

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1310

IN THE MATTER OF:

Application of BLUE LINES, INC., ) Served March 18, 1974  
for Authority to Increase Com- )  
muter Fares. ) Application No. 829  
)  
) Docket No. 260

On February 20, 1974, Blue Lines, Inc., filed a proposed modification to its current tariff which would increase the charge for a weekly pass from \$8.25 to \$12.00, effective March 25, 1974. The weekly pass is used for unlimited bus transportation during the week issued. The weekly pass provision pertains to that portion of Certificate of Public Convenience and Necessity No. 10 which authorizes regular-route operations by bus from points within the District of Columbia to points within Montgomery County, Md., and from points within Montgomery County, Md., to points within the District of Columbia. 1/

Blue Lines submitted the following exhibits:

- (1) statement of gross revenue derived from the Montgomery Village operation during the period January 1973 through December 1973;
- (2) itemized statement of total operating expenses during 1973;
- (3) statement of operating expenses to be allocated to the Montgomery Village operation;

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1/ This operation will be referenced herein as the Montgomery Village operation after the primary passenger source.

- (4) estimate of the increase in operating expenses attributable to the Montgomery Village operation which would occur during 1974;
- (5) cost and revenue statement for 1973, and a projected cost and revenue statement for 1974, developed under the current rates and under the proposed rates; and
- (6) statement of the number of passengers carried in 1973, including a statement of those using passes and those using one-way fares in December 1973.

The Montgomery Village operation generated revenue of \$26,737.15 during the year 1973. Blue Lines' total operating expenses during the year 1973 were \$116,390.21 before salaries and taxes and \$149,696.84 after salaries and taxes. The portion of total operating expenses allocated to the Montgomery Village operation, and the total operating expenses before salaries and taxes were determined by applying the factor 13.7 percent. <sup>2/</sup> The actual drivers' payroll and 13.7 percent of the total management salaries and 13.7 percent of the total taxes were added to the operating expense allocation in deriving the revenue deductions attributable to the Montgomery Village operation.

The projected revenue deductions for the Montgomery Village operation for 1974 were determined by increasing the operating expenses and driver payroll costs by 10 percent, management salaries by 5 percent, and taxes by 2 percent. The revenue projections for 1974 were based on a 13.7 percent increase in passengers and a 31.25 percent increase in fares. Blue Lines projects a loss of \$7,842.18 in 1974 under its current rates and income of \$1,597.18 under the rates herein proposed.

The primary argument offered by Blue Lines for the requested change is that the cost of performing the service has increased. However, there is no statement of the basis for the alleged

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<sup>2/</sup> According to Blue Lines, the Montgomery Village operation involved 29,966 route miles in 1973, and the total mileage for all operations in the same year was 217,778, or the equivalent of 13.7 percent of the total miles.

increases in the various expense items. Particularly, there is no indication that such items as bus rental expense, radio (two-way) expense, Mt. Vernon Road Tolls expense, and the contract labor expense are properly allocated to the Montgomery Village operation. Furthermore, the record contains no statement or indication that Blue Lines has considered the potential adverse effect on revenues resulting from passenger resistance to the proposed fare increase, or any possible shift to one-way fares because of the increase in the price of the weekly pass.

The Commission is required to consider, among other things, the financial condition of the carrier, its revenue requirements, and whether the carrier is being operated economically and efficiently when deciding whether a proposed tariff should be suspended. See Compact, Title II, Article XII, Section 6(a) (1). Blue Lines' cost and revenue statement for 1973 indicates that it incurred a deficit of \$5,177.71 from its operation of the Montgomery Village service. However, the cost allocation on a line-mile basis is not supported by the record before the Commission. Moreover, Blue Lines' estimates that there will be a 13.7 percent increase in passengers in 1974, but the record contains no justification for such a projected increase. Furthermore, the total projected revenues for 1974 have been increased by the percentage change in the charge for a weekly pass of 31.25 percent in determining the projected revenues. This projection does not consider the fact that the one-way charge would not be modified under the proposal now before the Commission. Based on passengers carried in 1973, it would appear that not all of the revenues to be generated in 1974 would result from the purchase of weekly passes. Considering the foregoing factors, the Commission finds that the record as submitted does not support the proposed tariff modification. Under the provisions of Article XII, Section 6(a)(1) of the Compact, the Commission shall suspend Blue Lines' proposed modification effective March 25, 1974. Further, a public hearing shall be scheduled in order to develop an appropriate record upon which to determine, among other things, whether the proposed modification is just, reasonable and not unduly preferential or unduly discriminatory either between riders or sections of the Metropolitan District.

The Commission shall require that all direct evidence be submitted by Blue Lines in the form of prepared testimony and supporting exhibits on or before Wednesday, April 3, 1974, in

such manner that six (6) copies shall be filed with the Commission and one copy served on each party of record. Copies thereof also shall be provided by Blue Lines to other persons who may indicate a desire to be heard on the proposed modification of the tariff.

THEREFORE, IT IS ORDERED:

1. That the proposed modification to the tariff of Blue Lines, Inc., filed February 20, 1974, be, and it is hereby, suspended effective March 25, 1974, for a period of 90 days (through Sunday, June 23, 1974), unless otherwise ordered.

2. That Application No. 829 of Blue Lines, Inc., be, and it is hereby, scheduled for public hearing to commence Tuesday, April 9, 1974, at 10:00 a.m., in the Hearing Room of the Commission, Room 314, 1625 Eye Street, N. W., Washington, D. C. 20006.

3. That applicant post notice in the form prescribed by the staff of the Commission of this application and hearing in all of its vehicles no later than Wednesday, March 27, 1974.

4. That applicant publish, in the form prescribed by the staff of the Commission, notice of this application and hearing in a newspaper of general circulation in the Metropolitan District no later than Wednesday, March 27, 1974.

5. That six (6) copies of the direct evidence on behalf of Blue Lines, Inc., shall be submitted to the Commission and one copy served on each party of record, not later than Wednesday, April 3, 1974.

6. That any person desiring to be heard on this matter shall notify the Commission, in writing, on or before Wednesday, April 3, 1974, and mail a copy of such notification to Blue Lines, Inc., 2001 New York Avenue, N. E., Washington, D. C. 20002.

BY DIRECTION OF THE COMMISSION:

  
WILLIAM H. MCGILVERY  
Acting Executive Director