

APR 21 1982

ORIGINALDecision SZ 04 076 APR 21 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of State of California,) established bus systems
Department of Transportation for)
an Order Permitting the Southern) services suspended off
Pacific Transportation Company to)
Increase All Passenger Fares)
Between San Francisco and San Jose) Application 82-01-58
and Intermediate Points by 25%) (Filed January 29, 1982;
Percent, to Increase Daily Parking) amended February 10, 1982)
Fees and to Expand the Half-Fare)
Discount for Elderly and Handi-)
capped Persons.)
not subject to K

REBUTTAL TO APPLICANT'S REQUESTS SZ**O P I N I O N**

Southern Pacific Transportation Company (SP) is a railroad common carrier of persons and property between San Jose and Santa Francisco and intermediate points. Under a contract agreement, dated July 1, 1980, to provide passenger rail service between the State of California, Department of Transportation (Caltrans) and SP, this application was filed to request authority to increase all passenger fares by 25%, to increase daily parking fees from 25 cents to 50 cents, and to expand the half fare discount for the elderly and handicapped to apply to all scheduled trains.

The present service provided by SP/Caltrans (applicants) is operated over approximately 47 miles of double main line track between San Jose and San Francisco, California. The service

pursuant to the Caltrans/SP contract, but the accountable party in
any issue before this Commission is SP.

Commission's Regulatory Responsibilities

The Public Utilities Commission, formerly known as the Railroad Commission, is a regulatory agency of constitutional origin (Art. XII, Cal. Const.) which derives certain of its powers and duties by direct grant of the California Constitution. Among these powers and duties is the following sentence from Section 4, article 12:

"A transportation company may not raise .
. a rate or incidental charge except after a showing to and a decision by the
commission that the increase is justified...."

SP, as the carrier responsible for railroad passenger commute service on the San Francisco Peninsula, is a "transportation company" as described in Section 4. The 1980 agreement between Caltrans and SP in no way lessens the Constitutional duty of this Commission to determine, premised on a showing, that a rate increase is justified. A subsidy agreement may apportion the effect of the proposed increase between the actual riders and the taxpayers, but the reasonableness of the rates actually charged the riders may only be the result of a decision from this Commission.

SUMMARY COMPARISON OF MONTHLY COMMUTER FARES

BETWEEN SAN FRANCISCO AND MI.	PENINSULA	COMMUTE	SEPTA (PHILA)	LONG ISLAND	RTA (CHICAGO)	NJ TRANSIT	MTA (NEW YORK)
5.2 Bayshore	33.75	42.20	43.00	61.25	58.05	--	59.00
11.6 San Bruno	33.75	42.20	82.00	69.50	68.85	42.00	63.50
13.7 Millbrae	33.75	42.20	82.00	69.50	68.85	61.00	67.50
18.9 Hayward Park	39.40	49.25	99.00	81.25	79.65	72.00	84.00
23.2 San Carlos	45.00	56.25	113.00	91.00	90.45	89.00	88.25
28.9 Menlo Park	50.60	63.25	131.00	91.00	99.90	96.00	92.50
36.1 Mountain View	56.25	70.35	145.00	102.75	121.50	109.00	105.75
46.9 San Jose	60.60	75.75	187.00	124.50	143.10	123.00	113.50

Calendar month tickets good for unlimited rides except Monday - Friday 5-day ticket on Peninsula-SP (present)

Fares updated through 11/15/81

Source:
SEPTA

Exhibit "K"
A820158

After review of all public comments, applicants modified the proposal which is now presented to the Commission by this application.

Financial Information

The San Mateo County Transit District (San Mateo), the Santa Clara County Transit District (Santa Clara), and the City and County of San Francisco (San Francisco) have determined that the peninsula passenger commuter service should be continued and preserved. These transit authorities, recognizing that their continuing financial support is essential to the continuance of the passenger service, have agreed through a separate cooperative agreement with Caltrans to provide such financial support.

Caltrans, SP, San Francisco, San Mateo, and Santa Clara have agreed upon the estimated budget for the operation of the passenger trains as set forth in Exhibits B, C, D, and H of the application.

The projected increase in fares will result in additional revenues of \$1,489,000 and should result in a farebox recovery of 40.0% of the operating costs for 1982-83, as shown on Table A.

This revenue estimate takes into account a possible passenger diversion of not more than 5% due to the increase in fares.

CORRECTION

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

APR 21 1982

Decision S2 04 076 APR 21 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of State of California,) . established bus schedule
Department of Transportation for)
an Order Permitting the Southern) Oliver Tolosa and off
Pacific Transportation Company to)
Increase All Passenger Fares, photo) Application 82-01-58
Between San Francisco and San Jose) (Filed January 29, 1982;
and Intermediate Points by 25.) amended February 10, 1982)
Percent, to Increase Daily Parking)
Fees and to Expand the Half Fare,)
Discount for Elderly and Handi-)
capped Persons.)

O P I N I O N

O P I N I O N *complaints of the people against the government.*

Southern Pacific Transportation Company (SP) is a railroad common carrier of persons and property between San Jose and Santa Francisco and intermediate points. Under a contract agreement, dated July 1, 1980, to provide passenger rail service between the State of California, Department of Transportation (Caltrans), and SP, this application was filed to request authority to increase all passenger fares by 25%, to increase daily parking fees from 25 cents to 50 cents, and to expand the half fare discount for the elderly and handicapped to apply to all scheduled trains.

The present service provided by SP/Caltrans (applicants) is operated over approximately 47 miles of double main line track between San Jose and San Francisco, California. The service

consists of a total of 23 schedules in each direction on weekdays, 12 schedules each way on Saturdays, and 9 schedules each way on Sundays and holidays.

The passenger service provided by applicants is primarily commuter-oriented. The peak periods of the commuter service are between 4:55 a.m. to 8:00 a.m. and 4:00 p.m. to 6:30 p.m.

The trend of passenger traffic is shown on Exhibits M and N of the application.

SP Passenger Service Subsidized by Caltrans

Commute service on this corridor has been performed by SP for many years. The 1980 agreement between SP and Caltrans is an effort to instill vitality and financial assistance into this operation. By this unique agreement SP continues as the carrier responsible to the Commission for providing commute service.

Caltrans has contracted to perform certain overall management functions, such as scheduling and budgeting, and has agreed to provide a subsidy to SP for the train service. SP has agreed to cooperate with Caltrans as to matters that come before this Commission. Such matters are rates and service. Caltrans determines the revenue necessary to supplement the governmental subsidy and prepares the application for such rates. In so doing, Caltrans acts as an agent for SP in dealing with the Commission,

pursuant to the Caltrans/SP contract, but the accountable party in
any issue before this Commission is SP.

Commission's Regulatory Responsibilities

The Public Utilities Commission, formerly known as the Railroad Commission, is a regulatory agency of constitutional origin (Art. XII, Cal. Const.) which derives certain of its powers and duties by direct grant of the California Constitution. Among these powers and duties is the following sentence from Section 4, article 12:

"A transportation company may not raise a rate or incidental charge except (after showing) a showing to and a decision by the commission that the increase is ~~not~~ justified...."

SP, as the carrier responsible for railroad passenger commute service on the San Francisco Peninsula, is a "transportation company" as described in Section 4. The 1980 agreement between Caltrans and SP in no way lessens the Constitutional duty of this Commission to determine, premised on a showing, that a rate increase is justified. A subsidy agreement may apportion the effect of the proposed increase between the actual riders and the taxpayers, but the reasonableness of the rates actually charged the riders may only be the result of a decision from this Commission.

A.82-01-58 T/CB/DV/WPSC*

Existing and Proposed Fares

Applicants' existing fares are published in Local

Passenger Tariff D-No. 7 authorized by Decision 87583 dated July 12, 1977 in Application 55131. Applicants' existing "Elderly and Handicapped Persons Half-Fares" are contained in Supplement No. 4 to Local Passenger Tariff D-No. 7, effective August 17, 1981. Applicants' parking fees are contained in SP's Local Parking Schedule No. 1 containing charges, rules and regulations applicable

to the parking of vehicles at designated station parking lots (authorized by Decision 74007, dated April 16, 1968).

The proposed fares which includes a 25% increase of all

fares are set forth in Exhibit G of the application. Even with the proposed fare increases the costs to the passenger will continue to be substantially below that of comparable rail services in other parts of the country. See Chart 1. Applicants also request to increase daily parking rates from 25 cents to 50 cents and to add a new proposal that half-fare discounts for the elderly and handicapped apply to all schedules instead of during off-peak hours, on bus routes and snowed seasonal busses and to certain weekends, and holidays only.

Applicants expect to implement the proposed fares as soon as possible.

SUMMARY COMPARISON OF MONTHLY COMMUTER FARES

BETWEEN SAN FRANCISCO AND MI.	PENINSULA <u>PRESENT</u>	COMMUTE <u>PROPOSED</u>	SEPTA (PHILA)	LONG ISLAND	RTA (CHICAGO)	NJ TRANSIT	MTA (NEW YORK)
5.2 Bayshore	33.75	42.20	43.00	61.25	58.05	--	59.00
11.6 San Bruno	33.75	42.20	82.00	69.50	68.85	42.00	63.50
13.7 Millbrae	33.75	42.20	82.00	69.50	68.85	61.00	67.50
18.9 Hayward Park	39.40	49.25	99.00	81.25	79.65	72.00	84.00
23.2 San Carlos	45.00	56.25	113.00	91.00	90.45	89.00	88.25
28.9 Menlo Park	50.60	63.25	131.00	91.00	99.90	96.00	92.50
36.1 Mountain View	56.25	70.35	145.00	102.75	121.50	109.00	105.75
46.9 San Jose	60.60	75.75	281.00	125.00	143.10	123.00	113.50

Calendar month tickets good for unlimited rides except Monday - Friday 5-day ticket on Peninsula-SP (present)

Fares updated through 11/15/81

Source: Exhibit "K"
A820158

A. 82-01-58C T/CB/DV/WPSC*

Public Hearings

Caltrans conducted public hearings on December 8, 9, 17, 1981 in San Francisco, San Jose, and San Mateo, respectively, to receive comments on applicants' environmental proposals.

Consequently, we have to take into account the fact that the mean age of the population is increasing. This is why the number of people aged 65 and over is increasing rapidly.

SUMMARY COMPARISON OF MONTHLY COMMUNICABLE DISEASES

CLIVUS

After review of all public comments, applicants modified the proposal which is now presented to the Commission by this application.

Financial Information

The San Mateo County Transit District (San Mateo), the Santa Clara County Transit District (Santa Clara), and the City and County of San Francisco (San Francisco) have determined that the peninsula passenger commuter service should be continued and preserved. These transit authorities, recognizing that their continuing financial support is essential to the continuance of the passenger service, have agreed through a separate cooperative agreement with Caltrans to provide such financial support.

Caltrans, SP, San Francisco, San Mateo, and Santa Clara have agreed upon the estimated budget for the operation of the passenger trains as set forth in Exhibits B, C, D, and H of the application.

The projected increase in fares will result in additional revenues of \$1,489,000 and should result in a farebox recovery of 40.0% of the operating costs for 1982-83, as shown on Table A.

This revenue estimate takes into account a possible passenger diversion of not more than 5% due to the increase in fares.

TABLE A

Projected Future year 82-83 Fare Inc. w/5% Diversion	\$ 2,478 13,476 1,143 1,932 1,002 1,281 2,350 1,121	Projected Future year 82-83 w/25% Incr.	\$ 2,478 13,476 1,143 1,932 1,002 1,281 2,350 1,121
Contribution from fare diversion	\$ 23,783	Contribution from fare diversion	\$ 23,783
Contribution from fare diversion	\$ 9,931	Contribution from fare diversion	\$ 9,931
Contribution from fare diversion	42%	Contribution from fare diversion	42%

A.82-01-58 T/CB/DV/WPSQ

Operating Expenses	Results in Dollars in Thousands	SP/Caltrans Operations Fiscal Year 81-82	Projected Future year 82-83 w/o fare Increase
Maintenance of Equipment	\$ 2,175	\$ 2,478	\$ 2,478
Transportation	11,797	13,476	13,476
Traffic	127	1,143	1,143
Common	1,692	1,932	1,932
General	846	1,002	1,002
Negotiated	1,139	1,281	1,281
Taxes (other than Income)	1,069	2,350	2,350
Other (incl. Locomotive rental, facilities, etc.)	21,121	1,121	1,121
Total	\$20,966	\$23,783	\$23,783
Total Revenues	\$7,945	38%	38%
Percent Fare Recovery			
Percent fare recovery			

Projected fare recovery based on projected fare diversion

The Transportation Division staff has reviewed the ~~existing~~ submitted data and the operations of applicants.

Notice to Public: No bus routes affected by this application was published in the Commission's Daily Calendar on Tuesday, February 22, 1982. Applicants have informed the affected County Transit Boards and Agencies, the Metropolitan Transportation Commission, the United Transportation Union, and the Peninsula Commuters Action Committee of the requested passenger fare increase. No routes are to be eliminated and no bus service is to be discontinued. In accordance with Section 730.3 of the Public Utilities Code, the Commission staff notified all affected corporations and government agencies operating passenger transit systems of the application and asked them to analyze the effect of the proposed rate increase on transportation in their territories. The fare increase will not affect transit system plans prepared under Chapter 2.5 of Title 7 of the Government Code. No formal protests have been received. San Francisco, Santa Clara, and San Mateo have given a prior support for the proposed fare increase.

San Francisco, Santa Clara, and San Mateo have given a prior support for the proposed fare increase.

A.82-01-58 T/CB/DV/WPSC*

Correspondence: Dr. and Mrs. Solalvig Gottschocanski, 907

The Commission has received numerous letters and other correspondence from the public before and after the filing of the application. However, staff analysis revealed that virtually all the correspondence received expressed concerns and dissatisfaction over the changes originally proposed by Caltrans. In particular, the majority of the complaints concerned the plans to shift fare zones, causing ticket price increases much greater than 25% in nine several cities and the elimination of the popular 20-rider and the 5-day monthly tickets. There were only 22 complaints opposed to the 25% fare increase which represent less than one quarter of one percent of the estimated 9000 daily riders who patronize Intermodal Connections and systems of mass transit bus and rail services.

The Commission is seriously concerned with the need to upgrade and improve the service levels of the commute operations, particularly the intermodal connections to this rail passenger service at all terminals and stations. We are most concerned in this regard with passenger connections in San Francisco. SP/Caltrans should continue efforts to explore the feasibility of an extension of the rail passenger service to the downtown area. In the interim, with respect to the Fourth and Townsend terminal in San Francisco, applicants should make every effort to substantially upgrade the service levels currently provided by the San Francisco

Municipal Railway at the existing facility and/or examine the potential for the private sector to assume a role in providing such connecting services.

We believe that improvements in these connections could have substantial positive impacts on the attractiveness of the overall service. Attracting new riders generating more revenue which would reduce the requirement for future fare increases appears to be the key to the continued viability of the service.

Findings of Fact

1. Applicants seek authority to increase all passenger fares by 25%, to increase daily parking fees from 25 cents to 50 cents, and to expand the half-fare discount for the elderly and handicapped to apply to all scheduled train services.

2. The Commission has constitutional authority to regulate subsidized rail passenger services relating to fares and service of matters.

3. The increased revenue estimate of \$1,489,000 for 1982-83 includes a 5% ridership diversion and will result in a fare box recovery of 40% of the operating costs for 1982-83.

4. Applicants have not raised fares since July 1977, and have not raised parking fees since April 1968.

5. Public convenience would be served by improving service levels of the commute operations, particularly the intermodal connections at all terminals and stations.

6. There is a need for upgrading passenger connections at the Fourth and Townsend terminal currently provided by the San Francisco Municipal Railway.

7. There is a need to determine the feasibility of extending the rail passenger service to the San Francisco downtown area.

8. A public hearing is not necessary.

Set to exhibit

Conclusions of Law

The passenger fare and parking fee increases as requested in the application are justified; the authorized fares and fees are just and reasonable.

The expanding of elderly and handicapped discount fares to apply to all scheduled trains is reasonable and satisfies public convenience and necessity.

The Commission is required to act on this fare increase application so long as SP remains the carrier of the rail passenger service.

San Francisco Board of Supervisors vs SP

Order of the Board of Supervisors of San Francisco

4. The application should be granted; since there is a need for the passenger revenue to conform to the standards set forth in Provision 12 of Items 266-001-041 through 266-001-42 of Chapter 99 of the Budget Act of 1981-82 of the State of California, the order should be effective today.

5. Future requests for fare increases should be evaluated in terms of the type and level of service improvements that have been instituted by the applicants in the intervening period.

EDWARD G GRAHAM
ST. 23MTHS M CHANOKI

O R D E R

WHEREAS, ORDERED that:

choselb nocktw s olif lliw I
noavr8 .S nnol
xocchibzor

1. Southern Pacific Transportation Company is authorized to establish the increased fares and parking fees and the expansion of elderly and handicapped discount fares to all scheduled trains proposed in Application 82-01-58. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect 5 days or more after the effective date of this order on not less than 5 days' notice to the Commission and to the public.

2. Applicants substantially upgrade and improve the service levels of the commute operations, particularly the intermodal connections at all terminals and stations.

3. Applicants upgrade the passenger connections at the Fourth and Townsend terminal currently provided by the San Francisco Municipal Railway.

been at the public hearing on proposed legislation to
 4. Applicants explore the feasibility of an extension of the
 rail passenger service to the San Francisco downtown area.

5. The authority shall expire unless exercised within 90
 days after the effective date of this order.

This order is effective today.

Dated APR 21 1982, at San Francisco, California.

and over said term continues to level has been set to action

of the rail passenger service to the San Francisco downtown area.

RICHARD D GRAVELLE

LEONARD M CRIMES, JR.

VICTOR CALVO

PRISCILLA C CREW

Commissioners

I will file a written dissent.

A E G A O

John E. Bryson
 Commissioner

and over said term continues to action has been set to action
 of the rail passenger service to the San Francisco downtown area.

and over said term continues to action has been set to action
 of the rail passenger service to the San Francisco downtown area.

and over said term continues to action has been set to action

I CERTIFY THAT THIS DECISION
 WAS APPROVED BY THE ABOVE
 COMMISSIONERS TODAY.

and over said term continues to action has been set to action

and over said term continues to action has been set to action

Joseph E. Bodovitz, Executive Director

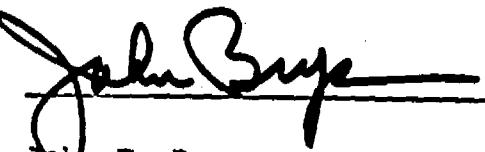
President John E. Bryson, dissenting:

I dissent. In a matter of this importance, I believe the Commission should hold public hearings to develop its own record prior to determining the appropriate fare increase. If the Commission has the duty to set the rate, public hearings sponsored and held by the applicant - even when they do not appear to generate great public controversy - are not an adequate substitute for hearings before the Commission.

In analyzing this case, I have sought to determine whether the Commission has the power to suspend its exercise of authority during the period in which Caltrans dictates the terms of operation of the commute service. Suspension seems to me desirable because the Public Utilities Commission's primary and most effective role is ensuring that private franchised monopolies, in seeking to maximize profits, not abuse their monopoly status. This problem does not arise while Caltrans controls SP's operation of the commuter railroad. Under current circumstances, Commission oversight simply is a layering of one public agency on another, with resulting expense and fragmented authority.

I will continue to review whether the Commission may suspend jurisdiction while the commute service is provided by Caltrans. If we are precluded by the Constitution and statutes from taking that step, it may be that a simplified, less extensive form of

regulation would be possible. Much of today's order is based on the statutory requirement that, to retain public subsidies, forty percent of required revenues must be from the fare box. That may provide the basis for a general authorization to Caltrans to pass on fare changes which meet the statutory standard. The Legislature has placed primary responsibility for transportation planning in Caltrans, and I do not believe it will serve the public well for the Commission to retain its traditional role vis-a-vis the Peninsula commute service, now that Caltrans has taken that service over.



John E. Bryson
President