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Decision 91-06-001 June 5, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 H. TOURIST, INC., dba CATALINA)
 CRUISES, a corporation, for an order)
 authorizing it to increase rates for)
 the transportation of passengers by)
 vessel between the Port of Long)
 Beach or the Port of Los Angeles)
 (San Pedro), on the one hand, and,)
 on the other, authorized points on)
 Santa Catalina Island.)

ORIGINAL

Application 91-02-098
 (Filed February 22, 1991)

OPINION

H. Tourist, Inc., dba Catalina Cruises (applicant), is a common carrier by vessel engaged in the transportation of passengers between the Port of Los Angeles (San Pedro) and the Port of Long Beach, on the one hand, and points on Catalina Island, on the other. Applicant requests authority to increase rates in the manner set forth below. The requested increases are justified, the new rates are just and reasonable, and the application is therefore granted.

The rates for passenger service by vessel between the affected points were last authorized to be increased on October 12, 1989, pursuant to order of the Commission made in Decision 89-10-027 in Application (A.) 89-04-035. Applicant's current and proposed rate structure between these points is as follows:

<u>Class</u>	<u>Current</u>	<u>Proposed</u>
Adult	\$26.00	\$26.50
Child	15.50	16.50
Commuter		
(Booklet)	68.35	64.50
Adult Group 1	22.50	22.50
Adult Group 2	19.25	20.50
Senior	22.50	22.50
Senior Group	19.25	20.50

Basically, the proposal increases the single adult fare by \$.50, the single child fare by \$1.00, and the adult group 2 fare and senior group fare by \$1.25, respectively. At the same time, the cost of a commuter booklet will decrease from \$68.35 to \$64.50.

The applicant's income statement for the year ended December 31, 1990, shows a pretax net loss of \$523,008, including vessel depreciation of \$259,581 and other property depreciation of \$77,978. Even with a rate increase of the requested amount, assumed to have been effective January 1, 1991, applicant forecasts a pretax loss of \$1,226,648 for the year. Applicant states that increased costs for rent, security, janitorial service, fuel expense, and insurance, coupled with the cost of certain scheduled repairs, will result this year in a substantial projected increase in operating expense, whereas ridership has been declining due to aggressive competition. Although ridership is projected to decline ten percent in 1991, applicant nevertheless does not seek a rate increase which would totally offset its losses. Applicant states that it is requesting a relatively modest rate increase because increased patronage, and not higher rates, is the key to covering the cost of service.

In view of the financial circumstances of the applicant, the proposed rate increase and adjustments are justified. The increase should be authorized, and applicant should be able to make them effective on short notice to the Commission and the public pursuant to Public Utilities (PU) Code § 491.

Findings of Fact

1. Applicant seeks authority to increase, and otherwise to adjust, its fares between the Port of Los Angeles (San Pedro) and the Port of Long Beach, on the one hand, and points on Catalina Island on the other.

2. The amounts of the proposed increases vary from \$.50 to \$1.25 per trip. Applicant also proposes a reduction of \$3.85 in the price of its commuter booklet.

3. The proposed increases and adjustments are necessary to offset the effects of increased operating costs and declining patronage of applicant's vessels.

4. Applicant's pretax net loss for the year ended December 31, 1990, was \$523,008.

5. Although applicant does not expect that the proposed fare increase and adjustment will eliminate its losses, applicant does not seek a greater increase because it believes that a significant rate increase would be counterproductive.

6. The increases in applicant's rates and charges requested in the application are justified, and the proposed new rates and charges are just and reasonable.

7. Notice of the filing of this application appeared on the Commission's Daily Calendar of March 6, 1991 and in the Transportation Calendar of March 7, 1991.

8. Copies of the application were served upon the parties specified in Rule 24 of this Commission's Rules of Practice and Procedure.

9. No protests or requests for public hearing have been received, and a public hearing is not necessary.

Conclusions of Law

1. The rate increases requested in A.91-02-098 are just and reasonable and should be granted.

2. Because the applicant is operating at a loss, the order should be effective today, and short notice authority should be granted pursuant to PU Code § 491.

ORDER

IT IS ORDERED that:

1. H. Tourist, Inc., dba Catalina Cruises, is authorized to establish the increased passenger fares proposed in Application 91-02-098. Tariffs shall be filed on or after the effective date

of this order. They may go into effect 5 days or more after the effective date of this order or not less than 5 days' notice to the Commission and to the public.

2. The authority granted herein 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 operating vehicle a printed explanation of the fares. Such notice shall be posted not less than 5 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 June 5, 1991, at San Francisco, California.

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

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


NEAL J. SCHULMAN, Executive Director