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ORIGINAL

Decision No. 76664

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN PACIFIC COMPANY for authority to amend its Peninsula commutation tariff to eliminate provision permitting cash fare paid to conductor to be applied toward purchase price of a monthly, weekly, or 20-ride commute ticket.

Application No. 51305  
(Filed August 8, 1969,  
Amended October 6, 1969)

W. Harney Wilson and Rick Kopf, for Southern Pacific Company, applicant.  
D. C. Meany, Counsel, for the Commission staff.

O P I N I O N

Southern Pacific Company (Southern Pacific) provides passenger train commutation service between San Jose and San Francisco. Its Local Passenger Tariff D-No. 12, Cal. P.U.C. No. 32 provides (in Rule 10) that a cash fare paid to a conductor on the first trip by a commuting passenger boarding a train at a nonagency station, or station where a ticket agent is not in attendance, may be applied toward purchase of a new monthly, weekly or twenty-ride commute ticket. Southern Pacific proposes to cancel this tariff provision.

Public hearing was held before Examiner Mallory at San Francisco on October 20 and 21, 1969, and the matter was submitted on the latter date. Evidence in support of the application was adduced by a representative of Southern Pacific. Two public witnesses testified in opposition to the relief sought. A staff engineer employed in the Commission's Transportation Division presented testimony and an exhibit concerning waiting times for purchase of tickets at Southern Pacific's Third and Townsend Street depot in San Francisco.

A special representative employed in Southern Pacific's passenger traffic department testified that Southern Pacific seeks the proposed tariff change on the basis that the current tariff provision has outlived its usefulness and is no longer necessary in view of the alternative plans available to commuters. The witness asserted that the bulk of commuters, with pre-planning, can manage to obtain commute tickets before boarding the train. The witness indicated that monthly tickets may be purchased by mail, under applicant's "Ticket By Mail" plan. Also stamped and pre-addressed envelopes are available at stations for use in purchasing twenty-ride tickets by mail. The witness stated that monthly tickets are placed on sale ten days before the first of the month, and weekly tickets are also made available ten days before the beginning of the week. Furthermore, an expired monthly commute ticket is honored on the inbound trip on the first day of the succeeding calendar month.

The record shows that approximately 6,700 monthly tickets are sold each month; that in September 1969, 254 cash fares were turned in on monthly tickets (or 3.8 percent of the monthly tickets sold); and that 154 cash fares were turned in on September 2, the first business day of that month. The record also shows that approximately 1,000 weekly tickets are sold each week; and that 49 cash fares were applied towards the purchase of weekly tickets during the month of September, 1969.

The witness testified that a further reason for the sought authority is that refunding of cash fares results in delays at the main ticket office at applicant's Third and Townsend Streets depot. He stated that such a transaction requires approximately 45 seconds to accomplish, while the sale of a commute

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ticket not involving a cash refund requires only three to ten seconds to accomplish. The witness asserted that there are long lines at the main depot on the first business day of each month; and that delays cause some commuters to drop out of line to catch their trains. The witness asserted that purchase of one-way tickets to be refunded on the purchase of a commute ticket also caused a burden on conductors, requiring them to carry unnecessarily large amounts of cash. The witness also asserted that there have been occasions when conductors have been unable to completely work their trains; therefore, fares may not have been collected from some casual riders.

The witness testified that an estimate was furnished (Exhibit K to the amended application) at the request of staff counsel showing that an annual increase in revenues of approximately \$4,362 would result if the application is granted. The witness stated that it is the purpose of the application to reduce expenses, rather than to increase revenues. No estimate of possible dollar savings in expenses was furnished however. The revenue increase was determined by assuming that 50 percent of the riders who purchase one-way tickets and turn such tickets in on commute tickets would do so in the first month following approval of the application; and in each succeeding month the number of riders purchasing one-way tickets would decrease by 50 percent.

Two public witnesses testified in opposition to the application. One witness, a commuter traveling between Belmont and San Francisco testified that he has experienced difficulty in

obtaining commutation tickets.<sup>1/</sup> The witness stated that his work requires his absence from San Francisco at irregular intervals. The witness uses both the five-day monthly or twenty-ride commute tickets, depending upon the number of days during the month his work requires him to be in San Francisco. The witness stated that approximately half the year he uses twenty-ride tickets and the other half he uses monthly commute tickets. The witness asserted that it is difficult to plan in advance for the purchase of tickets, because of the irregularity of his absence from San Francisco and the number of days in which he would be gone. The witness pointed out that it is not possible to purchase a twenty-ride (or monthly) commute ticket at Belmont, a nonagency station; such ticket can only be purchased at the San Francisco depot or by mail. The witness testified that the purchase of twenty-ride tickets by mail is unsuitable, because he cannot plan far enough in advance the type of ticket to be purchased. Therefore, when replacing a fully used twenty-ride ticket the witness purchases a one-way ticket on the purchase of a new twenty-ride ticket. The witness testified that he would be unable to redeem a one-way ticket on the purchase of a commute ticket if the application is granted. The witness also explained that at certain times there are long queues at ticket windows at the San Francisco depot, and that it is necessary either to board the train without a commute ticket, or to miss the train in order to obtain a ticket. In such circumstances the witness purchases a round-trip ticket on the train and redeems a portion of said ticket on the purchase of a commute ticket. The witness stated this practice, also, would be discontinued if the application is granted.

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<sup>1/</sup> Belmont is a nonagency station and has been since 1960. (Decision No. 60258, dated June 14, 1960 in Application No. 42033.)

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Another public witness residing in Belmont indicated that the practice of redeeming tickets purchased on the train on the purchase of commute tickets may have been instituted in order to limit opposition to the removal of the agent at Belmont. (Decision No. 62058, supra.)

A senior engineer from the Commission's Transportation Division presented an exhibit showing the number of persons in line and the length of time required to reach ticket windows in the San Francisco depot at selected times. This exhibit confirms the testimony of the public witness and applicant's witness that delays during morning and evening hours exist, especially on the business day preceding the first of the month and the first business day of the month.

Testimony presented on behalf of Southern Pacific showed that applicant has endeavored to take steps to reduce queues and to speed up sale of commute tickets at its San Francisco depot.

Counsel for the Commission staff requested that official notice be taken of two prior Commission decisions involving Peninsula agency stations, in which purchase of passenger tickets was an issue. Decision No. 60258, dated June 14, 1960, in Application No. 42033 reads, in part, as follows:

"No change is proposed in train schedules. The only change would be with respect to the purchase of passenger tickets. If the application is granted passengers would be able to purchase tickets from the train conductors or at agency stations including the San Francisco depot at Third and Townsend Streets. The purchase of a one-way ticket may be credited toward the purchase of a monthly commute ticket." 2/

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2/ The decision also states:

"As a public convenience applicant has two mail service plans. The first is a mail order commutation ticket request, which consists of an envelope providing for the type of commute desired. Upon selecting the commute, enclosing one's check or money order and mailing to applicant, the ticket is forwarded to any individual by return mail. The second plan is referred to as Automatic Ticket-By-Mail. An individual selecting this plan is placed upon a list and his commute ticket is automatically mailed to him by the 26th of each month. The individual then pays by check or money order on the first day of the month that his ticket becomes effective by mailing a return payment envelope provided by applicant. Said plans are assertedly being given wide public acceptance."

"After consideration it does not appear that changing Belmont station to nonagency status would result in any public inconvenience. Service will remain substantially the same. The purchase of tickets is adequately provided for through alternate means. The Commission, therefore, finds that public convenience and necessity no longer require applicant's agency at Belmont, California." (Emphasis supplied.)

Decision No. 61821 dated April 11, 1961, in Application No. 42486 (Santa Clara Station) contains the following rationale:

"In these matters the Commission is primarily concerned with service. Costs of operations and resulting economies are of secondary consideration. Where there is little or no public use of an agency station there is no problem. Where, however, as in this case there is substantial public use then it is incumbent upon a railroad to show that the public will be adequately provided for. Only when this condition has been met will the Commission consider the economic justification for changing an agency station to a nonagency station."

Discussion

The record shows that the principal reasons the application herein was filed are in order to lower Southern Pacific's operating costs through reduction in the time required for an agent to sell a commute ticket and to eliminate the sale of one-way tickets by conductors to be redeemed on commute tickets. The record shows that Southern Pacific's Peninsula commute service is operated at a loss and will continue to be operated at a loss under the five percent increase in fares granted in Application No. 51315. The revenue increase which would result from this application is minimal. The record does not indicate the dollar amount of expenses which would be saved if the application is granted. However, any reduction in operating costs would help in some measure to reduce the operating deficit for Southern Pacific's commute service. Southern Pacific's showing is convincing that its patrons would not be materially inconvenienced by the granting of this application, because of the alternate means available to them for the purchase of commute tickets in advance.

The record shows that Southern Pacific's Ticket-by-Mail Plan is not incorporated in its tariffs. This is one of the services which Southern Pacific asserts would be a substitute for the tariff provision sought to be cancelled. Southern Pacific's Ticket-by-Mail Plan is a service offered to the public in connection with its common carrier passenger operations and, therefore, should be reflected in its tariffs.

The record further discloses that Southern Pacific has informed its patrons of its Ticket-by-Mail Plan through handouts on its commute trains or newspaper advertising, but only at irregular intervals. It appears that more frequent publicity concerning its Ticket-by-Mail Plan may assist in informing new commuters and in reminding regular commuters of this service, and thus increase its use. Applicant's witness agreed that such more frequent publicity should be given to various commuter ticket plans and ticket privileges.

The Commission finds as follows:

1. Southern Pacific seeks authority to cancel tariff provisions allowing application of a cash fare paid to a conductor to be applied to the purchase of a monthly, weekly, or twenty-ride commute ticket (Rule 10(d) of Local Passenger Tariff D-No. 12, Cal. PUC No. 32).
2. The proposed cancellation of the tariff rule will result in an increase in fares. The amount of annual revenue increase which will result from cancellation of the tariff rule is approximately \$4,500.
3. The record shows that approximately 6,700 monthly commute tickets are sold each month, that in September, 1969, 254 cash fares were turned in on monthly tickets; there are approximately 1,000 weekly tickets sold each week; that in September, 1969, there were

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49 cash fares applied toward the purchase of weekly tickets; and that there were 19 cash fares refunded on twenty-ride tickets during September, 1969.

4. There are several plans offered by Southern Pacific to accommodate purchase of tickets by persons entraining at nonagency stations or at agency stations at times when an agent is not on duty. Such include the Ticket-by-Mail Plan for purchase of monthly commute tickets; the privilege of using an expired monthly commute ticket for the inbound trip on first business day after the close of the month; the furnishing of pre-stamped and addressed envelopes for mail purchase of tickets; and the placing of monthly and weekly tickets on sale in advance. These plans have been in existence for some time; the last plan to be instituted was the honoring of an expired monthly commute, which privilege was first made effective on September 1, 1967.

5. There are 13 nonagency stations and 5 other stations where agents are on duty only for limited period during regular business hours for sale of passenger tickets on Southern Pacific's line between San Francisco and San Jose. Nonagency stations include Mountain View, Menlo Park, Atherton, San Carlos, Belmont, Hayward Park and San Bruno. Stations open only during morning hours (up to 8:40 a.m.) include Broadway, Hillsdale and California Avenue. There are 7 stations (other than San Francisco) where agents are on duty between 6:30 a.m. and 5:30 p.m. or longer hours, Monday through Friday.

6. The proposal herein will result in savings in operating expenses, will reduce the time required to purchase a commute ticket at Southern Pacific's San Francisco depot, and will not materially inconvenience patrons now using the privilege accorded under the tariff rule.



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7. Public convenience no longer requires the continuation of the refund privilege sought to be cancelled.

8. The fare increases resulting from the proposed cancellation of Rule 10(d) of Tariff D-No. 12, Cal. P.U.C. No. 32 are justified.

9. Southern Pacific's Ticket-by-Mail Plan is a service provided in connection with its common carrier passenger service and, as such, should be reflected in Southern Pacific's passenger tariffs.

10. More frequent publicity should be given to the various ticket purchasing plans and other ticket privileges available to users of Southern Pacific's Peninsula commute service.

The Commission concludes:

1. The application should be granted.
2. Southern Pacific should be ordered to incorporate the provisions of its Ticket-by-Mail Plan in its local passenger tariff for service between San Francisco and San Jose.
3. Southern Pacific should be required to periodically inform its patrons of its ticket purchase plans and privileges, not less frequently than twice yearly.

#### O R D E R

IT IS ORDERED that:

1. Southern Pacific Company is authorized to establish the tariff rules proposed in Application No. 51305. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and may be made effective not earlier than thirty days after the effective date hereof on not less than thirty days' notice to the Commission and to the public.

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

3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its commute trains and Peninsula terminals a printed explanation of its fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

4. The authority granted in ordering paragraph 1 hereof is conditioned upon the concurrent publication in applicant's local passenger tariff of the provisions of its Ticket-by-Mail Plan for the purchase of commute tickets.

5. Southern Pacific Company is directed to inform its Peninsula commute patrons of commute ticket purchase plans and other ticket privileges on a regular basis not less frequent than twice yearly.

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

Dated at San Francisco, California, this 13th day of JANUARY, 1970.

William L. Sproull, Jr.  
President

August

J. B. Sakam

Vernon L. Stevens  
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.