

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rail Safety and Carriers Division

**RESOLUTION TL-18974
September 20, 2001**

RESOLUTION

RESOLUTION EXTENDING THE AUTHORITY GRANTED TO VESSEL
COMMON CARRIERS TO ADJUST THEIR FARES WITHOUT SPECIFIC
APPROVAL OF THE COMMISSION

SUMMARY

This resolution extends the authority which allows vessel common carriers (VCCs) to adjust their fares without specific Commission authorization.

BACKGROUND

By Resolution TL-18927, dated April 20, 2000, we authorized VCCs for a 180-day period to file tariffs with fares that are within a “zone of reasonableness” whose upper limit is 15% above their current fares. This action was taken in response to the significant increases in fuel prices that had occurred in California. We wanted VCCs to be able to obtain needed fare relief with minimum regulatory burden. Without this special authority carriers would have to make formal application to the Commission for a fare increase. The authority granted by Resolution TL-18927 was extended to October 17, 2001, by Resolution TL-18944.

DISCUSSION

The problem of high fuel prices in California has not diminished since we issued our earlier resolutions making fare flexibility available to VCCs. We will therefore extend the special authority for one more year. The Commission’s Rail Safety and Carriers Division (RSCD) will be monitoring fuel prices, and if price changes warrant cancellation or modification of this authority during the one-year period, we will act accordingly.

In Resolution TL-18927 we noted that by Decision 98-12-016, Catalina Channel Express, Inc. (Express) had been granted a zone of rate freedom (ZORF) of 10% above

and below its existing fare levels. We further noted that Express had exercised the ZORF by making various levels of fare increases, up to the 10% limit. Resolution TL-18927 authorized Express to use the upper limit of its ZORF as the base for applying any increase under the temporary authority. We will continue to allow Express to apply the increase in this manner.

The initial authority to adjust fares granted in April 2000 was intended to be temporary. We do not believe it is appropriate to keep extending the authority to the point where it is viewed as permanent. Therefore, we intend this to be the last extension. Each carrier should closely track its costs and determine whether it will need to obtain further relief by individual application.

COMMENTS ON DRAFT RESOLUTION

To comply with Pub. Util. Code § 311(g), RSCD commenced publication of a Daily Calendar notice on August 21, 2001, that apprised the public of the availability of its draft of this resolution and solicited comments by September 10, 2001. The draft resolution was also mailed to every VCC holding a certificate from the Commission and to other parties on the service list to Resolution TL-18944.

Attorney Edward J. Hegarty filed comments on August 28, 2001, on behalf of Catalina Channel Express, Inc. and Blue & Gold Fleet, L.P. He urged the Commission to issue the resolution as drafted. Mr. Hegarty stated that unlike gasoline, diesel fuel used by VCCs has not experienced a recent decrease in cost.

THEREFORE, IT IS ORDERED that:

1. The authority granted by Resolution TL-18927, as extended by Resolution TL-18944, permitting vessel common carriers (VCCs), except Catalina Channel Express, Inc. (Express), to file tariffs with fares that are within a “zone of reasonableness” whose upper limit is 15% above their current fares, is further extended to October 17, 2002, unless earlier modified or cancelled by the Commission.
2. The authority granted by Resolution TL-18927, as extended by Resolution TL-18944, permitting Express to file tariffs with fares that are within a “zone of reasonableness” whose upper limit is 15% above its authorized zone of rate freedom, is further extended to October 17, 2002, unless earlier modified or cancelled by the Commission.

3. VCCs shall be allowed to exercise the actions permitted by Ordering Paragraphs 1 and 2 by making a tariff filing showing a percentage surcharge on any or all of their tariff fares and charges within the range authorized.
4. Tariff filings pursuant to this order may be made effective on one day's notice (one day after filing with the Commission).
5. Any tariff filings authorized by this order shall expire October 17, 2002, absent further order by this Commission. Any VCC that made a tariff filing under Resolution TL-18944 shall make an amended filing reflecting the new expiration date of October 17, 2002.
6. The Executive Director shall serve a copy of this resolution on every vessel common carrier holding a certificate from the Commission and every other party on the service list to this resolution.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted by the Commission at its regularly scheduled meeting on September 20, 2001. The following Commissioners voted favorably thereon:

~~/S/ WESLEY M. FRANKLIN~~
WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President
HENRY M. DUQUE
RICHARD A. BILAS
CARL W. WOOD
GEOFFREY F. BROWN
Commissioners