

T/VP/jgd

Decision 88 05 018 MAY 11 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California Cruisin', Inc.,)
a California corporation, for the authority)
to increase fares for the transportation)
of passengers on regular scheduled ferry)
service routes between San Diego and)
Santa Catalina Island in order to allow)
California Cruisin', Inc. to continue)
to provide quality ocean transportation)
service from San Diego to Santa Catalina)
Island.)

Application 88-03-040
(Filed March 21, 1988)

O P I N I O N

California Cruisin', Inc. (applicant) is a vessel common carrier (VCC-62) operating between San Diego and Avalon, Santa Catalina Island under authority granted by Decision (D.) 87-02-025, dated February 11, 1987, in Application (A.) 86-07-014.

Applicant seeks authority to increase its passenger fares an average of 25%. The present fares were established with the commencement of service in June, 1987.

Table 1 shows present and proposed passenger fares and Table 2 shows present and proposed round trip group fares.

TABLE 1

	One-Way Fares		Round Trip Fares	
	Present	Proposed	Present	Proposed
Adult	\$22.00	\$27.00	\$39.00	\$49.00
Senior Citizens	19.00	24.00	33.00	43.00
Military & Dependents	19.00	24.00	33.00	43.00
Children (2-12 years)	13.00	19.00	23.00	33.00
Children (under 2)	Free	Free	Free	Free

TABLE 2

Per Person Round Trip Fares

<u>Group Size</u>	<u>Adult</u>		<u>Senior & Military</u>	
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
20 to 50	\$37.00	\$41.00	\$31.00	\$38.00
51 to 75	36.00	40.00	31.00	37.00
76 to 100	35.00	39.00	30.00	36.00
101 to 150	34.00	38.00	29.00	35.00
151 to 212	33.00	37.00	28.00	34.00

Applicant also proposes to increase its charter rate from the present \$5,500, for groups up to 210 passengers, to \$9,000, for groups up to 300 passengers. The charter rate is for exclusive use of the vessel, on a round trip basis, between San Diego and Santa Catalina Island.

Applicant alleges that it has been operating at a loss and needs the fare increases to remain in business. For the first seven months of operation, ended December 31, 1987, applicant incurred losses of \$548,049.

For the test period, June 1 through December 31, 1988, applicant projects a 58% increase in passengers and a slight decrease in expenses over the comparable period of 1987. Based on information contained in the application, Table 3 summarizes the results of operations under present and proposed fares.

TABLE 3

	<u>Test Period</u>	
	<u>June 1 through</u>	<u>December 31, 1988</u>
	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues	\$ 928,000	\$1,165,000
Expenses	1,115,000	1,115,000
Income (before income taxes)	(187,000)	50,000
Operating Ratio (before income taxes)	120.2%	95.7%
	(Red Figure)	

As indicated by Table 3, applicant's operations for the seven month period ending December 31, 1988, under the present fares, will result in a loss of \$187,000, with an operating ratio of 120.2%, before income taxes. The proposed fares will result in an annual gross operating revenue increase of \$237,000 and operating income of \$50,000, with an operating ratio of 95.7%, before income taxes.

Notice of filing of this application appeared on the Commission's Daily Calendar of March 24, 1988. No protests or requests for public hearing have been received.

Findings of Fact

1. Applicant seeks authority to increase its fares by an average of 25%.
2. Applicant's operations in the test period, June 1 through December 31, 1988, under present fares, would be at a loss of \$187,000, with an operating ratio of 120.2%, before taxes.
3. Applicant's operations at the proposed fares will result in an annual gross revenue increase of \$237,000, and an operating revenue of \$50,000, with an operating ratio of 95.7%, before taxes.

4. The requested passenger fare increases are necessary and justified.

5. No protests have been received and a public hearing is not necessary.

6. To ensure applicant's continued operations, the effective date of this order should be the date of signature.

Conclusions of Law

1. The fare increases requested in A.88-03-040 are just and reasonable and should be granted.

2. To ensure applicant's continued operations, the order should be effective today.

ORDER

IT IS ORDERED that:

1. California Cruisin', Inc. is authorized to establish the increased passenger fares proposed in A.88-03-040. Tariffs shall be filed on or after the effective date of this order. They may go into effect ten days or more after the effective date of this order on not less than ten days' notice to the Commission and to the public.

2. This authority shall expire unless exercised within 90 days after the effective date of this order.

3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting a printed explanation of its fares in conspicuous places on its vessel and at all its ticket selling locations. Such notice shall be posted not less than 10 days before the effective date of the fare changes and shall remain posted for a period of not less than 30 days.

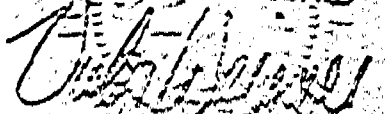
4. The application is granted as set forth above.

This order is effective today.

Dated MAY 11 1988, at San Francisco, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

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


Victor Weisner, Executive Director

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