

ORIGINAL

Decision 89 04 069 APR 26 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Mailed

APR 26 1989

In the Matter of the Application of)
 CATALINA CHANNEL EXPRESS, INC., a)
 California corporation, to amend its)
 certificate of public convenience and)
 necessity (VCC-52) as it relates to)
 the transportation of passengers and)
 baggage by vessel between Long Beach)
 on the one hand and Avalon on Santa)
 Catalina Island on the other hand.)

Application 89-03-006
(Filed March 6, 1989)

OPINION

Applicant Catalina Channel Express, Inc. is a common carrier by vessel (VCC-52) and is authorized to transport passengers and their baggage in scheduled service between Berth 95-96 in Los Angeles Harbor, San Pedro, and Redondo Beach, on the one hand, and certain points on Santa Catalina Island on the other hand, and between Queensway Hilton Hotel, Long Beach, and Dana Point, on the one hand, and Avalon on Santa Catalina Island, on the other hand. Applicant is also authorized to transport passengers and their baggage in non-scheduled (charter) service between Berth 95-96 in Los Angeles Harbor, San Pedro, and the Queensway Hilton Hotel, Long Beach, on the one hand, and all points on Santa Catalina Island, on the other hand. Applicant is authorized to transport passengers and their baggage between the Queensway Hilton Hotel in Long Beach and Avalon on Santa Catalina Island provided that the authorized service is provided "with 149-passenger submerged foil hydrofoil vessels in addition to or in lieu of 100-passenger HM-221 surface effect ships."

By this application, applicant seeks to modify its certificate in two respects, in order to provide better service to the public. First, applicant seeks authority to change the

designated Long Beach terminal from the Queensway Hilton Hotel (now known as the Viscount Hotel) in Long Beach to the Queen Mary landing in Long Beach. Second, applicant seeks authority to change the designation of permitted vessels to read as follows:

"The authorized service may be provided with vessels which cruise at a minimum speed of 30 knots."

Applicant has concluded that the Queen Mary landing is a superior terminal for the public as compared to the Viscount Hotel for the following reasons:

1. The Queen Mary landing would enable applicant to share the substantial parking facilities for the Queen Mary/Spruce Goose attractions and the shopping and entertainment facilities at that location which are designed for the tourist trade.
2. The Viscount Hotel is located at the mouth of the Los Angeles River as that river enters Long Beach Harbor. From time to time, debris and effluent float down the river and interfere with docking, passenger loading, and proper operation of the vessels. The Queen Mary landing is located farther from the river mouth, in Long Beach Harbor itself, and does not present these difficulties.
3. The crossing time to Avalon would be less from the Queen Mary site.
4. The Queen Mary landing is adjacent to, and shares parking with, the helicopter terminal of Island Express helicopters, operating between Long Beach and Avalon, so that a passenger could go to Catalina by boat and return by helicopter, or vice versa.

The Vessel Description

When Long Beach-Avalon authority was initially sought by Island Express, that company proposed to render service in 100-passenger HM-221 surface effect ships ("SES vessels") which

cruise at a speed of 30 to 32 knots, and were considerably faster than the vessels then serving (and now serving) Long Beach with a cruising speed of 15 to 17 knots. The certificate initially issued to Island Express restricted its operations to SES vessels. When applicant and Island Express applied to transfer Island Express' authority to applicant, applicant proposed to render the service with a hydrofoil vessel(s) which would cruise at speeds in excess of 30 to 32 knots. The Commission modified applicant's certificate to provide for service with hydrofoil vessels in addition to or in lieu of 100-passenger HM-221 surface effect ships.

There are now other technologies available for high speed vessels (minimum 30-knot speed), in addition to hydrofoil designs and SES vessels. Applicant is now constructing a 149-passenger vessel, which is neither hydrofoil nor SES design, but which will cruise at speeds in excess of 30 knots and which will be available for service by May, 1989. This vessel is of conventional design, but has engines with nearly double the horsepower of applicant's existing 23-knot vessels. Applicant requests that its certificate be modified to permit service to be rendered with any high speed vessel, regardless of the technological configuration used to achieve the required speed. Applicant's vessels will not be operated in revenue service until inspected and approved by the United States Coast Guard.

A protest and request for public hearing was received from H. Tourist, Inc. (H. Tourist), dba Catalina Cruises, asserting that, among other service, it operates five schedules daily between Long Beach and Avalon and that "to permit use of any vessel which cruises at a minimum speed of 30 knots...would seriously endanger the existing service of H. Tourist." H. Tourist asserts that applicant will provide its faster service at the same fares applicant currently charges, which are approximately the same as those charged by H. Tourist; that H. Tourist has had its market share decline by 33.7% in the last few years; and that it expects

further decline in market share should applicant's new vessels be permitted to operate at current fares. H. Tourist suggests that if applicant were to charge a \$30 fare for this new service it would not protest. The protest does not state facts which require a public hearing. Currently there are vessels in the Long Beach-Avalon service area which cruise at speeds of 30 knots; to accede to H. Tourist's protest would be to deny to the public improved service at low rates merely to protect H. Tourist's market share. H. Tourist is attempting to delay implementation of applicant's service in order to protect its peak summer business.

A public hearing is not necessary. The application should be granted.

Findings of Fact

1. Public convenience would be improved by applicant's using the Queen Mary landing in Long Beach as a terminal rather than its terminal at the Viscount Hotel.

2. Public convenience would be improved by permitting applicant to operate any type of high speed vessel (minimum 30-knot speed) which is United States Coast Guard approved, in its certificated and charter service.

Conclusion of Law

The Commission concludes that applicant's operating authority should be modified as set forth in the following order.

ORDER

IT IS ORDERED that the certificate of public convenience and necessity issued to Catalina Channel Express, Inc. is modified (a) to substitute the Queen Mary Landing for the Queensway Hilton Hotel as its Long Beach terminal and (b) to permit its transportation service from this terminal to be provided with any vessel which cruises at a speed of 30 knots or more.

This order is effective today.

Dated APR 26 1989, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

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



Appendix A
(D.93291)

CATALINA CHANNEL EXPRESS, INC.
(a California corporation)
(VCC-52)

Fifth Revised Page 1
Cancels
Fourth Revised Page 1

Catalina Channel Express, Inc., a California corporation, by this certificate of public convenience and necessity, is authorized to conduct common carriage by vessels for the transportation of passengers and their baggage between Berth 95-96 in the Los Angeles Harbor, the *Queen Mary landing, Long Beach, Redondo Beach, and Dana Point, on the one hand, and Avalon and Two Harbors on Santa Catalina Island, on the other hand, as described below:

I. Scheduled Service

Between Berth 95-96 in the Los Angeles Harbor, on the one hand, and Avalon, Santa Catalina Island, on the other hand, subject to the following conditions:

- a. One schedule will be operated daily at 4:30 p.m. from Berth 95-96 in the Los Angeles Harbor to Avalon, Santa Catalina Island.
- b. No schedule will be operated from Berth 95-96 in the Los Angeles Harbor to Avalon, Santa Catalina Island with a departure time within one-half hour before or after the scheduled departures of H. Tourist, Inc. on file with this Commission on June 18, 1981.

Between Berth 95-96 in the Los Angeles Harbor, on the one hand, and Two Harbors, Santa Catalina Island, on the other hand, subject to the following conditions:

A minimum of one round-trip schedule per day for a minimum of five days per week will be operated throughout the year.

Issued by California Public Utilities Commission.

*Revised by Decision 89 04 069, Application 89-03-006.

Appendix A
(D.93291)

CATALINA CHANNEL EXPRESS, INC.
(a California corporation)
(VCC-52)

Fifth Revised Page 2
Cancels
Fourth Revised Page 2

I. Scheduled Service (Continued)

Between Redondo Beach, on the one hand, and Avalon, Santa Catalina Island, on the other hand, subject to the following conditions:

A minimum of one round trip schedule per day will be operated daily between June 15 and September 15. Schedules may be operated on other dates at the carrier's discretion as demand may indicate.

Between Redondo Beach, on the one hand, and Two Harbors, Santa Catalina Island, on the other hand, subject to the following conditions:

A minimum of two round-trip schedules per week will be operated between June 15 and September 15. Schedules may be operated on other dates at the carrier's discretion as demand may indicate.

Between the *Queen Mary landing in Long Beach and Dana Point Harbor, on the one hand, and Avalon, Santa Catalina Island, on the other hand.

- a. A minimum of one round trip per day shall be operated throughout the year between Long Beach and Avalon, and between Dana Point and Avalon.
- *b. The authorized service shall be provided with vessels which cruise at a minimum speed of 30 knots.

II. Nonscheduled Service

Between Berth 95-96 in the Los Angeles Harbor and the *Queen Mary landing in Long Beach, on the one hand, and all points on Santa Catalina Island, on the other hand.

Issued by California Public Utilities Commission.

*Revised by Decision 89 04 063, Application 89-03-006.