

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 883

IN THE MATTER OF:

Served October 31, 1968

Application of D. C. Transit)
System, Inc., for Authority)
to Increase Fares.)

Application No. 505
Docket No. 186

The Commission has before it a petition for rehearing of its Orders Nos. 880 and 882 filed today by the Democratic Central Committee of the District of Columbia, and others. The issues raised in the petition are all matters which were fully and carefully considered by the Commission and discussed at length in Orders Nos. 880 and 882. We find no basis in the petition for reconsidering the decisions set forth in those orders.

Petitioners concede the validity of the central and controlling point regarding the impact of the recent court decision and the resultant riders' fund. That is, they accept the wisdom of the Commission's policy not to apply a riders' fund in such a manner as to reduce revenues below the level of operating expenses and debt service (Pet., p. 2). Unfortunately, their analysis of the alleged deficiency in our applications of that principle cannot withstand examination. Failure to grant the increase of approximately \$1,700,000 allowed by the orders in question would reduce net cash flow below the level of cash expenditures. Depreciation is a non-cash item, as petitioners point out. However, they ignore the fact that payments on debt principal, while not counted as an "operating expense," do constitute a cash outflow during the year. Principal payments during the future annual period would amount to \$3,186,000 -- a cash outflow which exceeds the amount of depreciation accrual we allowed in Order No. 880. Thus, even with the increase we granted, the cash outflow during the future annual period will exceed cash receipts. To increase that deficiency by a further \$1,700,000 is to invite financial danger. We note, by the way,

that even if petitioners' logic were sound, its arithmetic is faulty. Depreciation accruals of \$2,475,154, less the projected revenue increase of \$1,715,801, does not leave \$1,029,353, as stated by petitioners at page 2 of their petition. The result of this subtraction is actually \$759,353. The point is not an important one since their analysis of cash flow is faulty for the reasons we have just described. However, we felt that the error merited notice.

Briefly, reviewing the grounds other than the impact of the court decisions and the riders' fund which were relied on by petitioner (see Pet., p. 4), we repeat the position we took in Order No. 781a that the attempt to incorporate by reference unspecified points raised on earlier appeals does not comply with Article XII, Section 16 of the Compact, under which errors must be alleged with specificity. We have considered only those alleged errors which are spelled out with the requisite degree of specificity in passing upon this petition.

The impact of the cost study, and the treatment of the resistance factor, are discussed at length in Order No. 880. The question of the efficiency of the company's operation is under constant review. See, e.g., our Order No. 829. There is no evidence in this record which supports petitioners' allegation of error.

The only other point which requires any discussion is petitioners' reference to the testimony of Mr. Patterson (Pet., p. 4). Mr. Patterson's testimony, which we discussed at pp. 23-24 of Order No. 880, is not "the converse" of our statement in Order No. 880 that if ridership increased 44% expenses would also have to increase. We are not talking about a decrease in ridership of a magnitude anywhere near 44%. In fact, the impact of the fare increase we have authorized will cause ridership decreases of about 1.57%. As discussed by witnesses at the hearing, resistance of this magnitude spread over the entire system will not, in the judgment of those witnesses, nor in our judgment, result in any cutbacks in service or lowering of expenses.

THEREFORE, IT IS ORDERED that the Petition for Rehearing of Order No. 880 and Order No. 882, filed by the Democratic Central Committee of the District of Columbia, and others, on October 31, 1968, be, and it is hereby, denied.

BY DIRECTION OF THE COMMISSION:



GEORGE A. AVERY
Chairman