

Decision 84 G7 148

JUL 18 1984

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of H. TOURIST, INC. doing business	)	
as CATALINA CRUISES for an	)	
immediate, ex parte order authorizing	)	Application 84-06-061
it to establish rates for a new,	)	(Filed June 20, 1984)
experimental vessel service	)	
transporting passengers between the	)	
Port of Long Beach, on the one hand,	)	
and, on the other, the Port of	)	
Avalon on Santa Catalina Island.	)	

O P I N I O N

H. Tourist, Inc. (Tourist), doing business as Catalina Cruises (VCC-46), is a common carrier by vessel engaged in the transportation of passengers between Los Angeles (San Pedro) or Long Beach, on the one hand, and Avalon and other authorized points on Santa Catalina Island, on the other hand.

By this application, Tourist seeks authority under Public Utilities Code Section 454 to establish new and higher fares for transporting passengers by a high-speed catamaran between Long Beach and Avalon.

Tourist provides the existing authorized service with five 700-passenger vessels under fares authorized by Decision (D.) 83-02-032, dated February 2, 1983. The higher fares requested by this application will not affect the existing service. Table 1 summarizes the present fares and the fares proposed for the catamaran service.

TABLE 1

	<u>Present One-Way Fare</u>	<u>Proposed Catamaran One-Way Fare</u>
Adult	\$8.75	\$20.00
Commuter	5.10	15.35
Child 2 & over	4.40	10.00
Child under 2	Free	0.50

On June 20, 1984, Tourist filed a timetable, effective June 25, 1984 through September 9, 1984, setting forth the catamaran's schedule for 4 round trips per day between Long Beach and Avalon. This service is being provided at the present fares pending action on this application.

Tourist has presented in Exhibit 6 to the application an estimated result of operation for the catamaran service. For the 2 months ending July 31, 1984, Tourist estimates revenues of \$342,000, expenses of \$317,786 and net income (before taxes) of \$24,214. Tourist alleges that the higher fares are needed to cover the higher cost of providing the catamaran service and to prevent this service from being subsidized by the existing service.

Tourist further alleges that the higher fares are justified because the catamaran service is substantially different than the existing service. The catamaran is faster, quieter, smoother and more luxurious than the existing vessels. It takes Tourist 1-3/4 hours to transport passengers by its existing vessels between Long Beach and Avalon. The catamaran will reduce the travel time by 30 minutes.

Tourist states that it has entered into a short-term lease (2 to 6 months) for the catamaran and plans to operate the vessel on an experimental basis to determine whether the public will pay a substantially higher fare for a faster and more luxurious trip.

On June 29, 1984, Island Express, Inc. (Island) filed a protest to this application. Island does not question the reasonableness of the proposed fare increase but objects to the operation of the new catamaran service. Island alleges that Tourist's new catamaran service requires a certificate of public convenience and necessity and that Tourist should be required to submit a Proponent's Environmental Assessment.

Island filed a complaint in Case (C.) 84-06-062 requesting a cease and desist order against Tourist's catamaran operation. The complaint is the proper proceeding to raise the environmental and public convenience and necessity issues. This rate proceeding will not consider whether Tourist should operate the catamaran service but only whether the proposed fare is reasonable and justified.

In support of its protest, Island argues that Tourist must show extraordinary financial hardship as a prerequisite for ex-parte rate relief. However, in the same protest Island further argues that Tourist is presently providing the new catamaran service at unreasonably low and unlawful rates.

In the Memorandum of Points and Authorities in support of its complaint, Island urges the Commission to find that Tourist's new catamaran service at rates "below cost of providing service constitutes an unreasonable and unjust charge and is unlawful." In the same Memorandum, Island states that "passengers of H. Tourist utilizing the basic ferry transportation service.....will be required to subsidize the operation of the new catamaran service."

We believe that the present fares are unreasonable for the more expensive catamaran service and that passengers using the existing service should not subsidize the catamaran operations. We will deny Island's protest to this application and address the environmental and public convenience and necessity issues in the complaint proceeding. We have set C.84-06-062 for hearing before Administrative Law Judge Alison Colgan on July 19, 1984.

Findings of Fact

1. Tourist seeks authority to charge higher fares for the new catamaran service.
2. The catamaran service is being provided on an experimental basis for the summer peak season at the present fares.
3. The catamaran is a faster, smoother, quieter and more luxurious vessel than the vessels used in the existing service.
4. The cost of providing the catamaran service is higher than the cost of providing the existing service.
5. Without a fare increase, the existing vessel service will subsidize the catamaran service.
6. Island has filed a protest to the application.
7. The proposed fares for the catamaran service are reasonable and justified.
8. Since the existing service is subsidizing the catamaran service, the effective date of this order should be the date of signature.

Conclusion of Law

1. The proposed fares for the catamaran service are reasonable and justified.
2. The environmental and public convenience and necessity issues should be addressed in Case 84-06-062 rather than in this proceeding.
3. Island's protest should be denied. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. H. Tourist, Inc. is authorized to establish the increased fares for the catamaran service. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect 5 days or more after the effective date of this order on not less than 5 days' notice to the Commission and to the public.

2. The authority shall expire six months after the effective date of this order.

3. In addition to posting and filing tariffs, applicant shall post a printed explanation of its fares in its vessels and terminals. The notice shall be posted at least 5 days before the effective date of the fare changes and shall remain posted for at least 30 days.

4. Island Express, Inc.'s protest is denied.

5. The application is granted as set forth above.

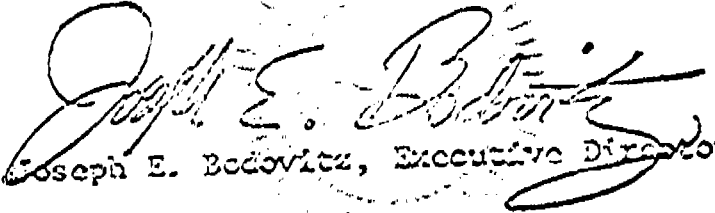
This order is effective today.

Dated JUL 18 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 TODAY.

  
Joseph E. Bodovitz, Executive Director

Decision 84 G7 148

JUL 18 1984

**ORIGINAL**

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In the Matter of the Application	)	
of H. TOURIST, INC. doing business	)	
as CATALINA CRUISES for an	)	
immediate, ex parte order authorizing	)	Application 84-06 <sup>0</sup> -61
it to establish rates for a new,	)	(Filed June 20, 1984)
experimental vessel service	)	
transporting passengers between the	)	
Port of Long Beach, on the one hand,	)	
and, on the other, the Port of	)	
Avalon on Santa Catalina Island.	)	

O P I N I O N

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Tourist further alleges that the higher fares are justified because the catamaran service is substantially different than the existing service. The catamaran is faster, quieter, smoother and more luxurious than the existing vessels. It takes Tourist 1-3/4 hours to transport passengers by its existing vessels between Long Beach and Avalon. The catamaran will reduce the travel time by 30 minutes.

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Island filed a complaint in Case (C.) 84-06-62 requesting a cease and desist order against Tourist's catamaran operation. The complaint is the proper proceeding to raise the environmental and public convenience and necessity issues. This rate proceeding will not consider whether Tourist should operate the catamaran service but only whether the proposed fare is reasonable and justified.

In support of its protest, Island argues that Tourist must show extraordinary financial hardship as a prerequisite for ex-parte rate relief. However, in the same protest Island further argues that Tourist is presently providing the new catamaran service at unreasonably low and unlawful rates.

In the Memorandum of Points and Authorities in support of its complaint, Island urges the Commission to find that Tourist's new catamaran service at rates "below cost of providing service constitutes an unreasonable and unjust charge and is unlawful." In the same Memorandum, Island states that "passengers of H. Tourist utilizing the basic ferry transportation service.....will be required to subsidize the operation of the new catamaran service."

We believe that the present fares are unreasonable for the more expensive catamaran service and that passengers using the existing service should not subsidize the catamaran operations. We will deny Island's protest to this application and address the environmental and public convenience and necessity issues in the complaint proceeding. We have set C.84-06-62 for hearing before Administrative Law Judge Alison Colgan on July 19, 1984.



Findings of Fact

1. Tourist seeks authority to charge higher fares for the new catamaran service.
2. The catamaran service is being provided on an experimental basis for the summer peak season at the present fares.
3. The catamaran is a faster, smoother, quieter and more luxurious vessel than the vessels used in the existing service.
4. The cost of providing the catamaran service is higher than the cost of providing the existing service.
5. Without a fare increase, the existing vessel service will subsidize the catamaran service.
6. Island has filed a protest to the application.
7. The proposed fares for the catamaran service are reasonable and justified.
8. Since the existing service is subsidizing the catamaran service, the effective date of this order should be the date of signature.

Conclusion of Law

1. The proposed fares for the catamaran service are reasonable and justified.
2. The environmental and public convenience and necessity issues should be addressed in Case 84-06-62 rather than in this proceeding.
3. Island's protest should be denied. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. H. Tourist, Inc. is authorized to establish the increased fares for the catamaran service. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect 5 days or more after the effective date of this order on not less than 5 days' notice to the Commission and to the public.

2. The authority shall expire six months after the effective date of this order.

3. In addition to posting and filing tariffs, applicant shall post a printed explanation of its fares in its vessels and terminals. The notice shall be posted at least 5 days before the effective date of the fare changes and shall remain posted for at least 30 days.

4. Island Express, Inc.'s protest is denied.

5. The application is granted as set forth above.

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