

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1085

IN THE MATTER OF:

Served August 25, 1970

Application of the Gray Line,)
Inc., to Acquire the Certifi-)
cate of Public Convenience)
and Necessity of Washington)
Sightseeing Tours, Inc.)

Application No. 632

Application of the Gray Line,)
Inc., for Temporary Authority)
to Operate the Certificate of)
Public Convenience and Necess-)
ity of Washington Sightseeing)
Tours, Inc.)

Application No. 633

Docket No. 219

By Application No. 632, filed May 28, 1970, the Gray Line, Inc. (Gray Line) sought the authority required by Compact Article XII, Section 12, to purchase Washington Metropolitan Area Transit Commission Certificate of Public Convenience and Necessity No. 3 from its owner, Washington Sightseeing Tours, Inc. (WST). Gray Line requested that its application be expedited so that it could take advantage of the proposed combined operation during the summer months, which due to the seasonal nature of the sightseeing business, is when most of guided tour revenues are generated.

Gray Line also applied for temporary authority to operate WST under Certificate No. 3 pending determination of its application for authority to purchase. Order No. 1045, issued June 5, 1970, denied Gray Line's request for temporary authority, and set application No. 632 for public hearing to commence on June 19, 1970.

After proper notice such hearing was held, with Gray Line, WST, and the Commission staff presenting evidence. In addition, a representative from the Emergency Taxicab Committee appeared as a party.

Upon study of the record, we determined that Gray Line should be granted the requested authority in time to consummate the sale before any more of the sightseeing season passed, but due to the press of other matters, issuing a complete written opinion at the time we determined to authorize the purchase was not possible. We therefore served Order No. 1056 on July 1, 1970, granting Application No. 632, and indicating that full findings upon which we based our decision would follow.

We shall herein set out those findings.

Under Section 12, Article XII, of the Compact, our approval of the acquisition here involved must be based on our finding that the acquisition will be in the public interest.

The main reason put forward by Gray Line and WST as the impetus leading to the proposed purchase was the fact that both companies' business was insufficiently profitable when conducted separately. Both companies' business in 1970 was below 1969 levels and both companies showed only marginal profit in 1969. WST testified that its inability to locate its offices in a desirable neighborhood had harmed its business and that that disadvantage, when coupled with the national economic downturn, had made prospects for improving its profit position poor. Testimony also cited the institution of a Department of Interior sponsored sightseeing service on the Mall as a major new competitive force which had cut into patronage of applicant's Public Building Tours by almost 25%.

In considering the impact of the merger of these two companies on competition among sightseeing operations in the area, we note that there are several companies holding sightseeing certificates from this Commission. With the purchase of WST's certificate by Gray Line, there remain nine carriers authorized to conduct on-bus guided tours within the Metropolitan District. WST and Gray Line performed duplicative services in direct competition for several years prior to

this application. Their inability to continue to do so on a reasonably profitable basis has been adequately shown and we do not see that it is in the public interest to force the continuation of such competition when it is no longer economically feasible.

Finally, we note that the purchase arrangement contemplates that all of WST's personnel will be employed by Gray Line with a retention of seniority. It therefore appears that no harmful secondary effect will be caused by the proposed purchase. No opposition to the purchase of WST by Gray Line was expressed by anyone.

On consideration of all the foregoing, it was our opinion that the public interest would best be served by granting Gray Line authority to purchase WST's certificate of public convenience and necessity.

BY DIRECTION OF THE COMMISSION:



MELVIN E. LEWIS
Executive Director

