

ORIGINAL

Decision No. 45286

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Southern Pacific Company for authority)	
to cancel certain largely inactive)	
commutation fares and to establish a)	Application No. 30358
new basis for computing thirty-trip)	
family commutation fares in California.)	

Appearances

R. S. Myers, for applicant.
Thomas M. Carlson, for City of Richmond,
interested party.

O P I N I O N

In this proceeding, Southern Pacific Company seeks authority to increase its state-wide basis for constructing 30-trip family commutation fares and to cancel certain other types of commutation fares between various points, most of which are situated in the San Francisco Bay area. These proposals do not affect any of the commutation and other fares maintained by applicant between San Francisco and San Jose, Los Gatos and intermediate points, the so-called Peninsula territory.

Public hearing of the application was had at San Francisco before Examiner Jacopi.

The basis for constructing 30-trip family commutation fares involved herein applies between all points in California except those situated in the aforesaid Peninsula territory. The present basis provides for construction of the family fares at the rate of 15 times

¹ Family and other types of commutation fares between points in the Peninsula territory are specifically named in a separate tariff. Increases in these fares were granted by Decision No. 44670 of August 15, 1950, in Application No. 30619.

the first class one-way fare that was in effect on February 10, 1942, between the points involved. The first class fares at that time were based on three cents per mile. It is proposed to revise the basis to 22 times the current coach class one-way fares, which are now on the level of 2.5 cents per mile. The changed basis would result in an increase of 22 percent in the family commutation fares.

A witness from applicant's passenger traffic department testified that the family commutation fares were inadequate as a result of the substantial increases in the cost of operation experienced by applicant since the last war. He pointed out that no change has been made in the family fares since the year 1942, whereas the regular state-wide coach class fares had been increased by 25 percent during that time. Despite the depressed level of the family fares, the witness asserted, virtually all of this commutation traffic had been lost to bus lines and private automobiles. Exhibits were submitted showing that a total of 35 family commutation tickets per month were now sold throughout the State and that the monthly revenue amounted to \$150. The witness asserted that the sought increase of 22 percent was designed to bring the family fares into line with the present level of applicant's general passenger fare structure.

The fares that applicant proposes to discontinue consist of ten-trip, thirty-trip and monthly commutation fares between San Francisco and Oakland and other points on the rail line from Martinez to Estudillo (near Hayward), inclusive; monthly commutation fares between Crockett and South Vallejo, North Vallejo and North Vallejo Wharf; and the state-wide bases that are used for constructing monthly commutation and school commutation fares between points where such fares are not specifically published. Upon the cancellation of these fares, one-way, round-trip and family commutation fares would be available to the passengers.

The witness for applicant testified that the various commutation fares in question were designed for and were based upon the substantial amount of traffic handled years ago when railroad service afforded the principal means of passenger transportation. Since that time, the amount of traffic moving between the points involved herein was said to have declined to only a few passengers per month. The drop in traffic was attributed to the widespread expansion of bus line operations as highways were improved and to the increased use of private automobiles. The diversion of traffic to other means of transportation was said to have resulted in withdrawal of applicant's rail commutation service or in discontinuance of all of its rail passenger operations between the points in question.

Exhibits were submitted showing the number of passengers per month transported under the fares that would be discontinued, together with the revenue derived therefrom. The exhibits were based upon a study of the actual ticket sales for a four-month period. The number of tickets sold during that time was said to be representative of the current public demand for the commutation fares in question. The data shown in the exhibits are summarized in the tabulation that follows:

<u>Description of Fares</u>	<u>Average Number of Tickets Sold Per Month</u>	<u>Average Revenue Per Month</u>
1. Monthly commutation fares - Oakland Pier and Fruitvale, Berkeley and intermediate points.	None	None
2. Basis for monthly commutation fares - state-wide.	None	None
3. Monthly commutation fares - Crockett and South Vallejo, North Vallejo and North Vallejo Wharf.	1	\$ 6.50
4. Basis for school commutation fares - state-wide.	4	19.10
5. Monthly commutation fares - San Francisco and Martinez and intermediate points.	6	66.50
6. 10-trip commutation fares - San Francisco and Martinez and intermediate points.	18	75.27
7. 30-trip commutation fares - San Francisco and Richmond, Estudillo and intermediate points.	<u>38</u>	<u>173.25</u>
Total	67	\$340.62

According to the evidence, the fares indicated in Items 1 and 7 of the foregoing tabulation were maintained in connection with applicant's transbay and local interurban services that were discontinued after the San Francisco-Oakland Bay Bridge was opened to traffic.² The territory is now served by rail and by motor coach operations conducted by Key System Transit Lines. All of the 38 tickets per month shown in Item 7 were sold for movement between San Francisco and Oakland-16th Street. It was indicated that these commuters used applicant's main line trains. This was said to be the only passenger service now operated by applicant between the points. In regard to Items 3 and 4, all of the tickets were issued for transportation between Crockett and Vallejo, where applicant no longer operates passenger train service. Under a tariff optional routing arrangement, applicant's tickets are honored for transportation by a bus line serving the points. The tickets shown in Items 5 and 6 were used on applicant's main line trains between San Francisco, Oakland and Berkeley, on the one hand, and Martinez, Crockett and Richmond, on the other hand. Of the number of tickets indicated in Item 5, only one and two tickets per month were sold for movements between any two of the points. In regard to Item 6, the number of tickets sold for transportation between any two of the points ranged from one to five per month.

The witness for applicant further testified that the various commutation fares which it is proposed to discontinue had been in effect for periods ranging from fifteen to twenty years and that they had not been increased during that time. The fares were said to be inadequate under present conditions by reason of the

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Discontinuance of the transbay and local services in question was authorized by Decision No. 33445 of August 24, 1940 (42 C.R.C. 819).

virtual disappearance of the traffic volume on which they were based and of the substantial increases in the cost of operation that had been experienced by applicant since the fares were established. It was indicated that applicant's other fares between points in California had been subjected in the past to general upward adjustments to compensate for increased operating costs and that the commutation fares in question were now materially out of line with the current level of applicant's state-wide fare structure. The witness asserted that only main line rail passenger service was now operated by applicant between most of the points involved herein, that the few passengers still using the commutation fares rode the main line trains with passengers traveling under other fares that had been adjusted from time to time to reflect increased cost levels, and that the transportation of commuters under fares that had not been advanced at all resulted in an unfair and undesirable situation. The proposals herein, he said, would result in maintenance of fares between the points in question that would be appropriately related to applicant's present general fare level.

According to the witness, consideration was given to the question of whether the various types of commutation fares now maintained between the points in question should be retained and authority sought to adjust them to current levels, or whether they should be discontinued and the one-way, round-trip and 30-trip family commutation fares allowed to apply in lieu thereof. The latter course was said to have been chosen because, among other things, the cost involved in the printing and handling of and accounting for the variety of commutation tickets now offered was not warranted by the small amount of traffic and revenue involved. Assertedly, the 30-trip family commutation fare was the only type of commutation fare that had been maintained by applicant between points in the rest of the State

where the amount of traffic was small. Applicant's proposal herein was said to conform with this general practice. The witness asserted that family commutation fares provided for tickets that were valid for a period of six months after the date of sale and that such fares would adequately meet the travel needs of the few commuters now using the commutation fares that would be discontinued.

No one appeared in opposition to the granting of the application. Notices of the hearing were sent to persons and organizations believed to be interested. Notices were also posted in applicant's stations and trains at least ten days prior to the date of hearing.

In regard to the proposed increase of 22 percent in the family commutation fares, the evidence is convincing that the present fares are no longer adequate. These fares are now constructed from applicant's basic fares that were in effect in the year 1942. As previously indicated, the basic fares have since been increased by 25 percent to compensate for substantial advances in the cost of providing passenger train service but corresponding adjustments have not been made in the family commutation fares. Applicant's proposal is designed to have the family fares bear their share of the advanced operating costs. The sought increase is no greater than necessary to bring these fares into reasonable conformity with the general level of applicant's state-wide fare structure. The proposed adjustment appears to be reasonable and should be authorized.

With respect to the proposed discontinuance of various commutation fares, the evidence shows that the substantial traffic volume on which the fares were predicated many years ago has since dropped to a small number of passengers per month as a result of the competition of other means of transportation and the resulting discontinuance of applicant's rail commutation service. The various types of commutation fares now in effect involve the printing and handling

of several different kinds of tickets. Substitution therefor of 30-ride family commutation fares for which only one form of ticket is used has been shown to be consistent with applicant's general practice in other areas throughout the State where the amount of traffic handled is small. It appears that this type of commutation fare would adequately meet the travel needs of the few remaining passengers that still use applicant's service.

In some instances, substantial increases will result from the discontinuance of the commutation fares in question. The record indicates that such advances are attributable to the fact that the existing fares were predicated on cost levels prevailing some 15 to 20 years ago and had not been increased since that time, whereas those that would apply in the event that the sought authority were granted reflected substantial advances in operating costs that had since been experienced by applicant. This record suggests no reason why the commutation fares between the points in question should not be brought into line with applicant's present state-wide fare level. The family commutation fares that would be available to commuters upon the discontinuance of the other commutation fares are equal to 1.8 cents per mile, or 20 percent less than the basic rate per mile for round-trip fares. Under the conditions shown herein, fares on this level are not unreasonable for the small amount of commutation traffic moving between the points involved.

Applicant proposes to make the family fares inapplicable between San Francisco and Richmond on the ground that it no longer operates interurban commutation service between these points. The record shows that a few passengers use the present commutation fares for transportation between these points on applicant's main line trains. Under the proposal herein, the family fares would be applicable between San Francisco and points situated short distances

beyond Richmond, such as Crockett and Martinez. The same main line passenger service is available to Richmond as well as to Crockett and Martinez passengers. Under these circumstances, no substantial reason has been advanced for denying the family fares to the Richmond passengers. The proposal should be denied.

Applicant's tariffs now provide for optional routing arrangements under which its tickets are honored for transportation by bus lines operating between various points throughout the State. It is proposed to discontinue the provisions in connection with applicant's state-wide basis for constructing 30-ride family commutation fares. No evidence of probative value was submitted in support of this proposal. It should be denied.

Upon consideration of all of the facts and circumstances of record, we are of the opinion and hereby find that the establishment of increased passenger fares and the discontinuance of various commutation fares to the extent indicated in the foregoing opinion and as provided by the order herein have been justified; and that in all other respects applicant's proposals have not been justified.

O R D E R

Based on the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Southern Pacific Company be and it is hereby authorized, within sixty (60) days after the effective date of this order, to establish increased passenger fares and to cancel various passenger commutation fares as proposed in the application filed in this proceeding, except as provided in the next ordering paragraph hereof.

IT IS HEREBY FURTHER ORDERED that the proposal to make 30-trip family commutation fares inapplicable for transportation between San Francisco and Richmond and the proposal to discontinue optional routing arrangements, as set forth in the above-entitled application, be and they are and each of them is hereby denied.

This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 23rd day of January, 1951.

R. F. [Signature]
Justice J. Craven
Harold A. Hule
Kenneth H. [Signature]
Commissioners