

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1325

IN THE MATTER OF:

Application of GREYHOUND AIRPORT) Served May 2, 1974
SERVICE, INC., for Authority to)
Change Tariff) Application No. 827
)
) Docket No. 259

By motion, filed April 26, 1974, counsel for Greyhound Airport Service, Inc., (Greyhound), requests the Commission to amend Order No. 1321, served April 25, 1974, to provide for a fare for service between Washington National Airport (National) and Dulles International Airport (Dulles). Counsel submits that the Commission's failure to discuss Greyhound's proposed increase in fares for service between the airports or to authorize a fare for such service could be interpreted as meaning either that the Commission overlooked that phase of Greyhound's proposed tariff or that the Commission concluded that it lacked jurisdiction over the service and the rates for such service. Order No. 1321 contained no discussion of Greyhound's proposed increase in fares in connection with its service between National and Dulles.

By Order No. 218, served November 14, 1962, the Commission authorized Airport Transport, Inc., (ATI), to transport passengers having a prior or subsequent movement by air and their baggage, over irregular routes, in special operations, between National and Dulles. That order and subsequent orders of the Commission extended ATI's Certificate of Public Convenience and Necessity No. 7 to embrace the transportation of passengers and their baggage, over irregular routes, in special operations, between Dulles and Washington, D. C., between Dulles and Montgomery County, Md., and between Dulles and Prince George's County, Md. See Orders Nos. 225, served December 5, 1962, and 365,

served June 17, 1964. Thus, ATI acquired authority to perform special operations over irregular routes between points in the Metropolitan District and Dulles.

By Order No. 951, served June 4, 1969, the Commission approved Greyhound's purchase of all of the outstanding capital stock of ATI. Subsequent to that order, the Commission amended Certificate of Public Convenience and Necessity No. 7 by changing the words "Airport Transport, Inc." to Greyhound Airport Service, Inc." See Order No. 988, served November 4, 1969. The current certificate of Greyhound embraces the transportation of passengers and their baggage, over irregular routes, in special operations, between National and Dulles. This transportation is subject to the Commission's jurisdiction and properly should have been included in the Commission's Order No. 1321.

Greyhound's proposed WMATC Tariff No. 13, filed February 14, 1974, contained the following fare schedule for service between National and Dulles.

Full Fare	\$ 4.00
Airport Employee	\$ 2.00
Terminal-to-Terminal Baggage	
Transfer for Airlines	\$ 2.00
Unaccompanied Baggage Sent	
By Passenger	\$ 2.50
Cancelled, Diverted or Scrip	
Passengers	\$ 2.50

In Order No. 1321, the Commission found that the proposed WMATC Tariff No. 13, filed February 14, 1974, was unjust or unreasonable and may be unduly discriminatory or unduly preferential between riders or sections of the Metropolitan District. That finding was based in part upon a projection of operating revenue deductions per month in the amount of \$201,934. As indicated in that order, the projected operating revenue deductions did not include an amount for Greyhound's use of facilities on the airports. The Federal Aviation Administration (FAA) and Greyhound have entered an agreement which obligates Greyhound to compensate the FAA for the use of certain facilities on the airports.

In order to determine whether the fare schedule for service between the airports as set forth in the proposed WMATC Tariff No. 13, filed February 14, 1974, is just and reasonable, the Commission believes that the public interest requires consideration of the agreement between the FAA and Greyhound and the Commission shall take administrative notice of its provisions. That agreement provides for a monthly rental of \$1,464. This amount would increase the projected operating revenue deductions per month from \$201,934 to \$203,398. As indicated in Order No. 1321, Greyhound's projected revenue per month under its proposed WMATC Tariff No. 13, filed February 14, 1974, would be \$231,724. Thus, the net operating income per month would be \$28,326 or a rate of return of 12.2 percent. The Commission finds that the fare structure for service between National and Dulles contained in proposed WMATC Tariff No. 13, filed February 14, 1974, would be unjust and unreasonable.

Pursuant to the mandate of the Compact, Title II, Article XII, Section 6(a)(2), the Commission prescribed a new rate structure in Order No. 1321. That rate structure did not include any increase in the fares for service between the airports. The Commission has applied the same principles and rationale set forth in that order in determining that the following fare structure for service between National and Dulles would be reasonable.

Full Fare\$ 3.75
Airport Employee\$ 1.75
Terminal-to-Terminal Baggage	
Transfer for Airlines\$ 1.75
Unaccompanied Baggage Sent By	
Passenger\$ 2.25
Cancelled, Diverted Or Scrip	
Passengers\$ 2.25

This fare structure would increase the projected operating revenues resulting from the rate structure authorized in Order No. 1321 by \$1,987 per month. The projected operating revenues per month would be \$227,359 and the projected operating revenue deductions per month would be \$203,398. The net operating income per month would be \$23,961 or an overall rate of return of 10.5 percent.

The matter of fixing just and reasonable rates involves a balancing of the carrier and the consumer interests. See Compact, Title II, Article XII, Section 6(a)(3). From the carriers point of view, it is important that there be enough revenue not only to cover operating expenses, but also to cover other costs incidental to the conduct of the business and to provide a margin of profit. A cost incidental to Greyhound's operations under its certificate of public convenience and necessity is a concession fee payment to the FAA for the privilege of operating on the airports. The consumer's interest is protected in that the Commission has given consideration to the need in the public interest of adequate and sufficient transportation service by the carrier at the lowest cost consistent with the furnishing of such service.

As previously indicated herein, the net operating revenue per month to be realized by Greyhound is projected as being \$23,961. This amount would be sufficient to meet the concession fee requirement of the agreement between Greyhound and the FAA and provide a reasonable margin of profit to Greyhound. Based on the projected net operating revenue per month set forth herein, Greyhound would be required to pay each month to the FAA the amount of \$4,990 as a concessionaire's payment. Thus, the rate structure authorized in Order No. 1321 and amended herein to embrace the service between National and Dulles would result in a dollar profit per month of \$18,971 or a margin of profit of 8.3 percent.

THEREFORE, IT IS ORDERED:

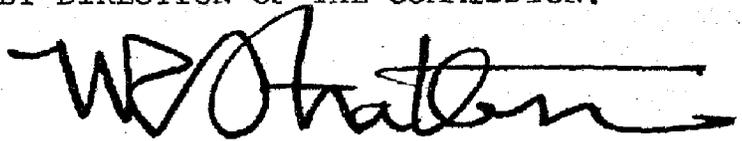
1. That the motion filed April 26, 1974, by counsel for Greyhound Airport Service, Inc., be, and it is hereby, granted.
2. That Order No. 1321, served April 25, 1974, be, and it is hereby, amended by including the discussion hereinbefore.
3. That Greyhound Airport Service, Inc., be, and it is hereby, authorized to file Supplement No. 1 to its WMATC Tariff No. 13 to provide for the following fare structure in Section II, Fares and Charges, Item I, page 5.

FARES BETWEEN WASHINGTON NATIONAL AIRPORT AND
DULLES INTERNATIONAL AIRPORT

Full Fare	\$ 3.75
Airport Employee.	\$ 1.75
Terminal-to-Terminal Baggage Trans- fer for Airlines	\$ 1.75
Unaccompanied Baggage Sent By Passenger	\$ 2.25
Cancelled, Diverted on Scrip Passenger	\$ 2.25

4. That Greyhound Airport Service, Inc., be, and it is hereby, authorized to file Supplement No. 1 to its WMATC Tariff No. 13 as set forth in ordering paragraph 3 hereof to be effective as of the date it is filed.

BY DIRECTION OF THE COMMISSION:



WILLIAM R. STRATTON
Vice-Chairman