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ORIGINAL

Decision No. 78107

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, NORTHWESTERN PACIFIC RAILROAD COMPANY, SOUTHERN PACIFIC TRANSPORTATION COMPANY and UNION PACIFIC RAILROAD COMPANY for authority to increase intrastate passenger fares by some 10 percent general increase as interstate fares to and from points in California (excepting local fares between San Francisco and San Jose).

Application No. 52188
(Filed September 8, 1970)

O P I N I O N

The Atchison, Topeka and Santa Fe Railway Company, (ATSF) Northwestern Pacific Railroad Company, (NWP) Southern Pacific Transportation Company, (SP) and Union Pacific Railroad Company, (UP) seek authority, under Section 454 of the Public Utilities Code, to increase passenger fares between points in California by ten (10) percent except for local fares of SP between San Francisco and San Jose and intermediate points.^{1/}

The present level of applicants' fares was authorized by the Commission in Decision No. 76454, dated November 18, 1969, in Application No. 51315. Subsequent thereto, by Decision No. 77722, dated September 5, 1970, in Application No. 51818, the Commission authorized applicants to cancel discounts on round-trip fares and to issue round-trip tickets at 200 percent of the applicable one-way fare.

^{1/} SP's local fares between San Francisco and San Jose were the subject of Application No. 51965. By Decision No. 77764, dated September 22, 1970, in said proceeding, the Commission authorized an increase in said fares of around 5 percent.

In Exhibit "B" attached to the application, applicants allege that SP lost \$5,279,000 from its 1969 intrastate passenger operations. NWP lost \$64,000 for a similar period. For the year 1966, ATSF alleges a loss of \$4,977,000.

With respect to these figures, "Applicants direct attention to the fact that tremendous increases in revenues and reductions in expense would be necessary before any of the above-stated losses could be transformed to a profit. Applicants allege that there have been no such changes in pertinent facts or circumstances and that, if the application is granted, the California intrastate passenger traffic of each of applicants will continue to be conducted at a substantial loss."

The application states that the proposed increase will provide additional revenues and increase applicants' total passenger revenues as follows:

	<u>Additional Revenue (Dollars)</u>	<u>Increase (Percent)</u>
ATSF	85,000	10
NWP	1,730	9
SP	94,000	7
UP	<u>1,600</u>	10
Total	182,330	

Effective September 1, 1970, applicants increased interstate passenger fares by ten percent.

In Decision No. 76564 (1969) after hearing the Commission found that California intrastate passenger operations of applicants have been conducted at a loss since 1963 and that the 5 percent fare increase authorized therein would not cause California intrastate

passenger operations of applicants to be conducted at a profit. In Decision No. 77722 (1970) after hearing the Commission found that the increases in revenues authorized therein "are far less than the carriers' annual deficits for California intrastate passenger operations." In Decision No. 77764 (1970), issued after hearing, there is a tabulation of the percentages of annual increases in wages and fringe benefits for employees of SP since 1965. The wages of shop-craft employees increased 8.9 percent in 1970 over 1969. It was shown that the wage contracts with other employees were then currently being negotiated. That such contracts are still in the process of negotiation and that there have been strikes and threatened strikes recently by railroad employees is common knowledge and we take official notice of said facts.

There have been serious declines in California railroad passenger revenues in the past few years notwithstanding fare increases. Since 1966, the California passenger revenues of ATSF and UP have declined about 60 percent and SP's passenger revenue has decreased about 20 percent in the last year.

There can be no doubt that applicants' California intrastate passenger operations have been conducted at a loss and there will continue to be deficits in passenger revenues even under the proposed increases in fares.

The Commission has been notified by its Transportation Division that its participation in this proceeding does not appear necessary and none is planned. It recommends that in the absence of protests the application be granted without hearing.

The Commission has received a letter from the City of Modesto stating that individual members of the Council were greatly concerned over the applicants' request for fare increases and especially over the fact that no public hearing is scheduled to be

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held. The Commission appreciates Modesto's concern. Aside from Modesto's letter, there has been no request for public hearing. No protest nor objection to the granting of the application has been received. While the computations of losses on intrastate passenger service by applicants may be subject to question, it is clear that no reasonable refinement of their calculations would result in California intrastate revenues exceeding related expense. It is also clear that evidence which might be adduced at a public hearing could not refute the undeniable fact that applicants are and will continue to operate passenger service at substantial losses in the foreseeable future.

We find the proposed increases in fares are justified. We conclude that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. The Atchison, Topeka and Santa Fe Railway Company, Northwestern Pacific Railroad Company, Southern Pacific Transportation Company, and Union Pacific Railroad Company, and each of them, are authorized to establish the increased fares proposed in Application No. 52188. 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 ten days after the effective date hereof on not less than ten days' notice to the Commission and to the public.

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

3. Fractional parts of a dollar resulting from the percentage increase herein authorized shall be disposed of and published according to the following rule:

Fractions of less than .125 of a dollar (12 1/2¢) omit.

Fractions of .125 of a dollar or greater but less than .375 of a dollar (37 1/2¢) will be stated at .25 of a dollar (25¢).

Fractions of .375 of a dollar or greater but less than .625 of a dollar will be stated at .50 of a dollar (50¢).

Fractions of .625 of a dollar or greater but less than .875 of a dollar will be stated at .75 of a dollar (75¢).

Fractions of .875 of a dollar or greater increase to the next whole dollar.

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

Dated at San Francisco, California, this 22nd day of DECEMBER, 1970.

[Signature]
Chairman
[Signature]
William J. Lyons Jr.
[Signature]
Samuel L. Sturgeon
Commissioners