

Decision No. 8184

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

ORIGINAL

--oOo--

In the matter of the application of :
C. J. CROSBY STAGE LINE for an order :
granting permission to increase fares: Application No. 5872
between Santa Ana and Huntington :
Beach and intermediate points. :

L. A. Monroe for applicant.

BY THE COMMISSION:

O P I N I O N

C. J. Crosby, operating under the name of C. J. Crosby Stage Line, seeks authority to establish certain fares for passengers carried by his automobile passenger stage line between Santa Ana and Huntington Beach, both in Orange County, and intermediate points, amounting to about 30% increase over his present tariffs.

A public hearing on the application was held by Examiner Westover at Santa Ana.

Applicant operates over two routes, one via Talbot and Greenville and the other via Wintersburg and Bolsa. The line was formerly operated under the name of Dixon Stage, managed by the applicant who acquired the line as of May 1, 1920. The travel is seasonal, being much heavier in the summer because of the popularity of the beach.

Applicant's books show equipment costing \$4,315.18, furniture and fixtures \$25.00 and franchise \$2000.00, this being the amount paid for operative rights when the property was purchased. We take this occasion to emphasize the previously declared policy of this Commission against capitalizing, or allowing rates based on, amounts paid for franchise or operative rights, except the amount actually paid therefor by the original grantee.

The operation of the Dixon Stage for the six months ending May 1, 1920, as shown by applicant's exhibits, produced a total revenue of \$3,641.98, with operating expenses of \$3,272.23, less depreciation \$510.24, showing a net loss from operation of \$140.49. Four months operation by applicant to September 1, 1920, showed total revenues of \$5,584.66, operating expenses \$3,888.09, depreciation \$622.03; showing net profit from operations of \$1,074.54. Depreciation in each instance is estimated at 25% per year. Net operating profit for the ten months is shown to be \$934.05.

However, the testimony shows increases in operating expenses occurring near the close of the period, which it is anticipated will increase the cost of gasoline and oil, wages and repairs, each about 17%. If travel does not increase and present rates should remain in effect, the gross revenue for the year would amount to \$11,526.64, assuming that the months of September and October, to complete a full year, would produce about the same revenue as the months of May and June, neither of which is a vacation month. Increasing the average cost for gasoline and oil, wages, and repairs for ten months by 17%, and allowing for tires and tubes \$1,800.00 a year, the operating expenses per year so constructed would amount to \$10,455.86 thus leaving \$1,070.78 for return upon a rate base of about

\$4340.00. Apparently the allowance for tires and tubes is very liberal. Expenditures on this account during the ten months amounted to \$607.99, according to the exhibits.

Six new cord tires on the new bus, costing some \$450.00, or more, were charged off in seven months through depreciation account. The amount of mileage in tires on hand was not estimated. Considering an increase in tire costs of about 17% also, and that applicant may get less mileage in the future from tires than in the past, it is likely that part of the estimate of \$1800.00 for tires may be saved. Also the communities served are growing rapidly and the number of passengers carried will probably increase.

Under the circumstances an increase in fares appears to be not justified.

O R D E R

C. J. CROSBY, doing business under the fictitious name of C. J. CROSBY STAGE LINE, having applied to the Railroad Commission for authority to increase passenger stage fare between Santa Ana and Huntington Beach,

A public hearing having been held upon the application and it appearing from the evidence that the application should be denied,

IT IS HEREBY ORDERED that the above numbered application be and it is hereby denied.

Dated at San Francisco, California, this 1st day of September.

Edwin O. Coyne
W. D. Boardman
Frank H. White
J. B. Brundage
Commissioners.