

Decision 90906 OCT 10 1979**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Application No. 59001  
(Filed July 17, 1979)  
(Amended August 3, 1979)

O P I N I O N

By the above application as amended on August 3, 1979, H. Tourist, Inc., doing business as Catalina Island Cruises (VCC-47), applicant, seeks authority to assess a surcharge of \$ .50 for the period from August 1, 1979 through December 31, 1979 for the service of transporting passengers by vessel between the Port of Los Angeles (San Pedro) or the Port of Long Beach (Long Beach) on the one hand and authorized points on Santa Catalina Island on the other hand.

The present fares for passenger service between the Port of Los Angeles or the Port of Long Beach and Santa Catalina Island were made effective October 1, 1978 pursuant to the Order of the Commission in Decision 89275 in Applications 57772 and 57773.

Amended Exhibit C, attached to the amendment and to the application, is the applicant's calculation of the proposed surcharge. In this calculation the carrier makes use of the increase in the cost of fuel as estimated for the year compared to the cost of the fuel for 1978 with no regard to the increase in the number of hours of vessel used or without allocation of the cost between the regulated operation and non-regulated operation. The calculation then reflects the estimated number of passengers for the year 1979 with an estimate for the period August to December and determines that these future passengers should make up the losses which were sustained in the first seven months of the year.

This would constitute retroactive rate making.

The Commission staff has reviewed the workpapers supporting Exhibit 1 in Decision 89275 and determined that the cost of fuel used for the estimated year 1978 was \$332,700 and the estimated passengers were 840,000, which would produce a fuel expense per passenger of \$0.396. At the Commission staff's request the Company furnished additional data or statistics which indicate that the ratio of regulated operations to total operations for the first seven months of 1979 is 0.942.

Amended Exhibit C shows that for the last seven months of 1979, the Company estimates that the cost of fuel will be \$485,147 and that the number of passengers for the same period will be 863,615. If the cost of fuel is separated between regulated operations and non-regulated operations in the same ratio as the first seven months of 1979 the cost of fuel for regulated operations would be \$457,000 and the cost of fuel per passenger would be \$0.529.

The current fares include \$0.396 for fuel expense thus an additional amount of \$0.133 per passenger is necessary to accommodate the increase in cost of fuel.

Notice of filing of this application appeared in the Commission's Daily Calendar of July 20, 1979. No protests have been received.

#### F I N D I N G S

We find that:

1. The cost of fuel to the carrier has increased.
2. The cost of the fuel used in total operations should be segregated between that used for regulated service and that used for non-regulated service.
3. The method of computation used by the carrier in this application results in retroactive ratemaking and is not acceptable.
4. The method employed by the staff is acceptable.
5. The carrier needs rate relief.
6. The staff calculation of \$0.133 per passenger should be rounded to \$0.15 per passenger.
7. Applicant requested the surcharge be put in effect for a specified five months period. The order to follow will provide for a five months period.

The application was listed on the Commission's Daily Calendar of July 20, 1979. The Commission's Transportation Division staff has reviewed the application and recommends that it be granted by an ex parte order to the extent discussed above. A public hearing is not necessary.

After consideration, the Commission finds that a surcharge of \$0.15 for a five month period is justified and reasonable.

O R D E R

IT IS ORDERED that:

H. Tourist, Inc. is authorized to establish a surcharge of \$0.15 for the period from November 1, 1979 to March 31, 1980. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and on not less than ten days' notice to the public and the Commission.

The authority shall expire unless exercised for the period above stated.

The effective date of this order shall be the date hereof.

Dated OCT 10 1979, at San Francisco, California.

John E. Boyer  
President

Vernon L. Stiggen

Richard D. Harrell

Edward W. Jensen  
Commissioners

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.