

T/ctb

Decision 93235 JUN 16 1981

ORIGINAL

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 authoriza-)
tion to increase rates of fare for the)
transportation of passengers by vessel)
between Newport Beach and Avalon, Santa)
Catalina Island, California.)

Application 60306
(Filed March 2, 1981)

O P I N I O N

Catalina Passenger Service, Inc. (applicant) is a common carrier (VCC-47) engaged in the transportation of persons and hand-baggage by vessel between Balboa Pavilion at Newport Beach, Orange County; and Avalon, Santa Catalina Island, under the authority granted in Decision (D.) 86252 dated August 17, 1976.

Applicant seeks authority to increase passenger fares 12.5% from those presently authorized, as indicated below:

	<u>Present Fares</u>	<u>Proposed Fares</u>
Adult one way	\$ 8.00	\$ 9.00
Adult round trip	16.00	18.00
Child, under 12, one way	4.00	4.50
Child, under 12, round trip	8.00	9.00

The fares sought to be increased by this application were last adjusted by D.92085 dated July 29, 1980, in Application 59567. Applicant states that since the last fare adjustment, it has incurred increases in the cost of fuel, repairs, maintenance, and salaries.

Applicant provided a consolidated Statement of Income and Expenses for the 12 months ending December 31, 1980. This statement covered its overall operations, regulated and nonregulated, for the year. Income from regulated passenger vessel operations

were approximately 83.5% of the total revenues from all operations. The estimate of operating results for the regulated passenger vessel operations for the historical year (1980) and rate year (1981) are as follows:

	<u>Historical Year-1980</u>		<u>Rate Year-1981</u>	
	<u>Present</u>	<u>Fares</u>	<u>Present</u>	<u>Proposed</u>
			<u>Fares</u>	<u>Fares</u>
Revenues	\$636,385		\$693,000	\$771,000
Expenses	601,715		655,159	670,759
Income Tax	3,831		9,642	32,620
Net Income	30,841		28,199	67,621
Operating Ratio	95.1%		95.9%	91.2%

The estimate for expenses for 1981 is based on actual expenses currently incurred. Applicant has indicated in a letter that in June 1981, salaries for boat crew and office personnel will increase approximately 7.4%. These salary increases are not reflected in the above results of operations. In prior D.90691 and 92085 we questioned applicant's terminal expenses, since the terminal is rented from a sister corporation. In response to a staff inquiry, counsel for applicant has provided certain information tending to substantiate the reasonableness of these terminal expenses. The results of operations set forth above do reflect these expenses. We reserve our right to re-evaluate terminal expenses in future proceedings.

The requested fare increase will result in an estimated annual increase in revenues of \$63,642.

The Transportation Division has reviewed the application and recommends granting of the requested fare increase by ex parte order.

Notice of filing of this application appeared in the Commission's Daily Calendar. Applicant also served copies of the application on the Counties of Los Angeles and Orange, and the Cities of Newport Beach and Avalon. There are no protests and a public hearing is not necessary.

The passenger service to Santa Catalina Island is highly seasonal in demand. The current season will begin shortly and in order for applicant to generate sufficient revenues to maintain the viability of its operation the following order should be effective the date of signature.

Findings of Fact

1. Since the present fares were established, applicant has experienced increases in operating expenses.

2. The proposed fare increases will result in an estimated annual increase in gross revenues of \$63,642 and an operating ratio of 91.2%.

3. A public hearing is not necessary.

Conclusion of Law

The increased fares authorized by the following order are just, reasonable, and nondiscriminatory.

O R D E R

IT IS ORDERED that:

1. Applicant, Catalina Passenger Service, Inc., is authorized to establish the increased fares proposed in Application 60306. Tariffs shall be filed not earlier than 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. The authority shall expire unless exercised within 90 days after the effective date of this order.

3. In addition to posting and filing tariffs, applicant shall post a printed explanation of its fares in its vessel and terminals. The notice shall be posted at least 5 days before the effective date of the fare changes and shall remain posted for at least 30 days.

This order is effective today.

Dated JUN 16 1981, at San Francisco, California.

John E. Gunn
President

Robert D. Marble

Edward W. Spence

Walter C. ...

Prudence C. ...
Commissioners