

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1199

IN THE MATTER OF:

Served February 10, 1972

D. C. Transit System,)
Inc., Bus Purchase)
Program.)

In Order No. 1052, issued June 26, 1970, we ordered D. C. Transit System, Inc. (Transit) to escrow funds to provide down payments for the purchase of 85 buses. As of December 16, 1971, those buses had not been ordered, and we issued Order No. 1188 instituting a formal investigation of the company's failure to acquire the buses. As a first step, we ordered Transit to submit, in writing, a full explanation of its failure to purchase buses as required by Order No. 1052 with documentation to support that explanation.

On December 29, 1971, Transit submitted a letter in which it stated that it had been unable to secure bus-purchase financing through the normal commercial channels and had been unable to secure the sponsorship of the Washington Metropolitan Area Transit Authority for a loan for the purchase of the new buses. The reason for its inability to secure commercial financing, Transit asserts, is that actual revenues have fallen short of those anticipated by Order No. 1052.

Transit says that it "has been advised that when and at such time as its cash flow position is such that the financiers can readily determine that the company is in a position to meet its financial commitments, they would be more than willing to discuss the financing of new equipment."

We are concerned with the implications of this situation wherein the major mass transit operator in the Washington area is unable to continue a program of replenishment of its bus

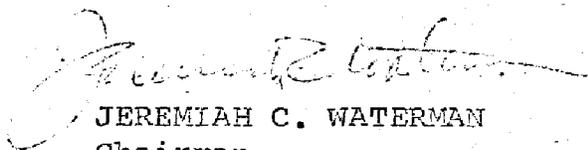
fleet. We are particularly concerned that this should occur in the period immediately following a substantial increase in fares. Therefore, we will direct our staff to secure the services of a qualified financial consultant to advise what financial steps should be taken by the company management to allow this company to develop adequate cash flow and financial stability, which in turn will permit the company to continue to purchase rolling stock and other items essential in the conduct of a mass transit business. The expenses of this investigation will be assessed against the company pursuant to Article XII, Section 19(a) of the Compact.

THEREFORE, IT IS ORDERED:

1. That the staff hire a consultant to perform a financial analysis of D. C. Transit System, Inc. and to make recommendations as to the financing required to give Transit necessary financial stability.

2. That D. C. Transit System, Inc., be, and it is hereby, assessed \$12,000 which it is directed to deposit in the name and to the credit of the Washington Metropolitan Area Transit Commission in the American Security and Trust Company, 1612 K Street, N. W., Washington, D. C., on or before February 24, 1972.

BY DIRECTION OF THE COMMISSION:


JEREMIAH C. WATERMAN
Chairman

SULLIVAN, Commissioner, not participating.