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Decision 93508 SEP 1 1981

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, AND DBA LONG BEACH )  
CATALINA CRUISES, a corporation, )  
for an order authorizing it to )  
increase rates for the transportation )  
of passengers by vessel 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 60455  
(Filed April 16, 1981)

O P I N I O N

H. Tourist, Inc. (applicant), doing business as Catalina Island Cruises, and doing business as Long Beach Catalina Cruises, is a common carrier by vessel engaged in the transportation of passengers between the Ports of Los Angeles (San Pedro) and Long Beach, on the one hand, and authorized points on Santa Catalina Island. Applicant is a wholly owned subsidiary of The Harbor Tug and Barge Company which is in turn a wholly owned subsidiary of Crowley Maritime Corporation.

Applicant seeks authority to increase passenger fares by an average of approximately 11.0% to offset increased operating expenses.

The following table shows the present and proposed fares:

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	<u>Scheduled Service</u>			
	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Avalon</u>	<u>Other Points</u>	<u>Avalon</u>	<u>Other Points</u>
Adult	\$ 7.10	\$ 7.60	\$ 7.90	\$ 8.40
Child 2 years and over	3.35	3.85	3.95	4.45
Child under 2 years	Free	.50	Free	.50
Commuter Book of 10 Tickets	46.00	-	46.00	-
Regular Group	12.70*	13.70*	14.00*	15.00*
Senior Citizen or Student Group	11.20*	12.20*	12.50*	13.50*
Four-trip Adult Group	-	7.50*	-	8.25*

\*Round-trip fare, one-way fare not available

Non Scheduled Hourly Rates

<u>Passenger Capacity Vessel Used</u>	<u>Present Rate Per Hour</u>	<u>Proposed Rate Per Hour</u>
1 - 110	\$190.00	\$210.00
111 - 149	265.00	290.00
150 - 500	565.00	630.00
501 - 700	715.00	790.00

Applicant's present fares were authorized by Decision (D.) 91830, dated May 20, 1980, in Application (A.) 59394.

Applicant's present fares were established based upon actual operating revenue and expenses for the 12-month period ended September 30, 1979, and projected income and expense<sup>a</sup> for the 12-month period ended April 30, 1981. The inflationary spiral of 1980, and continuing into 1981, has dramatically increased both the direct and indirect expenses of providing the service. Applicant states it must secure a rate increase if it is to continue to provide the public with the service the public requires.

As shown in the application, applicant's operations for the period ending December 31, 1980 were conducted at a net profit of \$547,000, as represented by an operating ratio of 91.5%, after provision for income taxes.

Based on the information contained in the application, the following table sets forth a summary of the Transportation Division staff's estimated results of operations under present and proposed fares for a test year ending September 30, 1982.

TABLE I

	<u>Test Year Ending September 30, 1982</u>	
	<u>Present Fares</u>	<u>Proposed Fares</u>
Operating Revenues	\$7,100,000	\$7,881,000
Operating Expenses	6,455,000	6,455,000
Gross Income	645,000	1,426,000
Income taxes	323,000	713,000
Net Income	322,000	713,000
Operating Ratio After Income Taxes	95.5%	91.0%

As indicated by the above table, applicant's net operating income in the test year under its present fares will be \$322,000, with an operating ratio of 95.5% after income taxes. The proposed fares will result in an annual gross revenue increase of \$781,000, a net profit of \$713,000, with an operating ratio, after provision for income taxes, of 91.0%.

Notice of the filing of this application appeared on the Commission's Daily Calendar of April 20, 1981. No protest or request for public hearing has been received.

#### Findings of Fact

1. Applicant seeks authority to increase its passenger fares to offset operating expenses.
2. Applicant's present fares were authorized by D.91830, dated May 20, 1980.
3. As shown in Table 1, applicant's operations in the test year will be conducted at a net profit of \$322,000 under present fares, with an operating ratio of 95.5% after taxes.
4. The requested fare increase will result in additional gross revenues of \$781,000, with an operating ratio of 91.0% after taxes.

5. The requested fare increase is necessary to offset increased operating expenses.

6. The requested fare increase is justified.

7. No protests have been received, and a public hearing is not necessary.

8. Since the continued operation by applicant under its present fares will be marginal, the effective date of this order should be the date of signature.

Conclusion of Law

The increased fares are reasonable and justified.

O R D E R

IT IS ORDERED that:

1. H. Tourist, Inc. is authorized to establish the increased fares proposed in A.60455. 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.

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

This order is effective today.

Dated SEP 1 1981, at San Francisco, California.

John E. Cayson  
President  
Hubert D. Swallow  
Samuel W. Jones  
Antonio Calvo  
Priscilla C. Kline  
Commissioners