

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Application of San Bernardino Mountain)
Auto Line to increase passenger fares)
and freight rates between San Bernardino)
and Forest Home, Big Bear Valley, Little)
Bear Valley, Seven Oaks and intermediate)
points.)

Application No. 4379.

Byron Waters. for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application the San Bernardino Mountain Auto Line applies under Rule No. 11 of this Commission's General Order No. 51 for authority to make certain changes in its passenger and freight rates, most of which will result in increases.

Applicant operates an automobile stage line, for the transportation of passengers and freight, between San Bernardino and Forest Home, Big Bear Valley, Little Bear Valley, Seven Oaks and intermediate points over what is known as the Rim of the World Drive, covering a distance of approximately one hundred miles.

It is proposed to increase passenger fares to a basis of approximately 10 cents per mile and to increase the freight rates on non-perishable commodities by 25 cents per 100 pounds, except to Forest Home, to which point the increase will be 15 cents per 100 pounds. At the same time it is proposed to reduce the freight rates on perishable commodities by 25 cents per 100 pounds. The most important changes in passenger fares will be made in the

round trip from San Bernardino to Forest Home, which will be increased from \$3.00 to \$3.50 and to Bear Valley from \$7.25 to \$10.00.

A public hearing was held at Los Angeles on April 15th, 1919 before Examiner Handford and although notice was given to the general public through advertisement in the San Bernardino and Redlands newspapers and individual advices mailed to patrons and to interested City Officials, no one appeared in opposition to the application.

The General Manager of the auto line gave testimony in support of the application and introduced an exhibit showing applicant's assets as of March 31, 1919 to be \$38,550.78. Of this amount \$34,077.93 represented the value of automobiles, office fixtures, real estate, supplies, etc. devoted exclusively to the automobile common carrier business. Financial statements were also presented giving the operating income and expenses for the years 1916-17-18. In 1916 the total income was \$50,333.95; in 1917 \$59,233.84 and in 1918 \$70,570.49, while the expenses in 1916 were \$38,613.12; in 1917 \$54,213.80 and in 1918 \$73,889.43, showing an increase in the income in 1918 over 1916 of 40 per cent and an increase in expenses during ~~xxxxxx~~ the same period of time of 91 per cent. In 1916 operating expenses were 61 per cent of the income; in 1917, 91 per cent and in 1918, 105 per cent. The year 1916 produced a substantial profit, but nothing was charged off for depreciation and the good showing was further augmented by reason of the automobile equipment being new and requiring but little maintenance. In the year 1917 the income was slightly in excess of the expense, while in the year 1918 there was a loss of \$3,318.94. However, in this latter year applicant set aside a depreciation fund.

It is also to be noted that the total expense per car

mile increased from .3031 in 1916 to .5245 in 1918. The latter figure includes depreciation and, therefore, is not a fair comparison with the year 1916, when no depreciation was charged.

Under the new federal law, applicant must pay an annual tax of from \$20.00 to \$50.00 per automobile, dependent upon the size of the machine, and a 5 per cent tax on automobile tires; these taxes, with other estimated additional costs will increase expenses for the year 1919 over 1918 from \$1500.00 to \$2000.00.

The traffic handled by applicant, both passenger and freight, consists principally in taking care of vacationists and tourists, the season opening about May 1st and being practically over before the end of the year; traffic is heaviest during the months of July, August and September, when about 50 per cent of the total is handled. The testimony further refers to the fact that the line does not pay the actual operating expenses during the months of October, November and December. The territory through which these stages move is mountainous for a greater part of the distance, there being many steep grades and sharp curves, with the summit at an elevation of 8150 feet; it is, therefore, claimed that the automobiles in this service will have been rendered practically useless for mountain work in from five to seven years. Applicant is now setting aside a depreciation fund of 20 per cent, which does not appear excessive under the conditions existing in the territory traversed.

It is expected that the year 1919 will offer a larger volume of business than was handled in previous years and it is the intention of applicant if the increases are authorized to secure additional cars and other equipment in order to render prompt and satisfactory service.

There was some criticism of delays and the manner

in which the freight was handled in 1918, but this was due to war conditions, it being difficult to secure satisfactory drivers, other employees and materials. This condition, however, will be overcome in the future, as men and supplies are now more easily obtainable.

The fares proposed are practically those in effect in the year 1916. In 1917 the management, under the impression that lower rates would stimulate traffic, made reductions to the present basis, but the rapidly increasing operating costs have more than offset the increases in revenue, and it is clearly proven from the results obtained that the company cannot render a proper and satisfactory service under these reduced rates.

Apparently, the patrons of this line conceded the reasonableness of the request to restore the rates in effect during the year 1916, otherwise there would have been some opposition to the application, for as heretofore stated, individual notices were mailed direct to all interested parties.

The owners of this property have had no dividends and whatever profits have resulted from operations in the past have been devoted to the betterment of the service.

After giving careful consideration to all of the testimony and evidence introduced in this proceeding, we are of the opinion and find that the present rates are non-compensatory and unreasonable and that a sufficient showing has been made to justify the granting of the application.

ORDER

The San Bernardino Mountain Auto Line having applied to the Railroad Commission for an order authorizing the increasing

of its passenger fares and freight rates, a public hearing having been held and the Commission, being fully apprised in the premises, hereby finds as a fact that the passenger fares and freight rates at present in effect are non-compensatory and unreasonable and that the fares and rates set forth in the exhibits attached to the application and as shown in the proposed Local Passenger Tariff No.1-B, C.R.C.No. 3 and proposed Local Freight Tariff No.1-B, C.R.C.No.3, introduced at the hearing as Exhibit No.1, are just and reasonable.

IT IS HEREBY ORDERED that the San Bernardino Mountain Auto Line be authorized to file with this Commission within twenty (20) days from date of this order tariffs carrying the fares and rates as set forth in the application and as shown in proposed passenger and freight tariffs C.R.C.No.3.

Dated at San Francisco, California, this 10th day of May, 1919.

Edwin O. Edgerton
H. S. Leonard
Frank R. DeLoe
H. B. Brundage

Commissioners.