ORIGINAL

Decision No. 9220

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of Golden Eagle-Barker Stage for permission to increase passenger fares between Sacramento and Lincoln, California.) APPLICATION NO. 6470.

J. B. Gibson, for applicants.

BY THE COMMISSION:

OPINION

In this proceeding, Sam Aronson and Joseph Palace, co-partners, operating under the fictitious name of the Golden Eagle-Barker Stage, conducting automotive passenger stage service between Sacramento and Lincoln, via Roseville, petitioned the Railroad Commission to increase passenger fares between Lincoln and Roseville from 35 cents to 45 cents, an increase approximating 30 per cent; between Roseville and Sacramento from 50 cents to 65 cents, an increase approximating 30 per cent; and between Lincoln and Sacramento from 80 cents to $1.10, an increase of approximately 37½ per cent.

A public hearing was held before Examiner Satterwhite at Sacramento February 11, 1921, and the matter is now ready for decision.

Prior to August 7, 1920, the Golden Eagle-Barker Stage operated only between Sacramento and Roseville. On August 7,1920, the applicants, Aronson and Palace, acquired by transfer the operative rights between Roseville and Lincoln and commenced a through service, Sacramento to Lincoln via Roseville.

The distance from Sacramento to Roseville is 18 miles and from Roseville to Lincoln 11 miles, a total distance of 29 miles.

The applicants, the evidence showed, are operating two Cadillac eleven-passenger cars valued at $5,500.; three Studebakers - two eleven-passenger cars and one seven-passenger car, valued at $6,500., and two White Stages, nineteen-passenger each, valued at $13,000., or an investment at the time of hearing of $25,000.

Attached to the application and marked Exhibit B, was a statement purporting to show the revenue for April, May, June, July, August and September, 1920 totaling $11,775.40, an average monthly income of $1,962.57. No segregation is given of the operating expense for this period, but applicant assembled certain general expense items and alleged an average operating cost of $1,920. per month. Among these items is a claimed average monthly expense of $400. for gasoline and oil, $300. for repairs and $300. for tires. This exhibit was later amended to show a segregation of operating expenses and, in addition to the six months named in the original exhibit, the month of October 1920 was included. The expense for gasoline, according to this amended exhibit, varied from $500. per month in July to as low as $147.60 in October, or an average for the seven months' period of $320.55. In the original exhibit repairs are given at an average of $300. per month, while in the amended exhibit they fluctuated from $157.35

for the month of June to $584.15 for the month of July, or an average of $329.40. The original exhibit made no allowance for depreciation; in the amended exhibit depreciation is charged at the rate of $250.00 per month for the first six months and $500. for the month of October.

Following the hearing a supplement was issued to Exhibit B, giving results for the months of January, February, March and April 1921. This exhibit showed a total revenue of $13,745.45, and a total operating expense of $13,661.94; In the operating expenses is included $400. per month for salaries of officials, an item not included in any of the previous exhibits, and depreciation is charged at the rate of $800. per month, as against no depreciation carried in the original Exhibit B; $250. per month during April, May, June, July, August and September, 1920; $500. for the month of October 1920, in amended Exhibit B, and in supplement to Exhibit B $800. per month during January, February, March and April 1921. This $800. per month is based on an alleged valuation of $39,000., new equipment having been added since the hearing in February, 1921.

It will be noted that the management is now deducting an allowance of $400. per month as salaries for officials, while the payroll of all the drivers amounts to but $720. per month. This management expense item appears to the Commission to be excessive and unreasonable. The amount carried in expenses for depreciation, based on 25% of the claimed value of the automobiles in the service, is also excessive, for the evidence shows that one of the Cadillac 11-passenger machines is a 1912 model and the other a 1913 model, indicating that the cars do not depreciate at the rate of 25% per annum.

The testimony of applicant Aronson was to the effect that the operations of this automobile line were commenced several years ago with one vehicle and that the valuable equipment now owned was practically all created out of earnings.

The exhibits and statements furnished to the Commission, and the testimony given at the hearing with reference to the revenue and expenses have not been made complete, particularly as to the expenses, which were more or less arbitrarily estimated and segregated from applicant's other business activities. The estimated increase in earnings under the proposed rates would approximate $5,000. per annum without giving consideration to a possible normal increase in the volume of the business.

The through service had been in effect only a few months when this application was filed and, therefore, the actual results flowing from the service between Sacramento and Lincoln could not be determined. Apparently, the application to increase fares was prompted by reason of the increase in fares made by the Southern Pacific Company on August 26, 1920 for their passenger service between Sacramento and Lincoln.

It is believed that by the reduction of the management expense referred to above, a revisement of the depreciation allowance and taking into consideration the general downward trend of most materials, fuel and labor, that this applicant will be enabled under present rates to meet operating expenses and secure a fair return upon investment.

Applicant should keep a careful record of receipts and expenditures, by months, and be prepared to furnish the Commission with actual and definite data should it become necessary to file a new application in the future.

Under all the circumstances, we believe this applicant has not justified the proposed increases, and that the application should be denied.

ORDER

IT IS HEREBY ORDERED that the application for increased rates in this proceeding be and the same is hereby denied.

Dated at San Francisco, California, this 12th of July, 1921.

H. W. Brundige
H. D. Loveland
Irving Martin

Commissioners.