed in excess of 21 knots. The vessel was issued a U.S. Coast Guard certificate of inspection as a passenger vessel dated June 28, 1983 which authorizes her to carry a maximum of 292 passengers for-hire in Southern California coastal waters, including Catalina. The vessel has total seating capacity for 295 passengers, is equipped with separate restroom facilities for men and women, and has a galley suitable for the sale of soft drinks and snacks.

Island's pro forma balance sheet for 1983 shows total assets of \$705,000, including \$60,000 in cash. Its liabilities total \$645,000, which is the purchase price of the vessel. Pending disposition of this application Island is currently using its vessel for harbor excursion charter and whale-watching trips to generate income. The pro forma statement of income for the first year of operations shows total projected income of \$1,157,180 of which \$1,034,150 is projected from scheduled runs and \$22,500 from food and beverage sales, the balance of \$100,530 from whale-watching trips and group fares for campers to Emerald Bay and other camps on Catalina. Particular operating expenses total \$995,187 with gross income before taxes of \$161,993.

Kofahl has been interested in establishing Island's proposed service from the Marina to Catalina principally to meet the needs of residents in Redondo Beach and neighboring communities in the South Bay area who must now travel to San Pedro/Long Beach to get to Catalina, and to meet the need to service the BSA camps at Emerald Bay. Island alleges it has reached a tentative agreement with the Marina for mooring and terminal facilities and that preliminary arrangements have also been made for docking and terminal space in the City of Avalon (Avalon) on Catalina. In addition, BSA has granted permission to Island to use its pier in Emerald Bay to provide access to the boy scout camp.

Initially, Island proposes to run two round trips daily from Marina to Avalon and other points on Catalina during the summer season with an additional evening round trip on Fridays, Saturdays, and Sundays. During the "off season"

(the period from November 1 to April 30) Island proposes to operate three round trips daily on Saturdays, Sundays, and holidays. Kofahl projects 200 passengers per day on weekdays during the 26-week summer season, which runs from May to October, and an additional 400 passengers per day on summer weekends. During the "off season" weekends and holidays, Island projects 150 passengers per day for a total of 55,900 passengers annually. According to Island, this number represents less than 10% of the current total number of passengers traveling between Catalina and the mainland and is based principally on projected new traffic to be generated by Island's proposed service.

Testimony of Tibbs centered around the experience of his company in constructing small passenger vessels and much of the testimony of Seidner centered on the feasibility of docking the "Cormorant" alongside the pier located at Emerald Bay.

Fifteen public witnesses testified in support of the application. Most of the witnesses either live, work, or have business interests in the Redondo Beach area or have been involved with the recreational or camping activities on Catalina.

Island introduced evidence of two passenger interest surveys it conducted, one involving a mail postcard inquiry sent to 117 signers of a petition which was previously initiated by protestant Express in connection with its application for a certificate. All of the signers of the petition had South Bay area addresses. Twenty-seven responses were received from the addressees with 11 additional responses from the spouses of addressees. The preprinted postcards stated that the signator had been informed of the application of Island to provide

transportation between Redondo Beach and Catalina and that the signator supported the application and would probably use the service: In a later survey, involving personal distribution of 1,850 postage-paid postcards in the Redondo Beach area, Island alleges 103 responses were received. According to Island's interpretation, 83 people responded positively to the survey (i.e. had travelled or would travel by vessel to Catalina). According to Island, 37 respondents stated they had not previously used the existing vessel carriers, but said they would use the new service, if offered.

Island does not contemplate competing directly against the existing carriers but, instead, believes its service will stimulate additional Catalina traffic and tap a completely new market from the rapidly expanding tourist and recreational industry in the South Bay area. Island feels its proposed service will be more convenient for residents of the South Bay area who must now tolerate the inconvenience of traveling from Redondo Beach and neighboring communities to the existing Catalina terminals in Long Beach/San Pedro.

Two public witnesses, who are travel agents, testified about some difficulties they had encountered in obtaining some bookings with tourist cruises because of sold-out sailings on some summer weekends.

Several Redondo Beach area businessmen who testified on behalf of Island endorsed the proposed operation and testified as to the rapid growth of water-oriented recreational activities in the area.

Several witnesses, with yachting, camping, and bicycling interests, testified that direct service from the Marina to the west end of Catalina would improve recreational opportunities on

Catalina for persons living on the south shore of Santa Monica bay and on the west side of Los Angeles. Two representatives of hotels in the South Bay area testified that their marketing plans included promoting a weekend tourist trade to Catalina and that convenient travel to Catalina from the Marina would be desirable to offer their guests. Several witnesses testified as to the need for direct service to Emerald Bay in support of the camping activities of the BSA. At the present time, according to one witness, BSA campers presently using the Emerald Bay facility must travel to San Pedro or Long Beach, then travel by vessel to Avalon, and then be shuttled by small shore boats to Emerald Bay. This voyage was described as time-consuming, inconvenient, and tiring for the campers.

Protestants' Presentation

Protestant Tourist has authority to perform scheduled service between Long Beach and San Pedro, on the one hand, and various points on Catalina, including Avalon and Two Harbors (the isthmus), on the other hand. It has been operating for the past 13 years and presently uses five 700-passenger capacity vessels and one 100-passenger capacity vessel in such service. The larger vessels require about 1 hour and 45 minutes to make the trip between the mainland and Avalon. During the summer season, Tourist operates up to five round-trip schedules per day between Long Beach and Avalon and a similar number of round trips between San Pedro and Avalon. In addition, a regular scheduled service is provided to Two Harbors. In the fall and winter months, the frequency of schedules is reduced, but daily round-trip service is provided on a year-round basis from Long Beach and San Pedro to Avalon. Terminal facilities



are located at both San Pedro and Long Beach and an employee-staffed ticket office is located at Avalon.

Protestant Express operates two vessels between the mainland and Catalina. One vessel is a 60-passenger vessel and the newest vessel carries 149 passengers. During the summer season Express operates three daily round trips between San Pedro and Avalon with an additional round trip on Tuesdays, Fridays, Saturdays, and Sundays. It operates one daily round trip between San Pedro and Two Harbors with additional round trips on Fridays and Sundays. During fall and winter it operates three daily round trips from San Pedro to Avalon with an additional round trip on Fridays, Saturdays, and Sundays and operates one round trip daily between San Pedro and Two Harbors.

Several issues have been raised by protestants. One issue is the inadequacy of space on Island's vessel with 294-fixed bench seats plus allowances for six crew members. More than one-half of those seats are on an open top deck where passengers will be subjected to sitting for up to three hours exposed to sun, rain, spray, and prevailing winds, frequently in the 18- to 25-knot range. Additional problems about the vessel's capacity were raised by protestants after testimony that the BSA groups going to Catalina during the summer camp needed to be transported on the same vessel along with all their baggage. Protestants pointed out that the volume of the boy scouts' baggage is enormous and requires space to stack such baggage approximately 50 feet long, 12 feet wide, and 4 to 5 feet high. Protestants point out that there is insufficient room on Island's vessel for the BSA passengers and their baggage without even considering the BSA provisions and supplies which

Island proposes to transport to Catalina. Testimony by BSA officials estimated the size of boy scout groups having to be transported each week to and from the camp to equal or exceed 300 and corroborated protestants' contention that the amount of baggage brought by the boy scouts was enormous including "everything but the kitchen sink".

An additional issue raised by protestants concerns the vessel's ability to get into Emerald Bay and dock on summer weekends in order to pick up and discharge passengers. Protestant witnesses testified that Emerald Bay cannot be safely navigated during summer weekends because of the congestion of private pleasure boats and uncontrolled anchorings in the bay and because the vessel draws six feet of water when loaded, with only approximately four or five feet of water frequently available within Emerald Bay at low tide. Protestants emphasize the testimony of witnesses that with heavy rain and resulting sediment, the depth of the water at Emerald Bay landing can get so shallow that even a shallow draft shore boat cannot dock. In addition, protestants point out that the 35-to 40-foot float at Emerald Bay, which is attached to the 150-foot pier and used in docking during the summer, is removed in late fall as an insurance requirement and that no commercial vessel can dock at Emerald Bay pier from fall to spring.

Testimony was given by protestant witnesses who are also experienced vessel operators that they would attempt to dock a vessel in Emerald Bay only with both a high tide and no other vessels anchored in the fairway; otherwise, they testified, it would be too great a hazard. Since the bay has uncontrolled anchorings each weekend with swimming and snorkeling activities and shallow water conditions, they would not even attempt to

dock. Testimony also showed that Island attempted to bring its vessel against the float in Emerald Bay on September 22, 1983 and that the skipper let the boat get pushed around by the wind which resulted in the vessel running over a buoy and snagging the pickup pole on mooring No. A-1.

Protestants also point out that Island has failed to prove public convenience and necessity for transporting the BSA to the camp at Catalina by its inability to secure the approval of the Great Western Council (Council) to transport the scouts, who are now carried by Tourist. Although Island presented a witness who stated he represented the Council and testified in support of the proposed service, it was determined in later testimony by an authorized spokesman for the Council that that body was not committed to any vessel carrier for future transportation and that the question as to whether to continue with Tourist or divert traffic to Island, should it receive a certificate, has not even been presented for decision. The authorized BSA witness testified as to the satisfactory manner in which Tourist has handled the BSA passengers and baggage for several years.

The harbor director of Two Harbors testified that the community of approximately 200 year-round residents was already overserved by the two protestant carriers. Protestant witnesses testified that protestants advertise in and promote business from the South Bay area and that their records indicate a substantial segment of their total market is in the area proposed to be served by Island. Tourist's witness testified that based on a maximum of 600 passengers, rather than the vessel capacity of 700, Tourist's load factors in 1983 ranged

from a low of 23% to a high of 49% of available seats. The range in 1982 was 21% to 53%. Considering even stormy conditions during the winter months of 1982 and 1983, Tourist provided a reliable regular service to Catalina. During the past four years Tourist has only canceled service on 10 days, a service reliability factor of over 99%. Protestant contrasts this service with an Island witness's testimony that Island would not have operated on two or three weekends per month in the 1982-1983 winter season.

Tourist operates on a seven-day-a-week year-round basis, but the pattern of its traffic demonstrates that a larger percentage of its passengers travel during the May-through-October period, including weekends than during the remaining months of the year. The business is very seasonal with high peaks in the summer months and low valleys in the winter months. Exhibit 33 demonstrates that the passengers transported in August 1982 exceeded the passengers transported during January, February, March, November, and December of that same year. Tourist alleges that the off-season business to Catalina is not sufficient to provide a profit as demonstrated by Exhibit 32. The service sustains a considerable loss in the six off-season months and it is only the high passenger volume in peak seasons which allows a profit for the year. This peak-season traffic permits Catalina Cruises to operate on a seven-day-a-week year-round basis.

Protestants further point out that although docking at Avalon is navigationally safe, Island's proposed service to that point raises additional problems. A witness testified that eight to nine passenger vessels now serve Avalon and the primary

pattern of traffic is scheduled so as to arrive in the midmorning and leave in the afternoon between 3:30 p.m. and 5:30 p.m. to 6:00 p.m. Avalon has only two docks and can accept only two passenger vessels at the same time. The vessels require as little as 15 minutes and as much as 50 minutes at the dock. Currently the vessels sometimes stack up waiting to get to the dock and virtually all of Island's schedules are right in the middle of this activity and would greatly compound the problem.

Discussion

The main feature of this application, seen in the light most favorable to Island, is that the proposed service from the Marina would be a convenience to those persons living in the immediate area of Redondo Beach who wish to travel to Catalina and that there is no current service originating from this point. However, the application and evidence presented by Island are fraught with ambiguity, and with conflict between allegations of Island and the evidence, and contain unresolved issues about safety and Island's ability to provide the service as proposed.

With respect to the loading of passengers at the Marina, we are not convinced from the evidence that Island has a terminal suitable for the number of passengers it proposes to transport to Catalina. Although Island identified a terminal and parking facilities to be located at the Marina, other witnesses testified that the site of the proposed terminal will be demolished for the construction of a new hotel in 1984. This leaves Island with no terminal and no parking in the close vicinity of the boarding area. In response to this issue Island's witness testified that there would be parking available in an adjacent parking area a short distance from the loading

area. This will require passengers to carry their luggage or baggage from their cars to the loading area approximately one-quarter of a mile away. We are further concerned that Island's temporary terminal facility at the Marina is insufficient in size and offers no seating or protection from the elements for passengers waiting to make the trip. We are also concerned that Island intends to use a high-speed commercial fuel dock at the Marina for the loading of passengers. Although there was testimony by Island's president that operators of the fuel dock will not fuel vessels during loading and unloading of Island's passengers, the possibility still exists for this to occur plus the hazard which may arise from the carelessness of some passengers on the fuel dock.

Island intends to seek the business of transporting boy scouts to their camp at Emerald Bay. Although BSA's representatives testified that it was their desire to have all 300 or so of the boy scout party and their baggage transported on the same vessel, Island has failed to demonstrate that its vessel is capable of accomplishing this. As a matter of fact, since Island's vessel has a maximum capacity of 292 passengers total, there is no way it can transport as many as 300+ boy scouts and their baggage, which testimony showed was considerable, on this single vessel. We are also concerned that at maximum capacity, a considerable number of passengers would be required to sit on the open top deck and open bow area for the approximately two-hour trip to Catalina where they would be subject to winds, sheets of ocean spray, and possible rain. Island's witness testified that the weather is never warm or balmy on summer weekends and that it is, in fact, chilly.

Island insists through its witnesses that it can provide a regularly scheduled year-round service at Emerald Bay. From testimony concerning the numerous moorings, uncontrolled anchorings, and congestion caused by numerous 25- to 60-foot private yachts, wind sails, paddle boats, etc., the depth of the water, and the forces of current, wind, and surge, we have considerable doubts as to passenger's safety if Island attempt to serve that point on a regular basis. Island's president testified that it is as shallow as four to five feet in depth at the land end of the float. A witness for Express testified that low tides or silt conditions can cause even less water to be available to dock with the float placed at the end of the pier during the summer. Island's president testified that the vessel requires 4 feet of water at the bow and 5 to 5½ feet of water at the stern; otherwise, the vessel would be in danger of grounding. The boat builder testified that with no fuel and no passengers, the normal draft of the vessel is 4 feet 11 inches. With fuel and a full load of passengers and baggage, approximately six feet of water would be required for safe navigation. Testimony that this amount of water depth was simply not available at Emerald Bay docking facilities presents sufficient potential danger to warrant denial of the application for regular service to Emerald Bay. Since the float is removed for safety and insurance reasons during the winter, we can see no way in which Island can practically serve Emerald Bay.

Island originally proposed a daily scheduled service to Emerald Bay and Two Harbors for the six peak months and a weekend scheduled service during the off-season months. However,

testimony during the hearing disclosed that Island does not really intend to provide such service and the frequency of scheduled service to be provided to these points remains vague and speculative. The docking facilities at Emerald Bay and Two Harbors are private property, under lease from the Santa Catalina Island Conservancy to the Council and Douglas Bombard at Emerald Bay, and to Douglas Bombard at Two Harbors. However, no approval to use the facilities on the private property at Two Harbors has been obtained and it appears very uncertain that such approval will be obtained. Mr. Bombard, the harbor director at Two Harbors, testified that it would be a drastic hardship on the two existing carriers if a third carrier were to serve Two Harbors because, in his opinion, Two Harbors was already overserved with transportation.

Although the application shows that Island's proposed service to Emerald Bay and Two Harbors would be regularly scheduled service, testimony by Island's president reveals that the scheduled stop at either Emerald Bay or Two Harbors will not be made unless Island knows in advance that it has passengers to embark or disembark. Persons desiring Island's service from either of these points would be required to find someone with a shortwave radio to somehow contact the vessel to request a stop. Island calls this a "radio-stop service" and all passengers would be expected to know the procedure and make prior arrangements to obtain such service. Island does not intend to have any employees at either Emerald Bay or Two Harbors so it would be necessary for passengers who need such service to try to find a park ranger to have the ranger radio for a stop. To expect a ranger to take the time and trouble to perform this contact function on Island's behalf



and to further expect prospective passengers to search out such ranger to radio for a stop can certainly not be considered a convenience to passengers nor a dependable type of service to offer the public.

We have further concerns about Island's intention to dock at Avalon. Island wants to serve Avalon on a daily basis only in the peak season months and on weekends in the off-season. At the present time Tourist and Express serve Avalon on a daily basis, year-round, and between them they operate eight vessels. During the peak season, another operator, Catalina Holiday, operates a 450-passenger vessel to Avalon. At Avalon, there are only two usable floats to land vessels to embark or disembark passengers and their baggage. With nine vessels now using those two floats, which allow only one vessel per float at a time, and a primary scheduling pattern of all existing operators which allows the bulk of their passengers to arrive at Avalon midmorning and depart in late afternoon, we see additional congestion problems with Island's proposal to use one of the two existing floats and also schedule its arrivals and departures at the peak period of congestion. With the time, ranging from 20 to 50 minutes, required by each vessel to embark and disembark passengers and baggage, depending upon its size, even Island's president admits that there would be a tremendous congestion problem while the vessels are waiting to get to the floats to embark and disembark.

: We are not convinced that Island's proposed service will stimulate the new source of traffic that it projects. In the first place, Island admits that it desires to obtain the transportation business of the BSA to Emerald Bay. This service has been handled by Tourist for a number of years and, therefore, it is Island's stated intention to divert this traffic from Tourist. This is hardly newly stimulated traffic. We further doubt that service originating from Redondo Beach is alone sufficient inducement to suddenly attract many new passengers to Catalina. We find it difficult to believe that a significant number of people in the South Bay area have refrained from visiting Catalina solely because of the inconvenience of having to travel to San Pedro to board a vessel. The additional travel time to San Pedro from the South Bay area can only be considered a minor inconvenience at most.

We are concerned that Island proposes to operate daily only during the peak summer season and not when the demand is weak. Protestants Tourist and Express operate regular scheduled runs throughout the year to Catalina from the mainland. There is sufficient evidence to show that during the off season Tourist operates at a loss and that it requires the profits earned during the peak summer months to sustain such losses. Thus, the peak summer season subsidizes the losing

operations during the off season, but it permits year-round daily service to Catalina. We have no doubts that Island will divert passengers from the existing carriers which will have significant economic impact on their earning capacity and their ability to continue to operate a daily scheduled service during the off-season months. It is clear from the evidence here that Tourist and Express provide a highly reliable and good quality service at reasonable rates. We believe it to be in the public interest that daily, dependable, quality transportation service at reasonable rates be maintained between the mainland and Catalina. Such service would be jeopardized by an additional entry into this service who will not provide daily year-round service.

PU Code Section 1007 requires that public convenience and necessity be shown in order for a certificate to operate a vessel to be issued. Public convenience and necessity is a test which encompasses a broad view of the needs of a particular class of public concern as well as the requirement that the applicant for a certificate establish reasonable fitness and financial responsibility to conduct the proposed service. The public interest is synonymous with public convenience. In determining the public interest, the Commission weighs the respective advantages and disadvantages of competitive and limited monopoly service. In a long line of cases involving passenger stage corporations, we have observed that this nation's antitrust laws and policies are premised on the understanding that competitive service generally results in a superior level of service to the public and that competition tends to bring out the highest degree of effort and imagination in a business

endeavor. In theory, additional competition stimulates competitors to excel to the benefit of the general public, which would then have beneficial effect on the quality of overall treatment afforded passengers, rates, scheduling, etc. However, there are situations, and we believe that this is one such situation, where uncontrolled competition would not lead to lower rates or better service to the traveling public and where, therefore, such competition is not in the public interest.

Unlike passenger bus transportation, where routes, destinations, fares, and schedules are as diverse as the number of passenger stage corporations operating, we have a situation here where Island's point of origin, while not in the immediate area of protestants' point of origin, is nonetheless within a 20- to 25-mile radius of protestants' point of origin with the respective carriers' destination converging at one point in Avalon. In reviewing the discussion above as to the issues involved in this proceeding, we are not convinced that the additional competition presented by Island will produce any significant benefits to the public. Although there is an advantage for persons residing in the immediate vicinity of Redondo Beach to have Island's service available from the Marina, we do not find this convenience of such compelling nature as to support granting this application in the face of the many negative aspects discussed earlier. We therefore conclude that this application should be denied.

This conclusion obviates the need to discuss Island's request that we authorize the issuance of 3,000 shares of its common capital stock, since Island otherwise holds no operating authority and conducts no vessel carrier operations subject to the jurisdiction of this Commission.

Findings of Fact

1. Island's proposed terminal and parking area in the Redondo Beach Marina are inadequate to serve the number of passengers contemplated by Island in its proposed service.
2. The use of a commercial high-speed fuel dock for the loading and unloading of passengers, baggage, and provisions and supplies by Island at the Marina is considered unsafe and inadequate.
3. The ability of Island to dock its vessel safely on a regularly scheduled basis in Emerald Bay due to the numerous moorings, uncontrolled anchorings, and congestion caused by private yachts as well as the depth of the water and the draft of Island's vessel when fully loaded has not been demonstrated.
4. Island's vessel will be unable to dock at Emerald Bay during the winter months when the float is removed for safety and insurance reasons by the BSA.
5. Proposed radio-stop service contemplated by Island for Two Harbors and Emerald Bay is impractical.
6. Island's proposed schedule for docking at Avalon during the period of time other vessels are waiting to dock or embarking or disembarking passengers will cause serious congestion in the harbor.
7. Due to the relatively short distance from the South Bay area to existing vessel terminals at San Pedro, no significant benefit would accrue to the public by passenger vessel service from the Marina.
8. Island's proposed service during the peak summer months will have an adverse effect on the existing vessel service to Catalina and will have a serious effect on the protesting carriers' ability to serve Catalina on a daily year-round basis.
9. Island does not presently hold any operating authority or conduct any vessel carrier operations under the jurisdiction of this Commission.

Conclusions of Law

1. Since no significant benefit would accrue to the public by a passenger vessel service from Redondo Beach Marina to Catalina, public convenience and necessity have not been shown and the application should be denied.

2. That portion of the application which seeks a Commission order, pursuant to PU Code Section 816-830 authorizing issuance of 3,000 shares of common capital stock should be dismissed, since the issue is now moot.

O R D E R

IT IS ORDERED that the portion of Application 83-03-64 made pursuant to PU Code Section 1007 is denied, and that the portion of A.83-03-64 made pursuant to PU Code Sections 816-830 is dismissed.

This order becomes effective 30 days from today.

Dated APR 18 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

VICTOR CALVO  
PRISCILLA C. CREW  
DONALD VIAL  
WILLIAM T. BAGLEY  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director