

**ORIGINAL**Decision No. 67736

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of SOUTHERN PACIFIC COMPANY for )  
authority to institute changes )  
in passenger train service and )  
fares between San Francisco, San )  
Jose and Vasona and intermediate )  
points. )

Application No. 45471

Randolph Karr, Charles W. Burkett and James J. Trabucco,  
for Southern Pacific Company, applicant.  
William V. Ellis, for the California Legislative Board  
and Board of Locomotive Firemen and Engineers;  
Graham R. Mitchell and Sanford G. Vickers, for the  
Brotherhood of Locomotive Engineers; Leonard M.  
Wickliffe, for the Railroad Brotherhoods' California  
Legislative Association and for E. A. McMillan, for  
the California State Legislative Board Brotherhood  
of Railway Clerks; John J. Doherty, for J. J. Corcoran  
for the General Chairman Brotherhood of Railroad Train-  
men; Claire G. Bertolone, for the Branch Line Commuters  
Association; George P. Lechner, for the Order of Rail-  
way Conductors and Brakemen; J. E. Howe and G. W.  
Ballard, for the California Legislative Board and  
Brotherhood of Railroad Trainmen, protestants.  
Thomas M. O'Connor, City Attorney, Orville Wright and  
Frank J. Needles, Deputy City Attorneys, and Robert R.  
Laughead, Chief Valuation and Rate Engineer, for the  
City and County of San Francisco; Robert J. Swan, for  
himself; and Charles G. Miller, for the San Francisco  
Chamber of Commerce, interested parties.  
Harold J. McCarthy and T. J. Canty, for the Commission  
staff.

O P I N I O N

On May 27, 1963, applicant Southern Pacific Company filed  
its application herein, and on August 30, 1963, said applicant filed  
an amendment thereto. By the amended application Southern Pacific

seeks authority to institute changes in passenger train service and fares between San Francisco, San Jose, Vasona and intermediate points.

In Count I Southern Pacific proposes to establish a turn-back operation at Belmont and to discontinue five trains in each direction south of Belmont during the peak period. In Count I Southern Pacific also proposes to discontinue the use of the 20-ride family tickets in the Peninsula operation.

In Count II as an alternate proposal Southern Pacific seeks authority to increase its fares on its Peninsula passenger train service by 30 percent.

In Count III as another alternate proposal Southern Pacific seeks authority to discontinue eight of its passenger trains, four in each direction during the peak period.

Applicant has stated that it would prefer to be authorized to make the changes in its passenger train service proposed under Count I or Count III and that it is seeking authority to increase its fares under Count II only if the relief sought in Count I and Count III is denied. Count I is its first preference. Public hearings were held before Examiner Cline at San Francisco on October 1, and 2, November 6, 7, 8, 14, 15, 26, 27 and 29, and December 20 and 30, 1963, and January 7, 1964. The matter was taken under submission on the filing of the reply brief of Southern Pacific on January 31, 1964.

The Railroad Brotherhood's California Legislative Association and the Branch Line Commuters' Association have both filed petitions for a proposed report. Both of said petitions are hereby denied.

Present Service

The present service between San Francisco and San Jose-Vasona provides a total of 25 passenger train schedules in each direction on weekdays, 12 schedules in each direction on Saturdays and 9 schedules in each direction on Sundays and holidays. According to a check made by Southern Pacific during the month of October 1962 approximately 11,700 passengers are carried in each direction on weekdays with approximately 85 percent of these passengers destined to or originating at San Francisco. Between 1954 and 1961 the patronage on the commute service has declined at an average rate of 3.4 percent per annum, but with the exception of one pair of commute passenger trains which were discontinued in 1957, Southern Pacific is operating the same number of peak-hour trains as it did in 1954. The 1962 volume of traffic was approximately the same as that for 1961.

The present equipment consists of 31 gallery cars, each seating 145 passengers, 75 suburban cars, each seating 96 passengers, and 22 suburban cars, each seating 72 passengers. Ten of the gallery cars are 9 to 10 years old and the balance of the 21 gallery cars are approximately 6½ years old. The 96-passenger suburban type cars are approaching 40 years of age and the 72-passenger suburban type cars are 49 to 53 years old.

Results of Operation

The estimated results of operation for the year 1962 submitted by Southern Pacific and the Commission staff are set forth below:

	<u>Southern Pacific</u> <u>Exhibit 26</u>	<u>Commission Staff</u> <u>Exhibit 39</u>
<u>A. Revenues</u>		
1. Passenger	\$3,364,000	\$3,367,081
2. Headend	59,000	58,720
3. Incidental	72,000	71,822
4. Total	<u>3,495,000</u>	<u>3,497,623</u>
5. Equivalent Pass Revenue	-	260,924
6. Total including Equivalent Pass Revenue	-	<u>3,758,547</u>
<u>B. Out-of-Pocket Expenses</u>		
1. Maintenance of Way and Structures	125,000	89,950
2. Locomotive Repairs	299,000	140,851
3. Locomotive Depreciation and Interest	243,000	80,243
4. Car Repairs	417,000	456,606
5. Car Depreciation	217,000	238,662
6. Car Servicing	481,000	516,154
7. Locomotive Servicing	163,000	53,129
8. Yard Engine Service	461,000	356,668
9. Crew Wages	1,132,000	1,111,328
10. Fuel	148,000	68,147
11. Station Service and Casualties	159,000	349,514
12. Payroll Taxes; Health & Welfare	207,000	162,333
13. Superintendence, Stationery and Printing, Claims, Accounting and Advertising	60,000	-
14. Haul of Company Material	33,000	11,185
15. Total	<u>4,145,000</u>	<u>3,634,770</u>
<u>C. Out-of-Pocket Loss</u>	650,000	-
<u>D. Net Income</u>	-	123,777
1. Income Tax at 54.64%	-	67,632
2. Net After Income Tax	-	<u>56,145</u>

Southern Pacific strongly objects to the inclusion of equivalent pass revenue in results of operation. This position is a reversal as in previous commute proceedings applicant has included such an adjustment. The Commission has previously considered this issue and has concluded that equivalent pass revenue should be included in the results of operation. Equivalent pass revenue is a

form of compensation to the pass riders from which Southern Pacific Company presumably derives a benefit. We find that the benefit to Southern Pacific reasonably should be estimated to be \$261,000. This amount should be added to the revenue estimate of \$3,495,000, making a total revenue of \$3,756,000, which amount we find reasonably should be used as the revenue in this proceeding.

The Commission staff's cost figure for maintenance of way and structures was based on the staff's conclusion that 50.2 percent of the cost varied with traffic whereas, as applicant points out in its brief, applicant concluded that 72 percent of the cost was variable with traffic. We find that the Commission staff's estimate of out-of-pocket expense for maintenance of way and structures is the more reliable and therefore it will be used as reasonable in this proceeding.

We agree with the applicant that cost of road locomotive repairs of locomotives used in the commute operations, because of the more frequent starts and stops, is higher than in the average system passenger train operations; however, the facts do not support a unit cost more than twice the system figure. We find that the average system cost increased by 50 percent reasonably reflects such higher costs, and therefore an amount of \$212,000 for the cost of locomotive repairs will be used as reasonable.

We find that the 25-year life used by the Commission staff in computing road locomotive depreciation more closely reflects actual experience and is more reasonable than the 15-year life used by the Southern Pacific. The Commission staff's estimate of \$80,243 for locomotive depreciation will be adopted as reasonable.

Southern Pacific, in its estimates of out-of-pocket costs, included interest on locomotives because the locomotives could be used in some other service if the commute service were discontinued. We have previously allowed interest on both the locomotives and gallery cars and will do so herein based on the average investment.

We find that \$190,000 is a reasonable amount for interest on locomotives and gallery cars and should be used in this proceeding.

The cost of locomotive servicing in commute operations is higher than in the Southern Pacific's system passenger train operations but we cannot agree that the unit cost is more than three times the system cost. We find that an estimate of \$110,000 for the cost of locomotive servicing more reasonably reflects such higher cost than does the estimate of either the applicant or the Commission staff and therefore it will be adopted in this proceeding as reasonable.

Southern Pacific urges that a system average switching expense does not properly reflect the switching expenses of commute operations, but states no justification for such conclusion. The staff's variables for out-of-pocket expense are not arbitrary deductions. We find that the Commission staff's estimate of the cost of yard engine service should be adopted as reasonable.

Applicant's estimate of fuel expense is claimed to be based upon an actual test made in commute operations and not upon a system average. As Southern Pacific points out in its brief, the numerous starts and stops and the lower ratio of trailing to locomotive gross ton miles in the commute service, and the longer runs and longer trains in the system passenger operation produce different costs in the commute service and the system passenger operations. We find that the estimate of Southern Pacific for fuel costs should be adopted in this proceeding as reasonable.

Southern Pacific's cost estimates for car repairs, car depreciation, car servicing, station service and casualties, payroll taxes, health and welfare, superintendence, stationery and printing, claims, accounting and advertising total \$1,541,000. The Commission staff's estimates for these items of cost total \$1,723,269. We find that in this proceeding the amount of \$1,541,000 should be used for these costs as reasonable.

The Commission staff, in estimating the cost of haul of company material, considered 50 percent as fixed and 50 percent as variable expenses. We find that the staff estimate of \$11,185 should be used in this proceeding as reasonable.

Based upon the foregoing findings we find that Southern Pacific's out-of-pocket loss reasonably should be computed as follows:

<u>A. Revenues</u> .....		\$3,756,000
<u>B. Out-of-Pocket Expenses</u>		
1. Maintenance of Way and Structures .....	\$	89,950
2. Locomotive Repairs .....		212,000
3. Locomotive Depreciation ..		80,243
4. Locomotive and Gallery Car Interest .....		190,000
5. Locomotive Servicing .....		110,000
6. Yard Engine Service .....		356,668
7. Crew Wages .....	1,111,328	
8. Fuel .....		148,000
9. Car repairs, car depreciation, car servicing, payroll taxes, health and welfare, superintendence, stationery and printing, claims, accounting and advertising .....	1,541,000	
10. Haul of Company Material ..	<u>11,185</u>	
11. Total Out-of-Pocket Expenses .....		3,850,374
12. Out-of-Pocket Loss .....		94,374

Count II, Proposed 30% Fare Increase

Under Count II Southern Pacific proposes to increase its commute fares on the Peninsula operation by 30 percent to provide additional revenue to offset its out-of-pocket losses in the event the reductions in service proposed in Count I or in Count III are not authorized by this Commission.

In justification of such increase Southern Pacific introduced evidence of its out-of-pocket loss in the amount of \$650,000 set forth in this opinion. This out-of-pocket loss has been reduced to \$94,374 by the finding of this Commission hereinbefore made. Southern Pacific's Exhibit No. 26 states that the rates per mile for passenger fares in the Chicago and New York commute areas range from 30 to 60 percent higher than such rates in Southern



Pacific's Peninsula commute operation. A witness for Southern Pacific testified and we find that if the proposed fare increase is instituted, estimated revenues from the commutation service would be augmented by \$612,000 in 1964. In computing the increase in estimated revenues, this witness made an allowance of 8 percent for diminution in passenger traffic which might follow the fare increase.

The Commission staff in its brief argues that there is insufficient evidence in the record upon which the Commission could base a finding for a fare increase of any kind, because Southern Pacific did not introduce evidence of the results of operation for a test period, as required by the Commission Rules of Procedure, Revised Rule 23(e) and (f).

The other parties to this proceeding except Robert J. Swan also opposed any fare increase proposed under Count II.

The Commission finds that the 30 percent fare increase proposed by Southern Pacific is not justified and concludes that Count II should be denied.

Count I, Elimination of  
the 20-ride Ticket

Southern Pacific's Exhibit No. 20 points out that the 20-ride ticket provides the purchaser and members of his family 20 rides over a 2-month period. This type of ticket allows a discount of 20 to 40 percent from the one-way regular fare. The discount increases with the distance traveled. The 20-ride ticket is the only commutation ticket which requires punching by the conductor. Four thousand of these tickets were purchased during the month of October 1962.

Thirteen helper conductors are employed during peak periods. Southern Pacific's witness testified that in his opinion approximately 10 of the helper conductors would not be needed if

the 20-ride ticket were eliminated and that this would result in a saving of approximately \$110,000 per annum in helper-conductor wages.

The commuters who presently use the 20-ride ticket could purchase a weekly or a monthly commutation ticket, or a one-way or round-trip ticket, depending upon their needs.

Table No. 2 in the Commission staff's Exhibit No. 39 shows that the 20-ride ticket has the second highest use of types of tickets used by local passengers, the monthly 5-day commute ticket having the highest use. Table No. 3 of this Exhibit No. 39 shows that 24 percent of the 20-ride tickets used during a test period were completely used within the first 10 days from the date of purchase, 50 percent within a period of 15 days and 70.5 percent within a period of 20 days.

A witness for the Order of Railway Conductors and Brakemen submitted into evidence Exhibit No. 43 which is a study of the actual time consumed by conductors in honoring the 20-ride tickets, the single-ride tickets, the "flash" type tickets, and the cash fares. This exhibit shows that the average time consumed in honoring these various types of tickets is as follows:

20-ride ticket	4.94 seconds
Single ticket	5.10 seconds
Commute ticket (not displayed)	7.96 seconds
Cash fare paid to conductor	38.56 seconds

This witness pointed out that with the discontinuance of the 20-ride ticket those persons now using the 20-ride tickets will be required to use one of the other types of tickets or another form of transportation. It was his conclusion that because of the additional time required for the conductors to honor the alternate types of tickets in the event of the discontinuance of the 20-ride tickets the savings anticipated by Southern Pacific will not actually be realized.

In Exhibit No. 39 the Commission staff recommends that applicant continue to offer the present 20-ride ticket for the following reasons:

1. This ticket is a convenience to the substantial number of passengers who presently use it.
2. Discontinuing the 20-ride tickets will not result in additional revenue to applicant.
3. Discontinuing the sale of 20-ride tickets will not result in savings of expenses to applicant.

The Commission finds that discontinuance of the 20-ride tickets will not result in savings of expenses to applicant and that public convenience requires the continued use of the 20-ride ticket by applicant. We conclude that applicant's request for authorization to discontinue the use of the 20-ride tickets should be denied.

Reduction in Service Proposed  
In Count I and Count III

In Count I applicant seeks authority to eliminate three through trains in the morning peak, one of which commences operations at Santa Clara instead of San Jose, and two through trains in the afternoon peak, one of which terminates its operations at Mountain View instead of San Jose. Applicant also seeks authority to create at Belmont a turnback operation to San Francisco for five trains, two in the morning peak period and three in the afternoon peak period. Under Count I applicant would be able to eliminate five trains in each direction south of Belmont during the normal weekday. However, as pointed out in Southern Pacific's brief, as all trains do not stop at all stations, a significant

comparison as far as service is concerned is the number of stops at each station. Another significant comparison is travel time.

These comparisons are set forth in Exhibit No. 20

as follows:

Station	Morning Peak (Ar. San Francisco 7:25-9:20 a.m.)				Evening Peak (Lv. San Francisco 4:00-6:10 p.m.)			
	Existing		Proposed		Existing		Proposed	
	No. of Trains	Travel Time	No. of Trains	Travel Time	No. of Trains	Travel Time	No. of Trains	Travel Time
So. San Francisco	7	18	6	14	5	15	5	15
San Bruno	8	25	6	19	8	19	6	19
Millbrae	6	26	5	22	5	22	7	22
Broadway	6	29	5	24	6	25	6	25
Burlingame	6	30	6	26	6	27	6	28
San Mateo	8	34	7	29	7	31	7	31
Hayward Park	4	35	4	30	4	34	5	35
Hillsdale	7	35	6	34	6	35	7	35
Belmont	5	41	8	36	5	36	9	37
San Carlos	8	42	7	39	6	40	6	37
Redwood City	8	45	7	41	7	42	6	40
Atherton	7	48	7	45	7	46	6	45
Menlo Park	6	51	6	48	7	47	7	47
Palo Alto	7	53	6	50	7	50	7	50
California Ave.	6	56	7	54	8	53	7	52
Mountain View	7	62	6	60	9	58	7	59
Sunnyvale	7	66	7	65	8	63	7	61
Santa Clara	6	74	6	73	7	68	7	68
San Jose	11	76	7	76	12	76	8	75

"No. of Trains" - The number of trains serving the station.

"Travel Time" - The average travel time, in minutes, between the station and the San Francisco terminal.

Southern Pacific's alternate proposal under Count III to discontinue four pairs of trains is fully set forth in Exhibit No. 26. Westward trains are those whose destination is San Francisco and eastward trains are those departing from San Francisco. This alternate proposal is as follows:

1. Discontinue train No. 109 westward and train No. 120 eastward.

Advance train No. 111 so that it will leave San Jose at 5:55 a.m., 8 minutes earlier, and arrive San Francisco at 7:15 a.m., 10 minutes earlier. Passengers off discontinued train No. 109 who take rescheduled train No. 111 will leave San Jose 10 minutes later and arrive San Francisco 5 minutes later.

Advance train No. 122 so that it will leave San Francisco at 4:15 p.m., 5 minutes earlier, and arrive San Jose at 5:40 p.m., 5 minutes earlier. Passengers off discontinued train No. 120 who take rescheduled train No. 122 will leave San Francisco 8 minutes later and arrive San Jose 15 minutes later.

2. Discontinue train No. 115 westward and train No. 132 eastward.

Retard train No. 113 so that it will leave San Jose at 6:15 a.m., 9 minutes later, and arrive San Francisco at 7:35 a.m., the same time as at present. Advance train No. 117 so that it will leave San Jose at 6:24 a.m., 6 minutes earlier, and arrive San Francisco at 7:45 a.m., 2 minutes earlier. Passengers off discontinued train No. 115 using rescheduled train No. 113 will leave 10 minutes earlier and arrive 7 minutes earlier and those using rescheduled train No. 117 will leave 1 minute earlier and arrive 3 minutes later.

Advance all trains from No. 134 through 140. Add stop at Menlo Park and Palo Alto to train No. 134 and operate via Vasona Branch line. Passengers off train No. 134 to Atherton, Castro, Santa Clara, and San Jose are to be handled on train No. 136. Passengers off train No. 136 to Menlo Park, Palo Alto, and San Jose, and also passengers off train No. 140 to San Mateo are to be handled on train No. 138. Train No. 145 will leave San Francisco at 5:17 p.m., 3 minutes earlier and arrive in Redwood City 5 minutes earlier and at Menlo Park, Palo Alto, and the branch 1 minute later.

3. Discontinue train No. 131 westward and train No. 142 eastward.

Advance train No. 133 so that it will leave San Jose at 7:20 a.m., 10 minutes earlier, and arrive San Francisco at 8:40 a.m., 3 minutes earlier. Passengers off discontinued train No. 131 using rescheduled train No. 131 will leave 5 minutes earlier and arrive 5 minutes later.

Advance train No. 140 so that it will leave San Francisco at 5:26 p.m., 3 minutes earlier, and arrive San Jose at 6:43 p.m., 2 minutes earlier. Passengers

off discontinued train No. 142 using rescheduled train No. 140 will leave 9 minutes earlier and arrive 7 minutes earlier.

4. Discontinue train No. 135 westward and train No. 150 eastward.

Reschedule train No. 137 to leave San Jose at 7:47 a.m., 13 minutes earlier, and to arrive San Francisco at 9:05 a.m., 13 minutes earlier. Passengers off discontinued train No. 135 using rescheduled train No. 137 will leave 12 minutes later and arrive 15 minutes later.

Reschedule train No. 148 to leave San Francisco at 6:45 p.m., 15 minutes later, and to arrive San Jose at 8:05 p.m., 18 minutes later. Passengers off discontinued train No. 150 using rescheduled train No. 148 leave 25 minutes earlier and arrive 20 minutes earlier.

As Southern Pacific did not know whether a final decision would be issued by the Interstate Commerce Commission authorizing the discontinuance of the Vasona Branch, Exhibit No. 36 was introduced to show the proposed timetable changes under Count I after the discontinuance of the Vasona Branch. Southern Pacific's Exhibit No. 27 shows the proposed weekday peak-hour commute schedules under Count III with the Vasona Branch in operation and Southern Pacific's Exhibit No. 32 shows the proposed weekday peak-hour commute schedules under Count III with the Vasona Branch discontinued.

Southern Pacific urges that authorization of its proposal for reduction in service either under Count I or Count III will have only a negligible effect upon the public. The proposed schedules reveal numerous reductions in running time which should benefit the commuter. This is made possible because the proposed reduction in the number of trains operating during the peak service makes possible some improvement in overall running time. The seating capacity on the trains operating under the new schedules would be equal to that now furnished by Southern Pacific because cars would be added to the consist of the trains remaining in operation.

According to Southern Pacific's Exhibit No. 20, the reduction in service proposed under Count I will result in an estimated reduction in annual operating expenses of \$510,000. Southern Pacific's Exhibit No. 26 shows that the estimated annual out-of-pocket savings which will result from discontinuing the four pairs of trains and revising the consists of the remaining trains under Count III amounts to \$258,000.

The Commission staff's comments regarding the proposed reduction in service is set forth in the staff's Exhibit No. 39 as follows:

"Any reduction of service or increase in fares will result in deterioration of service with consequent loss of patronage, the Southern Pacific being particularly vulnerable to competition by the private automobile and Western Greyhound lines.

"Count No. 1, turnback at Belmont, can be operated if certain precautions as outlined on pages 3 and 4 herein are observed. This plan has the disadvantage in that more service is provided in the area north of Belmont, where only one-third of the total passengers are generated, than south of Belmont. In addition to this, it is likely that train delays will arise from the operation of this proposed turnback service.

"The proposed discontinuance of Train No. 150, leaving San Francisco at 7:10 p.m., under Count III, would leave approximately 145 passengers without convenient alternate train service."

The staff has also pointed out that if a turnback operation is established at Belmont the safety factor for passengers embarking and debarking at Belmont would probably be lowered and certain passengers traveling south of Belmont would have to transfer to other trains because of the turnback of the train upon which they were traveling.

According to figures derived from Table No. 4 in the staff's Exhibit No. 39, the Belmont Turnback Operation under Count I would result in savings of \$188,300 for the rate year 1964 and the

discontinuance of the trains proposed in Count III would result in savings of \$269,900 for such rate year.

The Commission staff recommends that rather than approve any one of the three counts in the application, Southern Pacific should institute a program for replacement of the older cars with new and modern gallery cars and the Commission should order the following:

1. The applicant be permitted to discontinue immediately one peak train in each direction.
2. The applicant be directed to submit a plan for the replacement of the older cars by modern gallery cars. Such a plan should be completed within seven years.
3. When the replacement program has been inaugurated and at least 10 new gallery cars have been placed in service, the applicant be permitted to discontinue one more peak train in each direction.
4. The continuance of the 20-ride ticket.

A witness for Southern Pacific testified that to replace all older single-level passenger cars with the modern gallery cars would require an investment in the order of \$12,000,000 and would increase annual operating expenses, including interest on original investment, by about \$500,000. This witness testified that Southern Pacific should wait to see what San Mateo County, Santa Clara County, the State of California, or even the federal government might wish to provide in the way of publicly operated mass transportation facilities or by way of public aid to privately operated mass transportation facilities before making its own investment in new gallery cars.

The staff testimony and Exhibit No. 39 show that the replacement of all of the single-level cars with gallery cars would require an investment of \$10,500,000 and would permit a reduction in annual operating expenses of \$168,000 exclusive of interest. This estimate included elimination of two pairs of trains.



The Order of Railway Conductors and Brakemen and Railroad Brotherhoods' California Legislative Association and the various other railroad brotherhoods appearing in this proceeding urge that the reduction of service proposed in Count I would downgrade existing trains from limited-stop trains to multiple-stop trains. They also point out that the majority of Southern Pacific's commute patrons who reside south of Belmont would be deprived of 10 trains per week day, while the minority, those residing between Belmont and San Francisco would be deprived of only five trains per weekday.

The schedule proposed under Count I allows 10 minutes for the turnback operation at Belmont. This operation proposes to haul certain trains onto a center siding and stop at the depot. The engine would then be detached and moved out onto the eastbound main track. The engine would then proceed westward against the current of traffic to a point west of the west switch and then re-enter the center siding where the engine would be coupled to the opposite end of the train. After the air test was completed the train would depart on the westward main track for San Francisco. A witness for the conductors and brakemen testified that, in his opinion, the Belmont turnback operation would take longer than a similar movement formerly conducted at Los Gatos which took from 18 to 20 minutes.

Southern Pacific introduced Exhibit No. 55 to indicate the time shown in various timetables for turn-around operations conducted at Mayfield (California Avenue), Redwood Junction and San Bruno during the period 1912 to 1928. Another witness for the conductors and brakemen testified that the turn-around operations at Mayfield, Redwood Junction and San Bruno were different than the proposed turnback operation at Belmont. At the three former locations the trains were turned as a unit upon the wye tracks and the engines were not detached.

Locomotive engineer witnesses for the labor organizations testified that the additional stops proposed and the increased consists made necessary by the reduction in the number of trains would add to the time required to make the run between San Francisco and San Jose.

The witness for the conductors and brakemen pointed out that Southern Pacific's Count I extends the working day of the crews utilized in the turnback operations. As Southern Pacific failed to take into consideration the additional overtime costs which would accrue under Count I, we find that its estimate of savings under Count I is overstated.

The Order of Railway Conductors and Brakemen introduced Exhibits Nos. 41 and 42 by reason of which they claim that a mileage limitation of 3,430 miles per month per man is applicable to the Peninsula commute operation. Southern Pacific disputes the applicability of this mileage limitation. The Commission has no general jurisdiction to resolve a labor dispute between Southern Pacific and a labor union but it does find that such a dispute exists and the manner in which it is ultimately resolved could have an effect on the savings estimated to result from proposed operations under Count I and Count III. A witness for the conductors and brakemen testified that Southern Pacific could not man its proposed service under Count I with 15 crews and stay within the 3,430-mile limitation, if applicable. Also, during a 31-day month, such as July 1964, which has only eight Saturdays and Sundays, Southern Pacific could not man its proposed service under Count III with 16 crews and comply with the 3,430-mile limitation, if applicable.

The Labor Organizations urge that this Commission deny the relief requested by Southern Pacific in Counts I, II and III of the application, but concur with the Commission staff's recommendation

that Southern Pacific be directed to submit a plan for replacement of the older cars by modern gallery cars within a period of seven years.

The City and County of San Francisco introduced Exhibit No. 51 which contains tables showing present and forecasted population of San Francisco, San Mateo and Santa Clara Counties; registration of motor vehicles in San Francisco, San Mateo and Santa Clara Counties; residents of San Mateo and Santa Clara Counties working in San Francisco; Bayshore Freeway-San Francisco Airport north and south traffic projections; carrying capacity deficiency of the Colma-Bayshore Gateway; and a survey of selected San Francisco firms with employees residing in San Mateo-Santa Clara Counties and working in San Francisco.

The City and County of San Francisco in its brief points out that of the three counties served by Southern Pacific's Peninsula commute operation only San Francisco is included within the area to be served by the Bay Area Rapid Transit System, and hence it is apparent that the Southern Pacific's Peninsula commute service will continue as an integral and vital service for the movement of passengers between San Francisco, San Mateo and Santa Clara Counties. Said brief further points out that any reduction in Southern Pacific's service would simply increase the already existing highway congestion.

The City and County of San Francisco suggests that Southern Pacific can sufficiently improve its Peninsula commute operations by substituting modern gallery type cars for its single-level suburban type cars which are antiquated, obsolete and fully depreciated and by aggressively merchandizing its services and urges that public convenience and necessity require Southern Pacific to pursue this alternative rather than being permitted to reduce its service or increase its fares.

The Branch Line Commuters Association, in its brief, points out that the table of passenger traffic for the years 1954 through 1962, appearing on page 2 of Southern Pacific's Exhibit No. 20, shows that the decline in patronage is leveling off. This protestant also urges that as Southern Pacific has not made intelligent efforts to sell its service, its operating losses should be regarded as inflated, and contends that any curtailment in service will result in further loss of patronage and thus lay a foundation for future applications to curtail service.

Other Public Witnesses

Several other public witnesses, including the Assemblymen from the 22nd, 24th and 25th Assembly Districts in Santa Clara County, a Councilman of the City of Palo Alto and Chairman of the Citizens' Committee for Public Transportation of Santa Clara County, the President of the Branch Line Commuters Association, a representative of the Board of Directors of the San Mateo-Burlingame Boards of Realtors, a representative of the Peninsula Commuters Club and several users of Southern Pacific's commute service, presented their views and comments in opposition to granting the authorities requested in the various counts set forth in the application. A public transit catalyst from Long Beach made a statement in support of Count I of the application.

The Assemblyman from the 24th Assembly District stated:

"All of us who are familiar with the problems of transportation within our metropolitan areas are aware of the fact that our highways alone can no longer take care of the movement of people within these metropolitan areas; that we must take rapid steps to provide more efficient rapid transit, and until such time as a more efficient and more reliable method of transportation for the mass transportation of people within our metropolitan areas is available we must rely upon the services that are provided now.

"It is the feeling on my part that the best interest of the people of the district which I represent and of all Santa Clara demand that the Southern Pacific be required to continue the service at least at the level it is now provided."

He further stated that although Santa Clara County is beyond the present Bay Area Rapid Transit District, in his opinion, it would eventually be brought into any Bay Area Rapid Transit.

The Assemblyman from the 22nd Assembly District stated that he hoped that the curtailment in service, if there has to be any, would be as light as possible and affect the people in his district as little as possible. He realized, however, the necessity of considering the financial aspects of the Southern Pacific Peninsula commute operations in arriving at a determination of what should be done.

The Assemblyman from the 25th Assembly District stated that it was his opinion that a reduction in service would result in the loss of customers and ultimately the public would be forced to rely upon the automobile as the single form of transportation. He stated he agreed with the Assemblyman from the 24th Assembly District in the hope that the solution would come in the form of new and imaginative approaches to the problems rather than through a decrease in service.

Findings Regarding  
Proposed Reduction in Service

The Commission further finds as follows:

1. The Southern Pacific Peninsula passenger train service operated at an out-of-pocket loss of \$94,374 during the year 1962.
2. Southern Pacific has not been authorized to reduce service in its Peninsula peak-hour operations since 1957, when one pair of trains was discontinued.

3. The following table shows the decline in the average number of passengers using Southern Pacific's Peninsula service on a typical day for the years 1957 through 1962:

<u>Year</u>	<u>Northbound</u>	<u>Southbound</u>	<u>Total</u>
1957	14,914	14,726	29,640
1958	13,654	13,222	26,876
1959	13,052	12,978	26,030
1960	12,789	12,736	25,525
1961	11,845	11,976	23,821
1962	11,849	11,671	23,520

4. The reduction in service proposed under Count III will inconvenience the public less than the reduction in service proposed under Count I for the following reasons:

- a. Under Count I Southern Pacific proposes to discontinue five pairs of trains, whereas under Count III only four pairs of trains would be discontinued.
- b. Under Count I the reduction in service would be greater south of Belmont where approximately two thirds of the passengers are generated than north of Belmont where approximately one third of the passengers are generated, whereas the reduction in service under Count III would be more uniform throughout the Peninsula operation.
- c. If a turnback operation were established at Belmont the safety factor for passengers embarking and debarking at Belmont would be lowered.
- d. The turnback operation at Belmont might cause delays in the operation of the passenger trains in the Peninsula service.
- e. Certain passengers traveling south of Belmont would have to transfer between trains because of the turnback of the trains at Belmont.

5. The reduction of service proposed under Count III will result in annual savings in expenses of approximately \$264,000.

6. The proposed discontinuance of train No. 150, leaving San Francisco at 7:10 p.m., under Count III, would leave approximately 145 passengers without convenient alternate service.

7. The reduction in service through the discontinuance of the three pairs of trains, other than train No. 135 westward and train No. 150 eastward, under Count III will result in an annual saving in expenses of approximately \$198,000. ✓

8. The Commission takes official notice of the issuance of the decision by the Interstate Commerce Commission in Finance Docket No. 22009 authorizing Southern Pacific to discontinue the Vasona Branch. ✓

Based upon the foregoing findings the Commission concludes that (1) Southern Pacific should be authorized to discontinue trains Nos. 109, 115 and 131 westward and trains Nos. 120, 132 and 142 eastward and to reschedule its other peak-hour commuter trains as shown in Appendix A attached hereto, and (2) in all other respects the application herein should be denied.

O R D E R

IT IS ORDERED that:

1. Applicant Southern Pacific is authorized to discontinue its Peninsula commute trains Nos. 109, 115, 120, 131, 132 and 142, and to reschedule its other peak-hour commute trains as shown in Appendix A attached hereto.

2. In all other respects the application herein is denied.

3. Unless the authority herein granted pursuant to paragraph numbered 1 of this order is exercised by Southern Pacific Company by the filing of appropriate timetables with this Commission within ninety days from the effective date of this order, the authority granted to Southern Pacific Company under paragraph numbered 1 of this order shall expire.

The effective date of this order shall be twenty days after the date of issuance hereof.

Dated at San Francisco, California, this 18<sup>th</sup> day of August, 1964.

Frederick B. Halsloff  
President

John H. Mitchell

George L. Grover  
Commissioners



McKEAGE, Commissioner, dissenting.


I cannot concur in the decision of the majority. The action taken herein to permit the reduction of commutation service is shortsighted and futile in the extreme and constitutes another step in the process of eventual elimination of this vital service.

The action of the majority takes the path of least resistance and temporizes with an admittedly serious community problem. A rail carrier hoping to eventually get out of commutation service could not ask for more. The action of the majority is an answer to such a carrier's prayer.

What the Commission should do is to grant this carrier a rate increase and require the upgrading of this commutation service by ordering said carrier to purchase modern and attractive equipment of greater carrying capacity. Doubtless some of the trains operated could, then, be eliminated.

The important problem here presented is one of public convenience and necessity, a community problem of large proportion; yet, the majority treats it as though it were a matter which, if ignored long enough, will go away.

I dissent.

  
McKeage  
Commissioner

August 18, 1964.

BENNETT, William M., Commissioner, dissenting opinion:

I dissent. This decision is the Commission's further contribution to congestion of the Bayshore freeway.

Southern Pacific proposes to downgrade the quality of its San Francisco-Peninsula commute service, or, in the alternative, substantially to increase the fares. The burden of proof for either of these alternatives rests firmly and squarely on the applicant. This burden has not been met.

In the first place, estimates for a test year in the future have not been made, unless the warmed-over figures for the year 1962 are considered appropriate. I would not so consider them. Even in this mathematical exercise with out-of-date figures, applicant considers its out-of-pocket loss to be almost \$600,000 higher than the amount calculated by the Commission's staff (\$650,000 as contrasted with \$56,145). One item alone of this difference amounting to \$260,924 is accounted for by "equivalent pass revenue." In substance, applicant would have the San Francisco-Peninsula commute service shoulder the entire cost of a fringe benefit for officers and employees in its freight and passenger operations, as well as the cost of reciprocal arrangements for pass and reduced fare transportation with other railroads. This makes little or no sense.

Additionally, applicant is operating obsolete cars, including 22 cars which have only 72 seats and are more than 50 years old. Many cars are around 40 years old. Evidently Southern Pacific is anxious to effect cost savings by downgrading the service so as to drive away the patrons or make the service so expensive that the customers will seek out other means of commuting.

Eventually this would eliminate the service which, if you accept applicant's 1962 estimate as an accurate measure, is not a profitable service. Actually, whether it is profitable or not is not the yardstick of whether or not service may be curtailed and eventually abandoned. Service which the public needs and uses should be maintained.

Applicant makes no claim that its overall operations are unprofitable. In fact, various news disseminating media, especially those in the financial field, are quick to point out that this applicant is in the vanguard of railroads which conduct profitable operations and are expected to increase their profits. It is laudable that Southern Pacific should make every effort to keep in a sound financial position. But this must not be done at the expense of the public by permitting an essential service to deteriorate and drift into the hopeless state where it must be bailed out at the taxpayers' expense. Earnings were \$3.25 per share for 1963 and are estimated for 1964 as being within the \$3.80 to \$4.00 range. This estimate is based in part on applicant's earnings having increased from \$1.78 in 1963 to \$2.15 in 1964 for the first half of the year. This is not an impoverished railroad.

Notwithstanding that the losses from the San Francisco-Peninsula commute service are minimal when the Southern Pacific's system-wide operating results are concerned, applicant has impatiently taken its cause to the Interstate Commerce Commission and urged that body to override State authority in this matter of purely local concern. Its plea to the Interstate Commerce Commission, Docket No. 34440, urges that fares be increased by an amount which has been publicized as amounting to 30 percent. Increases in the widely used 20-ride ticket arrangement would be as much as 50 percent.


In its plea to the Interstate Commerce Commission, applicant states that it filed an application on May 27, 1963, with the California Public Utilities Commission for authority to increase the fares without reference to any delays in processing attributable to Southern Pacific. Also, in the Interstate Commerce Commission docket applicant mentions only in a parenthetical clause that in the alternative it has asked authority to make certain passenger train discontinuances. One would hardly think that we are talking about the same matter. Before the California Commission applicant wants a service adjustment and a fare increase only if the Commission will not accede to its demand that service be reduced. In fact it had a variety of service changes to propose before alternative fare increases were to be resorted to. But this same applicant, when it goes to the Interstate Commerce Commission, talks chiefly about a refusal to increase the fares and plays down the alternative service changes which it there describes as discontinuances. If applicant had started out on a studied attempt to confuse the issue it could hardly have done a better job.

In this state of affairs the majority of the Commission would sanction reduced service even though the public may get in addition increased fares. The Interstate Commerce Commission has the power, under Federal law, to impose the sought increase. They may do so.

Applicant, as evidenced by its refusal to modernize its fleet of cars to be used in this service and to otherwise continue a high standard of service, apparently confidently expects that public authority of some sort or another will be forced to develop and operate a commute system. This, it seems to me, would be a wasteful use of public funds. Here on the San Francisco-Peninsula

we have a commute operation which has served the public for 100 years. Rather than junk this well tried system in favor of something new, would it not be prudent to see how this good service may be coordinated with other mass transit plans for the San Francisco Bay Area? This area has participated in the dynamic growth of California. The State's transportation facilities have been expanded and updated by its carriers, including this applicant where freight service is concerned, in order to meet the public demand. The proposal being authorized by a majority of the Commission strikes a discordant note in the generally progressive policies of the transportation agencies serving California and in the orderly regulation of these agencies.

While the San Francisco Bay Area Rapid Transit District is spending millions of dollars to solve the urban transportation problems of this super-region, it is appalling that the majority consents to the partial destruction of an established service to the peninsula. The peninsula demands adequate transportation service and it makes little sense to eliminate such to the South where it is needed more than ever. This Commission, mindful of its responsibilities, should place the Southern Pacific on notice that it will be expected to meet its public service obligations to its passengers. This Commission possesses the authority so to do and it fails in its responsibilities in declining to make such directions. Today's decision is particularly incomprehensible when the financial affluence of Southern Pacific is noted. This carrier, if left to its own devices, would literally walk away from all its passenger service obligations. By the decision today the majority permits and indeed encourages such action.

  
WILLIAM M. BENNETT, Commissioner

APPENDIX A  
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WEEKDAY PEAK-HOUR COMUTE SCHEDULES (Amended)

NOTE: No change would be made in daily off-peak or Saturday, Sunday and Holiday schedules.

Morning Trains To San Francisco	107	111	113	117	119	121	123	125	127	129	133	135	137
SAN JOSE	5:05	5:55	6:15	6:24	- -	6:43	6:50	6:55	7:00	7:04	7:20	7:35	8:00
College Park	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Santa Clara	5:09	5:59	6:20	- -	6:39	- -	- -	7:00	- -	7:10	7:25	- -	8:05
Sunnyvale	5:15	6:05	- -	6:35	6:45	- -	7:02	- -	7:11	7:17	7:32	- -	8:11
Mountain View	5:20	6:10	6:31	6:40	- -	6:57	- -	7:11	- -	7:22	7:37	7:48	8:16
Castro	- -	- -	- -	- -	6:52	- -	- -	- -	7:17	- -	- -	- -	- -
California Avenue	5:25	6:16	6:37	- -	- -	7:04	- -	7:18	- -	7:29	7:43	- -	8:21
Palo Alto	5:28	6:19	- -	6:48	- -	7:08	- -	- -	7:29	- -	7:46	7:57	8:24
Menlo Park	5:31	6:22	- -	6:51	- -	- -	7:16	- -	- -	- -	7:48	8:00	8:27
Atherton	5:34	6:24	6:43	- -	7:01	- -	7:19	- -	7:34	- -	7:51	8:02	8:30
Redwood City	5:38	6:27	- -	6:57	7:06	- -	- -	7:29	- -	7:41	7:55	8:06	8:34
San Carlos	5:42	6:30	- -	7:01	7:10	- -	7:27	- -	- -	7:45	7:58	8:09	8:37
Belmont	5:45	6:33	6:51	- -	- -	7:19	- -	- -	7:43	- -	- -	8:12	8:40
Hillsdale	5:48	6:36	- -	7:05	- -	7:23	- -	- -	7:46	- -	8:02	8:15	8:43
Hayward Park	5:50	6:39	- -	- -	7:17	- -	- -	7:38	- -	- -	8:05	- -	- -
San Mateo	5:53	6:41	6:57	7:09	- -	7:28	- -	7:41	- -	- -	8:07	8:19	8:47
Burlingame	5:56	6:44	7:00	- -	7:22	- -	- -	7:45	- -	- -	8:10	- -	8:50
Broadway	5:59	6:46	7:03	7:14	- -	- -	7:38	- -	- -	- -	8:13	8:23	8:52
Millbrae	6:02	6:49	7:07	7:17	- -	- -	7:42	- -	- -	7:58	- -	8:26	8:55
San Bruno	6:05	6:53	7:11	- -	7:28	7:36	- -	- -	- -	- -	8:19	8:30	8:58
So. San Francisco	6:08	6:56	- -	7:24	- -	7:41	7:49	- -	- -	- -	8:23	8:35	9:02
Butler Road	- -	6:58	7:17	7:26	- -	- -	- -	- -	- -	- -	- -	- -	- -
Bayshore	6:13	7:02	- -	7:30	7:36	7:47	- -	- -	- -	- -	8:28	- -	- -
Paul Avenue	- -	- -	7:22	7:33	7:39	- -	- -	- -	- -	- -	- -	- -	- -
23rd Street	6:18	7:07	7:27	7:38	7:47	- -	- -	- -	- -	- -	- -	- -	- -
SAN FRANCISCO	6:25	7:15	7:35	7:45	7:55	8:00	8:05	8:09	8:13	8:20	8:40	8:50	9:18

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APPENDIX A  
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WEEKDAY PEAK-HOUR COMUTE SCHEDULES (Amended)

NOTE: No change would be made in daily off-peak or Saturday, Sunday and Holiday schedules.

Evening Trains From San Francisco	122	124	126	128	130	134	136	138	140	144	146	148	150
SAN FRANCISCO	4:15	4:40	4:50	4:57	5:14	5:17	5:20	5:23	5:26	5:45	6:00	6:30	7:10
23rd Street	4:19	4:43	4:54	5:01	--	--	--	--	--	5:49	--	--	--
Faul Avenue	--	4:47	4:58	--	--	--	--	--	--	--	--	--	--
Bayshore	4:24	4:52	--	--	--	--	--	--	--	--	6:09	6:39	7:18
Butler Road	4:27	4:56	--	--	--	--	--	--	--	--	--	--	--
So. San Francisco	4:29	4:58	--	5:11	--	--	--	--	5:39	--	6:14	6:44	--
San Bruno	4:34	5:02	5:08	5:14	--	--	--	--	5:44	6:00	6:17	6:47	7:24
Hillbrae	4:38	--	5:11	--	--	--	--	--	5:48	6:03	6:20	6:49	7:26
Broadway	4:41	--	--	5:19	--	--	--	--	5:52	6:06	6:23	6:52	7:29
Durlingame	4:43	--	5:16	--	--	--	--	5:46	--	6:09	6:25	6:55	7:32
San Mateo	4:47	5:11	--	5:24	--	--	--	5:50	--	6:12	6:28	6:58	7:35
Hayward Park	4:49	--	--	--	--	--	--	--	5:59	6:15	6:31	7:00	7:37
Hillsdale	4:52	5:15	--	--	--	--	--	5:54	--	6:18	6:34	7:03	7:40
Belmont	4:55	--	--	5:30	--	--	5:46	--	--	6:21	6:37	7:06	7:43
San Carlos	4:58	--	5:25	--	--	--	5:50	--	--	6:24	6:40	7:09	7:46
Redwood City	5:01	5:23	--	--	--	5:45	--	--	6:07	6:28	6:43	7:12	7:50
Atherton	5:06	--	5:32	--	--	--	5:57	--	6:12	6:32	6:47	7:16	7:53
Menlo Park	5:09	--	--	5:39	--	5:51	--	6:05	--	6:35	6:50	7:19	7:56
Palo Alto	5:12	--	5:38	--	--	5:55	--	6:08	--	6:38	6:53	7:22	7:59
California Avenue	5:15	5:32	--	--	5:51	5:58	6:03	--	6:18	6:41	6:55	7:25	8:02
Castro	--	--	--	5:47	--	--	6:07	--	--	--	--	--	--
Mountain View	5:21	--	5:46	5:50	5:58	6:04	--	6:16	6:25	6:48	7:01	7:31	8:08
Sunnyvale	5:26	5:41	--	--	6:02	6:09	--	6:20	6:30	6:52	7:05	7:35	8:12
Santa Clara	5:32	--	5:55	--	6:09	6:15	6:18	--	6:36	6:59	--	7:41	8:18
College Park	--	5:50	--	--	--	--	--	--	--	--	--	--	--
SAN JOSE	5:40	5:55	6:02	6:10	6:18	6:22	6:25	6:31	6:43	7:05	7:17	7:47	8:25