

ORIGINAL

Decision No. 83419

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern Pacific
Transportation Company for
Authority to Increase Suburban
Fares between San Francisco and
San Jose and Intermediate Points.

Application No. 54614
(Filed January 31, 1974;
amended May 23, 1974)

W. Harney Wilson and Mary Walker, Attorneys
at Law, for Southern Pacific Transportation
Company, applicant.

Carl A. Smith, for Peninsula Commute and
Transit Committee; Thomas M. O'Connor,
Attorney at Law, and Robert Laughead, for
City and County of San Francisco;
interested parties.

Lionel B. Wilson, Attorney at Law and Sean
Mahon, for the Commission staff.

O P I N I O N

The Southern Pacific Transportation Company (SP) seeks authority to establish a fuel cost offset increase of approximately 7 to 8 percent in its suburban passenger fares applicable between San Francisco and San Jose and intermediate points.^{1/} It is generally proposed that one-way fares be increased by 5, 10, and 15 cents for various zones, round-trip fares be increased by 10, 20, and 30 cents for like fare zones, five-day week and monthly commute

^{1/} SP's present San Francisco peninsula coach and commute fares are set forth in its Local Passenger Tariff D-No. 5, CPUC No. 20.

tickets increased \$2.75 for all fare zones, the weekly commute and 20-ride family tickets increased 80 cents and \$2.00, respectively, for all zones. The proposed fares are expected to generate approximately \$375,500 in additional revenues.

Subsequent to SP's notification to its patrons of the sought relief public hearings were held before Examiner Gagnon at San Francisco on June 13 and 14, 1974. The matter was submitted on the latter date, subject to the receipt of late-filed staff Exhibit 7 which was received on June 20, 1974. Evidence in support of the sought increase was presented by SP's assistant manager, Bureau of Transportation Research, the commute traffic manager, and the plant manager for Locomotive Maintenance - Bay Area. A general statement of opposition to the proposed fare increase was presented by a representative for the Peninsula Commute and Transit Committee. The Commission's Transportation Division staff also presented evidence.

The last upward adjustments in SP's San Francisco peninsula fares were authorized by Decision No. 82242 dated December 7, 1973 in Application No. 53666. The decision authorized an overall fare increase of approximately 11 percent to provide additional labor cost offset revenues. The fare increase proposed in this proceeding is intended to provide SP with revenues sufficient only to partially offset increases in fuel costs effective as of June 1974. A summary of SP's determination of the amount of additional suburban passenger revenue required to offset increases in fuel costs follows:

A. 54614 cmm

TABLE 1

Revenue Required To Offset Increases
In Fuel Prices - SP Suburban Service

:	Fuel Issues and	:	Year 1973	:	12 Months	:
:	Price Increases-	:		:	Exhibit 1	:
:	Suburban Service	:	Exhibit 1	:	(Revised)	:
:		:		:	Ending May 1974	:
:		:		:	(Exhibit 2)	:

A. Fuel Issues - In Gallons

1. Road Service - actual	2,202,348	-	2,218,313
2. Yard Service - estimated	<u>39,483</u>	-	<u>39,483</u>
3. Total locomotives	2,241,831	-	2,257,796
4. Car Service	<u>282,894</u>	-	<u>232,591</u>
5. Total fuel used	2,524,725	-	2,490,387

B. Increase In Fuel Price Per Gallon

6. Suppliers (Locomotives)			
a. Principal - 96.87%	15.50¢	-	15.50¢
b. Other - 3.13%	14.25¢	-	14.25¢
c. Weighted Average Increase	15.46¢	-	15.46¢
d. Supplier (Gallery Cars)	10.00¢	18.30¢	18.30¢

7. Total Revenue Required To Offset Fuel Price Increase:

a. Line 6(c) x Line 3	\$346,600	\$346,600	\$349,000
b. Line 6(d) x Line 4	<u>28,900</u>	<u>51,800</u>	<u>42,600</u>
c. Total	\$375,500	\$398,400	\$391,600

SP's witness explained in some detail the methods employed to meter and record the actual amount of fuel shown in Table 1 as being issued to SP's locomotives and gallery cars in suburban passenger road service. Fuel for yard engines engaged in SP's suburban service shown in Table 1 was predicated upon systemwide experience as follows:

<u>Estimated</u>	<u>No. of Gallons</u>
a. System yard engine hours, 1973 (Form OS-A)	1,895,244
b. System yard engine gallons, 1973 (Form R-1, Sched. 571)	12,053,615
c. Gallons per hour (b ÷ a)	6.360
d. Suburban service yard engine hours, 1973 (Form OS-A)	6,208
e. Suburban service gallons (c x d)	39,483

Table 1 also shows that the price for suburban locomotive diesel fuel has increased approximately 15.46 cents per gallon and the fuel for gallery cars has increased 18.30 cents per gallon as of June 1974. The SP witness stated that further increases in the price for diesel fuel is anticipated during the balance of 1974. SP's revised computations summarized in Table 1 indicate that SP's fuel costs for its suburban passenger operations have increased \$391,600 during the 12-month period ending May 1974. Under SP's proposed fare increase only the \$375,500 increase in fuel costs initially determined in Exhibit 1 is sought to be recovered.

SP's manager of commute traffic explained the methods he employed to develop proposed schedules of increased fares designed to provide additional revenues to offset SP's fuel cost increases of approximately \$375,500 attributable to its suburban passenger operations. He first conducted a ticket sales analysis for a 12-month period ending April 1974 to determine the amount of revenue earned under the several classes of fares. Thereafter, the traffic manager determined the amount and distribution of the fare increase necessary to offset the \$375,500 increase in fuel costs. A summary of the traffic manager's computations follows:

TABLE 2

<u>Class of Ticket</u>	<u>Ticket Sales 12-Month Ending April 30, 1974</u>	<u>Proposed Fare Increases</u>	<u>Additional Revenue</u>
One-way	448,009	5¢, 10¢, 15¢	{ \$63,879 ⁽¹⁾
Round-trip	138,431	10¢, 20¢, 30¢	
Mo. (5-day week)	67,512	\$2.75	185,658
Monthly (daily)	6,506	2.75	17,892
Weekly	47,295	0.80	37,836
20-ride family	31,280	2.00	62,560
Students:			
Monthly	6,321	2.00	12,642
Weekly	5,176	0.55	<u>2,847</u>
	Total projected revenue		\$383,314
	Less refunds		<u>8,433</u>
	Additional fuel cost offset revenue		\$374,881

(1) Adjust to reflect 90 percent adult fare sales and 10 percent one-half passenger fare sales.

The commute traffic manager anticipates that the proposed uniform increases in the current level of fares for all zones shown in Table 2 will generate approximately \$375,000 in additional revenues. This amount is some \$17,000 less than the \$392,000 increase in the cost of diesel fuel required by SP's suburban service (Table 1).

The commute traffic manager also developed an alternative fare proposal which, in lieu of a uniform fare increase for the various classes of fares for all zones, would distribute fuel cost increases for suburban service in a manner designed to give effect to distances between the various fare zones. Under this basis fares to the more distance zones would bear a greater proportion of the fuel cost increase. For example, between San Francisco and the various San Francisco peninsula fare zones the following increases in the existing level of fares are proposed:

TABLE 3

Alternative Fuel Cost Offset Proposed
Increases in SP's S. F. Peninsula Fares

: Between San Francisco :	Fare Zones						:
: And:	: 1 :	: 2 :	: 3 :	: 4 :	: 5 :	: 6 :	:
One-way	\$.05	\$.05	\$.10	\$.10	\$.15	\$.15	
Round-trip	.10	.10	.20	.20	.30	.30	
Mo. (5-day week)	2.25	2.50	2.75	3.00	3.25	3.50	
Monthly (daily)	2.25	2.50	2.75	3.00	3.25	3.50	
Weekly	.60	.65	.75	.85	.95	1.05	
20-ride family	1.50	1.65	1.85	2.10	2.30	2.50	

From Table 3 it will be noted that the impact of the fuel cost increases is greater at the more distance fare zones from San Francisco. Since fuel consumption is a function of distance traveled, it is the Commission's Transportation Division staff view that the alternative fare proposal results in a more equitable distribution of fuel cost increases. Under the alternative fare proposal it is expected that \$377,000 in additional annual revenues will be produced to offset fuel cost increases amounting to approximately \$392,000. The specific alternative fares proposed by SP's commute manager are set forth in Appendix A hereof wherein certain mechanical or typographical errors have been eliminated.

It is the position of the Commission's Transportation Division staff that any fuel cost offset fare increase found justified in this proceeding should reflect the offsetting effects of any increase in SP's suburban passenger revenues due to an increase in patronage stimulated by the fuel crisis which became especially critical during the first four months of 1974. The staff endeavored to show that patronage of SP's San Francisco peninsula commute service increased by approximately 2½ percent due to the fuel crisis. The staff contends that SP's suburban commute operation has

experienced an increase in revenues of approximately \$125,000 because of increased patronage due to the fuel crisis. The staff recommends that such additional revenues be utilized to absorb a portion of the increase in fuel costs attributable to SP's suburban service thereby reducing the amount of fare increase required.

SP contends that the increase in patronage and resulting additional revenues it experienced as a result of the fuel crisis during the first four months of 1974 have now dissipated. Moreover, it is argued that the 2 percent gain in SP's current suburban revenues reflects long-term gains due to factors not necessarily associated with the fuel crisis. To what extent, if at all, SP's suburban passenger service is presently experiencing an increase in patronage and revenues due to the fuel crisis was not clearly established by either the staff or SP.

In Decision No. 82242 the Commission found that SP "is, and has been, conducting its suburban passenger service at an operating loss". It is undisputed that such a finding equally applies today. The staff position relative to the use of revenues generated by the fuel crisis solely as an offset for like increases in fuel costs resulting from such energy crisis would have considerable merit if SP's suburban transit operations were profitable. However, to preclude SP from an opportunity to lower its overall suburban operating losses, even if by the receipt of additional revenues due to increased patronage attributable to the fuel crisis, would not necessarily redound to the ultimate benefit of SP's patrons as implied in the staff's suggested course of action.

A statement of general opposition to the proposed fare increase was presented by a representative for the Peninsula Commute and Transit Committee. The statement reemphasizes the committee's position previously presented at the hearing of Application No. 53666 (Decision No. 82242). The Commission and SP are urged to unite with the committee and other interested parties in a cooperative effort to develop adequate and equitable methods of upgrading and financing a San Francisco peninsula transit service. The position of the Peninsula Commute and Transit Committee was thoroughly reviewed in Decision No. 82242. The committee's concern relative to the apparent infirmities of sequential fare increases as an overall solution to the current complex transit problems is fully appreciated. However, in the light of the evidence in support of the sought fare increase coupled with the fact that SP's suburban service is, and has been, conducted at an operating loss the Commission is unable to find just cause to deny SP's sought relief in this proceeding.

Findings

1. SP's passenger fares applicable between San Francisco and San Jose and intermediate points were last generally adjusted by Decision No. 82242 dated December 7, 1973 in Application No. 53666. In authorizing a labor cost offset increase in SP's suburban fares of approximately 11 percent, the decision found that SP "is, and has been, conducting its suburban passenger service at an operating loss".
2. SP proposes to increase its present suburban passenger fares to provide some \$377,000 in additional revenues to partially offset fuel cost increases of approximately \$392,000 attributable to SP's suburban passenger service as of June 1974.

3. SP's suburban passenger service will continue to experience an operating loss under the proposed fares.

4. SP's suburban passenger operations experienced a significant increase in patronage during the period of January through April 1974 of the existing fuel crisis. It has been shown that such increase in commuter traffic and the resulting additional revenues therefrom has, for the most part, now dissipated.

5. To the extent that SP's suburban passenger service is experiencing increased patronage due to the fuel crisis, the resulting increase in operating revenues will tend to reduce existing suburban operating losses which, in turn, will redound to the ultimate benefit of SP's patrons.

6. SP's proposed fuel cost offset fare increase has been shown to be justified.

7. SP's alternate fare proposal which distributes fuel cost increases over the suburban fare structure giving recognition to the distances traveled between the respective fare zones will result in an equitable distribution of fuel cost increases.

The Commission concludes that SP should be authorized to establish the level of increased fares proposed in its Application No. 54614, as amended, and set forth in Appendix A hereof.

O R D E R

IT IS ORDERED that:

1. The Southern Pacific Transportation Company is authorized to establish the level of increased fares proposed in Application No. 54614, as amended, and set forth in Appendix A attached hereto and by this reference made a part hereof.

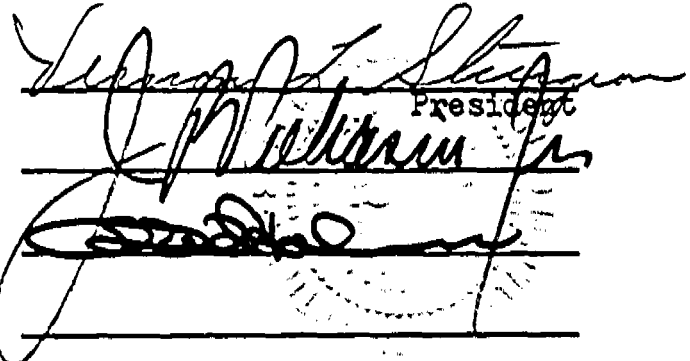
2. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

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

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

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 11th
day of SEPTMBER, 1974.


President

Commissioners

Commissioner William Swons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

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

APPENDIX A
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Adult Fares

One-Way And Round-Trip Fares
Monthly and Weekly Commutation Fares
20-Ride Family Fares

<u>And</u>	<u>Between</u>	<u>San Francisco</u> (3rd St.) 23rd St. Paul Ave. Bayshore	<u>Class of Tickets</u>						
San Francisco (3rd St.)	One Way		\$.75						
23rd Street	Round Trip		1.50						
Paul Avenue									
Bayshore									
				<u>Zone 1</u>					
<u>Zone 1</u>	One Way		1.15	\$.75					
Butler Road	Round Trip		2.30	1.50					
So. S. F.	Mo. (5-Day Week)		27.00	-					
San Bruno	Monthly		29.25	24.00					
Millbrae	Weekly		7.75	6.15					
	20-Ride		19.50	13.20	<u>Zone 2</u>				
<u>Zone 2</u>	One Way		1.35	1.05	\$.75				
Broadway	Round Trip		2.70	2.10	1.50				
Burlingame	Mo. (5-Day Week)		31.50	-	-				
San Mateo	Monthly		34.25	28.50	24.00				
Hayward Park	Weekly		8.85	7.35	6.15				
	20-Ride		22.30	18.50	13.20	<u>Zone 3</u>			
<u>Zone 3</u>	One Way		1.70	1.35	1.05	\$.75			
Hillsdale	Round Trip		3.40	2.70	2.10	1.50			
Belmont	Mo. (5-Day Week)		36.00	-	-	-			
San Carlos	Monthly		39.25	33.50	28.50	24.00			
Redwood City	Weekly		10.00	8.55	7.35	6.15			
	20-Ride		25.15	21.55	18.50	13.20	<u>Zone 4</u>		
<u>Zone 4</u>	One Way		2.05	1.70	1.35	1.05	\$.75		
Atherton	Round Trip		4.10	3.40	2.70	2.10	1.50		
Menlo Park	Mo. (5-Day Week)		40.50	-	-	-	-		
Palo Alto	Monthly		44.25	38.75	33.50	28.50	24.00		
California Ave.	Weekly		11.70	10.05	8.55	7.35	6.15		
	20-Ride		29.30	25.25	21.55	18.50	13.20	<u>Zone 5</u>	
<u>Zone 5</u>	One Way		2.40	2.05	1.70	1.35	1.05	\$.75	
Castro	Round Trip		4.80	4.10	3.40	2.70	2.10	1.50	
Mountain View	Mo. (5-Day Week)		45.00	-	-	-	-	-	
Sunnyvale	Monthly		49.50	43.75	38.75	33.50	28.50	24.00	
	Weekly		13.20	11.30	10.05	8.55	7.35	6.15	
	20-Ride		33.00	28.30	25.25	21.55	18.50	13.20	<u>Zone 6</u>
<u>Zone 6</u>	One Way		2.55	2.40	2.05	1.70	1.35	1.05	\$.75
Santa Clara	Round Trip		5.10	4.80	4.10	3.40	2.70	2.10	1.50
College Park	Mo. (5-Day Week)		48.50	-	-	-	-	-	
San Jose	Monthly		52.75	49.50	43.75	38.75	33.50	28.50	24.00
	Weekly		14.75	13.15	11.30	10.05	8.55	7.35	6.15
	20-Ride		36.85	32.90	28.30	25.25	21.55	18.50	13.20

APPENDIX A
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Students' Weekly and Monthly Commutation Fares*
(Without Saturdays and Sundays)

<u>And</u>	<u>Between</u>	<u>San Francisco</u> (3rd St.) 23rd St. Paul Ave. <u>Bayshore</u>	<u>Zone 1</u>						
Zone 1	Monthly *	\$16.85	\$13.55						
	Weekly	5.20	4.40	<u>Zone 2</u>					
Zone 2	Monthly *	20.05	16.85	\$13.55					
	Weekly	6.05	5.20	4.40	<u>Zone 3</u>				
Zone 3	Monthly *	23.20	20.05	16.85	\$13.55				
	Weekly	6.90	6.05	5.20	4.40	<u>Zone 4</u>			
Zone 4	Monthly *	26.30	23.20	20.05	16.85	\$13.55			
	Weekly	7.65	6.90	6.05	5.20	4.40	<u>Zone 5</u>		
Zone 5	Monthly *	29.55	26.30	23.20	20.05	16.85	\$13.55		
	Weekly	8.45	7.65	6.90	6.05	5.20	4.40	<u>Zone 6</u>	
Zone 6	Monthly *	32.70	29.55	26.30	23.20	20.05	16.85	\$13.55	
	Weekly	9.20	8.45	7.65	6.90	6.05	5.20	4.40	

*Stations located in each zone will be the same as shown on Appendix A, Page 1 of 2.