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**ORIGINAL**

**93291 JUL 7 1981**

Decision

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
 of CATALINA CHANNEL EXPRESS, INC., )  
 a California corporation, for )  
 authority to establish common )  
 carrier service by boat between )  
 the Port of Los Angeles and )  
 Long Beach and Santa Catalina )  
 Island, and for authority to )  
 issue stock. )

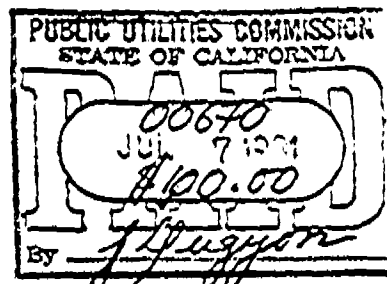
Application 60379  
 (Filed March 18, 1981)

**O P I N I O N**

By this application, Catalina Channel Express, Inc. (applicant), a California corporation, seeks authority under Public Utilities (PU) Code Section 1007 to establish service as a common carrier by vessel to transport persons and their baggage between Berth 94-95 in the Los Angeles Harbor and the Queensway Hilton Hotel in Long Beach, on the one hand, and points on Santa Catalina Island (Catalina), on the other hand.

A protest to the application was filed April 16, 1981 by H. Tourist, Inc. (Tourist), dba Catalina Cruises and Long Beach Catalina Cruises.

Applicant, a new corporation, proposes to provide daily scheduled operations on a per capita basis and charter operations between Berth 94-95 in the Port of Los Angeles and points on Catalina.



It also proposes charter service between the Queensway Hilton Hotel, Long Beach, and points on Catalina. The proposed daily schedule is as follows:

Leave San Pedro	6:00 a.m.	Arrive Avalon	7:45 a.m.
Leave Avalon	8:00 a.m.	Arrive San Pedro	9:45 a.m.
Leave San Pedro	10:30 a.m.	Arrive Two Harbors	12:15 p.m.
Leave Two Harbors	12:30 p.m.	Arrive San Pedro	2:15 p.m.
Leave San Pedro	3:30 p.m.	Arrive Avalon	5:15 p.m.
Leave Avalon	5:30 p.m.	Arrive San Pedro	6:15 p.m.

The proposed fares are as follows:

	<u>One Way</u>	<u>Round Trip</u>
Adult	\$12.50	\$25.00
Child two through eleven	7.50	15.00
Child under two	.50	1.00

Applicant proposes to refund 75% of the face value of any ticket purchased by a passenger when the passenger fails to show for a reservation for a sailing or for failure to cancel a reservation 24 hours in advance.

Applicant proposes to use a 1947 Blanchard boat capable of carrying 60 passengers. The boat is 56 feet in length has a 17-foot beam, a gross weight of 40 tons, and a net weight of 27 tons. It is constructed

of fiberglass with a speed of 20 knots. It is currently being refurbished with the interior to be carpeted and equipped with deluxe airline-style reclining seats. Refreshment service will also be provided passengers.

The pro forma financial statements attached as Exhibit E to the application show a net worth of \$50,000; gross income of \$508,000, net income after taxes of \$52,577 and an operating ratio of 89.8%.

As justification for establishing the proposed service, the application states there is a need for a small luxury-type vessel service to Two Harbors daily during the hunting season. It states the hunting season with firearms is from approximately October 20 to December 15 and from January 7 to January 21. A second hunting season for archers runs from January 30 to April 2 each year. It is alleged that present service to Two Harbors is provided on a daily basis only during summer. From mid-September to mid-June the only cross-channel transportation is by helicopter. It is stated that helicopters can only carry 4 to 16 passengers per flight and some days no service is provided because of poor weather. The application states that as of March 12, 1981 helicopter service was temporarily suspended because of a crash and that since service was reinstated Two Harbors is only served two or three times weekly.

It is also alleged that the service now available does not transport any game whereas the proposed service will carry all game on the same vessel as the hunter at no charge.

The application also states there is a need for a fast, deluxe, and dependable transportation year-round service between Avalon and the mainland that will enable islanders to travel to the mainland in the morning, transact their business, and return to Catalina

in the evening. It is alleged that such service is not now available and that the 8:00 a.m. proposed departure from Avalon arriving at San Pedro at approximately 9:45 a.m. would provide such service.

Finally, it is alleged that the owner of the Queensway Hilton Hotel in Long Beach has expressed a desire to have charter service overnight to Catalina available for small groups and that the proposed service will meet this public need.

The application states that applicant was incorporated for the purpose of operating as a common carrier by vessel between the mainland and Catalina. It is proposed to issue 50,000 shares of capital stock at \$1.00 par value to Douglas A. Bombard, Gregory E. Bombard, and Thomas S. Rutter. The consideration for the sale of shares is to be used for organizational expenses, the acquisition of leasehold in Berth 94-95, expenses in establishing an office, working capital, and regulatory expenses. There are no promotional shares to be issued and no commissions paid for the sale of stock.

The principal officer and president of applicant is Douglas A. Bombard. The application states that D. Bombard has been a resident of Catalina for the past 20 years operating The Catalina Camp and Cove Agency and Catalina Mooring Service. In 1975 D. Bombard incorporated and Catalina operations are now conducted by Doug Bombard Enterprises (Enterprises), dba Catalina Camp and Cove Agency and Catalina Mooring Service. It is alleged that all moorings at Catalina except the City of Avalon are handled by Catalina Mooring Service. Enterprises also operates various camps including three "bow camps" which supplies a base and shelter for up to 30 archers each. Enterprise also operates a fire-arms hunting lodge at Two Harbors. It is alleged that Bombard has had extensive experience in boating and managerial expertise and is thus well-qualified to operate the proposed service.

Serving as vice president of applicant are Gregory E. Bombard, son of Douglas, and Thomas S. Rutter. It is alleged that each has extensive experience in handling and maintaining all kinds of vessels making them eminently qualified.

Petitions of support with over 303 signatures alleging a scarcity of adequate transportation to Catalina were received by the Commission. In addition, over 50 letters supporting the application were received.

The protestant, Tourist, is a wholly owned subsidiary of Harbor Tug and Barge Company which is a wholly owned subsidiary of Crowley Maritime Corporation. By Decision (D.) 90388 dated June 5, 1979, and amended by D.90680 dated August 14, 1979, protestant was issued a certificate of public convenience and necessity to provide scheduled and nonscheduled common carrier passenger service by vessel between Los Angeles (San Pedro) or Long Beach, on the one hand, and the following points in Catalina, on the other hand: (1) Avalon, (2) Gallagher's Beach, (3) Toyon Bay, (4) White's Landing, (5) Camp Fox, (6) The Isthmus, and (7) Howland Landing. By D.93162 dated June 2, 1981 Tourist was authorized to extend its certificate to provide both scheduled and nonscheduled passenger vessel services between Avalon and Two Harbors and to serve intermediate points on Catalina in connection with its mainland points and Avalon. That decision also authorized nonscheduled vessel service at hourly rates between points on Catalina.

On June 19, 1981 Tourist agreed to withdraw its protest in accordance with the following stipulation with the applicant:

"IT IS HEREBY STIPULATED between CATALINA CHANNEL EXPRESS, INC., applicant in Application 60379, and H. TOURIST, INC., protestant in said application, that any grant of authority to the applicant pursuant to said application shall contain the following restrictions:

- "1. Catalina Channel Express, Inc. will operate no schedule in the forenoon of any day after 7:15 a.m., leaving San Pedro, Los Angeles Harbor, destined for Avalon, Santa Catalina Island.
- "2. Catalina Channel Express, Inc. will operate one schedule in the afternoon of any day leaving San Pedro, Los Angeles Harbor, destined for Avalon, Santa Catalina Island; said schedule will depart San Pedro at 4:30 p.m.
- "3. Catalina Channel Express, Inc. will operate no trips leaving San Pedro, Los Angeles Harbor, destined for Avalon, Santa Catalina Island, with a departure time within one hour of the scheduled departures of H. Tourist, Inc. as said schedules are now on file with the California Public Utilities Commission.

- "4. The above limitations are on schedules leaving San Pedro, Los Angeles Harbor, and destined for Avalon, Santa Catalina Island, and do not affect any schedules that Catalina Channel Express, Inc. desires to operate between San Pedro, Los Angeles Harbor, and Two Harbors on Santa Catalina Island.
- "5. Catalina Channel Express, Inc. will operate throughout the year at least five daily schedules per week between San Pedro, Los Angeles Harbor, and Two Harbors on Santa Catalina Island.
- "6. Catalina Channel Express, Inc. will limit its fleet to no more than two boats, neither of which will exceed a capacity of 75 passengers.
- "7. It is further stipulated between the parties that H. Tourist, Inc. will not capriciously or arbitrarily change its schedules departing from San Pedro, Los Angeles Harbor, and destined for Avalon, Santa Catalina Island, so as to frustrate the operation of Catalina Channel Express, Inc."

With this agreement the protest was withdrawn.

If applicant ever desires these restrictions modified or removed it may file an application to modify this decision.

#### Findings of Fact

1. Applicant is a California corporation and seeks a certificate of public convenience and necessity to provide daily scheduled operation and charter operations between Berth 94-95 in the Port of Los Angeles and points on Santa Catalina Island. Applicant also seeks authority to provide charter service between the Queensway Hilton Hotel in Long Beach and Santa Catalina Island.
2. The proposed scheduled service will be provided on a per capita basis.

3. The pro forma balance sheet attached to the application shows a net worth of \$50,000, gross income of \$508,000, with a net income after taxes of \$52,577.

4. The proposal will primarily provide a specialized service for hunters.

5. Applicant requests authority to issue 50,000 shares of its capital stock at \$1.00 per share to Douglas A. Bombard, Gregory E. Bombard, and Thomas S. Rutter.

6. The proposed security issue is for lawful purposes and the money, property, or labor to be obtained by it are required for these purposes. Proceeds from the security issue may not be charged to operating expenses or income.

7. It can be seen with certainty that there is no possibility the activity in question may have a significant effect on the environment.

8. Tourist agreed to withdraw its protest after the parties entered into a stipulation with respect to the scope of applicant's service.

9. A public hearing is not necessary.

#### Conclusions of Law

1. The proposed authority should be granted to the extent provided in the order which follows.

2. This order should be effective today because of need for the service near the beginning of the tourist season.

Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.



O R D E R

IT IS ORDERED that:

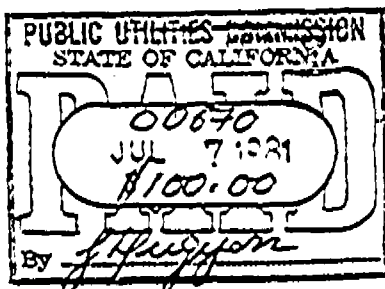
1. A certificate of public convenience and necessity is granted to Catalina Channel Express, Inc., a corporation, authorizing it to operate as a common carrier by vessel, as defined in PU Code Sections 211(b) and 238, between the points and over the routes set forth in Appendix A, to transport persons, baggage, and/or property.
2. Because of the need for this service the applicant is authorized to begin operation immediately upon the filing of tariffs, timetables, and insurance.
3. Applicant shall:
  - a. File with the Transportation Division written acceptance of this certificate within 30 days after this order is effective.
  - b. Establish the authorized service and file tariffs and timetables within 120 days after this order is effective.
  - c. State in future tariffs and timetables when service will start; allow at least 10 days' notice to the commission; and make timetables and tariffs effective 10 or more days after this order is effective.
  - d. Comply with General Orders Series 87, 104, 111, and 117.
  - e. Maintain accounting records in conformity with the Uniform System of Accounts.
4. On or after the effective date of this order, but before September 30, 1981, for the purposes specified, applicant may issue up to 50,000 shares of common stock with par value of \$1.00 per share.

5. The authority granted by this order to issue stock will become effective when the issuer pays \$100.00, set by PU Code Section 1904.1. In all other respects this order is effective today.

Dated JUL 7 1981, at San Francisco, California.

*John S. Geyser*  
President  
*Richard D. Gravello*  
*Robert L. ...*  
*Pres. M. C. Grew*  
Commissioners

Commissioner Richard D. Gravello, being necessarily absent, did not participate in the disposition of this proceeding.



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Appendix A

CATALINA CHANNEL EXPRESS, INC.  
(a California corporation)

Original Title Page

CERTIFICATE  
OF  
PUBLIC CONVENIENCE AND NECESSITY  
VCC-52

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Showing common carrier by vessel operative rights, restrictions, limitations, exceptions and privileges.

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All changes and amendments as authorized by the Public Utilities Commission of the State of California will be made as revised pages or added original pages.

Issued under authority of Decision 93291, dated JUL 7 1981  
of the Public Utilities Commission of the State of California, in  
Application 60379.

Catalina Channel Express, Inc., a California corporation, by this certificate of public convenience and necessity, is authorized to conduct common carriage by vessels for the transportation of passengers and their baggage between Berth 94-95 in the Los Angeles Harbor and the Queensway Hilton Hotel, Long Beach, on the one hand, and Avalon and Two Harbors on Santa Catalina Island, on the other hand, as described below:

I. Scheduled Service

Between Berth 94-95 in the Los Angeles Harbor, on the one hand, and Avalon, Santa Catalina Island, on the other hand, with the following restrictions, limitations, and specifications:

- a. No schedules will be operated between 7:16 a.m. to 12:00 noon daily leaving Berth 94-95 in the Los Angeles Harbor for Avalon, Santa Catalina Island.
- b. One schedule will be operated in the afternoon daily at 4:30 p.m. leaving Berth 94-95 in the Los Angeles Harbor to Avalon, Santa Catalina Island.
- c. No schedules will be operated leaving Berth 94-95 in the Los Angeles Harbor destined for Avalon, Santa Catalina Island with a departure time within one hour before or after the scheduled departures of H. Tourist, Inc. on file with this Commission on June 18, 1981.

Between Berth 94-95 in the Los Angeles Harbor, on the one hand, and Two Harbors, Santa Catalina Island, on the other hand, with the following limitation:

A minimum of one round-trip schedule per day for a minimum of five days per week will be operated throughout the year.

Issued by California Public Utilities Commission.

Decision 93291, Application 60379.

II. Nonscheduled Service

Between Berth 94-95 in the Los Angeles Harbor and the Queensway Hilton Hotel, Long Beach, on the one hand, and Avalon and Two Harbors on Santa Catalina Island, on the other hand.

Issued by California Public Utilities Commission.

Decision 93291, Application 60379.

III. General Restrictions, Limitations, and Specifications

- a. The fleet will be limited to no more than two vessels, each with a maximum capacity of 75 passengers.
- b. No vessel shall be operated unless it has met all applicable safety requirements, including those of the United States Coast Guard.
- c. Nonscheduled service shall be operated on an "on-call" basis. The term on-call as used refers to service which is authorized to be rendered dependent on the demands of passengers. The tariffs and timetables shall show the conditions under which each authorized on-call service will be rendered.

Issued by California Public Utilities Commission.

Decision 93291, Application 60379.