

Decision 92 09 040 September 2, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the)
 Application of CATALINA)
 PASSENGER SERVICE, INC., a)
 California corporation, for)
 authorization to increase rates)
 of fare for the transportation)
 of passengers by vessel between)
 Newport Beach and Avalon, Santa)
 Catalina Island, California.)

Application 92-05-054
(Filed May 29, 1992)

O P I N I O N

Catalina Passenger Service, Inc., a California corporation (applicant), requests authority to increase its present fares by approximately 14% pursuant to Public Utilities (PU) Code § § 454 and 491. Applicant is a vessel common carrier (VCC-47) engaged in the transportation of passengers and their baggage; it operates a scheduled service between Newport Beach, including Balboa, and Avalon, Santa Catalina Island and "on-call" service between Newport Beach, including Balboa, and points and places on Santa Catalina Island.

The present fares were authorized by Decision (D.) 88-04-071 in Application 88-02-037. Applicant published these fares in its Local Passenger Tariff No. 1, effective May 23, 1988.

Applicant has submitted its latest unaudited Balance Sheet and Income Statement, for the year ending December 31, 1991. A pro forma income statement is included in the application and identified as Exhibit "C". This pro forma statement includes present and proposed cash flow data.

Present and proposed fares are shown in Table 1.

TABLE 1

Between Newport Beach and Avalon

	<u>FARES (In dollars per person)</u> <u>Present</u>	<u>Proposed</u>
Adult One-way	\$13.40	\$15.25
Adult Round-Trip	26.80	30.50
*Child One-Way	6.90	7.25
*Child Round-trip	13.80	14.50
*under 12 years.		

Table 2 sets forth the estimated results of operations under present and proposed passenger fares for the test year ending December 31, 1992.

TABLE 2

Test Period Ending December 31, 1992

INCOME STATEMENT

	Historical Year ending December 31, 1991	Test Year ending December 31, 1992	
	<u>Present Fares</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
Operating Revenue	\$2,115,240	2,115,240	2,407,143
Operating Expenses	1,886,898	2,001,562	2,047,426
Operating Income	228,342	113,678	359,717
Income Tax	93,637	46,616	147,510
Net Income	134,705	67,062	212,207
Operating Ratio	93.63%	96.83%	91.18%

Table 2 shows that applicant's operations in the year ending December 31, 1991 under the present fares resulted in a profit of \$134,705 with an operating ratio of 93.63% after income taxes.

If present fares and trends continue, applicant forecasts that its income will decline for 1992 with an operating ratio of 96.83%. Wages, fuel, insurance, rent and supplies have increased by 8%, 30%, 15%, 5% and 2%, respectively.

The proposed fare increases on the other hand, will result in an annual operating revenue of \$2,407,143 and net income of \$212,207, with an operating ratio of 91.18%.

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

Findings of Fact

1. Applicant seeks authority to increase its vessel passenger fares by approximately 14% to offset increases in wages, fuel, insurance, rent and supplies.

2. Applicant's present fares were authorized by D.88-04-071.

3. Applicant's operations in the test period ending December 31, 1992, under present fares would result in a decline in income of \$67,062 and an increase in operating ratio to 96.83%.

4. The proposed fares will result in an annual operating revenue of \$2,407,143, which will generate an annual income of \$212,207 with an operating ratio of 91.18%.

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

6. Notice of filing of this application appeared in the June 11, 1992 Daily Transportation Calendar.

7. No protests have been filed in connection with this application.

8. A public hearing is not necessary.

Conclusions of Law

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

2. This application should be granted.
3. Since applicant is experiencing the increased costs, this order should be effective on the date it is signed.

O R D E R

IT IS ORDERED that:

1. Catalina Passenger Service, Inc., a California corporation is authorized to establish the increased vessel passenger fares set forth in this 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. This authority shall expire unless exercised within 90 days after the effective date of this order.
 4. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in applicant's operating vessels 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.
 5. This application is granted as set forth above. This order is effective today.
- Dated September 2, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners

Commissioner Patricia M. Eckert, being necessarily absent, did not participate.

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

-4-


NEAL J. SHULMAN, Executive Director