

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

CONSUMER PROTECTION  
AND ENFORCEMENT DIVISION

Agenda ID # 23422  
RESOLUTION TL-19155  
MAY 15, 2025

**R E S O L U T I O N**

Resolution TL-19155. Authorizing Catalina Channel Express to continue to utilize the special authorization to increase its fares granted in Resolution TL-19148.

PROPOSED OUTCOME:

This resolution grants Catalina Channel Express, Inc. (VCC 52) authorization to continue to utilize a special authority to establish a Zone of Reasonableness allowing it to increase its fares up to 20% until its Application for a fare increase (Application (A.) 23-02-017) is decided by the Commission.

SAFETY CONSIDERATIONS:

There are no safety considerations associated with this resolution.

ESTIMATED COST:

There are no costs associated with this resolution.

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**SUMMARY**

This Resolution grants Catalina Channel Express, Inc. (VCC 52) (Catalina Express) authority to continue to utilize the special authority granted most recently in Resolution TL-19148 to establish a Zone of Reasonableness allowing it to increase its fares up to 20% until its Application to make its increased fares permanent (Application (A.) 23-02-017) is adjudicated by the Commission.

**BACKGROUND**

Due to rapidly increasing fuel prices, on June 23, 2022, the Commission granted relief to Vessel Common Carriers (VCCs) by adopting Resolution TL-19139,<sup>1</sup> which provided VCCs special authorization to establish a “Zone of Reasonableness” to temporarily increase their fares, on file with the Commission as of that date, up to 20% for a period of one year without separate Commission authorization.

Due to continued elevated fuel prices, on June 8, 2023, the Commission adopted Resolution TL-19141<sup>2</sup> that extended the special authorization for an additional year from the date that Resolution TL-19139 expired.

In the two years that these resolutions were in effect, eight VCCs filed tariffs utilizing the special authorization to increase their fares and rates, and the eight VCCs also filed applications for fare increases to make their increased fares permanent (Table 1). Carriers that had applications for fare or rate increases were not allowed to continue to utilize the Zone of Reasonableness after their applications had been decided.

<b>Table 1</b>		
A.24-05-017	VCC 2	BALBOA ISLAND FERRY
A.24-05-016	VCC 47	CATALINA PASSENGER SERVICE, INC.
A.23-02-017	VCC 52	CATALINA CHANNEL EXPRESS, INC.
A.23-05-006	VCC 63	STAR & CRESCENT BOAT COMPANY
A.22-10-016	VCC 77	BLUE AND GOLD FLEET LP
A.23-01-018	VCC 80	ISLAND BOAT SERVICE
A.23-02-012	VCC 82	ANGEL ISLAND TIBURON FERRY INC
A.23-11-013	VCC 91	AVALON FREIGHT SERVICES LLC

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<sup>1</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M488/K540/488540731.PDF>

<sup>2</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M511/K123/511123662.PDF>

By May 23, 2024, four of these VCCs had Decisions issued on their applications while the four VCCs listed in Table 2 still had active applications pending action by the Commission.

<b>Table 2</b>		
A.23-02-017	VCC 52	CATALINA CHANNEL EXPRESS, INC.
A.23-11-013	VCC 91	AVALON FREIGHT SERVICES LLC
A.24-05-016	VCC 47	CATALINA PASSENGER SERVICE, INC.
A.24-05-017	VCC 2	BALBOA ISLAND FERRY

On May 24, 2024, the Commission adopted Resolution TL-19148<sup>3</sup> granting the four VCCs listed in Table 2 special authorization to continue to utilize the 20% Zone of Reasonableness for one more year or until decisions had been issued on their applications.

Ordering Paragraph 3 of Resolution TL-19148 states: “Tariff filings authorized by this resolution that are still in effect shall expire on June 23, 2025, absent further order by this Commission.”

In granting the application of Avalon Freight Services LLC (VCC 91) in D.24-12-036 to increase its rates to transport freight, the Commission (while partially denying the request for a Zone of Rate Freedom) extended to this carrier the special authority continue to utilize a 20% Zone of Reasonableness through June 30, 2026.<sup>4</sup>

As of April 1, 2025, only A.23-02-017<sup>5</sup> filed by Catalina Express is still unresolved, leaving it as the only Applicant listed in Table 2 with a pending Application.

**DISCUSSION**

The Commission finds it prudent to extend for Catalina Express the special authorization to continue the 20% Zone of Reasonableness so they can maintain their current fares on file with the Commission until a Decision has been issued on their application. Without the extension, if a Decision is not issued, Catalina Express will have to return to its June 23, 2022, fares. Public Utilities (Pub. Util.) Code §§ 454 and 494 prohibit common carriers from charging fares that are not approved by the Commission

<sup>3</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M532/K772/532772528.PDF>

<sup>4</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M550/K438/550438451.PDF>

<sup>5</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M502/K756/502756556.PDF>

and on file on their tariff. In A.23-02-017, Catalina Express cited increasing labor, fuel, and liability insurance costs along with having to comply with new Commercial Harbor Craft regulations issued by the California Air Resources Board as reasons for their requested fare increases.<sup>6</sup> With a pending application and the approaching expiration of the fuel surcharge, uncertainty exists as to what fares Catalina Express may charge. The applicant has stated that the uncertainty resulting from the absence of a decision on its application has made it difficult for them to respond to requests for advance bookings for the summer peak of the tourist season on Santa Catalina Island, the economy of which is grounded in tourism.<sup>7</sup>

Extending the special authority to continue the utilization of the Zone of Reasonableness is not without precedent as the Commission granted an extension to Avalon Freight Services in D.24-12-036. Avalon Freight Services argued that not being able to utilize the Zone of Reasonableness once a Decision has been adopted in its application will harm the company. The Commission granted an extension of the Zone of Reasonableness to Avalon Freight Service while the issue of it providing monopoly service is considered.<sup>8</sup>

### **COMMENTS**

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments and will be placed on the Commission's agenda no earlier than 30 days from today.

### **FINDINGS AND CONCLUSIONS**

1. On June 23, 2022, the Commission adopted Resolution TL-19139 granting VCCs special authority to establish a Zone of Reasonableness allowing them to increase

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<sup>6</sup> A.12-02-017, Pgs. 12-14

<sup>7</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M556/K896/556896605.PDF>

<sup>8</sup> D.24-12-036, Pgs. 27-28

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their rates and fares for a period of one year up to 20% from the rates and fares on file with the Commission on that date due to rapidly increasing fuel prices.

2. On February 24, 2023, Catalina Channel filed A.23-02-017 asking for authority to increase its fares citing increased labor, fuel, and liability insurance costs along with the cost of having to comply with CARB's new Commercial Harbor Craft regulations.
3. On June 8, 2023, the Commission adopted Resolution TL-19141 extending the special authority for an additional year.
4. In the two years that these resolutions were in effect, eight VCCs filed formal applications to increase their fares and rates, four of which were granted before May 23, 2024.
5. On May 24, 2024, the Commission adopted Resolution TL-19148 granting an extension of the special authority through June 23, 2025 to the four VCCs that still had pending applications.
6. In D.24-12-036, the Commission granted Avalon Freight Services LLC authority to continue to utilize a 20% Zone of Reasonableness through June 30, 2026.
7. As of April 1, 2025, only the Application filed by Catalina Express has not been decided, and its current special authority is set to expire on June 23, 2025.
8. Pub. Util. Code §§ 454 and 494 prohibit common carriers from charging fares not approved by the Commission and filed on their tariff.
9. It is prudent to extend the special authority granted to Catalina Express up until a Decision has been adopted for A.23-02-017.

### **THEREFORE IT IS ORDERED THAT:**

1. Catalina Channel Express, Inc. (VCC 52) is authorized to maintain on file tariffs with fares and rates that are within a "Zone of Reasonableness" whose upper limit is 20% above the authorized fares and rates on file with the Commission as of June 23, 2022.

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2. Catalina Channel Express, Inc. shall be allowed to exercise the action permitted until a Decision has been issued in Application (A.) 23-02-017.
3. Tariff filings authorized by this resolution shall expire 30 days after a Decision in A. 23-02-017 has been adopted or on the effective date of any new tariff filing, whichever comes first, absent further order by this Commission.
4. The Executive Director shall cause a copy of this resolution to be served on every VCC with an active or suspended operating authority issued by the Commission and every other party on the service list to this resolution.

This Resolution is effective today.

Commissioner Signature blocks to be added  
upon adoption of the resolution

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on May 15, 2025; the following Commissioners voting favorably thereon:

Dated \_\_\_\_\_, at **TBD**, California