

ORIGINALDecision 84 07 059

JUL 5 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Petition of)
)
 CATALINA CHANNEL EXPRESS, INC.;)
 CATALINA PASSENGER SERVICE, INC.;)
 and H. TOURIST, INC. dba)
 CATALINA CRUISES)

Application 84-05-101
 (Filed May 30, 1984)

for Authority to Surcharge Passenger)
 Fares for their Costs Incurred in)
 Providing Security Measures for)
 Passenger Vessel Services during the)
 1984 Summer Olympics in Los Angeles.)

O P I N I O N

Catalina Channel Express, Inc., (VCC-52), Catalina Passenger Service, Inc. (VCC-47) and H. Tourist, Inc. (Catalina Cruises, VCC-46) are common carriers by vessel engaged in the transportation of passengers between various points on the Southern California mainland, on the one hand, and points on Santa Catalina Island, on the other hand.

By this application, applicants seek authority under Sections 454 and 491 of the Public Utilities Code to impose a security surcharge of 70¢ on each one-way passenger fare to or from Santa Catalina Island, during the period July 21 through August 14, 1984.

Each applicant has been advised by the U.S. Coast Guard that the Ports of Los Angeles and Long Beach and adjacent coastal areas will be designated as a safety zone during the Olympic period July 21 through August 14, 1984. Attached to the application as Exhibits 10, 11 and 12 are copies of letters received by each applicant from the U.S. Coast Guard, Captain of the Port, Los Angeles/Long Beach. A portion of the letter addressed to each applicant reads as follows:

"Although we have no specific intelligence to indicate a threat to our ports or shipping, I believe there are real but unquantifiable risks of terrorist activities and problems from individual "crazies". Based on intelligence of a general nature and predictions of tremendous port congestion from Olympic visitors, the Coast Guard is preparing a temporary regulation establishing a safety zone over the ports from July 21, 1984 through August 14, 1984. Security standards in these regulations will call for increased private security for all passenger ships including your Catalina cruise boats. These standards will require you to provide security systems at all of your terminals equivalent to those provided at an international airport (e.g., x-ray scanners for luggage, magnetometers for passengers). In addition, we are requiring that you provide an around-the-clock boat and terminal security watch during the above period."

In addition, the Coast Guard has prepared a Notice of Proposed Rulemaking which was published on pages 19032-19035 of the Federal Register of May 4, 1984. Exhibit 13, attached to the application, is a copy of that Notice of Proposed Rulemaking. Section 165.T1142(c) of that proposed regulation includes within the Safety Zone:

"(1)...all navigable waters and waterfront facilities within the Ports of Los Angeles and Long Beach and adjacent coastal areas including Anaheim Bay.

"(4) The Catalina Cruises terminals at Newport Beach, California and Avalon Bay, Santa Catalina Island..."

The proposed regulation also provides in Section 165.T1142(e) (9):

"(iii) Catalina Ferry Vessels

"(A) All vessels carrying 50 or more passengers on scheduled runs between Santa Catalina Island and Long Beach, Los Angeles or Newport Beach, California shall provide a continuous security watch at the subject ferry terminals and docked ferry vessels, and..."

"(C) Check all persons, baggage, stores and cargo being loaded for weapons, explosives, and other contraband..."

The penalties for violation of these regulations range from a fine of \$25,000 to \$100,000 and up to 10 years imprisonment for each violation.

At the suggestion of the Coast Guard, applicants will be sharing in the security systems to minimize their costs. Applicants allege that they have already entered into a contract with Crown Imperial Security to provide the needed equipment and personnel. Applicants further allege that the expenses for these security measures will be \$169,132. Exhibit 14 to the application is an itemized summary of each security expense item. Applicants expect to transport 238,000 one-way passengers during the surcharge period. Dividing the total expense by the total number of estimated passengers, the applicants have determined that a surcharge of 70¢ per passenger is needed to reimburse them for their costs in providing the Coast Guard required security procedures during the Olympic period.

It is evident that the Coast Guard's security measures for the screening of all passengers and baggage will require the hiring of additional personnel and purchase of equipment. Applicants have pooled their resources and contracted for these services. We are of the opinion that the required security precautions are of benefit to the passengers and the public in general, and that the applicants should be granted relief for the costs of such programs.

Notice of the filing of this application appeared on the Commission's Daily Transportation Calendar of June 4, 1984. Copies of the application have been sent to Los Angeles and Orange Counties and to the Cities of Los Angeles, Long Beach, Newport Beach and Avalon. No protests have been received.

Findings of Fact

1. The U.S. Coast Guard requires each applicant to provide security systems at all terminals during the Olympic period July 21, 1984 through August 14, 1984.
2. Applicants will incur additional expenses estimated at \$169,132 to provide the required security.
3. Applicants seek authority to impose a 70¢ per passenger surcharge on their fares to recover the cost of providing the required security measures.
4. Applicants propose to impose the security surcharge during the period July 21, 1984 through August 14, 1984.
5. The required security precautions are a benefit to the passenger and the general public and applicants should be granted relief for the cost of such programs.
6. The requested surcharge is justified.
7. No protests have been received, and a public hearing is not necessary.
8. Since the security measures must be implemented effective July 21, 1984, the effective date of this order should be the date of signature.

Conclusion of Law

The 70¢ per passenger surcharge during the period July 21, 1984 through August 14, 1984 is reasonable and justified.

O R D E R

IT IS ORDERED that:

1. Catalina Channel Express, Inc., Catalina Passenger Service, Inc. and H. Tourist, Inc. are authorized to impose a 70¢ per passenger surcharge on their fares during the period July 21, 1984 through August 14, 1984.

2. The tariff filings may go into effect on not less than 5 days' notice to the Commission and to the public.

3. In addition to posting and filing tariffs, applicants shall post a printed explanation of the surcharge in their vessels and terminals. The notice shall be posted at least 5 days before the effective date of the surcharge and shall remain posted while the surcharge is collected.

4. The application is granted as set forth above.

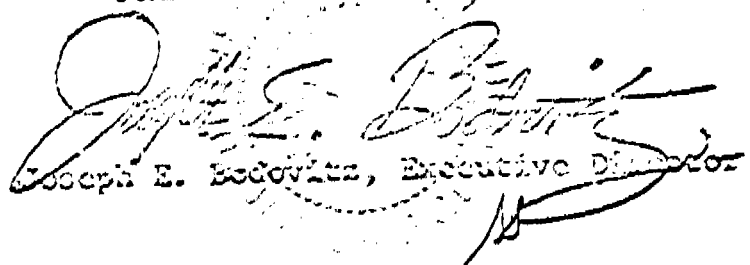
This order is effective today.

Dated JUL 5 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

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

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


Joseph E. Bodovitz, Executive Director