WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1193

IN THE MATTER OF: Served January 21, 1972

Application of D. C. Transit System, Inc., for Authority to Increase Fares.	)))	Application No. 752 Docket No. 241

On December 28, 1971, D. C. Transit System, Inc. (Transit) filed revisions to its Tariffs Nos. 41 and 45 to be effective January 27, 1972. Transit's revised tariffs, which have been designated Application No. 752, propose increased fares for its regular route operations in the District of Columbia and suburban Maryland.

Under the Compact, the Commission has until January 27, 1972, to suspend the new tariffs. In the meantime, we shall establish the hearing dates for the initial stage of this proceeding which is the presentation of Transit's direct case and the cross examination of Transit's witnesses by other parties.[1] We shall schedule these hearings for February 17 and 18, 1972. We shall expect all parties to be prepared to begin their cross examination on February 17. The Commission staff shall cross examine first and shall be followed by the other parties, the order to be determined by the time of filing of the protests. If this stage has not been completed by February 18, all parties are on notice that the Commission will immediately schedule additional hearings to be held as soon as possible after February 18. After the completion of Transit's case, we intend to set additional hearings to receive the direct case of the staff and of the other parties.

1/ On December 30, 1971, protestant, the Black United Front (BUF) filed a motion requesting the Commission to stay hearings or any other proceedings related to this application. On January 12, 1972, Transit filed its answer to the above motion and on January 20, 1972, BUF filed a reply to Transit's answer. We have carefully examined each of these documents and we shall deny BUF's motion for a stay of hearings or other proceedings related to this application. As regards other matters raised by BUF in its reply to Transit's answer, we shall not pass on them until after other parties have had an opportunity to file answers in response to them.

We believe that two aspects of this case require further comment. First, Transit has included no information on how the proposed fares conform with the President's Economic Stabilization Program. In order for the Commission properly to fulfill its responsibility in this regard, it is incumbent upon Transit to supply to us the necessary documentation showing how the proposed increase is consistent with the guidelines and regulations established by the Cost of Living Council and the Price Commission. We shall therefore expect such documentation to be submitted.

Secondly, we note that the tariffs as filed do not contain any changes in the fare zone structure in Maryland, but are restricted to a change of rates using the existing fare zones. In Order No. 1101, which contained the Commission's decision on A. B. & W. Transit Company's most recent request for a fare increase (Docket No. 221), the Commission adopted a new fare zone structure for A. B. & W. Similarly in Order No. 1127, which contained the Commission's decision in WMA Transit Company's request for authority to increase fares (Docket No. 222), the Commission adopted a new fare zone structure for WMA. In both cases, the fare zones were changed from a system of route-by-route zoning based on route miles to a system which divides the area into a few clearly defined zones. In the case of W. V. & M. Coach Company, the Commission examined the fare zones (in Docket No. 208) and chose to retain the existing fare zone system with a few minor modiciations. W. V. & M.'s zones at the time were already on an area basis.

This leaves Transit as the only major carrier whose suburban zone system has not been subjected to thorough scrutiny during the past few years. While the remand of Payne v. WMATC (Docket 131-R) was under active consideration, it seemed inappropriate to undertake any sort of fare zone examination in the context of a rate case. The proceedings in Docket No. 131-R have since been concluded. Specifically, the Commission, in Order No. 1147, issued June 11, 1971, found that the relative revenues achieved with the basic fare design of Transit as between interstate, intra-Maryland and intra-D.C. riders was not unduly preferential nor unduly discriminatory.

The Commission further found that "The adoption of intra-D. C. fare zones at this time would not be advantageous." In view of these findings, as well as the Commission's actions regarding the other three transit operators, it now becomes appropriate to investigate whether changes should be made to the fare zone structure used to set rates for intra-Maryland and interstate riders on Transit.

We prefer that fare zone realignments be done in the context of a rate case because, as a matter of convenience to the public, changes in the fare zone structure, if any, should be made at the same time as changes in the rate structure. In that way, the public must adjust to only one change in fares and the company will receive neither benefit nor harm from changes in the rate structure outside of the rate case.

As a decision on Application No. 752 must, of statutory necessity, be made within a few months, and this study will require an intensive effort in a short period of time, we will order Transit immediately to hire a qualified professional consultant to perform a study of its Maryland fare zones and fare zone structure and to determine what improvements can be made in them at this time. The Commission staff, of course, will be available to provide all possible guidance to the consultant in his preparation of such study. In performing the study, the consultant should attempt to redesign the fare zone structure considering the distribution of costs equitably among the users as well as the relative value of the service to the various users. Factors such as communities of similar interest and simplicity in administration should also be considered, and particular reference should be made to our decisions in Dockets No. 131-R, 208, 221 and 222.[2/] Any proposals for new fare zones should include proposed fares to be charged in conjunction with the new fare zone structure and complete information concerning effects of the proposed changes on total ridership and revenues. In addition, an analysis of the effects of the proposed fare zone structure on persons riding at existing fares should be undertaken. This should include, at a minimum, a determination of the relative number of riders by existing and proposed zone, at existing and proposed fare levels.

2/ See respectively Commission Order Nos. 1147, 1037, 1101, and 1127.

THEREFORE, IT IS ORDERED:

1. That Application No. 752 of D. C. Transit System, Inc. be, and it is hereby, scheduled for public hearing to commence on February 17, 1972, at 10:00 A. M., in Hearing Room "C" of the Interstate Commerce Commission, 12th Street and Constitution Avenue, N. W., Washington, D. C.

2. That applicant post notice of such hearings in all of its buses no later than Monday, January 24, 1972.

3. That applicant publish notice of these hearings in a newspaper of general circulation in the Metropolitan District on January 23 and 24, 1972.

4. That D. C. Transit System, Inc. engage a consultant to prepare by March 31, 1972, a study of its Maryland fare zone structure which shall include recommendations of whatever alternatives appear appropriate.

5. That the choice of consultant and the methodology to be used in the study be submitted by applicant to and approved in writing by the Commission staff.

6. That BUF's motion to stay hearings or any other proceedings related to this application, filed December 30, 1971, be, and it is hereby, denied.

BY DIRECTION OF THE COMMISSION:

JEREMIAH C. WATERMAN
Chairman