

Mailed

Decision 91-09-028 September 6, 1991

SEP 9 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the State of California, Department of Transportation for an Order Permitting the Southern Pacific Company to Increase Passenger Fares Between San Francisco, San Jose, and Intermediate Points, to Impose a Surcharge of \$1.00 (One Dollar) for Tickets Purchased on Board Where Stations are Opens.

ORIGINAL

Application 91-05-057 (Filed May 29, 1991)

INTERIM OPINION

Southern Pacific Transportation Company (SPT) is a common carrier by railroad of persons and property between San Jose and San Francisco, and intermediate points. Pursuant to a master contract between SPT and California Department of Transportation (Caltrans), SPT has agreed to implement any fare increase requested by Caltrans in connection with the operation of commuter trains over SPT's right-of-way. Caltrans filed this application on the joint behalf of SPT and Caltrans as stated in section 8 of the master contract, seeking authority to increase certain passenger fares, eliminate weekly tickets, increase daily and monthly parking fees at station parking lots, and increase the penalty for buying tickets aboard trains when the ticket could have been purchased at an open station. This change in fare structure is requested for the purpose of offsetting present and anticipated increases in the cost of diesel fuel. In general, the fare increases requested would average approximately 10% across the board.

The proposed fare increase and surcharge includes the following features:

1. Increase in daily and monthly parking fees at station parking lots.

1. Round some discount round-trip tickets to the next higher \$.25 increment rather than the next lower. This will create a slight increase in fares for some zone pairs.

2. Raise monthly train tickets from 23 times their one-way counterparts to 26.5 times the one-way fare. This represents a 15.2% increase and means that the range of monthly ticket prices would change from \$23 for the shortest trip and \$80.50 for the longest trip to \$26.50 for the shortest trip and \$92.75 for the longest trip. If, however, the monthly ticket is purchased by mail, a slight discount is available so that this increase would be 26 times the one-way fare.

3. Increase monthly parking fees at station parking lots from \$3 to \$4. This is consistent with newly instituted charges for Caltrain bicycle lockers and would respond to heavy new demand for parking at most stations.

4. Eliminate weekly tickets.

5. Increase the price of the 20-ride ticket from 16.5 to 17 times the one-way fare. In most cases, this would represent a 3% increase, except when amounts falling in the middle of the \$.25 increments are rounded up rather than down.

6. Raise the price of youth tickets from 16.5 to 20 times the one-way ticket. This represents a 21.2% increase. At this price, the new ticket would also be available to senior citizens and qualified disabled riders, thus creating a new no-discount "convenience pass" for senior/disabled clientele who may also be frequent riders.

7. Double the penalty for buying tickets aboard the train when the ticket could have been purchased at an open station. This raises the penalty from \$.50 to \$1.

The present service provided by SPT/Caltrans (applicants) is operated over approximately 47 miles of double main line track between San Jose and San Francisco. The level of service currently consists of 27 trains in each direction between San Jose and San

San Francisco weekdays; 13 trains in each direction between San Jose and San Francisco, Saturdays and Presidents' Day; 10 trains in each direction between San Jose and San Francisco, Sundays and holidays. Specific times of operation of the service provided are as stated in carrier's public timetables, which are available and are displayed at each station. The passenger service provided by the applicant is primarily commuter oriented, and the peak periods of the commuter service are 5:00 a.m. to 8:00 a.m. and 4:00 p.m. to 6:30 p.m.

The trend of passenger traffic from December 1985 to November 1990, is shown in Exhibits H and I to the application.

Existing and Proposed Fares

Applicant's existing fares are authorized by Decision (D.) 89-11-057 in Applications 89-06-023. Applicant's proposed fares and terms of carriage are set forth in Local Passenger Tariff SP-P-9001, Supplement 32, attached as Exhibit E to the present application, the approval of which is requested by this application.

The applicants anticipate that the increase in fares requested in this application, if granted, will result in a yearly decrease in ridership of approximately 225,000, but an increase in revenue of approximately \$600,000 per annum. This likely impact of the fare increase is set forth in Exhibit J attached to the application.

Public Notices

Notice of the application was published in the Commission's Daily Calendar on June 3, 1991. Further notices of the application for the proposed fare increases and of public hearings in connection therewith were published in the San Francisco Chronicle, San Francisco Examiner, San Mateo Times, San Jose Mercury News, and the Chinese Times (San Francisco) on December 14, 1990 and January 9, 1991. Similar notices were published on December 12, 1990 and January 9, 1991 in El

Observador, a Spanish language newspaper published in San Jose, and on January 9, 1991, and El Bohemio, a Spanish language newspaper published in San Francisco. Further, notices of the fare increase proposal and public hearings were posted at each Caltrain station and "hand out" notices were available in each Caltrain station and on trains. The identity of the stations and train numbers where the notices of this application were posted or otherwise displayed are set forth as Exhibit A to the Declaration of Posting of Notice of Application in Cars and at Stations, dated June 19, 1991, and filed of record in this proceeding on June 20, 1991.

In addition, public hearing notification letters were sent by mail to local agencies and officials of the communities concerned, project management committee members, Peninsula Corridor Study Joint Powers Board members, Citizens Advisory Committee members, and other interested persons and entities.

Public Hearings

Public participation hearings were held on January 15, 16, and 17, 1991, in San Francisco, San Carlos, and San Jose, respectively. These hearings were under the sponsorship of the California Department of Transportation and were presided over by an Administrative Law Judge assigned to the California Office of Administrative Hearings. Following presentation and explanation of the proposed fare increase by Caltrans representatives at each of these hearings, members of the audience were given the opportunity to express their views, both orally and by written submission.

Other Public Participation

In addition to the opportunity to attend public participation hearings and make their views known, members of the public were invited and encouraged to write to Caltrans and express their views concerning the proposed fare increase. Several letters in support of the proposed fare increase were received as well as letters opposing the proposal.

Perhaps surprisingly, few of the letters received were in outright opposition to the proposed fare increase. Most of the correspondents expressed satisfaction with existing service and acknowledged that fare levels were competitive with or below those of competing modes of transportation. Further, little opposition to the proposal in general was noted. In general, criticism of the proposal was directed to individual issues such as the need for painting lines to delineate parking spaces, additional parking at stations, better lighting at stations, better public communications, and improved and/or additional weather shelters at stations. A few correspondents and speakers opposed the elimination of the weekly ticket, and a few opposed the increase in certain individual ticket types.

Protests

Two protests to the application were filed. The first, a "limited protest", was filed by the Commission's Transportation Division (TD). TD objects to the language of the introductory paragraph to Rule 1 of proposed Supplement 32 to SPT's Passenger Tariff ICC-SP-P-9001 on the ground that said paragraph misstates SPT's Common Carrier obligation with respect to passenger service on the Peninsula Line "and represents yet another attempt by SPT to distance itself from its responsibility to provide that service." (Limited Protest, pp. 3-4)

At page three of its Limited Protest, TD observes that

"In a May 30, 1991 letter sent to counsel for the Transportation Division, with a copy to counsel for SPT, Caltrans states that it 'does not consider that the first paragraph of Rule 1 is part of the application'".

Caltrans then proposed that the Commission "either disregard Rule 1 or specifically find that it is inappropriate". Since this Commission finds that the language of the first paragraph of Rule 1 of proposed Supplement 32 to SPT's Passenger Tariff ICC-SP-P-9001 is at variance with SPT's obligation to

provide service on the Peninsula Line (see D.82-04-076, April 21, 1982 at pps 2, 3) and expresses SPT's apparent, but erroneous, belief that it has no obligation, independent of its contract with Caltrans, to provide service over the Peninsula Line, we find the language of the first paragraph to Rule 1 inappropriate and refuse to recognize the same. Any tariff offered for filing which contains the text of the first paragraph of Rule 1 as the same is written in the proposed tariff attached to the application herein, or which contains language attempting to limit the scope of existing service obligations on the Peninsula Line which language has not previously been approved by this Commission, will not be accepted for filing, but will be summarily rejected.

A "Comment of Opposition" to the application was filed on June 25, 1991, by United Transportation Union (UTU). In spite of the title chosen for that document, it is treated herein as a protest. In that protest, UTU objects to the elimination of weekly pass/ticket and notes that UTU believes that all opportunity to attract ridership and revenue on the CalTrain should be retained and expanded. UTU then urges the Commission to reject the request for elimination of the weekly pass/ticket.

In addition to UTU's protest, there were, as noted above, concerns expressed by a few members of the public regarding elimination of the weekly pass/ticket. These comments noted that weekly pass/ticket are used by short-term business visitors to the area and offer an alternative to other modes of transportation which might otherwise be used by these visitors and others having only periodic short term transportation needs.

In its application, SPT/Caltrans gives no detailed rationale supporting its request to discontinue this type of ticket. It does not claim that a major savings would be realized by eliminating this type of ticket, nor does it supply any information from which the urgency of this elimination might be implied or inferred. In the face of the protests and lacking any

convincing rationale for eliminating the weekly pass/ticket, we are not convinced at this time that the public would benefit by the discontinued sale. For this reason, we believe the issue raised by this request should be resolved through a public hearing. Because we recognize the need for the general fare increase to become effective at the earliest possible date, we will not delay the implementation of the increase to await the outcome of the public hearing on the the weekly fare elimination issue.

After consideration of the application and the record as developed, we are of the opinion that with the exception of the elimination of the weekly ticket issue, a further hearing on the application is not required and that the application, with the exception of the elimination of the weekly pass/ticket, and with the modification striking the first paragraph of Rule 1 of the proposed Passenger Tariff, should be granted.

Findings of Fact

SPT/Caltrans seek authority to increase fares on its rail service between San Jose and San Francisco, California and intermediate points, and propose to:

a. Round some discount round-trip tickets to the next higher \$.25 increment rather than the next lower. This will create a slight increase in fares for some zone pairs.

b. Raise Monthly train tickets from 23 times their one-way counterparts to 26.5 times the one-way fare. This will result in a 15.2% increase and means that the range of monthly ticket prices will change from \$23 for the shortest trip and \$80.50 for the longest trip to \$26.50 for the shortest trip and \$92.75 for the longest trip. If, however, the monthly ticket is purchased by mail, a slight discount is available so that this increase will be 26 times the one-way fare.

c. Increase monthly parking fees at station parking lots from \$3 to \$4. This is consistent with newly instituted

changes for Caltrain bicycle lockers and will respond to heavy new demand for parking at most stations.

d. Eliminate weekly tickets.
e. Increase the price of the 20-ride ticket from 16.5 to 17 times the one-way fare. In most cases, this represents a 3% increase, except when amounts falling in the middle of \$.25 increments are rounded up rather than down.

f. Raise the price of youth tickets from 16.5 to 20 times the one-way ticket price. This represents a 21.2% increase. At this price, the new ticket will also be available to seniors, low-income citizens and qualified disabled riders, creating a new no-discount "convenience pass" for the senior/disabled clientele who may also be frequent riders.

g. Double the penalty for buying tickets aboard the train when the ticket could have been purchased at an open station. This raises the penalty from \$.50 to \$1.

2. The Commission has constitutional and statutory authority to regulate the service involved in this matter and has constitutional and statutory authority to regulate the fares to be charged passengers and shippers utilizing such service.

3. Approval of the application herein is likely to result in the loss of approximately 225,000 riders per annum, but an overall increase in revenues of approximately \$600,000 per annum.

4. Applicants have not raised fares since 1989, and have not raised parking fees since 1989.

5. Public convenience would be served by continued operations at present or increased levels, but such levels cannot be maintained in the face of rising costs without a fare increase.

6. There is a need for continued operations at present or increased levels.

7. The level of service would suffer by an increasing difference between costs and available passenger revenue.

service would have to be curtailed to reduce expenses in order to provide funds to meet the increase in fuel costs.

8. Applicants have offered no convincing evidence to support the request for elimination of weekly pass/ticket at this time.

9. The first paragraph of Rule 1 of the proposed tariff is inappropriate in that it misstates SPT's Common Carrier obligations with respect to passenger service on the Peninsula Line.

10. A further public hearing on the elimination of the weekly ticket is required.

Conclusions of Law

1. The passenger fare and parking fee increases as requested in the application are justified.

2. The fares and parking fees authorized herein are just and reasonable.

3. The request for elimination of the weekly pass/ticket is not supported by the record as developed and a further public hearing on this issue is required.

4. The first paragraph of Rule 1 of the proposed tariff should be deleted from any tariff offered for filing in connection with this application.

5. The application, as modified, should be granted as there is a need for continued service at the present level, and failure to grant the application would result in a decrease in the level of service.

6. Because of the clear need for increased revenues, the following order should be effective immediately.

INTERIM ORDER

IT IS ORDERED that:

With the exception of eliminating weekly pass/ticket, Southern Pacific Transportation Company (SPT) is hereby authorized to establish the increased fares and parking fees proposed in

[Handwritten signature]
Executive Director

Application 91-05-057 Tariffs shall be filed on or after the effective date of this Order. The fare and parking fee increases may go into effect immediately upon filing of the tariffs.

2. The request to eliminate the weekly pass/ticket is to be scheduled for public hearing as soon as possible, and until a decision is issued following such hearing, the weekly pass/ticket shall remain in effect.

3. No tariff in connection with the increased fares and parking fees authorized by this Order shall be accepted for filing with the Commission which contains the first paragraph of Rule 1 as proposed or words of similar import which attempt to place any condition or limitation upon the service obligations of SPT on its Peninsula Lines.

4. The authority granted herein shall expire unless exercised within 90 days after the effective date of this Order.

This order is effective today.

Dated September 6, 1991, at San Francisco, California.

PATRICIA M. ECKERT

President

JOHN B. OHANIAN

DANIEL Wm. FESSLER

NORMAN D. SHUMWAY

Commissioners

I abstain.

/s/ G. MITCHELL WILK
Commissioner

I CERTIFY THAT THIS DECISION

WAS APPROVED BY THE ABOVE

COMMISSIONERS TODAY.

NEAL J. SHULMAN, Executive Director