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Decision 90 09 039 SEP 12 1990

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CATALINA CHANNEL EXPRESS,
INC., for authority to adjust rates. }

Application A.90-05-040
(Filed May 24, 1990)

O P I N I O N

Catalina Channel Express, Inc. (Catalina Express), a California Corporation, is a vessel common carrier (VCC-52) authorized to transport passengers and their baggage on scheduled or non-scheduled basis between 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 Long Beach and Dana Point, on the one hand, and Avalon on Santa Catalina Island, on the other hand.

Applicant presently has four levels of base tariff fares for its scheduled service, to which fares are added the landing fees imposed by Avalon and Two Harbors and the PUCTRA fees. The four levels of fares are: (1) the San Pedro/Avalon fare; (2) the San Pedro/Two Harbors fare; (3) the Redondo Beach-Long Beach/Avalon fare; and (4) the Redondo Beach /Two Harbors fare. In each of the four fare levels, there are fares for adults, children, seniors, and other classes of discount fares.

By this application, applicant seeks to do three things with its fare structure: (a) increase the fare for standard service between San Pedro and the two points on Catalina Island by 85 cents for the adult one-way ticket, and proportionally for children, seniors, etc.; (b) increase the fare for service between Redondo Beach-Long Beach and Catalina by \$1.11 for the adult one-way ticket, with proportional increases for children, seniors, etc.; and (c) establish a San Pedro/Catalina fare for high-speed "Super Express" service on that route, which new fare would be the same as the Long Beach-Redondo Beach fare. Applicant also seeks to increase its charter rates between the mainland and Catalina by approximately 7%.

Between San Pedro, Los Angeles Harbor and Avalon, Catalina Island, excluding Express Service (Excluding landing fee/head tax and PUC tax):

	<u>Present</u>	<u>Proposed</u>
Adults	\$12.90	\$13.75
Seniors	11.65	12.41
Child	9.40	10.02
Infant	0.00	0.00
Adult Commuter	9.90	10.57
Child Commuter	7.00	7.49
Military	11.65	12.41
Groups	11.65*	12.41*
Industry	9.40	10.02
Camp	10.90	11.61
School	9.40	10.02

Between Long Beach or Redondo Beach and Avalon, Catalina Island; and San Pedro Super Express Service to Avalon (Excluding landing fee/head tax and PUC tax)

	<u>Present</u>	<u>Proposed</u>
Adults	\$15.02	\$16.13
Seniors	13.30	14.29
Child	10.84	11.66
Infant	0.00	0.00
Adult Commuter	11.58	12.46
Child Commuter	8.13	8.73
Military	13.30	14.29
Groups	13.30*	14.29*
Industry	10.84	11.66
Camp	12.56	13.50
School	10.84	11.66

*Rates shown are one way, however, group fares are sold on round-trip basis only.

Between Redondo Beach and Two Harbors, Catalina Island; and San Pedro Super Express Service to Two Harbors (Excluding landing fee/head tax and PUC tax)

	<u>Present</u>	<u>Proposed</u>
Adults	\$15.12	\$16.23
Seniors	13.40	14.39
Child	10.94	11.76
Infant	0.00	0.00
Adult Commuter	11.68	12.56
Child Commuter	8.23	8.83
Military	13.40	14.39
Groups	13.40*	14.39*
Industry	10.94	11.76
Camp	12.66	13.60
School	10.94	11.76

CHARTER (NON-SCHEDULED) SERVICE

Between Port of Los Angeles or Port of Long Beach and Points on Catalina Island

Hourly Rates

1-100 Passenger Vessel	\$210.00	\$225.00
100-149 Passenger Vessel	450.00	480.00
Super Express Service	558.25	600.00

*Rates shown are one way, however, group fares are sold on round-trip basis only.

Applicant states that the proposed fares are necessary to offset increased operating expenses due to inflation, including the rising cost of equipment (increased lease for high-speed vessels), fuel, repairs and maintenance, salaries and wages, and that rent at Long Beach terminal is higher than was estimated.

Applicants's present passenger fares were established by Decision (D.)88-07-017, dated July 8, 1988, in Application (A.)88-05-044.

Based on the data contained in the application, the following table sets for the estimated results of operations under present and proposed passenger fares for the test year ending May 31, 1991:

Test Year Ending May 31, 1991

	<u>Present Fares</u>	<u>Proposed Fares</u>
<u>Operating Revenue</u>	\$7,611,593	\$8,072,160
<u>Operating Expenses</u>	7,574,585	7,628,992
<u>Net Income (Loss), Before Income Taxes</u>	37,008	443,168
Operating Ratio, Before Income Taxes	99.5%	94.5%

(Red Figure)

As indicated by the above table, applicant's operations in the test year ending May 31, 1991 under present fares will be at an operating ratio of 99.5%. The proposed fares will result in annual operating revenues of \$8,072,160 and annual operating revenue increase of \$460,567, with an operating ratio before income taxes of 94.5%.

Notice of the filing of this application appeared in the Commission's Transportation Daily Calendar on May 31, 1990. No protest or request for public hearing has been received.

Findings of Fact

1. Applicant seeks authority to increase its passenger fares approximately 7.0% to offset increased operating expenses.
2. Applicant's present fares were authorized by D.88-07-017, dated July 8, 1988, in A.88-05-044.
3. Applicant's operations in the test year ending May 31, 1991, under present fares would be at a profit before taxes of \$37,008 with an operating ratio of 99.5%.
4. The proposed fares will result in annual operating revenues of \$8,072,160 and an annual operating revenue increase of \$460,567 with an operating ratio before income taxes of 94.5%.
5. The requested fares are necessary and justified.
6. No protests have been received concerning this application and a public hearing is not necessary.
7. Applicant will be operating at a marginal profit of 0.5% under present fares, and since applicant carries majority of its passengers in the summer season immediate rate relief is requested.

Conclusions of Law

1. The fares requested in A.90-05-040 are just and reasonable and should be granted.
2. Since applicant's operations will be close to the break even point under the present fares, the effective date of this order should be the date of signature.

ORDER

IT IS ORDERED that:

1. Catalina Channel Express, Inc. is authorized to establish the increased passenger fares proposed in A.90-05-040. Tariffs shall be filed on or after the effective date of this order. They may go into effect five days or more after the effective date of this order on not less than five 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 in applicant's vessels a printed explanation of the fares. Such notice shall be posted not less than five 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 SEP 12 1990, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
PATRICIA H. ECKERT
Commissioners

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.

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