

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1365

IN THE MATTER OF:

Application of BLUE LINES,) Served: October 24, 1974
INC., for Authority to) Application No. 845
Increase Commuter Fares) Docket No. 273

By Application No. 845, filed September 23, 1974, Blue Lines, Inc., seeks authority to modify its current WMATC Tariff No. 3, pursuant to Title II, Article XII, Section 5(e) of the Compact. The proposed modification to its current tariff would increase the charge for a weekly pass from \$8.25 to \$12.00, effective October 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 Blue Lines to perform 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/}

In support of its application, Blue Lines submitted the following exhibits:

- (1) Statement of Blue Lines gross revenue derived from the Montgomery Village operation during the 12-month period ending June 30, 1974;
- (2) Itemized statement of Blue Lines total revenue deductions during the 12-month period ending June 30, 1974;
- (3) Statement of the method used to allocate Blue Lines total revenue deductions to the Montgomery Village operation;

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

- (4) Statement of revenues and revenue deductions attributable to the Montgomery Village operation during the 12-month period ending June 30, 1974; and
- (5) Statement of projected revenues and revenue deductions for the 12-month period ending June 30, 1975.

The Montgomery Village operation generated revenue of \$46,667.25 during the 12-month period ending June 30, 1974. Blue Lines total operating expenses during the same period were \$198,648.79 before salaries and taxes and \$292,781.70 after salaries and taxes. The portion of revenue deductions allocated to the Montgomery Village operation was determined by applying the factor 17.5 percent. That factor was stated to be the result of dividing the miles involved in the Montgomery Village operation by the total miles in all operations. However, according to the exhibit filed by Blue Lines, there were 30,122 miles involved in the Montgomery Village operation and 201,876 total miles in all operations. This results in a 14.9 percent factor. The record contains no statement justifying the discrepancy between these percents.

The projected revenue deductions for the Montgomery Village operation for the 12-month period ending June 30, 1975 were determined by increasing the alleged revenue deductions during the historical period by 10 percent. The revenue projections for the future period were based on a 31 percent increase in fares. Relative to the Montgomery Village operation, Blue Lines projects a loss of \$17,768.42 without a fare increase and a loss of \$3,301.57 with the proposed fare increase.

By applying the same method used by Blue Lines in projecting future revenue deductions, the Commission has determined the following: Revenue deductions for the period ending June 30, 1974, properly calculated, would equal

\$50,965.27 ^{2/}; the projected revenue deductions would equal \$56,061.80 ^{3/}, projected revenues with the proposed fare increase would amount to \$63,622.24 ^{4/}; the net revenue without a fare increase should have been projected as a loss of \$9,394.55; and the net revenue with a fare increase should have been projected to be \$7,560.44.

The primary argument offered by Blue Lines for the requested change is that the revenues currently generated are not sufficient to compensate for the cost of the operation. Blue Lines indicates that it would not be able to continue this operation under the current fare structure.

<u>2/ Expenses before salaries and taxes:</u>	
\$198,648.79 x 0.149	\$ 29,598.67
Salaries (Management and Maintenance)	
\$69,348.60 x 0.149	10,332.94
Taxes	
\$24,784.31 x 0.149	3,692.86
Drivers Payroll (Montgomery Village Only)	
	<u>7,340.80</u>
Total Revenue Deductions	\$50,965.27

3/ Revenue deductions of \$50,965.27 times 10 percent equals \$5,096.53; \$50,965.27 plus \$5,096.53 equals \$56,061.80.

4/ Proposed fare divided by current fare produces an increase factor of 1.45 ($\$12.00 / \$8.25 = 1.45$). Revenues from passes for 12-month period times increase factor equals projected revenues ($\$37,677.75 \times 1.45 = \$54,632.74$). Projected revenues for weekly passes plus historical revenues for one-way tickets equals total projected revenues ($\$54,632.74 + \$8,989.50 = \$63,622.24$).

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 modification should be suspended. See Compact, Title II, Article XII, Section 6(a)(1). Blue Lines failed to justify the revenue deductions by submitting a statement indicating how each expense item is related to the Montgomery Village operation. Nor is there an indication of the method used to determine how many miles have been involved in the Montgomery Village operation, and how many miles were involved in the total operation. Further, justification is not presented for projecting a 10-percent increase for all revenue deductions.

Blue Lines projection of revenues for the future period was based on the assumption that the total revenues would be increased by 31 percent. However, there is no statement indicating how this percentage was derived, or why it was used in making the projections. Finally, the record contains no statement or indication that Blue Lines has considered the potential adverse effect on revenues that would result from passenger resistance to the proposed fare increase. Likewise, the carrier did not consider any possible shift to one-way fares because of the increase in the price of the weekly pass. In view of the foregoing, 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 to its WMATC Tariff No. 3, effective October 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 any direct evidence and supporting exhibits with clarifying statements which Blue Lines intends to introduce at the hearing be submitted to the Commission on or before Friday, November 15, 1974, in such manner that six (6) copies shall be filed with the Commission and one copy served on each party of record.

Blue Lines also shall be prepared to present one or more witnesses who are capable of supporting and explaining the exhibits filed with the Commission.

THEREFORE, IT IS ORDERED:

1. That the proposed modification to WMATC Tariff No. 3 of Blue Lines, Inc., filed September 23, 1974, be and it is hereby, suspended effective October 25, 1974, for a period of 90 days through Saturday, January 23, 1975, unless otherwise ordered.

2. That Application No. 845 of Blue Lines, Inc., be, and it is hereby, scheduled for public hearing to commence Tuesday, November 19, 1974, at 10:00 a.m., in the Hearing Room of the Commission, Room 314, 1625 Eye Street, N. W., Washington, D. C.

3. That Blue Lines, Inc., post notice in the form prescribed by the staff of the Commission of this application and hearing in each of its vehicles no later than Friday, November 1, 1974.

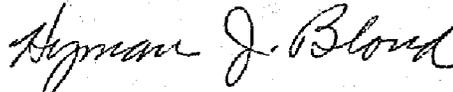
4. That Blue Lines, Inc., publish notice in the form prescribed by the staff of the Commission of such application and hearing in a newspaper of general circulation in the Metropolitan District no later than Friday, November 1, 1974, and to present at the hearing, a certificate of publication from the selected newspaper.

5. That six (6) copies, the original to be submitted at the hearing, of any direct evidence and exhibits with clarifying statements to be submitted at the hearing by Blue Lines, Inc., be filed with the Commission and one copy served on each party of record on or before Friday, November 15, 1974.

6. That any person desiring to be heard on this matter shall notify the Commission, in writing, on or before Wednesday,

November 13, 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:

A handwritten signature in cursive script that reads "Hyman J. Blond".

HYMAN J. BLOND
Executive Director