

possible in a highly regulated society. Perhaps one of the major purposes of large federal grants is to fund the research and experimentation necessary to initiate change at all levels of the highly regulated system. Government is well equipped to regulate and control society and business if only society can develop methods to keep regulation in tune with evolving public needs.

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The Role of Public Utility Commissions in Transit Regulation

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In order to provide some perspective on my views about transit regulation, I would like to briefly review my urban transportation background. For the last 25 years I have been involved in urban transportation in one way or another. For 15 years I was actively involved in the regulation of urban transit. Since 1973, I have been engaged in the operation of urban transit. As a result of my experience, I have some very strong views on the subject at hand. Before preparing this paper, I discussed the subject with some key industry officials and representatives of key organizations, including the organization to which the public utility commissions belong. I believe that the views expressed here represent by far the majority view.

In 1951, when I first became involved in the regulation of urban transportation, transit companies were thriving on relatively low fares. One of the major responsibilities of the regulatory commissions in fact was to prevent the transit operator from making too much money. Today, 25 years later, urban transit can exist as a part of the public sector only with relatively high fares and substantial public subsidies. In terms of productivity, there are few industries in the nation that suffered a greater decline in the last 25 years than urban transit.

The causes for this decline have been the subject of a great deal of debate. Some people argue that the decline was caused by uninspired regulatory practices of the public utility commissions (PUCs). Although I have not always agreed with the regulatory practices of some of the PUCs, I do not believe that their practices have been the major cause of the decline. And, since the ills of the urban transit industry during the last 25 years have been uniformly felt by the entire industry, blaming the regulators would require contending that the practices of almost every regulatory body were uninspired.

Throughout the declining years of the transit industry, the regulatory officials were frequently criticized by the transit industry with respect to regulatory policies, particularly policies concerning fare increases. To overcome some of this criticism, one of my favorite suggestions was that we should have experimented with a single transit operator by giving him or her complete freedom as to the level of fares to be charged but impose service requirements that would ensure reasonable and adequate service to the public. Under this experiment the transit operator would have had a fair chance to compete with the private automobile and to demonstrate his or her ability to survive in a real competitive situation. With the benefit of hindsight, I question whether the experiment would have proved anything of lasting value.

I am sure that numerous other suggestions for different approaches could be advanced. But I question now whether any regulatory practices, no matter how enlightened or inspired, could have prevented the demise of the urban transit industry in many small cities and the serious decline in the larger cities.

What is the proper role of PUCs with respect to urban transit in 1976? I believe the critical concern deals with the public sector of urban transit, primarily with the transit authorities that serve the larger cities. I believe that there is no longer a significant role for PUCs in the day-to-day operations of these public transit authorities. PUCs must continue to exercise controls over the right of entry into the business and the right of exit. This is not to say that the operations of transit authorities should not be regulated. To the contrary, it is absolutely essential, in this era of high subsidies, that transit authorities be subjected to very specific controls in the form of service goals, service standards, and performance standards. The question is who should exercise these controls, how, and why. Let us first examine why.

As mentioned earlier, transit authorities in today's climate are able to exist only with the help of substantial public subsidies. The subsidies come from the general taxpayer. There is some doubt in the minds of a large segment of the public as to whether the public is receiving full value for the money spent. In this era of high taxes and high transit subsidies, we must reassure and convince the public that their dollars are being properly spent. The transit authorities' political leadership (boards of directors and elected officials) needs proof that the public's transportation system is being operated with maximum efficiency.

The ideal means to let the public and the political leaders know that their public transportation system is being operated with maximum efficiency is to establish a service policy that incorporates goals and service and performance standards. Fully implemented service and performance standards would be the best kind of proof that the public's tax dollar is not being wasted. The current transportation service may be the best possible; it may be the most efficient; the public may be getting the most for its money. But the transit authorities have no proof that this is true. Service and performance standards provide the real proof. Service and performance standards also provide management with real tools by which to determine whether too little or too much service is being rendered. They provide a means to assure that all members of the public and all segments of the community are being given reasonably adequate service based on uniform standards. They provide the public with specific knowledge about the level of service being provided and its cost.

Service standards for public transit properties, of course, are not new. I question, however, whether in general they are being properly implemented. Service standards and performance standards should address every aspect of transit service:

1. How many passengers should be required to stand (a) during peak periods and (b) during nonpeak periods? Should the length of the trip have any bearing?
2. Should maximum headways be guaranteed where patronage is light?
3. Should owl service be mandatory without regard to patronage?
4. How far apart should routes be spaced?
5. How far apart should bus stops be spaced (a) in residential areas and (b) in commercial areas?
6. What percentage of the passengers should have direct service (no transfers)?
7. Where should passenger shelters be provided?
8. What are the criteria for passenger shelter locations?
9. How is it determined that new service is warranted?
10. How often should buses be washed and cleaned?

A number of questions must be asked about performance standards:

1. What percentage of the vehicles should be on time?

2. On the average, how many revenue-kilometers should be operated without service disruption due to mechanical failure?

3. What percentage of scheduled trips should be operated over a given period of time?

4. Should fare-box revenues cover a certain percentage of the operational cost?

5. How many passengers per revenue-hour should be carried?

6. What should be the minimum number of average passengers per kilometer?

Other questions should be addressed by transit authorities as a matter of policy:

1. What efforts, if any, should be devoted to increasing ridership (a) during peak periods and (b) during non-peak periods?

2. How should transit vehicles be used?

3. Should car pools be encouraged?

4. What is the policy toward safety?

5. How does one ensure adherence to a schedule?

A service policy that responds to these and other questions through the adoption of specific service standards, performance standards, and goals will still not accomplish the primary objective unless the necessary machinery and procedures are established to assure full and complete implementation of standards.

I will not attempt to answer here the question of how a transit authority should go about deciding on the particular service and performance standards to be used, since this obviously requires considerable expertise in the operations area, but I will attempt to answer the question of who should implement and enforce the service policy. Some people argue that this function belongs to an independent public agency, such as a PUC, but I disagree. I believe that the service policy can be more effectively implemented and enforced if it is delegated to an office within the transit authority. This office must be charged with the responsibility of enforcing the service standards, and the head of this office must have the authority to make whatever changes or take whatever actions are necessary to fully enforce the service policy.

Machinery and procedures would have to be established to provide for the broadest type of input, including input from the appropriate transit authority offices, from the public, and certainly from related and concerned local governmental agencies. In fact, it is important to acknowledge that urban transit problems are the responsibility of everyone in the community, including the local governmental agencies. The transit authorities cannot solve the urban transit problem alone. The problem must be addressed not only by the transit authority but also by the governor of the state, the mayor of the city, the city council, the police department, and every other department that has any control over transportation. The machinery to implement the service standards must include input from these governmental agencies if we are to solve our urban transit problems.