

ORIGINALDecision No. 72889

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN PACIFIC
COMPANY for authority to increase
passenger fares between San Francisco
and San Jose, California, and
intermediate points.

Application No. 49531
(Filed July 7, 1967)

Charles W. Burkett and Gary S. Anderson, for
applicant.
McMorris M. Dow and Robert R. Laughead, for
the City and County of San Francisco;
William Romaine, Jr., in propria persona,
Interested parties.
Sergius M. Boikan, Counsel, and Charles J. Astrue,
for the Commission staff.

O P I N I O N

Southern Pacific Company requests authority to increase its one-way, round-trip and commutation fares between San Francisco and San Jose and points intermediate thereto.

After due notice public hearing was held before Commissioner Gatov and Examiner O'Leary at San Francisco on July 21, 1967 and the matter was submitted.

The present fares were authorized by Decision No. 61268, dated December 28, 1960 in Application No. 42427 and have been in effect since January 18, 1961.

In response to a petition filed by applicant, the Interstate Commerce Commission instituted an investigation into said fares under Section 13 of the Interstate Commerce Act. By report and order in said proceeding, a copy of which was received in evidence as Exhibit 1, the hearing examiner found as follows:

"1. That the Southern Pacific Company's present suburban fares, which are set forth in its local passenger tariff D-No. 10,

Cal. P.U.C. No. 9000, as amended, made or imposed by authority of the State of California are too low and do not produce sufficient revenue to cover the out-of-pocket cost of the service nor make a fair contribution to Southern Pacific's revenue needs.

"2. That Southern Pacific's suburban fares cause and, unless increased to the extent set forth in the next succeeding paragraph, will continue to cause undue, unreasonable, and unjust discrimination against, and an undue burden on, interstate commerce, in violation of section 13(4) of the Interstate Commerce Act.

"3. That such undue, unreasonable, and unjust discrimination and undue burden can and should be removed by establishing for such intrastate travel, fares which are 120 percent of the fares set forth in the said tariff. Fractions of a cent shall be increased to one cent.

"4. That the fares, as so increased, will produce additional revenue of about \$700,000 per year, which is the approximate measure of the revenue discrimination against interstate commerce resulting from Southern Pacific's present suburban fares and the additional amount necessary for such fares to cover out-of-pocket costs, and make a fair contribution to Southern Pacific's indirect costs, taxes, and interest or return on value.

"5. And that the increased fares will be just and reasonable for the future, under honest, economical, and efficient management, to provide adequate and efficient service at the lowest cost consistent with the furnishing of such service."

Said report and order provided:

"That the Southern Pacific Company be, and it is hereby, notified and required (a) to cease and desist, within 90 days from the date this recommended order becomes effective pursuant to the

provisions of section 8 of the Administrative Procedure Act, from practicing the undue, unreasonable, and unjust discrimination against, and the undue burden on, interstate commerce, found to exist in the above report; and (b) to establish within the said time period, according to regulations of the State of California governing notice, the form of publishing, filing, and posting of tariffs, and thereafter to maintain and apply for intrastate travel between the points set forth in Southern Pacific Company's local passenger tariff D-No. 10, Cal. P.U.C. No. 9000, as amended, fares on the bases prescribed in the said above report."

Said recommended order became effective June 26, 1967.

Applicant specifically requests authority as follows:

1. Increase one-way and round-trip fares to 120 percent of present fares and then lower or raise the resulting fare to the nearest \$0.05 or \$0.10; similarly, increase one-way and round-trip children's fares, observing one-way minimum fare of \$0.35 and round-trip minimum fare of \$0.70;
2. Increase the monthly (5-day week) fares to 120 percent of present fares and then lower or raise the resulting fare to the nearest \$0.50;
3. Increase all other fares to 120 percent of present fares; and
4. Include in Rule 13 of applicable tariff the following provisions:

"Monthly (5-day week) Tickets - In addition, will be honored for going passage from suburban stations to San Francisco, or from San Francisco to suburban stations, on trains scheduled to depart from originating terminal (San Francisco or San Jose) prior to 11:15 a.m. on the first day of the following month. When the first day of the following month falls on a Saturday, Sunday or legal holiday, such tickets will be also thus honored for going passage on the first day which is not a Saturday, Sunday or legal holiday of the following month.

"Monthly Commute Tickets - In addition, such tickets will be also honored for going passage on trains scheduled to depart from originating terminal (San Francisco or San Jose) prior to 11:15 a.m. on the first day of the following month. When the first day of the following month falls on a Saturday, Sunday or legal holiday, such tickets will be also thus honored for going passage on the first day which is not a Saturday, Sunday or legal holiday of the following month."

Evidence was presented by applicant's passenger traffic manager. He testified that approximately 50,000 one-way tickets are sold each month and that 50 percent of them are sold on trains by conductors. The rounding off of one-way and round trip fares to the nearest 5 cents or 10 cents will eliminate the necessity of conductors having to carry pennies, simplify making change and expedite the sale of tickets on trains. The witness also testified that approximately 6,800 monthly (5-day week) tickets are sold each month and that practically all are sold on the last and first day of the month. A great majority of the tickets are sold at the San Francisco depot. The witness testified that by rounding off said fares to the nearest 50 cents sales would be expedited. The witness further testified that approximately 500 one-way tickets are sold on the first working day of the month, to commuters who have not purchased a monthly commutation ticket. The one-way fare paid by the commuter can be applied to the purchase price of a monthly commutation ticket upon the presentation of a receipt for the one-way fare. The proposed amendments to Rule 13 eliminate this burden on the applicant.

Atherton and Menlo Park fall within Zone 4 of applicant's rate structure. The present zone fare structure was established pursuant to Decision No. 55707, dated October 22, 1957 in Application No. 38951. A special subzone was also established for 20-ride family tickets between San Francisco, on the one hand, and Atherton and

Menlo Park, on the other hand. The subzone was established so that 20-ride family tickets would not be subject to Federal Excise Tax in effect at that time but subsequently eliminated. The present fare for a 20-ride family ticket between San Francisco and Menlo Park and Atherton is \$14.50. The fare for a 20-ride family ticket from San Francisco to other points in Zone 4 is \$15.00. Applicant proposes to eliminate the subzone and establish a fare of \$18.00 for all 20-ride family tickets within Zone 4.

Applicant's proposed increased fares are set forth in Exhibit 3. The fare for a monthly commutation ticket between San Francisco and Zone 1 is shown in Exhibit C attached to the application and Exhibit 3 as \$18.35. An increase of the present fare by 20 percent results in a fare of \$18.30. The other fares shown in Exhibit 3 correctly reflect applicant's proposal.

On March 22, 1967, the applicant distributed self-addressed, postage paid, questionnaires on its southbound commute trains to approximately 12,000 persons who normally ride these trains. Approximately 5,800 completed questionnaires were returned. Applicant states with respect to question on equipment, the return disclosed a preference for gallery type cars by 16 to 1. The applicant intends to place bids for the acquisition of fifteen air-conditioned gallery type cars and plans to acquire said cars if the bids are satisfactory. The additional gallery type cars will have a total seating capacity of 2,175. It is expected that for every 2 gallery type cars placed in service 3 older type cars can be retired. Applicant expects it will be at least twelve months before the cars can be placed in service.

Mr. William Romaine, Jr., appeared as an interested party and expressed the opinion that applicant should advertise its

commute service in order to obtain more patrons and thus relieve the highways of some of its vehicular traffic. No one appeared in protest to the application.

Based on the evidence adduced the Commission finds:

1. The Interstate Commerce Commission has found that the applicant's present fares between San Francisco and San Jose and points intermediate thereto result in unjust discrimination against and an undue burden on interstate commerce.

2. The Interstate Commerce Commission has found that such unjust discrimination and undue burden can be removed by increasing present fares by 20 percent.

3. Applicant has been ordered by the Interstate Commerce Commission to remove the unjust discrimination against and undue burden upon interstate commerce.

4. The rounding off of one-way and round-trip fares to the nearest 5 or 10 cent figure will expedite the sale of one-way and round-trip tickets.

5. The rounding off of monthly (5-day week) ticket fares to the nearest 50 cent figure should expedite the sale of tickets on the first and last working day of each month.

6. The proposed amendments to Rule 13 will eliminate numerous collections and subsequent refunds of one-way fares on the first working day of each month.

7. Since the Federal Excise Tax no longer applies to rail transportation the subzone for 20-ride family tickets between San Francisco, on the one hand, and Atherton and Menlo Park, on the other hand, is no longer required.

8. The proposed increases are justified.

The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. Southern Pacific Company be and is hereby authorized to publish and file, on not less than five days' notice to the Commission and to the public, the increased local passenger fares between San Francisco and San Jose and intermediate points and the changes in tariff rules as proposed in Application No. 49531.

2. The authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

3. Southern Pacific Company be and is hereby directed to post and maintain in its passenger cars operated on its local peninsula service and in its depots at San Francisco, San Jose and intermediate stations a notice of the increased fares herein authorized. Such notice shall be posted not less than five days prior to the effective date of such fares and shall remain posted for a period of not less than thirty days.

This order shall become effective ten days after the date hereof.

Dated at San Francisco, California, this 15th day of AUGUST, 1967.

President
William M. Bennett

August

William Symons, Jr.

Fred P. Morrissey

WILLIAM M. BENNETT
A. W. GATOV
WILLIAM SYMONS, JR.
FRED P. MORRISSEY
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.