

Decision No. 18884

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application  
of BELVEDERE GARDENS BUS LINE,  
owned and operated by A. B. Dunphy,  
to increase passenger fares from  
its present rate of five cents to  
six cents.

APPLICATION NO. 13941.

ORIGINAL

Phil Jacobson, for Applicant.

BY THE COMMISSION:

O P I N I O N

Anthony B. Dunphy, operating under the fictitious name of Belvedere Gardens Bus Line, has made application to the Railroad Commission for authority to increase passenger fares.

A public hearing herein was conducted by Examiner Williams at Los Angeles, at which time the matter was duly submitted and now is ready for decision.

Applicant established bus service to Belvedere Gardens, a community contiguous to the eastern boundary of the city of Los Angeles, on September 10, 1921, by virtue of Decision No. 9790 on Application No. 7194, and has maintained operation continuously since that time. The line was established as a loop feeder for the Whittier Boulevard and East Fourth Street lines of the Los Angeles Railway, operating from and to street car terminals, a distance of 3.9 miles. At the time

of its establishment, the region was in the early stages of development and rather mediocre equipment was used by applicant. The population at that time was approximately 3000, but in the ensuing years the region known as Belvedere Gardens has developed until the population now is estimated to exceed 15,000. During this period applicant has maintained a one-way 5-cent cash fare to and from the end of the car line. The records of this Commission do not show any complaint on the part of the public as to the service given by applicant during his entire operation.

In the instant proceeding applicant asks an increase in fares from five cents to six cents, for the following reasons: That during the period between January 1, 1924, and July 31, 1927, applicant has not earned an adequate return on his investment; that the development of the business has necessitated the acquiring of additional vehicles and facilities; that there has been an increase in the cost of operation and in operating expenses, particularly an increase of 4 cents per gallon in the price of gasoline, all of which justifies an increase in fares to enable applicant to maintain adequate and efficient service to the public.

Applicant presented certain exhibits showing income and expense, with his application. These were not easily reconciled and an examination of the operations was made by Mr. D. W. Davis, an accountant for the Commission, and his report was submitted at the hearing. In this report proper adjustment of all the items of operation and income was made, with the result that the operation between January 1, 1924, and July 31, 1927, shows a total revenue of \$174,535.98 and operating expenses of \$174,022.44, leaving a net operating revenue of \$513.54. The net operating revenue for 1924 is reported at \$1,870.36; for 1925 the records show a loss of \$4,686.75; for 1926 operating revenue of \$1,461.86 and for seven months of 1927 operating revenue of \$1,868.05.

The business conducted by applicant is through a district largely inhabited by working men, and travel fluctuates with the employment of the men and with weather conditions. For this

reason the monthly statement of income varies widely, it being the testimony of applicant that in bad seasons, when construction work is halted, travel is very light, while in the busier seasons it is quite heavy.

The testimony of applicant was to the effect that during the entire operation of this public service, all the income had been used in the development of the business, and that he had received nothing but \$250 per month salary, out of which he paid approximately \$100 per month on a lot on which he built a garage. The total cost of the lot and garage was \$4,550.

Until recently, when applicant acquired new high-grade equipment, it was possible to obtain drivers and other employees at lower salaries than competent and careful employees can be procured for to operate the better type of equipment. Applicant has been employing his drivers seven days in the week, without relief, and now finds it necessary not only to employ a better class of drivers, but to provide for weekly relief. Applicant also feels required by the growth of his business to increase his public liability insurance, at a considerable monthly cost. He is now bringing his stage service to a point of comfort and efficiency for the benefit of the public which he estimates cannot be maintained on the five-cent fare now charged.

Applicant is operating, according to his Exhibit No. 2, 10 vehicles, ranging from 18-passenger to 29-passenger capacity, and also one emergency car of 5-passenger capacity. The total carrying capacity of his vehicles is 249. Of these vehicles, eight are on regular schedule, while the remainder are for peak load service. The equipment used shows an original cost of \$35,066.42, with accrued depreciation of \$20,076.55. In addition applicant reports an investment of \$5003 in land, buildings and machinery and tools. An amount of only a little over \$4,000 is owing on the equipment.

During the hearing it developed that applicant has recently borrowed, for a period of three years, \$2,000, giving a mortgage upon the garage property used in the operation of his bus line. When applicant's attention was called to the fact that no indebtedness may be incurred against public utility property for a longer period of

time than 12 months without authority of this Commission. He testified that he would refund this loan or discharge it in full by the sale of a small ranch in Orange County. He further testified that he expected to use some of the proceeds of this sale, amounting in gross to \$7000, in discharging other indebtedness on the utility.

Applicant explained that he was in ignorance of the law when the loan was made, and that it was made in an emergency to meet the demand of the State Board of Equalization for payment of gross receipt taxes, which payment has been made.

No person appeared to oppose the granting of the application from any standpoint.

A complete analysis of all the facts presented by applicant and by the Commission's accountant discloses that all the money contributed by the public in fares to this operation since September, 1921, has gone into the development of the service for the benefit of the public, and that applicant has received practically nothing for his labor and investment except a small salary. It is obvious from this analysis that practically no return has been made upon the capital invested. Mathematically, an increase from five to six cents in fares would produce an additional revenue approximating \$900 per month; however, this would be a maximum, as the increased fare would probably cause a reduction in the volume of business and a consequent reduction in operating receipts. Applicant must meet a payroll increase approximating \$3200 per year, distributed among the drivers and others employed by him, and an additional expense for indemnity insurance. We believe it is necessary for public safety that applicant provide for the increases in labor and insurance referred to. We are of the opinion that he has shown a need for relief, and that the application herein should be granted.

O R D E R

The above entitled matter having been duly heard and submitted, full investigation of the matters and things involved having been had, and basing this order on the findings and conclusions contained in the opinion preceding this order, which said opinion is hereby made a part hereof,

IT IS HEREBY ORDERED that Anthony B. Dunphy, applicant herein, operating a passenger stage service as granted by certificate detailed in Decision No. 9790 on Application No. 7194, dated September 10, 1921, be and he hereby is authorized to publish a rate of six (6) cents for each one-way passenger fare between terminals, as set forth in the application herein.

The effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 4th day of October 1927.

Edward  
Cherry  
Leon Whitell  
Thos. J. Patton  
M. J. Lee  
Commissioners.