

Decision 91 05 053 MAY 22 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
)
CATALINA FREIGHT LINE, a California)
corporation, for authority to increase)
rates for the transportation of freight)
between Los Angeles Harbor and Catalina)
Island, California, and for an ex parte)
interim order authorizing the same.)

ORIGINAL

Application 91-03-068
(Filed March 29, 1991)

O P I N I O N

Catalina Freight Line, a California corporation (applicant), requests authority to increase its present rates by approximately 10% pursuant to Public Utilities (PU) Code § 454 and 491. Applicant is a vessel common carrier of freight (VCC-58) that operates between Wilmington, Port of Los Angeles, and Avalon/Isthmus, Santa Catalina Island.

The present rates were authorized by Decision (D.) 89-12-037 in Application 89-08-021. Applicant published these rates in its Local Freight Tariff No. 4, and made effective January 2, 1990.

Applicant has submitted its latest unaudited Balance Sheet and Income Statement, for the year ending December 31, 1990. A pro forma income statement is included in the application and identified as Exhibit "E". This pro forma statement includes present and proposed cash flow data.

Present and proposed rates are shown in Table 1.

TABLE 1
Between Wilmington and Avalon/Isthmus

<u>Commodity</u>	<u>RATES</u> In cents per 100 pounds		<u>Proposed</u>
	<u>Present</u>	<u>Weight</u>	
Freight, all kinds	745	Any Quantity	819
	601	5,000	661
	343	20,000	377
	286	30,000	315
Furniture, appliances & accessories, etc.	1432	Any Quantity	1575
Containers, empty returning	286	Any Quantity	315
Vehicles, motor, passenger, including pickup trucks	1432	Any Quantity	1575

Table 2 sets forth the estimated results of operations under present and proposed freight rates for the test year ending December 31, 1991.

TABLE 2
Test Period Ending December 31, 1991

<u>INCOME STATEMENT</u>			
	Historical Year ending December 31, 1990	Test Year ending December 31, 1991	
	<u>Present Rates</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenue	\$1,633,552	1,633,552	1,796,907
Operating Expenses	1,582,111	1,660,726	1,660,726
Operating Income(Loss)			
Income Before Tax	51,441	(27,174)	136,181
Operating Ratio Before Income Tax	96.85%	101.66%	92.42%

Table 2 shows that applicant's operations in the year ending December 31, 1990 under the present rates resulted in a profit of \$51,441 with an operating ratio of 96.85% before income taxes.

If present rates and trends continue, applicant forecasts that it will sustain a loss of \$27,174 for 1991 with an operating ratio of 101.66%. This loss is attributed to a major increase in terminal lease expenses at the Ports of Los Angeles and Avalon. The City of Los Angeles has notified applicant that effective March 1, 1991, its annual lease expense at Wilmington terminal will increase by 54.4% from \$97,280 to \$150,396. Santa Catalina Island Company also told the applicant that the Avalon terminal lease expense will be increased by 66.2%. Effective April 1, 1991 the new rent will increase annually from \$25,499 to \$64,044.

The proposed rate increase, on the other hand, will result in an annual gross operating revenue of \$1,796,907 and operating income of \$136,181, with an operating ratio of 92.42% before income taxes.

The proposed rate increases are justified and are just and reasonable and should be granted.

Findings of Fact

1. Applicant seeks authority to increase its vessel freight rates by approximately 10% to offset increases in terminal leases.

2. Applicant's present rates were granted by D.89-12-037.

3. Applicant's operations in the test period ending December 31, 1991, under present rates would result in a loss of \$27,174 with an operating ratio of 101.66%.

4. The proposed rates will result in an annual gross revenue of \$1,796,907 which will generate an annual net income before taxes of \$136,181 with an operating ratio of 92.42% before income taxes.

5. The requested rate increases under PU Code § 454 are justified.

6. Notice of filing of this application appeared in the Commission's Daily Transportation Calendar of April 8, 1991. No protests have been filed.

Conclusions of Law

1. The vessel freight rate increases under PU Code § 454 herein requested are just and reasonable.

2. The application should be granted.

3. A public hearing is not necessary.

4. Since applicant's two terminal leases are now in effect, this order should be effective on the date it is signed.

ORDER

IT IS ORDERED that:

1. Catalina Freight Line, a California corporation is authorized to establish the increased vessel freight rates set forth in the application.

2. Tariffs may be filed on or after the effective date of this order. They may become effective five days or more after the effective date of this order provided that the Commission and the public are given not less than five days' notice.

3. In establishing and maintaining these rates, applicant is authorized to depart from the provisions of Public Utilities Code § 461.5 to the extent necessary to adjust long- and short-haul departures now maintained under outstanding

authorizations; such outstanding authorizations are modified only to the extent necessary to comply with this order; schedules containing the rates published under this authority shall make reference both to the prior orders authorizing long- and short-haul departures and to this order.

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

4. The application granted as set forth above.

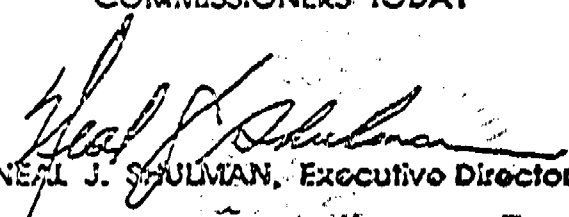
This order is effective today.

Dated MAY 22 1991 at San Francisco, California.

PATRICIA M. ECKERT
President
G. MITCHELL WILK
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

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

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


NEAL J. SHULMAN, Executive Director

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