

BEFORE THE  
WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 337

IN THE MATTER OF:

Served December 26, 1963

Financial Relations Between Regu- )  
lated Carriers in the Washington )  
Metropolitan District and Affili- )  
ated Companies or Their Officers. )

Ex Parte P. R. 2

This Commission has the responsibility, outlined in Article XII, Section 6(a)(1), of the Washington Metropolitan Area Transit Regulation Compact, as amended, to "give consideration to, among other things, the financial condition of the carrier, its revenue requirements, and whether the carrier is being operated economically and efficiently".

Utilization of a carrier's funds or other resources for non-operating purposes is not ordinarily to the economic advantage of the carrier. The tying-up of a carrier's assets for such purposes for an inordinate period of time aggravates the disadvantage. Flowing from this diversion of assets is an increase in capitalization of the carrier which necessarily increases the amount of return required to be produced by the rates of fare.

In order to recognize the importance of this facet of the regulatory process as it concerns the financial health of utility companies vested with the public interest, the Staff of the Commission has proposed and recommended that the following be adopted by the Commission as a Regulation:

69. Loans and Advances, Non-Operating:

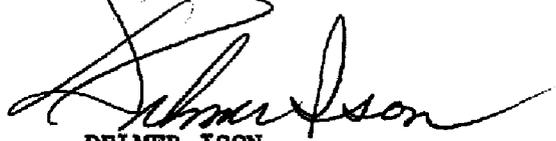
69-01. It shall be unlawful, without the prior approval of the Commission, for any carrier to loan or advance funds, credit, or resources of any kind for non-operating purposes unless such loan or advance or balance due is repaid, settled, or otherwise compensated for monthly.

69-02. Included in the term "non-operating purposes" are transactions for the accommodation of companies affiliated with the carrier or of officials connected with the carrier or its affiliates.

The Commission is of the opinion that the proposed regulation warrants the comments of interested persons.

THEREFORE, IT IS ORDERED that any interested person desiring to comment on this Regulation shall do so, in writing, on or before February 1, 1964, addressed to the office of the Commission, 1801 North Moore Street, Arlington, Virginia.

BY DIRECTION OF THE COMMISSION:

A handwritten signature in cursive script, appearing to read "Delmer Ison", written in dark ink.

DELMER ISON  
Executive Director