

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Resolution ALJ-487
Administrative Law Judge Division
[DATE]

RESOLUTION

RESOLUTION ALJ-3576 Resolves K.24-07-007, the Appeal of Mexicoach Inc., from Citation T.24-05-007 in the amount of \$20,000 issued by the California Public Utilities Commission Consumer Protection and Enforcement Division.

SUMMARY

The California Public Utilities Commission's (Commission) Consumer Protection and Enforcement Division (CPED) issued Citation T.24-05-007 (Citation) to Mexicoach Inc. (Mexicoach) and imposed a \$20,000 penalty. On July 12, 2024, Mexicoach filed a timely citation appeal K. 24-07-007 (Appeal).

The Commission grants CPED and Mexicoach's Joint Motion for Commission Adoption of Settlement Agreement and adopts the Settlement Agreement that reduces the penalty to \$7,500.

K.24-07-007 is closed.

BACKGROUND

Mexicoach Inc., (Mexicoach), operates several buses and shuttles in California and Mexico. Mexicoach is a charter-party carrier. A transportation "charter-party carrier of passengers" (TCP) is described as "every person engaged in the transportation of

persons by motor vehicle for compensation, whether in common or contract carriage, over any public highway in this state.”¹ Mexicoach’s TCP No. is 36804 A.²

The California Public Utilities Commission (Commission) Consumer Protection and Enforcement Division (CPED) collect and resolve consumer complaints, establish and enforce rules and regulations for transportation carriers, and investigate allegations of utility waste, fraud, and abuse.³

On May 23, 2024, CPED issued Citation T.24-05-007 (Citation) to Mexicoach for alleging seven violations comprised of 79 total counts for violations of Public Utilities Code (Pub. Util. Code) §§ 425, 5378(a)(9), 5378.1, 5389, 5381.5, 5378.1 and Commission General Order (GO) 157- E, Parts 3.01, 3.07 and 4.01.⁴ CPED’ Citation issued Mexicoach a \$20,000 penalty to either (1) pay in full, (2) request a payment plan, or (3) file an appeal by June 12, 2024.⁵

On July 12, 2024, Mexicoach filed a timely Notice of Appeal (Appeal) of the Citation. Collectively CPED and Mexicoach are the (Parties).

On July 26, 2024, CPED filed a Motion to file its Confidential Compliance Filing Under Seal (Confidential Compliance Filing) and a Public Version of the Compliance Filing (Compliance Filing). On September 23, 2024, the assigned Administrative Law Judge (ALJ) issued a ruling granting CPED’s motion to file its Confidential Compliance Filing.

On June 3, 2025, a ruling ordered the Parties to file a Joint Status Conference Statement. On June 26, 2025, the Parties sent the ALJ and Service List a procedural e-mail to inform the Commission the Parties reached a settlement. On July 15, 2025, the Parties filed a Joint Motion (Joint Motion) for Commission Adoption of Settlement Agreement (Settlement Agreement⁶). The Joint Motion is uncontested.

¹ See Pub. Util. Code § 5360.

² Joint Motion of the Consumer Protection and Enforcement Division and Mexicoach, Inc. for Leave to File its Confidential Joint Motion for the Commission Adoption of a Settlement Agreement under Seal (Settlement Agreement) at 1.

³ Consumer Protection and Enforcement Division is currently located at <https://www.cpuc.ca.gov/about-cpuc/divisions/consumer-protection-and-enforcement-division>.

⁴ CPED Compliance Filing Public Version at Attachment 1 Citation.

⁵ *Id.*

⁶ See Attachment A to Joint Motion.

The Settlement Agreement terms reduce the penalty from \$20,000 to \$7,500 (Seven-Thousand and Five Hundred Dollars).⁷ The Parties stipulate that Mexicoach did not commit Violations 1 and 3 and CPED agrees to withdraw Violation 6.⁸ Mexicoach admits to Violations 2, 4, 5 and 7 in the Citation and agrees to pay \$7,500 in five monthly payments of \$1,500.⁹

DISCUSSION

A. REGULATORY AUTHORITY

The Commission's authority to regulate charter-party carriers of passengers is codified, in part, by the "Passenger Charter-Party Carriers' Act" (Carriers' Act). In 2005, the Commission issued Resolution ALJ-187, which authorizes the CPED to issue citations to various classes of transportation carriers for violations of the Public Utilities Code (Pub. Util. Code).

The California Constitution vests the Commission with broad inherent authority to regulate the transportation of passengers in California including the ability to "fix rates and establish rules for the transportation of passengers."¹⁰ The Carriers' Act is codified within Pub. Util. Code §§ 5351 – 5450.5.¹¹ Commission Resolution M-4846 established the Commission's Enforcement Policy which included adoption of the Penalty Assessment Methodology.¹² Resolution M-4846 was in effect when CPED issued the citation to Mexicoach for operating as a TCP.

The Carriers' Act provides the Commission with statutory authority to regulate the business of transportation of persons by common carriers and contract carriage on

⁷ Joint Motion at 4 and Attachment A.

⁸ *Id.* Removing Violation 1 and 3 reduces total counts by 20. Withdrawal of Violation 6 removes one additional count.

⁹ *Id.*

¹⁰ California Constitution, Art. XII, § 4.

¹¹ Pub. Util. Code §§ 5351-5450.

¹² Resolution M-4846. Resolution Adopting Commission Enforcement Policy, Attachment: Enforcement Policy, Appendix I: Penalty Methodology (Penalty Assessment Methodology) (Nov. 5, 2020).

public highways.¹³ The Carriers' Act states a "Public highway" includes every public street, road or highway in the State."¹⁴ The Carriers' Act express purpose includes protecting the use of public highways and to "promote carrier and public safety through enforcement regulations."¹⁵

B. CITATION AUTHORITY

The Commission's authority to issue penalties is derived from Pub. Util. Code § 2107. Under this section, the Commission can levy a penalty between \$500 and \$100,000 on any public utility that violates or fails to comply with any part or provision of a Commission order or rule.¹⁶

The Commission may only approve settlements that are reasonable in light of the whole record, consistent with the law, and in the public interest, pursuant to California Public Utilities Commission Rules of Practice and Procedure (Rules) Rule 12.1 (d) and relevant precedents for settlements.^{17,18} In this Appeal, to assess the settlement, the Commission determines if the \$7,500 penalty amount is consistent with the five factors in the Commission's Penalty Assessment Methodology.¹⁹ The Commission's Resolution M-4846 lays out the Penalty Assessment Methodology to assess the penalty amount set for each violation.²⁰ The Settlement Agreement's proposed penalty amount is evaluated by weighing the following five factors:

- The severity and gravity of the offense

¹³ Pub. Util. Code § 5352 *et seq.*

¹⁴ Pub. Util. Code § 5358.

¹⁵ Pub. Util. Code § 5352(a).

¹⁶ Pub. Util. Code § 2107.

¹⁷ Decision (D.)22-04057 sets out the five factors that must be considered in the evaluation of the penalty. Commission Resolution M-4846 Penalty Assessment Methodology incorporated these same factors.

¹⁸ Rules are available as of this writing at

https://docs.cpuc.ca.gov/published/RULES_PRAC_PROC/105138-11.htm.

¹⁹ Penalty Assessment Methodology (Nov. 5, 2020), Attachment A to Settlement Motion.

²⁰ See Penalty Assessment Methodology, available as of this writing at

<https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-and-enforcement-division/documents/m-4846.pdf>.

- The conduct of the regulated entity
- The financial resources of the regulated entity
- The totality of the circumstances in furtherance of the public interest
- The role of precedent

As demonstrated below, the Settlement Agreement is consistent with each Penalty Assessment factor. Therefore, the Commission finds that the Parties' negotiated Settlement Agreement is reasonable.

A. Severity and Gravity of the Offense

The Commission independently analyzed the evidence and determined the penalty amount is reasonable in light of the record given the severity and gravity of the offense. The Commission evaluates the severity and gravity of the offense by considering the following situations: economic harm to victims, physical harm to people or property, harm to the integrity of the regulatory processes, the number of violations, and the number of consumers affected.²¹

The Parties state the \$7,500 penalty amount is a significant penalty that will deter Mexicoach and other regulated entities from violating the Commission's regulations in the future.

B. Conduct of the Regulated Entity

The penalty amount is reasonable given Mexicoach's prompt cooperation with CPED after the Citation was issued. Mexicoach promptly cured issues raised in the Citation including adding busses to its equipment list for its TCP- A permit and creating new waybills including all required information as required by applicable law.²² In assessing the entity's conduct, the Commission considers the entity's actions to prevent, detect, disclose, or rectify a violation.²³

²¹ Penalty Assessment Methodology (Nov. 5, 2020) at 16 (Parts I.), available as of this writing at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-and-enforcement-division/documents/m-4846.pdf>.

²² Joint Motion at 8.

²³ Penalty Assessment Methodology (Nov. 5, 2020) at 19.

Additionally, Mexicoach engaged in good-faith arms-length negotiations to determine an appropriate settlement amount with CPED to reach the Settlement Agreement.

The Commission independently concludes that the reduced settlement penalty amount of \$7,500 is warranted given the Parties agreement that Mexicoach committed only Violations 2, 4, 5 and 7 in the Citation.

C. Financial Resources of the Regulated Entity

The penalty amount is reasonable as it balances the dual aim to deter future violations and avoid excessive penalties. In its review, the Commission finds that considering the record, the penalty is within the bounds of an acceptable amount that will not cause significant financial hardship for Mexicoach. The Commission takes into consideration the size of the company, its financial resources, and aim of the penalty to deter future violations.²⁴

In addition, the Commission finds that the penalty amount serves as a reminder to Mexicoach and other similarly situated transportation carriers of the need to know and comply with their regulatory requirements. The settlement strikes a balance between the Commission's goal to deter future violations with constitutional limitations on excessive penalties.²⁵

The penalty amount is appropriate given Mexicoach's financial status. The payment of the \$7,500 penalty will not cause Mexicoach to suffer significant financial hardship.²⁶ While not excessive, the penalty deters future violations by Mexicoach or any other passenger charter-party carriers.

D. Totality of the Circumstances in Furtherance of the Public Interest

²⁴ *Ibid.*

²⁵ Penalty Assessment Methodology (Nov. 5, 2020) at 19, available as of this writing at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-and-enforcement-division/documents/m-4846.pdf>.

²⁶ See R.520-547-391 in comparison for an example where the penalty amount reduced due to the significant financial hardship imposed on a small business.

The Commission holds that under the totality of the circumstances, the penalty amount of \$7,500 is reasonable in furtherance of the public interest. This factor includes four considerations when evaluating the penalty: does the penalty further the goal of deterrence, do the facts mitigate or exacerbate the degree of wrongdoing, the degree of harm from the perspective of public interest, and any incentives to make economic choices that cause or unduly risk a violation.²⁷

We agree with the parties about the value of a compromise and of a settlement reached by both parties in a proceeding. Here, adoption of the Settlement Agreement is in the regulatory interests of the Commission and public interest are served by adopting the Settlement Agreement because it is fair and just.

In consideration of the totality of the circumstances, the Commission supports the \$7,5000 penalty amount. The Commission, in addition to the Parties' determinations, emphasizes it is in the public interest to resolve disputes in a timely and cost-efficient way. A negotiation embodies the universal values of judicial efficiency and economy, which conserve the resources of the Commission and serve the public interest.²⁸

E. Role of Precedent

The Commission considers reasonably comparable factual circumstances to other cases where penalties were assessed, the similarities and differences between cases should be considered in setting the penalty amount.²⁹ Considering these factors, the Commission finds the penalty amount of \$7,500 is consistent with past precedent.

COMMENTS

No public review or comment is required for this resolution pursuant to Rule 14.7.

²⁷ Penalty Assessment Methodology (Nov. 5, 2020) at 19-21.

²⁸ D.19-10-033, Decision Approving Settlement of Preferred Long Distance, Inc. and CPED (Oct. 5, 2019) at 9.

²⁹ Penalty Assessment Methodology (Nov. 5, 2020) at 21.

FINDINGS AND CONCLUSIONS

1. Mexicocoach is a charter-party carrier (TCP) service providing services in California and Mexico.
2. CPED issued Citation T.24-05-007 on May 23, 2024. Citation T.24-05-007 consisted of seven counts and imposed a penalty of \$20,000.
3. Mexicocoach was cooperative with CPED throughout the investigation.
4. Mexicocoach operated as a charter-party carrier under the Carriers' Act, Pub. Util. Code § 5351 *et. Seq.*
5. The Commission has jurisdiction over Mexicocoach under the Carriers' Act, Pub. Util. Code § 5351 *et. Seq.*
6. CPED had the authority to issue Citation T.24-05-007 to Mexicocoach.
7. CPED and Mexicocoach's Settlement is reasonable in light of the record, consistent with law, and in the public interest.
8. CPED and Mexicocoach's Settlement and reduced penalty of \$7,500 is consistent with Resolution M-4846 Penalty Assessment Methodology and should be granted.

THEREFORE, IT IS ORDERED that:

1. The Joint Motion of Mexicocoach, Inc. and the Consumer Protection and Enforcement Division for Commission Adoption of Settlement Agreement is granted. The penalty is reduced from \$20,000 to \$7,500.
2. Mexicocoach Inc. shall pay a reduced penalty of \$7,500 by check or money order, payable to the California Public Utilities Commission in five monthly installments of \$1,500, the first installment is payable within ten (10) days of the issuance of this resolution. Payment must be mailed or delivered to the California Public Utilities Commission, Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. Mexicocoach shall write on the face of the check or money order "For deposit to the State of California General Fund pursuant to Resolution ALJ-487"
3. Proceeding K.24-07-007 is closed.

This resolution is effective today.

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 _____, the following Commissioners voting favorably thereon: