

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ADMINISTRATIVE SERVICES DIVISION

RESOLUTION M-4873

December 19, 2024

R E S O L U T I O N

Resolution M-4873. Adopts Public Utilities Commission Transportation Reimbursement Account User Fees, effective January 1, 2025.

SUMMARY

This resolution adopts Public Utilities Commission Transportation Reimbursement Account (PUCTRA), Fund 0461, user fees as follows:

| <u>CLASS</u> | <u>FEE</u> |
|---|--|
| Passenger Vehicle Operators: | |
| Charter-Party Carriers, including Transportation Network Companies and Passenger Stage Corporations | 0.001 (0.1 percent) of gross intrastate revenue plus minimum \$10 quarterly fee or \$25 annual fee |
| Vessel Operators: | |
| Common Carrier Vessel Operator | 0.004 (0.4 percent) of gross intrastate revenue plus minimum \$10 quarterly fee or \$25 annual fee |
| Railroad Corporations: | |
| Class I: | |
| Burlington Northern Santa Fe | \$ 3,549,153.40 |
| Union Pacific | \$ 8,691,806.60 |
| Class II and III (shortline) | \$ 510,040 or 0.00467 (0.467 percent) of gross intrastate revenue, minimum of \$500 each |
| Pipeline Corporations | 0.00068 (0.068 percent) of gross intrastate revenue |

BACKGROUND

The California Public Utilities Commission (CPUC or Commission) is authorized by the California Public Utilities Code to annually assess user fees for transportation carriers, railroad corporations, and pipeline corporations. Public Utilities Code Section 421 states in part:

- (a) The commission shall annually determine a fee to be paid by every passenger stage corporation, charter-party carrier of passengers, pipeline corporation, for-hire vessel operator, common carrier vessel operator, railroad corporation, and commercial air operator, and every other common carrier and related business subject to the jurisdiction of the commission, except as otherwise provided in Article 3 (commencing with Section 431) of this chapter and Chapter 6 (commencing with Section 5001) of Division 2.
- (b) The annual fee shall be established to produce a total amount equal to the amount established in the authorized commission budget for the same year, including adjustments appropriated by the Legislature and an appropriate reserve, to regulate common carriers and related businesses, less the amount to be paid from special accounts or funds pursuant to Section 403, reimbursements, federal funds, other revenues, and unencumbered funds from the preceding year.
- (c) Notwithstanding any other provision of law, the fees paid by railroad corporations shall be used for state-funded railroad investigation and enforcement activities of the commission, other than the rail safety activities funded by the Transportation Planning and Development Account pursuant to Section 99315. The railroad fees shall be set annually at a level that generates not less than the amount sufficient to fund activities pursuant to Sections 765.5, 916.2, and 7712.

The Commission annually analyzes the amount of PUCTRA fees sufficient to support the Commission's regulatory activities for the carrier class from which the fee is collected and to establish an appropriate reserve.¹ The Commission's PUCTRA appropriation for its regulatory activities is subject to approval by the California Department of Finance.²

When determining the amount of the PUCTRA fee needed, the Commission may choose between several calculation methodologies established in California Public Utilities Code

¹ Cal. Pub. Util. Code § 422(a)(2).

² Cal. Pub. Util. Code § 422(a).

Sections 422 and 422.1. The Commission may establish different methods for calculating fees for each class of carrier.³ For example, the Commission may use a percentage of gross intrastate revenues of the class for carriers other than railroads.⁴ The percentage-based PUCTRA fee is charged on gross intrastate revenue, defined as “all compensation for the transportation or storage of property or the transportation of persons when both the origin and destination of the transportation or the performance of the service is within this state, and shall not include compensation for the transportation of persons or property in interstate or foreign commerce or the transportation of vehicles by ferries.”⁵

In the alternative, the Commission may assess fees on a basis other than revenue, including, but not limited to, on a per vehicle basis for passenger carriers.⁶ For railroad corporations, the fees shall be allocated within each class in accordance with Section 422 subdivision (g).⁷ In addition to methodologies available under Section 422, the Commission may also establish a uniform annual fee to be paid by every charter-party carrier of passengers.⁸

DISCUSSION

Revenue and Expenditure Analysis

The Governor’s Budget structures PUCTRA’s authorized expenditures by Program and Subprogram as shown below in Table 1. Subtasks, the most granular level of detail by carrier class (passenger vehicle operators, common carrier vessel operators, pipeline corporations), are not displayed in the Governor’s Budget but tracked internally by the CPUC.

³ Cal. Pub. Util. Code § 422(b).

⁴ Cal. Pub. Util. Code § 422(c)(1).

⁵ Cal. Pub. Util. Code § 424(b).

⁶ Cal. Pub. Util. Code § 422(c)(2).

⁷ Cal. Pub. Util. Code § 422(c)(1).

⁸ Cal. Pub. Util. Code § 422.1.

Table 1: Governor’s Budget Structure, PUCTRA

| Program | Subprogram | Subtask (Carrier Class) Tracked Internally |
|--------------------------------|--|---|
| Regulation of Utilities (6690) | Transportation Licensing and Enforcement (6690046) | Passenger Vehicle Operators Common Carrier Vessel Operators Pipeline Corporations |
| | Freight Safety (6690055) | Railroad Corporations |

The fund supports statewide fund assessments in addition to the CPUC’s budgeted expenditures from PUCTRA to support the Commission’s regulatory activities.

Table 2 shows PUCTRA’s 2024-25 current level of expenditures and 2024-25 Fund Assessments distributed by Carrier Class per Table 1.

Table 2. Expenditures of PUCTRA

| Carrier Class | Estimated Expenditures 2024-25² (a) | 2024-25 Fund Assessments ¹⁰ (b) | Total Estimated Expenditures 2024-25 (a+b) |
|-----------------------------|---|---|---|
| Passenger Vehicle Operators | \$17,101,000 | \$974,000 | \$18,075,000 |
| Vessel Operators | 265,000 | 15,000 | 280,000 |
| Pipeline Corporations | 521,000 | 30,000 | 551,000 |
| Railroad Corporations | 14,882,000 | 847,000 | 15,729,000 |
| Total | \$32,769,000 | \$1,866,000 | \$34,635,000 |

Table 3 compares 2024-25 estimated user fee revenue at current rates and 2024-25 total estimated expenditures distributed by Carrier Class per Table 1. Assuming no changes are made, the estimated user fee revenue at current rates and current fund reserve are sufficient to sustain the estimated expenditure.

² From the 2024-25 Governor’s Budget; allocated by workload data by carrier class.

¹⁰ From the 2024-25 Governor’s Budget 0461 – Fund Condition Statement; allocated by workload data by carrier class.

Table 3. PUCTRA User Fees and Expenditures Projected for 2024-25 (No Fee Change)

| Carrier Class | Total Estimated Resources 2024-25 (a) ¹¹ | Total Budgetary Expenditures 2024-25 (b) | Estimated Resources Less Budgetary Expenditures (a-b) |
|-----------------------------|---|--|---|
| Passenger Vehicle Operators | \$ 59,678,000 | \$18,075,000 | \$41,603,000 |
| Vessel Operators | \$ 563,000 | \$280,000 | \$283,000 |
| Pipeline | \$ 210,000 | \$551,000 | (\$341,000) |
| Freight Rail | \$ 23,060,000 | \$15,729,000 | 7,331,000 |
| Total | \$83,511,000 | \$34,635,000 | \$48,876,000 |

Table 4 shows the actuals for fiscal year 2023-24 and the projected fund reserves for fiscal year 2024-25 at the proposed rates and estimated expenditures.

Table 4. PUCTRA Fund reserve summary, with fee change

| Line | Item | 2023-24 | 2024-25 |
|------|--|---------------------|---------------------|
| A | Beginning-of-Year Fund Reserve | \$25,170,000 | \$43,488,000 |
| B | Estimated User Fee Revenues (with rate change) | | |
| | Passenger Carriers | 27,858,000 | 16,265,000 |
| | Vessel | 363,000 | 337,000 |
| | Pipeline | 222,000 | 204,000 |
| | Freight Rail | 15,278,000 | 12,751,000 |
| | Total | \$43,721,000 | \$39,200,000 |
| C | Other Revenues | 3,400,000 | 790,000 |
| D | Estimated Expenditures | (28,803,000) | (34,635,000) |
| E | Net Fund Increase/(Decrease) (B (Total) + C + D) | 18,318,000 | (4,288,000) |

¹¹ Amounts in Column (a) represent the total of the estimated user fee revenues using user fee rates from the PUCTRA Resolution M-4869, estimated other revenues, and estimated beginning fund reserve.

| | | | |
|---|---------------------------------------|--------------|--------------|
| F | Estimated Ending Fund Reserve (A + E) | \$43,488,000 | \$39,200,000 |
|---|---------------------------------------|--------------|--------------|

Fund Reserve Analysis

The CPUC's fund reserve requirement for PUCTRA is 25 percent of total estimated expenditure. At the expected level of expenditure and current rates, the fiscal year 2024-25 estimated fund reserve is expected to increase above the required levels.

Fee Change Analysis

Based on the analysis of user fee revenue, compared to total estimated expenditures, fund reserve requirements by utility class, and accounting for the beginning fund reserve balance, the CPUC proposes the below necessary rate adjustments.

Table 5. User Fee Rates Comparison, Current vs Proposed

| Utility Class | Current User Fee Rates | Proposed User Fee Rates | Difference | Percent Change |
|--------------------|------------------------|-------------------------|--------------|----------------|
| Passenger Carriers | 0.003 | 0.001 | -0.002 | -67 percent |
| Vessel | 0.0055 | 0.004 | -0.0015 | -27 percent |
| Pipeline | 0.00068 | 0.00068 | 0 | 0 percent |
| Freight Rail | 15,278,038.97 | 12,750,925.97 | (2,527,2113) | -17 percent |

Passenger Vehicle Operators

Based on the analysis of projected PUCTRA revenues to program expenditures and the PUCTRA fund reserve attributable to Passenger Vehicle Operators, the Commission will reduce the fee for Passenger Vehicle Operators to 0.001 (0.1 percent) of gross intrastate revenue plus a minimum \$10 quarterly fee or \$25 annual fee to support the Commission's regulatory activities for this class pursuant to Public Utilities Code Section 421(b).

Carriers are required to report quarterly or annual gross intrastate revenues pursuant to Public Utilities Code Section 423. The fee will be evaluated annually and modified as needed.

Vessel Operators

Based on the analysis of projected PUCTRA revenues to program expenditures and the PUCTRA fund reserve attributable to Vessel Operators, the Commission will reduce the

fee for Vessel Operators to 0.0040 (0.4 percent) of gross intrastate revenue plus a minimum \$10 quarterly fee or \$25 annual fee to support the Commission's regulatory activities for this class pursuant to Public Utilities Code Section 421(b).

Freight Rail

Unlike the other carrier classes subject to PUCTRA, freight rail user fees are set by a fixed amount for Class I railroad corporations and by rate with a minimum fee for Class II and III railroad corporations. Based on the analysis of projected PUCTRA revenues to program expenditures and the PUCTRA fund reserve attributable to freight rail, the total fee level of \$12,751,000 is set for the railroad corporations to support the Commission's regulatory activities for this class pursuant to Public Utilities Code Section 421(b) and maintain a 25 percent minimum fund reserve for freight rail.

Pipeline Corporations

Based on the analysis of projected PUCTRA revenues to program expenditures for Pipeline Corporations, the Commission concludes the estimated revenues for Pipeline Corporations at current rates are not sufficient to match the current estimated expenditures or maintain the required level of fund reserve by class. However, the Commission concludes that the overall fund reserve can support the program expenditures. Therefore, the fee for Pipeline Corporations shall remain at 0.00068 (0.068 percent) of gross intrastate revenue to support the Commission's regulatory activities for this class pursuant to Public Utilities Code Section 421(b).

Prime Carriers Payment of PUCTRA fees for Subcarriers

"Prime carriers" are responsible for the reporting and payment of the fees on the gross intrastate earnings of subcarriers. Prime carriers are those passenger vehicles and vessel operators who engage in the services of subcarriers. Such services of subcarriers by these prime carriers shall be evidenced by a written document. Fee statements submitted by a prime carrier shall indicate the name and gross intrastate earnings of each subcarrier in sufficient detail to enable the Commission to cross-reference earnings and determine appropriate fee amounts among the respective carriers. Similarly, a fee statement submitted by a subcarrier shall indicate its gross intrastate earnings associated with each prime carrier. The Commission establishes this payment method for the purpose of providing a more economical, simple, and efficient method of collecting and accounting for fees required to be charged and deposited into PUCTRA.

Penalties for Late Payment

The penalty imposed in Public Utilities Code Section 405 for default of the payment of the fee provided for in Public Utilities Code Section 421 shall remain fixed at 25 percent

of the amount of the fee. Late penalties collected from common carriers and related businesses subject to Public Utilities Code Section 421 are deposited in the PUCTRA fund.¹²

Calculating Revenue Subject to the PUCTRA Fee

The PUCTRA fee applies to a carrier's gross intrastate revenues¹³ for "all compensation for the transportation or storage of property or the transportation of persons when both the origin and destination of the transportation or the performance of the service is within this state..."¹⁴ The PUCTRA fee does not apply to "compensation for the transportation of persons or property in interstate or foreign commerce or the transportation of vehicles by ferries."

Per Public Utilities Code Section 208, "'Transportation of persons' includes every service in connection with or incidental to the safety, comfort, or convenience of the person transported and the receipt, carriage, and delivery of such person and his baggage."¹⁵

The Public Utilities Code specifies that the fee applies to "gross" revenue and "all" compensation for transportation. Revenue is not limited to net revenues or "fares," and the Public Utilities Code defines "transportation of persons" broadly to include the collection and payment of charges incidental to the delivery of transported persons. As such, fees such as bridge tolls, wharfage fees, and similar infrastructure use charges collected from passengers necessary to complete transportation from point A to point B should not be excluded from gross revenue for the purpose of calculating the PUCTRA fee, except where the Commission approves excluding such fees from a carrier's tariff.¹⁶ Gross revenue also includes Access for All fees, authorized by Chapter 701, Statutes of 2018 (Senate Bill 1376) to support transportation access for wheelchair users.

The purpose of this rule is to ensure revenues and PUCTRA fees are calculated in a consistent way among competing carriers, which is in the public interest.

COMMENTS

The Draft Resolution was mailed or emailed to all affected regulated entities on October 14, 2024, in accordance with Public Utilities Code § 311(g)(1). The Commission received a letter from the Greater California Livery Association (GCLA) dated

¹² Cal. Pub. Util. Code § 408.

¹³ Cal. Pub. Util. Code § 422.

¹⁴ Cal. Pub. Util. Code § 424(b).

¹⁵ Cal. Pub. Util. Code § 208.

¹⁶ See *In Re H. Tourist, Inc.*, 4 CPUC 2d 424 (Oct. 22, 1980).

November 11, 2024, requesting the Commission “...to consider a temporary exemption from PUCTRA fees for TCP operators...”. In the letter, GCLA cites various economic and financial challenges currently faced by TCP operators as the basis for this request because its operators, who were financially impacted by the economic challenges and are still financially struggling.

Public Utilities Code § 421 requires the CPUC to annually set a PUCTRA rate by carrier class at a level sufficient to support the expected level of expenditures plus an appropriate reserve for the Commission’s regulatory oversight functions. Per Public Utilities Code § 421, the Commission calculates the user fee rate based on projected expenditures and revenues for the entire Passenger Vehicle Operator class. In this Resolution the Commission is reducing the rate for Passenger Vehicle Operators, including TCP operators, by 67 percent. The Commission will assess additional necessary fee adjustments by carrier class in future resolutions to support the expected level of expenditure and maintain the required level of fund reserves.

FINDINGS AND CONCLUSIONS:

1. Public Utilities Code Section 421 requires the Commission to annually determine user fees for transportation carriers, railroad corporations, pipeline corporations, and other related businesses within the Commission's jurisdiction.
2. The PUCTRA fee must be sufficient to support the Commission’s regulatory activities, to establish an appropriate reserve, and to support statewide fund assessments. The CPUC has established a fund reserve requirement of a minimum of 25 percent of total expenditure for PUCTRA.
3. Per Public Utilities Code Sections 422 and 422.1, the Commission may establish different methods of assessing fees for each class of carrier, and each class of carrier shall pay fees sufficient to support the Commission's regulatory activities for the class.
4. In its analysis and application of the Public Utilities Code, the Commission has determined that fees collected from passengers in the course of transportation and necessary to complete point A to point B transportation are part of carriers’ gross revenue subject to PUCTRA, as defined in Public Utilities Code Section 424. Some tariffed vessel carriers are exempt if the Commission approves excluding such fees from the carrier’s tariff.
5. The Commission's fiscal year 2024-25 PUCTRA projected expenditures and revenues were analyzed and calculated by Commission Staff as shown in Tables 1-4 and Appendix A.
6. As calculated in Table 3, the estimated PUCTRA user fee revenue at the current rates is sufficient to meet the estimated expenditure for the Commission’s regulatory activities and maintain adequate reserves in line with the reserve requirement. However, at the current rates, fiscal year 2024-25 estimated fund reserve is expected to increase above the required levels.

7. As calculated in Table 4, the estimated PUCTRA user fee revenue at the proposed rates and estimated fund reserve is sufficient to meet the estimated expenditure for the Commission's regulatory activities. At the proposed rates, the fund reserve balance is expected to gradually decline to the required levels.
8. Based on the 2024-25 fiscal year analysis of projected PUCTRA revenues to program expenditures and the PUCTRA fund reserve attributable to Passenger Vehicle Operators, the Commission shall reduce the fee for Passenger Vehicle Operators to 0.001 (0.1 percent) of gross intrastate revenue plus a minimum \$10 quarterly fee or \$25 annual fee to support the Commission's regulatory activities for this class.
9. Based on the 2024-25 fiscal year analysis of projected PUCTRA revenues to program expenditures and the PUCTRA fund reserve attributable to Vessel Operators, the Commission shall reduce the fee for Vessel Operators to 0.0040 (0.4 percent) of gross intrastate revenue plus a minimum \$10 quarterly fee or \$25 annual fee to support the Commission's regulatory activities for this class.
10. Based on the 2024-25 fiscal year analysis of projected PUCTRA revenues to program expenditures for Pipeline Corporations, the Commission concludes the estimated revenues for Pipeline Corporations at current rates are not sufficient to match the current estimated expenditures or maintain the required level of fund reserve by class. The Commission shall maintain the fee for Pipeline Corporations at 0.00068 (0.068 percent) of gross intrastate revenue to support the Commission's regulatory activities for this class and the Commission will assess expenditure allocation to the Pipeline Corporations and make the necessary adjustments in future resolutions, as appropriate.
11. Based on the 2024-25 fiscal year analysis projected PUCTRA revenues to program expenditures and the PUCTRA fund reserve attributable to freight rail, the total fee level of \$12,751,000 is set for the railroad corporations to support the Commission's regulatory activities for this class.

THEREFORE, IT IS ORDERED THAT:

1. Effective January 1, 2025, the current Public Utilities Commission Transportation Reimbursement Account user fees provided for in Public Utilities Code Section 421 shall be set as follows:

| <u>CLASS</u> | <u>FEE</u> |
|--|--|
| Passenger Vehicle Operators: | |
| Charter-Party Carriers, including Transportation Network Companies, and Passenger Stage Corporations | 0.001 (0.1 percent) of gross intrastate revenue plus minimum \$10 quarterly fee or \$25 annual fee |
| Vessel Operators: | |
| Common Carrier Vessel Operator | 0.004 (0.4 percent) of gross intrastate revenue plus minimum \$10 quarterly fee or \$25 annual fee |
| Railroad Corporations: | |
| Class I: | |
| Burlington Northern Santa Fe | \$ 3,549,153.40 |
| Union Pacific | \$ 8,691,806.60 |
| Class II and III (shortline) | \$510,040 or 0.00467 (0.467 percent) of gross intrastate revenue, minimum of \$500 each |
| Pipeline Corporations | 0.00068 (0.068 percent) of gross intrastate revenue |

2. Carriers shall report quarterly or annual gross intrastate revenues, consistent with this Resolution and Public Utilities Code Sections 423 and 424.
3. Prime carriers shall report and pay the fees on the gross intrastate earnings of subcarriers. Subcarriers shall cross-reference their fee reports with their prime carriers.
4. The penalty imposed for late payment of the PUCTRA fee shall be 25 percent.
5. Today's adopted fee structure will be evaluated annually and modified as needed based on fund condition status.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 19, 2024.

The following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON

Rachel Peterson
Executive Director

ALICE REYNOLDS
President

MATTHEW BAKER

KAREN DOUGLAS

DARCIE HOUCK

JOHN R.D. REYNOLDS

Commissioners

APPENDIX A

**0461 Public Utilities Commission Transportation Reimbursement Account
Fund Condition Statement - Projected**

| | FY 2023-24 | FY 2024-25 |
|---|-------------------|-------------------|
| BEGINNING BALANCE | \$22,634,000 | \$43,488,000 |
| Prior Year Adjustments | 2,536,000 | - |
| Adjusted Beginning Balance | \$25,170,000 | \$43,488,000 |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS | | |
| Revenues: | | |
| 4126600 - Public Utilities Commission - Quarterly Fees | 43,721,000 | 29,557,000 |
| 4126800 - Public Utilities Commission – Penalties on Quarterly Fees | 0 | 0 |
| 4129400 - Other Regulatory Licenses and Permits | 2,112,000 | 650,000 |
| 4127400 - Renewal Fees | 0 | 0 |
| 4163000 - Investment Income - Surplus Money Investments | 1,288,000 | 140,000 |
| 4171400 Escheat – Unclaimed Checks, Warrants, Bonds and Coupons | 0 | 0 |
| Operating Transfers from Coronavirus Relief Fund 8505 per EO E 20/21-251 CS 11.90 | 0 | 0 |
| Operating Transfers from Fund 0461 to Fund 0001 General Fund per EO E 21/22-276 | 0 | 0 |
| Total Revenues, Transfers, and Other Adjustments | \$47,121,000 | \$30,347,000 |
| Total Resources | \$72,291,000 | \$73,835,000 |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS | | |
| Expenditures: | | |
| Public Utilities Commission State Operations | 27,181,000 | 32,769,000 |
| Supplemental Pension Payments | 390,000 | 351,000 |
| Statewide General Admin Expense (Pro Rata) | 1,232,000 | 1,515,000 |
| Total Expenditures and Expenditure Adjustments | \$28,803,000 | \$34,635,000 |
| FUND BALANCE | \$43,488,000 | \$39,200,000 |

1. Projected Fund Condition Statement is based on estimated used fees revenue based on projected rates.

2. The projected Fund Condition Statement may not match the 2025-26 Governor's Budget as the updated revenue projections may not be reflected in the 2025-26 Governor's Budget.