

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1049

IN THE MATTER OF:

Served June 17, 1970

Application of WMA Transit)
Company for Authority to)
Increase Fares.)

Application No. 612

Docket No. 215

APPEARANCES:

Stanley H. Kamerow and Solomon L. Margolis, Attorneys for WMA
Transit Company.

Peter Parker, People's Counsel for the State of Maryland, Protestants

Howard L. Peterson, (pro se), Protestant

Douglas N. Schneider, Jr., General Counsel, Washington Metropolitan
Area Transit Commission

Before George A. Avery, Chairman, and William O. Doub, Vice
Chairman

I

PROCEDURAL HISTORY

On March 9, 1970, WMA Transit Company (WMA) filed its WMATC Tariff No. 31 setting forth new increased regular route fares. At the same time, the necessary supporting documents were submitted and marked Application No. 612. WMA claimed it was operating at a loss, and requested that the tariff be allowed to become effective prior to the close of the statutory 30-day waiting period. In the alternative, it sought an immediate interim increase in fares.

The proposed rate structure provided for a 15-cent increase for all trips, except that the fare for school children in the District of Columbia would remain unchanged, and the fare for school children in Maryland would increase 10 cents.

In Order No. 1026, issued March 13, 1970, we suspended WMA Tariff No. 31 and denied the company's request that the tariff become effective immediately.

The plea for an interim increase was also rejected; however, we ordered proceedings to be expedited in light of the carrier's alleged difficult financial situation, and we set hearings on the matter to begin April 9, 1970. Mr. Howard L. Peterson, and People's Counsel of the State of Maryland, Mr. Peter Parker, were admitted as formal protestants at the proceedings.

Formal hearings were concluded on May 12, 1970. WMA presented testimony from five company officials and an officer of Alexandria, Barcroft and Washington Transit Company. Three members of the Commission staff; an employee of the Bureau of Procurement of the District of Columbia, the Mayor of Bowie, Maryland; and Mr. Peterson also gave evidence. In addition, two informal evening hearing sessions were held in neighborhoods served by WMA in order to elicit comments and opinions from members of the general riding public.

When the initial suspension period expired on June 10, 1970, we issued Order No. 1046 further suspending Tariff No. 31 through June 17, 1970.

II

THE HISTORICAL PERIOD

The twelve-month period ending November 30, 1969, was employed by both company and staff as the historical period, the actual results of which would be used as a basis for projections of future operating results. The figures presented by the staff differed from those of the company, with the staff indicating a net operating income in the period of \$67,504 rather than the \$18,850 shown by the company. The difference arises from the adjustments made to reflect the impact of a strike on WMA during the months of December, 1968 and January, 1969. The staff made a direct substitution of the actual operating results during the months of December, 1967 and January, 1968 for the results actually experienced during the strike months of December, 1968 and January, 1969. The company made adjustments to certain of the actual historical period figures but not to all. The company made no attempt to contest the staff adjustments and indicated its acceptance thereof. Hence, we find that the figures in Table I reflect the financial results of WMA's operations during the historical period.

TABLE I

Operating Revenue:	
Passenger Revenue	\$ 2,241,013
Charter and Sightseeing Revenue	701,452
Government Contract Revenue	181,680
Other Operating Revenues	13,110
School Subsidy	<u>29,422</u>
Total Operating Revenues	\$ 3,166,677
Operating Revenue Deductions:	
Operating Expenses	\$ 2,321,740
Depreciation Expense	336,778
Operating Taxes and Licenses	251,976
Operating Rents	188,679
Income Taxes	<u>-0-</u>
Total Operating Revenue Deductions	\$ <u>3,099,173</u>
Net Operating Income (Loss)	<u>67,504</u>
Operating Ratio	97.87%
Rate of Return on Operating Revenue	2.13%

III

PROJECTED OPERATING RESULTS

Both company and staff presented projections of operating results during a future annual period at present fares. There were differences in the staff and company figures in almost every category of revenue and expense reflected in the exhibits. However, with regard to all but one item of expense, there is no need for extended discussion. With respect to all other items of expense, the staff presentation made adjustments to company figures which the company accepted without objection. Hence, in projecting future operating results, we will adopt without discussion, the staff figures for all categories of expense other than "Equipment Maintenance and Garage Expense." This item reflects a serious dispute which must be resolved before a final determination can be made.

A. The Dispute on Bus Repairs

The nature of the problem can be quickly described, if not so quickly resolved. During the historical period, the company expended \$376,227 on

"Equipment Maintenance and Garage Expense." For the future annual period, they seek \$672,794 for the same item of expense. This is an increase of \$296,567 or 79 percent. In justification of this increase, the company stated that it proposed to repair every defect, of whatever magnitude, in the body of every bus in its fleet. This included everything from the most minor dent or scrape to the almost rebuilding of a few buses wrecked in accidents. The company stated that it had been deferring bus body maintenance for a considerable period prior to the rate proceeding. It proposed to perform all this deferred body maintenance during the future annual period and asked that riders during that period bear the expense involved. We reject the company's proposed treatment of bus repairs because we believe that it is based on improper rate-making theory.

The company's proposal is clear. In the months preceding the rate case, the company considered that their revenues were insufficient to meet all their needs. In an effort to conserve cash working capital, they simply ceased making repairs on bus bodies.^{1/} As a result, a large number of dents, scrapes and other damage to its buses accumulated. Now they ask the future ratepayer to pay the cost of all the repair work foregone. In our view, to grant this request would fly in the face of the "water-over-the-dam theory." Under this theory, the company may not ask the ratepayer to make up past losses, nor may the ratepayer regain past profits in excess of a fair return. If the company had incurred a loss in the historical period of \$100,000, it could clearly not add that amount to its projected expenses for the future. There is little difference, however, in what the company is proposing to do. It reduced its loss in the historical period by simply refraining from repairing its buses. If it had made such repairs, its monetary loss would have been greater. Instead, the monetary loss remained inchoate, in the form of unrepaired damage to buses. They now ask the rider to make up that loss. To do so is contrary to long-established principles of utility law and we will not permit it.

This general principle has frequently found application in the area of deferred maintenance expense. Almost invariably, commissions have refused to allow such a burden to be imposed upon present and future ratepayers. A myriad of cases could be cited. We will refer to only a few of particular pertinence. PUC v. Philadelphia Trans. Co., 90 PUR (NS) 203 (Pa. PUC 1950); Illinois Central R.R. Co., 89 PUR (NS) 192 (Ill. C.C. 1951); Washington Gas Light Co., 53 PUR (NS) 321 (D.C. PUC 1943); Portland v. Portland Water Co., 1 PUR (NS) 77 (Conn. PUC 1932). Many cases which have considered the question have disallowed deferred maintenance expense actually incurred in

^{1/} There is, however, some doubt as to whether they actually ceased all body maintenance. The staff found indications in company records that some work of this type was being performed during the historical period.

the test year. A fortiori, we must disallow an expense not actually incurred but projected for the future year. The company's claim for bus body repair expenses, as made, must clearly be denied as a matter of law.

Our rejection of the proposal to charge future ratepayers for the cost of deferred maintenance does not end our consideration of this problem. We have also considered whether we should adjust the expense actually incurred in the historical year for bus body maintenance to reflect a reduced level of activity which the company claims was being experienced in that regard. In other words, we will not permit the deferred maintenance to be charged but we could, if the record justified, allow a projected expense for maintenance activity at an adequate current level, a level allegedly not maintained during the historical period. We have examined the record to determine whether such an adjustment is supported here. We have concluded that there is no such support.

We first considered whether an adjustment to the actual historical figure could be based in some manner on the evidence concerning repair costs for the deferred maintenances. On analysis, however, that figure offers no basis for an adjustment.

In its original filing, the applicant simply stated the gross figure of \$236,995 without any detailed support, saying only that the figure represented repairs that had not been made due to lack of cash. When requested by the staff for a detailed breakdown of the figure, the company responded by giving a gross figure per bus for exterior body repairs. Finally, when the staff asked that those figures be broken down further, lists of parts and labor required to repair each bus and the costs of those items were presented. None of those estimates were the same. Worksheets on the initial estimates were said to be unavailable. A witness for the company attempted to explain the discrepancy on the ground that some of the estimates were made in February and others in March. New damage, it was said, had occurred in the intervening days. We do not find that explanation convincing. The labor costs for both the March estimates and the February estimate were the same, even though the parts costs varied in every instance. If the discrepancy were explainable on the basis of new damage between the March and February estimates, the labor cost would have varied as well as the cost of parts. Furthermore, it is inconceivable to us that every bus in the fleet would sustain some damage in a one-month period.

Because the additional \$236,995 requested for body repairs was extraordinarily high compared with the total maintenance expense for the historical year, and because the staff had expressed serious reservations as to the allowance of the full \$236,000 in the rate-making calculations, we inspected some of the buses and asked the company's maintenance supervisor to indicate to us the repairs required and the estimated cost of each repair. This process, for the buses checked, produced again a different estimate than those which had been presented earlier.

Another major problem we have in attempting to attach any meaning to the \$236,000 estimate as it may relate to the reasonable cost of vehicle repair for a future 12-month period is that the record is conflicting as to the period of time during which body maintenance was deferred. At one point it was asserted that the repairs were deferred for 18 months. There is another indication that at least some repairs have been deferred for as much as 24 months. On the other hand, there is evidence that some of the WMA fleet underwent body repairs during 1968 and 1969, at the same time other repairs were being deferred. Thus, we can make no finding as to the total amount allowable for body repairs during the rate year using the company's \$236,000 figure for deferred repairs as a basis.

Having rejected the figures on deferred maintenance as a basis for adjusting the historical figure to reflect adequate maintenance during the future annual period, we turned to other avenues in the record, undertaking an independent investigation of the costs for performing the same kind of repair to the same type of buses operated by the A. B. & W. Transit Company. A. B. & W. maintains a fleet of 285 vehicles as compared to the fleet of 141 vehicles operated by WMA, and presently 121 of the A. B. & W. vehicles are the new look, "silver side" bus which comprises nearly the entire WMA fleet. It might be possible on the basis of the A. B. & W. experience to construct a figure as to the proper level of expenditure per bus for an adequate program of bus body maintenance.^{2/} However, we have not been able to find a way in which to adjust WMA's historical experience to reflect the cost estimates based on A. B. & W. experience. We cannot simply add the proper cost per bus to WMA's historical experience because the record shows that WMA did perform some body maintenance during the historical period. Thus, if we added a figure computed by determining the proper average cost per bus and multiplying it times the number of buses in WMA's fleet; we would to some extent be duplicating the expense figure.

^{2/} The average cost for repairing A. B. & W. new look buses, in 1968 and 1969, according to A. B. & W. records, was \$69.70 and \$86.29 per vehicle respectively. These costs were based on a labor cost of \$5.40 an hour. This figure was set in 1966 for insurance claims purposes. The A. B. & W. witness felt it should be higher in today's circumstances. He testified that a more reasonable figure for estimating repair costs would be \$6.75. The \$6.75 figure is constructed as follows: \$4.25 for wages; 53¢ for hospitalization, sick benefits, retirement, social security taxes, federal and state employment taxes; 10¢ for uniforms; 51¢ for vacation and holiday benefits and \$1.36 for overhead. The overhead charge may be appropriate for constructing a figure for insurance claims purposes but it is not appropriate for reaching a figure for labor costs in this rate-making proceeding since allowable overhead is already included in other expense figures. Deducting \$1.36 from the \$6.75 figure results in a labor cost to A. B. & W. of \$5.39 per hour, virtually the same figure the staff had used in calculating A. B. & W.'s repair cost.

While we would be willing to recognize a properly supported adjustment to historical year expenses, we are not willing to plunge into conjecture and unsupported assumption simply to create a proper expense figure. It was incumbent upon the company to build a record sufficient to support any expenses it claims. In this instance, it failed to do so. Hence, we will not attempt to adjust the historical figure to reflect a proper level of body maintenance.

We will, however, make one adjustment to the historical figure. This adjustment is included in WMATC Staff Exhibit No. 16, and involves an increase of \$29,964.91.

The company's witness (Exhibit No. 8, Schedule No. 2) began the forecast of this expense with the book total of \$54,577.91, but this amount was artificially depressed by the fact that during the historical period the company received \$29,964.91 to cover bus damage. Receipt of these funds was credited to the expense account, but there was no charge during the historical period for the cost of repairing that damage, which would have offset the credit. To prevent this distortion, the Commission staff adjusted the account by \$29,964.91 in order to arrive at the actual cost of bus repairs during the historical period in the amount of \$84,542.82.

On the item of repairs to bus bodies, therefore, we have concluded that the company's claim of \$236,000 for deferred maintenance must be disallowed. We have further concluded that there is no basis on this record on which we could adjust the actual historical year figure for this item to reflect accurately the level of expense which should be incurred for an adequate program of bus body maintenance. Finally, we have accepted a staff suggestion that the historical year figures for such maintenance be adjusted to reflect the amounts received as insurance payments for damages but which, in the historical period, were not actually expended for bus body repairs. With this adjustment, we conclude that the proper amount to be allowed for bus repairs in the future annual period is \$84,542.82; after adding the additional costs to be incurred for wage increases, the proper amount to be allowed for Equipment Maintenance and Garage Expenses is \$429,346.02.

We should make it abundantly clear that our disallowance of the deferred maintenance expense and our ruling that there is no support for an adjustment in the historical year expenses incurred for the maintenance of bus bodies in no way implies any approval of the company's failure to maintain its operating equipment properly. The company has a responsibility to provide adequate maintenance. Our ruling is based on the legal requirements applicable to charging expenses to the riding public and not on an intent to excuse the company from its responsibilities. It will be incumbent upon the company to find the means of providing proper maintenance. At any time that they can adequately demonstrate, in the proper procedural context, an actual or anticipated expense for an adequate maintenance program, we will allow the expense.

B. Charter Revenues

There remains an adjustment relating to revenues for charter and government contract work. The company claimed that its revenues from that source would be \$120,000 lower in the future annual period than in the historical period. They attributed this reduction to an anticipated loss of work during the summer of 1970 due to an alleged curtailment in the youth programs of the District of Columbia Government. The staff called a witness from the D. C. Government who stated that she was then preparing bid invitations for bus charter work for the summer youth program and that she had been instructed to prepare them on the assumption that the same amount would be expended in 1970 as in 1969. However, it had also been indicated that the amount to be spent had not yet been fixed and that it might be less than in 1969. Nonetheless, we feel that there is no basis on which we can approve the projection urged by the company. The historical record shows that the company's charter revenues have increased steadily for five years. Their reduction for the future period is admittedly based only on a rumor that the summer youth program would not exist in 1970. Yet work is clearly going forward on that program in the District Government on some level of expenditure. Nor are we prepared to accept the assumption that any reduction in revenues from that source will not be made up from other charter work. Accordingly, we will project charter and government contract revenues at the same level experienced in the historical period. We must, of course, also adjust expenses to reflect those items connected with those increased revenues.

We believe that the most appropriate means for doing this is to rely on the figures developed by the staff in their Exhibit No. 12. The staff there allocated the company's total revenues and expenses between charter and mass transit operations. The allocation was based on the methodology developed and used by this Commission for several years in administering the school fare subsidy law (P.L. 87-507). That allocation developed the fact that 82.03 percent of charter revenues are absorbed by charter expenses, leaving a margin of 17.97 percent over and above these expenses. Applying those percentages to the projected revenue increase of \$142,900, it appears that expenses incident to that revenue will amount to \$117,221 and we will increase expenses by that amount.

C. Projected Results

With those adjustments, we can set forth our projection of WMA's operating results at present fares in the future annual period.

TABLE II

Operating Revenue:

Passenger Revenue	\$2,485,173
Charter and Government Contract Revenue	882,900
Other Operating Revenues	12,698
School Subsidy Revenue	<u>33,372</u>
Total Operating Revenues	\$3,414,143

Operating Revenue Deductions:

Operating Expenses	2,490,003
Depreciation Expense	348,887
Operating Taxes and Licenses	256,182
Operating Rents	188,234
Cost Assigned to Additional Charter Revenue	117,221
Income Taxes	<u>-0-</u>

Total Operating Revenue Deductions	<u>\$3,400,527</u>
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Net Operating Income (Loss)	<u>\$ 13,616</u>
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Operating Ratio	99.60%
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Rate of Return on Operating Revenues	.40%
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The company will not earn sufficient operating income to cover its interest expense under present fares. Hence, an adjustment of existing fares must be considered.

We next made a projection of the operating results which could be expected if the company's proposed fare structure were allowed. Those results are as follows:

TABLE III

Operating Revenue:	
Passenger Revenue	\$2,992,599
Charter and Government Contract Revenue	882,900
Other Operating Revenues	12,698
School Subsidy Revenue	<u>58,306</u>
Total Operating Revenues	\$3,946,503
Operating Revenue Deductions:	
Operating Expenses	2,490,003
Depreciation Expense	348,887
Operating Taxes and Licenses	256,182
Operating Rents	188,234
Cost Assigned to Additional Charter Revenue	117,221
Income Taxes	<u>24,324</u>
Total Operating Revenue Deductions	<u>\$3,424,851</u>
Net Operating Income (Loss)	<u>\$ 521,652</u>
Operating Ratio	86.78%
Rate of Return on Operating Revenues	13.22%

The return on gross operating revenues at this level cannot be justified by any standard of reasonableness; it would enrich the company to an impermissible degree. Among other things, it is more than twice the level which was indicated in the Compact as being within the realm of reasonableness.

Since the results from the company's proposed fares are unacceptable, we have examined the results which would flow from both a five-cent and a ten-cent increase in each existing fare level. A ten-cent increase would produce net operating income of \$374,518, for a return on gross operating revenues of 9.89 percent. The return on equity would be in excess of 100 percent. This is an unacceptable result. We have turned, therefore, to an examination of projected results with a five-cent increase.^{3/} Those

^{3/}In one instance, we will grant a 10-cent increase. Patrons riding the D, W, S, and I lines into the first zone in Maryland presently pay five cents less than riders on all other lines. This is an anomaly with historical roots which we see no need to continue. Accordingly, in light of the company's revenue needs, we will correct it at this time.

results are as follows:

TABLE IV

Operating Revenue:	
Passenger Revenue	\$2,677,587
Charter and Government Contract Revenue	882,900
Other Operating Revenue	12,698
School Subsidy Revenue	<u>41,647</u>
Total Operating Revenue	3,614,832
Operating Revenue Deductions:	
Operating Expenses	2,490,003
Depreciation Expense	348,887
Operating Taxes and Licenses	256,182
Operating Rents	188,234
Cost Assigned to Additional Charter Revenue	117,221
Income Taxes	<u>1,873</u>
Total Operating Revenue Deductions	<u>3,402,400</u>
Net Operating Income	<u>\$ 212,432</u>
Operating Ratio	94.12%
Rate of Return on Operating Revenues	5.88%

We believe that this produces an adequate return for WMA. It will cover their operating expenses and their interest expense of \$186,637 ^{4/} and provide a return to equity of \$25,795. Since equity amounted to \$154,480 at November 30, 1969, this amounts to a return on equity of 16.7 percent. This return on rate base will be 7.5 percent. A return at this level will, in our judgment, be "one that assures that all the enterprise's legitimate expenses will be met, and that enables (the company) to cover interest on its debt, pay dividends sufficient to continue to attract investors, and retain a sufficient surplus to permit it to finance down payments on new equipment and generally to provide both the form and substance of financial strength and stability." D. C. Transit System, Inc. v. Washington Metropolitan Area Transit Commission, 350 F2d 753, 778 (D. C. Cir. 1965). The company's equity account will be adequately rewarded. The return, after interest, while modest in absolute dollar terms, is sufficient to provide it with the form and substance of financial stability.

^{4/} Interest paid amounts to \$206,634 while interest income of \$19,997 will be earned, leaving a net interest cost of \$186,637.

The return on equity amounts only to \$25,795. This is a very thin margin in absolute dollar terms. However, even if we allowed the company the full 6.5% which the Compact refers to as "not unreasonable," it would produce only an additional \$24,000.

IV

RATE STRUCTURE QUESTIONS

A. Fare Zones

We heard testimony in this proceeding on the company's zone structure. That structure, like those of other bus companies in the area, has grown up as a result of a history of route and service area growth. Its pattern has been set by ad hoc decisions as to the requirements of justness and reasonableness as new problems were presented. We believe that it has served its purposes well and adequately up to this time and that it provides a reasonable basis on which to adjust fares now.

However, we also feel that the testimony about the general overall pattern of the zones, with certain apparently anomalous results, requires a careful and detailed look by both staff and company. We will direct that a study of the zone structure be undertaken with a view toward a more adequate discussion of that structure when the company next seeks a rate adjustment.

In this connection, we feel that a more ample program for collecting data as to riding patterns would be useful both to WMA and to this Commission. We will direct the staff to work out such a program with the company and will require the company to pursue that program.

B. Senior Citizen Fares

In Order No. 1037 deciding the recent W. V. & M. Coach Company rate case, we instructed the company to undertake a program looking toward the institution of a senior citizen fare during off peak hours. We stated that similar programs should be undertaken by other carriers as their existing rate structures came before us for review. In pursuit of that policy we will include in this order directives requiring that a similar program for senior citizen fares be undertaken by WMA.

C. Maryland Schoolfares

In reviewing the fares presently charged by WMA, we noted that the schedule of intra-Maryland fares for children between the ages of 5 and 18, traveling to or from school, was so designed that, for a five-zone or six-zone ride, the fare for a child is higher than the fare for an adult. This unusual arrangement stems from the wording in the tariff itself which sets the one-zone fare at fifteen cents and adds ten cents each time a boundary is crossed into another zone. Most school children traveling within Maryland are accommodated under the "school special" in the WMA tariff. This category presently has a twenty-five cent fare, and under fares authorized herein

will be thirty cents. For the occasional, casual school child riding on regular route buses, we will adjust the authorized fare to the traditional level of one-half the adult fare. Thus, a one-zone ride or two-zone ride will have a fare of twenty cents, and all additional zone rides will be charged a rate of twenty-five cents. Due to the fact that most Maryland school children in the WMA service area are accommodated either by the Prince George's County school bus system or by WMA's special school service, we think the effect of this school fare adjustment will be minimal. Nevertheless, we think that the existing anomaly in the tariff should be eliminated.

V

SERVICE PROBLEMS

We cannot complete this opinion without commenting on the evidence presented to us on deficiencies in the company's service. We heard testimony on this subject from one formal party to the proceeding, from a number of persons from the riding public who appeared at two night sessions held for the express purpose of obtaining comment from such persons, and from the Mayor of Bowie, Maryland, who appeared at one of our regularly scheduled sessions.

We think that the deficiencies described by these witnesses are inexcusable and we frankly acknowledge that they have played a role in our judgment that the return which would be produced by a 10-cent across-the-board increase would be excessive. We are not prepared to provide substantial financial reward to a management which permits deficiencies of the kind we have had described.

Briefly summarizing these problems, we have heard from patrons who complained of buses not operating on schedule or not at all, non-functioning air conditioning, unavailability of schedule information, driver unfamiliarity with the company's zone system, and general lack of marketing. One of the most inexcusable deficiencies we heard was a complaint that drivers do not always know the route and have been known to leave groups of passengers standing on the corner while passing nearby on another street.

Practices of this kind, if they occur with any frequency, can be seriously damaging to a company's reputation for adequate service. This, in turn, leads to a reluctance on the part of many persons to patronize the service. Reliability of schedules is probably the single most important factor in retaining riders. The feeling of frustration in seeing a bus pass you by off its route is difficult to exaggerate.

We believe this company should pay considerably more attention to the details of its operation which bear on the comfort and convenience of its patrons and the dependability of the service. Until we are convinced that it is doing so, we are not prepared to provide a return of a more ample nature than that allowed here.

The fares we are authorizing herein will be effective on Saturday, June 20, 1970. This is in keeping with our policy of changing fares on weekends when confusion caused by the change is at a minimum, and will allow a few days' notice to the public.

THEREFORE, IT IS ORDERED:

1. That WMA Transit Company's WMATC Tariff No. 31, suspended through June 17, 1970, by our Order No. 1046, be, and it is hereby, further suspended until 4:00 A.M., June 20, 1970.
2. That the WMA Transit Company be, and it is hereby, authorized to establish rates of fare as shown in Appendix, attached hereto, effective 4:00 A.M., June 20, 1970.
3. That WMA file appropriate revisions to its Tariff No. 31, pursuant to the authority granted herein, by June 19, 1970.
4. That applicant post in all its buses, forthwith, appropriate notices indicating all fare changes pursuant to authority granted herein.
5. That WMA undertake a survey of senior citizen ridership patterns during off-peak hours to determine to what extent such persons presently ride during those times.
6. That within ninety (90) days of the date of this Order, WMA shall file with the Commission a proposal for instituting a reduced off-peak fare for senior citizens on an experimental basis, provided, however, that such plan need not be filed if the company has not operated at a profit during that time.
7. That the Commission staff shall undertake a comprehensive study of the fare zone structure of the WMA Transit Company, and the company shall develop a program under the direction of the staff for collecting data relating to ridership patterns.

BY DIRECTION OF THE COMMISSION:



GEORGE A. AVERY
Chairman

DOUB, Vice Chairman, CONCURRING: I concur with the action taken by the Commission regarding fare changes for regular route riders. However, I note that WMA's charter rates are generally well below those charged by similar companies under the jurisdiction of this Commission. An increase in charter rates by WMA, it seems to me, would accomplish two desirable objectives: (1) It would reduce the present disparity in charter rates between those charged by WMA and those charged by other carriers under this Commission's jurisdiction; (2) It would generate additional revenues for WMA, which would be helpful in maintaining future fiscal stability of the carrier. I particularly sponsor this thought because it will in no way penalize the regular route rider.

I therefore would suggest that the company make application for an increase in its charter tariffs, for consideration by the full Commission.

APPENDIX

	<u>Fares in Effect Prior to This Order</u>	<u>Company's Proposed Fares</u>	<u>Fares Authorized Herein</u>
<u>District of Columbia</u>			
Cash	\$.30	\$.45	\$.35
Interline Ticket	*	*	*
School Ticket	.10	.10	.10
Transfer	Free	Free	Free
<u>Maryland Intrastate</u>			
Zone Rides			
Transfer	Free	Free	Free
1	.35	.50	.40
2	.35	.50	.40
3	.45	.60	.50
4	.45	.60	.50
5	.45	.70	.50
6	.45	.70	.50
School Reg. Route			
Zone Rides			
1	.15	.25	.20
2	.25	.35	.20
3	.35	.45	.25
4	.45	.55	.25
5	.55	.65	.25
6	.65	.75	.25
School Special			
Route	.25	.35	.30
X3#	.45	-	.50

Effective June 22, 1970

*Interline ticket issued upon request, after payment of proper fare, worth 5¢ toward fare on connecting carrier. Interline ticket accepted from connecting carrier worth 5¢ toward WMA fare.

APPENDIX

	Fares in Effect Prior to <u>This Order</u>	Company's Proposed <u>Fares</u>	Fares Authorized <u>Herein</u>
<u>Interstate - Between D. C. and Md. Zone</u>			
T Line			
Zone 2	\$.55	\$.70	\$.60
3	.65	.80	.70
4	.75	.90	.80
5	.85	1.00	.90
D.W.S.&I. Lines			
Zone 2	.50	.65	.60
3	.60	.75	.65
4	.65	.80	.70
5	.70	.85	.75
6	.75	.90	.80
7	.80	.95	.85
X1#	.85	-	.90
All Other Lines			
Zone 2	.55	.70	.60
3	.60	.75	.65
4	.65	.80	.70
5	.70	.85	.75
6	.75	.90	.80
7	.80	.95	.85
Interline Ticket Token **	*	*	*
Transfer	Free	Free	Free
<u>Other</u>			
Stadium	.75	.75	.75
Race Track	1.50	1.50	1.50

**Outstanding tokens worth 20¢ toward payment of fare on Interstate trips.