BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

FILED
09/21/26
04:05 PM
A2512001

Application of Avalon Freight Services LLC (VCC-91) For Authorization to Modify Rates for Its Scheduled Vessel Common Carrier Freight Service Between the Port of Los Angeles, California on the one hand, and Avalon on Santa Catalina Island on the other hand.	A. 25-12-001 (Filed December 1, 2025)

NOTICE OF EX PARTE COMMUNICATION

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Date: September 21, 2026

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NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, Avalon Freight Services LLC ("Applicant" or "AFS") herein reports an *ex parte* meeting with Stephen Neal, Advisor to Commissioner Matthew Baker. The virtual meeting took place on September 18, 2026 at 10:00 AM and lasted for approximately 30 minutes. The meeting was initiated by Avalon Freight Services LLC which was represented at the meeting by Thomas J. MacBride, Jr., its counsel in this proceeding as well as Gregory Bombard, President of AFS and Tim Bombard, Vice-President AFS. No other persons participated in the meeting and no written materials were employed.

During the meeting the AFS representatives expressed their concerns over the recently issued Proposed Decision ("PD") in AFS's unopposed A. 23-11-013 which sought an increase in base rates of 10 % and a Zone of Rate Freedom ("ZORF") of +/- 20% of base rates or Step Rates of up to 8% in 2027, 2028 and 2029.

The AFS representatives stated that if the Commission adopted the PD, AFS would be required to reduce its rates because the 10% increase in base rates was more than offset by the loss of the ZORF the Commission authorized AFS to operate during the pendency of the proceeding but which the PD terminates. They noted that the rates of AFS were already low by comparison to the rest of the economy having grown by about 22% in the over ten years that AFS has served Avalon, a period during which the Consumer Price Index ("CPI") has grown by double that percentage. They also noted that just during the time that has passed since the

Application was filed, the CPI has grown by 3.3% and fuel costs have increased by almost 150%.

The AFS representatives also stated that the operating results shown on the annual reports varied greatly in large part because of scheduled maintenance, inspection and, ultimately, replacement of vessels, due to the requirements of the California Air Resources Board. While operating costs can vary greatly from year to year, they explained, AFS has always increased rates in small increments.

The AFS representatives also stated that the “acceptable” 90%-100% range of operating ratios (“OR”s) advanced in the PD found no real support in the cases cited to justify it since all the affected carriers were also awarded ZORFs. When the ZORF is taken into consideration, the cited decisions effectively authorized ORs as low as 78%. Accordingly, the AFS representatives stated, the PD’s modifications to the Step Rates proposed by AFS should not be adopted or the floor on the OR should be set in the low 80’s rather than 90%.

Respectfully submitted this 21st day of September 21, 2026.

DOWNEY BRAND LLP

By: *_/s/ Thomas MacBride, Jr._*

THOMAS MACBRIDE, JR.

Attorneys for Avalon Freight Services LLC