WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1102

IN THE MATTER OF:		Served November 17, 1970
Application of Greyhound Airport Service, Inc., of Virginia for Increase in Taxicab Fares.	)	Application No. 620
Application of Greyhound Airport Service, Inc., for Increase in Fares.	)	Application No. 643 Docket No. 217

APPEARANCES:

L. C. MAJOR, JR., attorney for Greyhound Airport Service, Inc. and Greyhound Airport Service, Inc., of Virginia, applicants.

CHARLES J. PILZER, attorney for Taxicab Industry Group, protestants.

DANIEL SMITH, attorney for Tan Top, Metropolitan, Allied, and City Cab Companies, protestants.

IRVING SCHLAIFER, *pro se*, protestant.

SAMUEL L. WATSON, *pro se* and International Association of Machinists, Local 814, intervenor.

DOUGLAS N. SCHNEIDER, JR., General Counsel, Washington Metropolitan Area Transit Commission.

I

THE PROCEDURAL BACKGROUND

On April 16, 1970, Greyhound Airport Service, Inc. of Virginia filed Application No. 620, a proposal to increase taxicab fares to and from Washington National and Dulles

International Airports. Hearings were held and we heard from witnesses presented by the applicant and by the staff. Several protestants participated. At the hearings, objections were raised concerning the propriety of considering taxicab fares separately from the remainder of the company's airport transport operation. On July 13, 1970, Greyhound Airport Service, Inc. filed Application No. 643 proposing increases for its coach and limousine operations.1/ On July 20, 1970, we entered Order No. 1069, directing the applicant to submit a fare structure designed to produce net revenues sufficient to allow it to operate on a break-even basis, pending a full review of the rates of all the company's airport operations. On July 29, 1970, acting on the submission of the applicant pursuant to Order No. 1069, we issued Order No. 1075, authorizing an interim taxicab fare increase of 30 cents for the first mile. On August 11, 1970, we issued Order No. 1081 consolidating the two applications. Four further days of hearings on the consolidated applications were held to receive testimony from the company and staff witnesses. In addition to the original protestants, one additional intervenor participated.

Airport Service proposes to increase taxicab fares from 60 cents (90 cents under the interim order) for the first mile and 25 cents for each 1/2 mile thereafter, to 60 cents for the first 1/3 mile and 20 cents for each 1/3 mile thereafter. Applicant also seeks to increase the waiting time charge from $5.00 per hour to $6.00 per hour. With regard to service other than taxi service, the company also proposes to increase its present economy (coach and limousine) fares and to institute a new sedan service. It also proposes to change the fare zone boundaries from National Airport so that each zone will approximate 2-mile concentric circles from the north end of the 14th Street Bridge. Also proposed is a new zone system from Dulles International Airport with zone boundaries approximating 2-mile concentric circles beginning at the intersection of the Dulles Access Road and

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1/ Greyhound Airport Service, Inc. of Virginia operates taxicab service, while Greyhound Airport Service, Inc. provides limousine and coach service. For purposes of discussion in this Order, these companies, together, will be referred to as "Airport Service."

the Capital Beltway (I-495). The new zones will apply to coach, limousine, and the new sedan service. In addition, the applicant proposes a baggage-handling charge of 25 cents per bag for baggage carried by the driver beyond the curbside, with a minimum charge of 50 cents. The present and proposed rate structure are set out in Appendix A.

II

PROJECTED FINANCIAL RESULTS

A. The Historical Period

Both the applicant and the Commission staff used the 12-month period ended April 30, 1970, as the historical year upon which to base forecasts for the future annual period. The staff reduced expenses for the historical period by $7,830 and the applicant made no objection. Accordingly, we find the operating costs for the 12 months ended April 30, 1970, were:

TABLE I

	Combined
Operating Revenues	
Regular Service	$ 5,884,139
Charter	69,509
Contract	45,499
Total Operating Revenues	$ 5,999,147
Operating Revenue Deductions	
Operating Expenses	$ 5,254,218
Taxes, Other Than Income Taxes	225,135
Depreciation	441,152
Franchise Fee	596,021
Income Taxes	-0-
Total Operating Revenue Deductions	$ 6,516,526
Net Operating Income (Loss)	($ 517,379)
Operating Ratio	108.62%
Rate of Return on Operating Revenues	(8.62%)

B. Projections of Revenues and Expenses at Present Fares

The applicant, the staff, and the protestants presented somewhat different views with respect to the method for projecting revenues and expenses in the future annual period. We will proceed now to a discussion of those issues.

1. Revenues

The applicant presented revenue figures for the future annual period which anticipate a decline in passengers from the level of passengers at Washington National Airport during the historical year and an increase in the number of passengers over that at Dulles International Airport in the historical year. Those projections were based on the fact that figures published by the Federal Aviation Administration indicate that during the first five months of 1970 the number of passengers at Washington National decreased by 2.8 percent from the previous year and the number at Dulles increased by 5.8 percent during the same five-month period. The staff witness projected revenues on the assumption of a level trend. Protestants indicated their belief that, although there has been a recent decline in air passengers at Washington National, passenger traffic at both airports would rise during the future annual period.

The record evidence before us could lead to a number of conclusions regarding passenger trends. On the one hand, the recent months show a decline at Washington National and show that there is an increase in the number of passengers at Dulles, albeit a gradual one. On the other hand, testimony from an employee of the Federal Aviation Administration, whose responsibility is the projection of passenger trends at both airports, is that the FAA believes that an upward trend at both airports is likely, even in the light of the current decline at Washington National. The overall trend during the last few years, as demonstrated in a staff exhibit, has been upward, with a few short periods of leveling or declining activity.

Some of the recent decline has been the result of such temporary occurrences as the air traffic controller slow-down in April 1970, and airline work stoppages. Some of it is apparently due to a decline in the economy which undoubtedly will have a longer-term impact. Thus, we are presented with indications of trend which are conflicting. There is undoubtedly some adjustment in the level of airport patronage taking place, but it is extremely difficult at this point to determine with any degree of certainty whether the adjustment will be upward or downward. In these circumstances, we believe that the surest and fairest projection, from the standpoint of both the ratepayer and the applicant, is to project expenses and revenues on the basis of a level trend.

The next item on which there was some disagreement, which bears on the question of revenues in the future annual period, is the question of whether, and in what degree, a passenger resistance to higher fares will develop. The revenue figures presented by the applicant did not take into account any resistance, although applicant argued that resistance would likely occur. The staff recommendation was that a factor of .1 percent resistance for every 1 percent increase in the fare be applied in determining the number of passengers for the future annual period. This recommendation was based on the experience of resistance subsequent to the increase in taxicab fares in 1965, and the experience with the interim increase in taxicab fares in the summer of 1970.

Counsel for the Taxicab Industry Group suggested that no resistance should be anticipated because, in his view, parking rates are such that patrons of public airport transportation are not likely to resort to private automobiles as an alternative to paying higher fares.

Our experience in airport cases, as well as in other public transportation rate cases that have come before us, is that inevitably there will be some resistance whenever the fare is increased. Even if parking rates were high there are, after all, ways of using private transportation which do not involve parking at the airport. Thus, whatever the level of parking rates, some people might very well be diverted to private transportation by an increase in public transportation fares. We do believe, however, that resistance to the increase in fares for airport transportation will be somewhat less than that experienced in city bus operations. We therefore believe that the level of resistance recommended by the staff is a reasonable one and we will adopt it.

2. Expenses

Several items of expense are in dispute.

The applicant projected its employee expenses for the future annual period on the basis of the number of people in its employ as of August 1970. However, in July 1970, in an effort to minimize the substantial losses it was experiencing, Airport Service had carried out a reduction in its employee force. At the hearings, the staff took the position that Airport Service could not dependably provide the level of service currently scheduled if it continued its work force at the reduced levels, and the company agreed. The employee cost projections of the staff are based on the number of employees at the July level on the assumption that if the company is granted a fare increase, it will restore its dispatcher, driver and mechanic forces to the July level. We believe that the evidence shows that it is essential for the company to restore its labor force in those categories to the July levels and, therefore, we will project employee expenses at those levels.

We will project vehicle expenses on the basis of the service currently scheduled. This is a reduction from the number of miles operated during the historical period, but the reduction has occurred as a result of the elimination of some service which was poorly patronized and the elimination of coach service at Washington National. Airport Service does not anticipate those services will be reinstated.

Another item that was treated differently by the applicant and the staff was income tax expense. The applicant projected an expense of $248,000 for income taxes on anticipated income for the future annual period. The staff, on the other hand, included no income tax expense in its projections since the tax loss carry over provision of the Internal Revenue Code will relieve the applicant of the necessity to pay any income tax on income received in the future annual period. The applicant admits that it will not actually be required to pay any income tax, but argues that unless we include the fictional tax payment as an item of expense for rate-making purposes, Airport Service will never be able to make up losses it has experienced in the time since it undertook to provide ground transportation to and from the FAA-operated area airports.

Unless it can be shown that an item of expense must be borne by the applicant, we will not include it as an expense to be borne by the ratepayer. Thus, it has been the policy of this Commission to allow as an expense for rate-making purposes only those tax expenses which will actually be incurred. That the applicant has suffered losses in the past, is no basis for establishing an inflated rate for the future. This concept is well established in rate-making law, and we see no reason why it does not have sound application in this case. Therefore, we will include no expense for income taxes for the future annual period.

The next disputed item is the proposed sedan service. This service is a new door-to-door service which will use vehicles larger than taxicabs but smaller than the current limousines. The fare to be charged will be less than the taxi fare but more than the limousine fare. The applicant is by contract committed to provide the service. The FAA apparently believes that it will fill a gap in the existing scheme of airport transportation services.

The dispute with respect to the sedan service arises from the fact that it has not yet been instituted, and will not be, until new revenues are generated. Protestant Taxicab Industry Group contended that the timing of the institution of the new service and the expense and revenue results are too conjectural to be taken into consideration by the Commission in this proceeding, and urged that it be ignored in establishing new rates. While the applicant's testimony shows that it anticipated the new service would be inaugurated on November 1, 1970, from

Dulles Airport, and on approximately January 1, 1971, from Washington National Airport, it submitted cost data only with respect to the operation at Dulles. Likewise, the staff presentation did not anticipate expenses for the service at Washington National.

We cannot agree with protestant that we should ignore the preposed sedan service in attempting to anticipate the results of the company's operations during the future annual period. It is quite apparent that the FAA is, and has been, pressing for the institution of this service, particularly at Dulles, and the applicant therefore believes that it will be required to institute that service as soon as it is authorized a new fare level. However, we agree that the timing, and even the institution, of sedan service at Washington National appears too conjectural at this point. We will, therefore, consider projections for the new sedan service to be provided from Dulles only.

It will be noted that November 1, 1970, the date proposed for the inauguration of the sedan service at Dulles, has already passed and the sedan service has not yet begun. Testimony from the applicant indicates that this service will be inaugurated within two weeks of the date of the authorization of a new rate structure for Airport Service. We expect that the new service will start two weeks from the date of this order. And while our projections for the future annual period include the revenues and expenses for the sedan service for a full ten months, and obviously that service will be operated somewhat less than that, we will let those expense projections stand. The results of providing the sedan service for the period between November 1, 1970, and its actual inauguration two weeks from now, are _de minimis_ when viewed against the company's total operations. Further, inasmuch as there is no experience against which to test the projections for the sedan service, we have no confidence that those projections can be made more accurate even by adjusting them for the short period that the service will not be operated.

The next item of expense which caused a difference of opinion as to how it should be treated, is the franchise fee charged by the FAA to the Airport Service for the privilege of providing transportation services to the two area airports. Airport Service is required to pay to FAA 10 percent of its gross operating revenues. The Taxicab Industry Group argued that the franchise fee should be treated as a below-the-line expense to be paid only if the company makes a profit.

The question raised by the Taxicab Industry Group breaks down into three elements: (1) Is Airport Service obligated to pay the franchise fee? The answer is clearly yes, given the contract between FAA and Airport Service. (2) Is the FAA empowered to impose the obligation? Again, the answer is a clear yes. (3) Is the imposition of the additional cost of the franchise fee on the ratepayer a wise policy? Here we have serious doubts. Throughout this proceeding, the applicant has repeatedly emphasized its obligation to pay the franchise fee as special justification for the rates that it is seeking, rates which are generally higher than the rates for comparable transportation services in the area. We are, of course, aware that the airport operator must generate revenues to finance the operations of the airport itself, and that commonly is done partly through exacting fees from concessionaires at the airport. In normal times and circumstances, we might not question passing that concession fee on to the patrons of Airport Service. However, public transportation is becoming increasingly difficult to sustain, largely due to steeply increasing fares. In these circumstances, it seems to us that the better course may be to reduce, perhaps eliminate, the franchise fee charged to Airport Service, which, of necessity, must be returned to it through rates collected from the public. We would hope that the FAA would give the most careful consideration to the possibility of reducing or eliminating this item of expense for the airport concessionaire. However, until the fee is eliminated, we must consider it as a legitimate operating expense. Hence, we will include the amount of $713,785 in our expense projection for the franchise fee.

The next matter of controversy concerns insurance costs. The company and staff projections allocated the costs of insurance among the taxicab, limousine and coach services on the basis of the mileages to be operated in those respective services. The Taxicab Industry Group questioned the validity of allocating insurance costs on the basis of mileage on the ground that the mileage basis may not properly reflect costs, considering the different size of vehicles used in the three services and their varying passenger capacities.

It appeared to us that the elements which the Taxicab Industry Group wished to have considered were, to some degree, reflected in revenues and passengers. Therefore, we asked the staff to compute the allocation using these bases. The following table shows the allocation based on the number of miles, number of passengers and revenues:

	Mileage Allocation	Passenger Allocation	Revenue Allocation
Coach Service	$ 45,408	$ 67,553	$ 70,520
Limousine & Sedan	107,156	119,884	106,640
Taxicabs	277,436	242,563	252,840
TOTALS	$430,000	$430,000	$430,000

The different bases result in some difference in allocation of costs. However, this difference does not shift expenses enough to warrant realigning the fares among the various services. Furthermore, we consider that the mileage basis provides the most accurate reflection of exposure. All of these things considered, we will adopt the allocation of insurance costs utilized by both staff and company.

Another question relating to insurance is one raised by the fact that Airport Service purchases its public liability insurance from Greyhound Lines, Inc., a subsidiary of the Greyhound Corporation, the parent of Airport Service. In Order No. 1069 we concluded that the fact that the insurance carrier for Airport Service is an affiliated company, places a special burden on Airport Service to demonstrate that its insurance costs would be no greater if it had placed its insurance with a carrier not affiliated with it. Prior to the issuance of Order No. 1069, that burden had not been met and for that reason we disallowed the company-projected increase in insurance costs for purposes of determining the level of the interim taxicab fare increase.

In the hearings held subsequent to Order No. 1069, the applicant submitted the testimony of the director of insurance for Greyhound Lines, Inc., who provided detailed information regarding the basis upon which the insurance cost to Airport Service is assessed. The applicant also presented testimony of an independent insurance broker who had attempted, unsuccessfully, to place this insurance with an underwriter not associated with Airport Service. Of the three major underwriters he contacted, only one indicated any interest in providing insurance to Airport Service and that one indicated it would charge a premium substantially in excess of that which the applicant pays to its affiliate for insurance coverage. The Taxicab Industry Group characterized this presentation as "worthless," but offered no evidence of its own to refute the testimony of the Airport Service witness. Thus, we have before us convincing and unrebutted testimony supporting the reasonableness of Airport Service insurance costs for insurance purchased from its affiliate. We consider that Airport Service has satisfied the requirement we placed on it in Order No. 1069 to show the reasonableness of those costs.

Another cost item which varied in the staff and company presentations was the cost of vehicle parts. Again, in Order No. 1069, we disallowed a percentage increase in parts cost projected by the applicant because we did not feel that a sufficient showing had been made to justify the increase projected. At that time, the company was projecting an increase of 25 percent for taxicab parts for the future annual period. In its application for increases in its limousine and coach rates, the applicant projected increased costs of 10 percent for parts and when the staff refused to recognize that increase because again it was undocumented, the applicant offered to prove an increase of 5 percent. The applicant has the burden of justifying the level of expense incurred during the rate year. Not only has the applicant again failed to carry that burden by providing record evidence of the increase it projects, but it seems to us that the fact that it has spoken of a variety of percentages of increase, ranging from 5 percent to 25 percent, indicates that it does not have a very firm grasp on what amount, if any, parts costs will increase during the future annual period. Hence, because of this failure of proof, we will disallow any increase.

The next item of expense in dispute is the cost to be incurred by the company to provide welfare benefits to its employees. The company projected those costs on the basis of a participation by 75 percent of its employees in the welfare program. Staff investigation revealed that considerably less than 75 percent actually participate in the program. The staff therefore presented costs figures based on the actual number of employees signed up as of the date of the staff testimony, plus some additional employees to be taken on through December 1, 1970, who had indicated an interest in participating in the program. Inasmuch as the company has not demonstrated that its projection as to the level of employees participating in the welfare program will be realized, and particularly in light of the figures developed by the staff, we will accept the staff's expense projections on this item.

A further item on which the applicant and staff took differing views was the allocation of costs of dispatchers among the limousine, coach and taxi services. The applicant followed a formula for the allocation of dispatcher costs developed several years ago. No real attempt has been made by the applicant to test the validity of that formula since. The staff, on the other hand, did a time and motion study of the platform dispatchers at Washington National and Dulles, interviewed the inside dispatchers at the airport, and then on the assumption that the dispatchers at the downtown hotels and terminals dispatch exclusively limousine passengers, concluded that the allocation of dispatchers' wages should be 49 percent for taxicabs, 34 percent for limousines and 17 percent for coaches. We will adopt the staff's allocations.

A final item of expense for which different treatment was urged, was the cost of the operation of the terminal at 12th and K Streets, N. W. The company had projected an across-the-board 10 percent increase in the cost of operating that terminal during the future annual period, as compared with the cost during the historical period. Part of that increase was said to be due to an anticipated increase in the rental cost. However, staff examination disclosed that the lease contains no provision for increased rent during the future annual period. Because that item and other aspects of the alleged 10 percent increase were unsubstantiated, the staff did not include the increase in its projections. We will adopt the staff projections in lieu of the applicant's.

These then are our conclusions with respect to disputed matters in calculating revenues and expenses for the future annual period. Based on those conclusions, the following will be the operating results to Airport Service for the future annual period if no fare increase is granted.

TABLE II

GREYHOUND AIRPORT SERVICE, INC.
Future Annual Period Ending 8/31/71
Present Fares (A)

OPERATING STATEMENTS

	Combined	Coach	Limousine and Sedan	Taxicab
Operating Revenue:				
Regular Service	$6,168,355	$ 983,297	$1,399,114	$3,785,944
Charter	68,300	22,000	46,300	
Total Operating Revenue	$6,236,655	$1,005,297	$1,445,414	$3,785,944
Operating Revenue Deductions:				
Operating Expenses	$5,419,979	$ 847,816	$1,407,455	$3,164,708
Taxes, Other than Income Taxes	251,564	26,062	62,161	163,341
Depreciation	505,000	100,700	93,500	310,800
Franchise Fee	623,665	100,529	144,542	378,594
Income Taxes	-0-	-0-	-0-	-0-
Total Operating Revenue Deductions	$6,800,208	$1,075,107	$1,707,658	$4,017,443
Net Operating Income (Loss)	$(563,553)	$(69,810)	$(262,244)	$(231,499)
Operating Ratio	109.04%	106.94%	118.14%	106.11%
Rate of Return (Deficit) on Operating Revenue	(9.04%)	(6.94%)	(18.14%)	(6.11%)

(A) Eliminates Coach Service at Washington National Airport during Future Annual Period and Sedan Service at Washington National Airport during Future Annual Period. Limousine revenue includes group rides in taxicab vehicles.

C. Revenues and Expenses - Under Fares Proposed by the Applicant

The following are the financial results projected under the company's proposed fare structure.

TABLE III

GREYHOUND AIRPORT SERVICE, INC.
Future Annual Period Ending 8/31/71
Proposed Fares (A)

OPERATING STATEMENTS

	Combined	Coach	Limousine and Sedan	Taxicab
Operating Revenue:				
Regular Service	$7,069,547	$1,148,132	$1,724,125	$4,197,290
Charter	68,300	22,000	46,300	
Total Operating Revenue	7,137,847	1,170,132	1,770,425	4,197,290
Operating Revenue Deductions:				
Operating Expenses	5,389,007	850,177	1,388,435	3,150,395
Taxes, Other than Income Taxes	251,564	26,565	62,690	162,309
Depreciation	505,000	100,700	93,500	310,800
Franchise Fee	713,785	117,013	177,043	419,729
Income Taxes	-0-	-0-	-0-	-0-
Total Operating Revenue Deductions	6,859,356	1,094,455	1,721,668	4,043,233
Net Operating Income	$ 278,491	$ 75,677	$ 48,757	$ 154,057
Operating Ratio	96.10%	93.53%	97.25%	96.33%
Rate of Return on Operating Revenue	3.90%	6.47%	2.75%	3.67%

(A) Eliminates Sedan Service at Washington National Airport during Future Annual Period and diverts passengers to Limousine Service.

Certain aspects of the design of this rate structure, and the financial results that flow from it, require discussion.

At the hearing, some attention was given to the question whether the return to be allowed should be at an equal rate for each type of service provided. There is some disparity between the rates of return under the proposed fares as shown by Table III above. While we do not consider that there is any necessity for rates of return to be identical for the three classes of service, we believe that the fact that the return on coach operations is considerably higher than the rates of return for the taxicab and limousine operations requires some justification. We believe that justification exists, first, in the fact the coach operation is by far the smallest dollar generator for Airport Service, and, therefore, varying the rate of return on the coach operation, even greatly, will not produce greatly varied dollar amounts of return. Second, the return indicated for coach operation does not exceed the 6 1/2 percent level which the Compact indicates is not an unreasonable return on gross operating revenues. Therefore, we believe that the level of return indicated for the coach operation, compared to the return indicated for the other services provided by Airport Service, and measured by the standard set out in the statute, is not unreasonable.

Another aspect of the fare structure which requires our attention is the matter of the zone system proposed for motor coach and limousine service. The taxicabs will continue to charge on a metered basis as they now do. At present, Airport Service uses a zone system for limousine service to and from Washington National Airport only. Those zones are the same as used by District of Columbia taxicabs. The company now proposes to establish a zone system for limousine and coach operations to and from Dulles and to alter the zone system for Washington National limousine operations. The proposed zones were constructed on the basis of concentric circles approximately two miles apart, using the 14th Street Bridge at its intersection with Ohio Drive as the central point for the construction of zones for Washington National Airport, and using the intersection of the Dulles Airport Access Road and the Beltway as the central point for the construction of zones for Dulles Airport. Actual boundaries are drawn along major highways or identifiable natural boundaries which roughly follow the concentric circles.

The staff witness concurred in the proposal to establish new zones, but recommended that the company's proposal be amended by moving the entire area of Southeast Washington between the Anacostia River and the Maryland-District of Columbia line, from the proposed Zone 2 to Zone 3. The staff further recommended that Zone 4 terminate at the District of Columbia line and Zone 5 include that area of Maryland lying between the Beltway and District of Columbia line. This, in the staff's view, would provide more identifiable zone boundaries than those contained in the company's proposal. The company indicated that it would not object to the changes recommended by the staff. The patronage of Airport Service in these areas is relatively minor and the shifting of the zone lines will not significantly affect projections.

We believe that the proposal for establishment of zones for Dulles and realignment of zones for Washington National will, as the applicant states, provide a more equitable basis for assessing limousine and coach fares to airport passengers than the existing system. The amendments to the zone systems proposed by the staff seem to us to have merit. Therefore, we will authorize the institution of the new zone system, incorporating the amendments proposed by the staff.

Our findings with respect to the fares proposed by the applicant are that they will produce revenues which will enable the company to cover expenses and realize an adequate profit. We will authorize the basic fares as proposed.

However, there remains the matter of the proposed baggage-handling charge of 25 cents per bag, 50 cents minimum, for baggage removed by the driver from curbside. The staff witness indicated that a baggage-handling charge is in effect in Baltimore and stated that he believed the 25-cent charge to be a reasonable one. We will authorize the 25-cents-per-bag charge, but we see absolutely no justification for a minimum charge of 50 cents. Furthermore, the applicant will be required to take steps to inform its patrons in a clear fashion that the baggage-handling charge will be assessed in those cases where the bag is carried away from the curbside. We will require that a sign be placed in each vehicle, clearly visible to each passenger, informing him of the baggage-handling charge. If it comes to our attention that the charge is being exacted in circumstances other than we have authorized, we will withdraw our authorization.

Before concluding, we want to express our concern with the high level of fares that we have here found it necessary to authorize. There is no question but that the financial results that are shown in the record, and which are set out in the preceding tables, demonstrate the increases authorized are justified in terms of revenue requirements to meet expenses for the services provided. But we believe that a $3.50 "economy" fare at Dulles Airport, and the taxicab fare of $1.00 for the first mile and 60 cents for each additional mile, are fares which are pushing against the upper limits of reasonableness when viewed from the standpoint of value of service.

We urge, most seriously, that the FAA, which has the most important element of control over the service provided at the airports and, hence, the costs involved, closely reexamine its policies in this regard. Perhaps there are new approaches or adjustments in service which could be made which would bring about a more desirable fare situation. We intend to bring this problem directly to FAA's attention by sending this order to them and discussing the problem with them if they so desire.

<u>FINDINGS OF FACT</u>

We have stated our findings of fact on the issues in the proceeding in our discussion hereinbefore.

CONCLUSION OF LAW

The Commission concludes as a matter of law:

1. That the present fare structure of applicant is unjust and unreasonable in that it will not produce sufficient revenues in the future to enable the carrier to meet operating expenses and earn a reasonable return.

2. That the Commission under the applicable law, including the Compact, is required to prescribe a lawful fare whenever existing fares are found to be unjust and unreasonable.

3. That the fares authorized by this order are just and reasonable. They are not unduly preferential nor unduly discriminatory either between riders or sections of the Metropolitan District, and they are necessary to enable this carrier, under honest, economical, and efficient management, to provide an adequate and efficient transportation service. They provide the means whereby this carrier may provide an adequate and efficient transportation service at the lowest cost consistent with the furnishing of such service, while affording it the opportunity of earning that return which we have found is necessary to make it an attractive investment to private investors.

THEREFORE, IT IS ORDERED:

1. That authority to charge the taxicab fares proposed by Greyhound Airport Service, Inc. of Virginia, in its Application No. 620, filed April 16, 1970, as set out in Appendix A attached hereto, be, and is hereby, granted, effective at or after 12:01 A.M., Sunday, November 22, 1970, except that the charge for handling baggage shall not include a minimum charge.

2. That authority to charge the fares contained in W.M.A.T.C. Tariff No. 12 of Greyhound Airport Service, Inc., for economy airport service and sedan service, filed July 13, 1970, be, and is hereby, granted; except that (a) the charge for handling baggage shall not include a minimum charge, (b) charges for sedan service to and from Washington National Airport are not approved, and (c) fares for economy service to and from Washington National Airport are approved in the amended form set out in Appendix B attached hereto. Greyhound Airport Service, Inc. is authorized to file appropriate revisions to Tariff No. 12 on or before November 20, 1970, to become effective at or after 12:01 A.M., Sunday, November 22, 1970.

3. That Greyhound Airport Service, Inc. of Virginia shall post in each of its vehicles, conspicuous to all passengers, notice of the baggage-handling charge, which notice shall clearly state that the charge will be imposed only when baggage is carried by the driver beyond the curbside.

BY DIRECTION OF THE COMMISSION:

GEORGE A. AVERY
Chairman

GREYHOUND AIRPORT SERVICE INC.
(Service Other Than Taxicab)

Washington National Airport

	Present	Proposed	Authorized
A) Economy Service			
Zone W-1	1.35	1.75	1.75
W-2	1.75	2.25	2.25
W-3	2.05	2.75	2.75
W-4	2.55	3.25	3.25
W-5	2.50	3.75	3.75
W-6	3.50	4.25	4.25
B) Sedan Service			
Zone W-1	None	--	None
W-2		3.00	
W-3		4.00	
W-4		5.00	
W-P.G.		5.50	
W-5		6.00	
W-6		7.00	
Beyond Zone W-6		.50 (per mile)	

Dulles International Airport

	Present	Proposed	Authorized
A) Economy Service			
Zone D-3	--	3.00	3.00
D-4	2.75	3.25	3.25
D-5	2.50	3.50	3.50
D-6	2.65	3.75	3.75
D-7	--	4.00	4.00
B) Sedan Service			
Zone D-3	6.50	6.00	6.00
D-4	6.50	6.50	6.50
D-5	6.50	7.00	7.00
D-6	7.00	7.50	7.50
D-7	7.00	8.00	8.00
D-8	9.00	8.50	8.50
Beyond Zone D-8	.50 (per mile)	.50 (per mile)	.50 (per mile)

GREYHOUND AIRPORT SERVICE INC. OF VIRGINIA

(Taxicab Service)

	Present	Proposed	Authorized
Initial Drop	* .60 1st mile	.60 1st 1/3 mile	.60 1st 1/3 mile
Rate After Initial Drop	.25 ea. 1/2 mile	.20 ea. 1/3 mile	.20 ea. 1/3 mile
Waiting Time	.25 ea. 3 minutes	.20 ea. 2 minutes	.20 ea. 2 minutes
Extra Passenger	.60 ea.	.60 ea.	.60 ea.
Special Service charge (baggage handling)	None	.25 per bag .50 minimum	**.25 per bag

* Does not include 30¢ interim increase effective August 3, 1970, (.90 first mile).

** Only applies when baggage is carried beyond curbside by the driver.

ZONE BOUNDARY LIMITS
FOR WASHINGTON NATIONAL AIRPORT

ZONE W-1: The outer boundaries of Zone W-1 are as specified below:

From the Potomac River North up Rock Creek to K Street, N. W.
Right on K Street to Washington Circle.
North on New Hampshire Avenue to M Street, N. W.
Right on M Street to Thomas Circle.
Right on Massachusetts Avenue to Third Street, N. E.
Right on Third Street to Washington Navy Yard and a direct line South to Potomac River.

ZONE W-2: The outer boundaries of Zone W-2 are as specified below:

From the Potomac River due North on the Eastern Boundary of Georgetown University to 37th and Reservoir Road.
Continue North on 37th to Woodley Street.
Right on Woodley Street to Klingle Road.
Continue on Klingle to Piney Branch Road.
Continue on Piney Branch Road to Spring Road.
Continue on Spring Road to Princeton Place.
Continue on Princeton Place to Park Place.
Right on Park Place to Irving Street.
Left on Irving Street to 4th Street, N. E.
Right on 4th Street to Franklin Street.
Left on Franklin Street to 14th Street, N. E.
Right on 14th Street to Montana Avenue.
Continue on Montana Avenue to Bladensburg Road.
Right on Bladensburg Road to M Street, N. E.
Left on M Street to Anacostia River.
South on Anacostia River Bank to Potomac River.

ZONE W-3: The outer boundaries of Zone W-3 are as specified below:

Intersection of Northwest D. C. Boundary with Potomac River.
Northeast on District Line to Military Road.
Right on Military Road to Missouri Avenue.
Continue on Missouri Avenue to Riggs Road.
Continue on Riggs Road to District Line.
Follow District Line Southeast to corner, then Southwest on District Line to Potomac River.

ZONE W-4: The outer boundaries of Zone W-4 are as specified below:

Intersection of District Line with Military Road.
Northeast on District Line to corner, then Southeast to Riggs Road.

ZONE W-5: The outer boundaries of Zone W-5 are as specified below:

Beginning at Cabin John Bridge follow Route I-495 North and East to the Montgomery County-Prince Georges County Line.
Southwest on Montgomery County-Prince Georges County Line to the District Line.

ZONE W-6: The outer boundaries of Zone W-6 are as specified below:

From the Potomac River due North to the junction of Falls Road and MacArthur Boulevard.
Continue on Falls Road (Md. Rt. 189) to Tuckerman Lane.
Right on Tuckerman Lane to Postoak Road.
Left on Postoak Road to Seven Locks Road.
Left on Seven Locks Road to Montrose Road.
Right on Montrose Road to Randolph Road.
Continue on Randolph Road to Cherry Hill Road.
Continue on Cherry Hill Road to Montgomery County-Prince Georges County Line.
Southwest on Montgomery County-Prince Georges County Line to I-495.