

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D.C.

ORDER NO. 1388

IN THE MATTER OF:

Application of KNOWLES BUS)
LEASING SERVICE, INC., for)
Certificate of Public)
Convenience and Necessity)

Served: December 20, 1974
Application No. 846
Docket No. 275

APPEARANCES:

BRIAN S. STERN, Attorney for Knowles Bus Leasing Service, Inc., applicant.

JORDAN S. HIMELFARB, Attorney for Washington Metropolitan Area Transit Authority, protestant.

DONALD J. BALSLEY, Counsel for Washington Metropolitan Area Transit Commission.

BY THE COMMISSION:

By Application No. 846, dated October 30, 1974, Knowles Bus Leasing Service, Inc. (Knowles) seeks a certificate of public convenience and necessity, pursuant to Title II, Article XII, Section 4(b) of the Compact, to perform charter operations pursuant to contract. Knowles seeks authority to transport employees of the Department of Defense (DOD), over irregular routes, between the Center Building, 3700 East-West Highway, Hyattsville, Md., and the Crystal City Area, National Center, 2511 Jefferson Davis Highway, Arlington, Va., with intermediate stops at Crystal Plaza, 23rd and Ball Streets, Arlington, Va., Crystal Mall, Arlington, Va., Jefferson Plaza, 1411-1421 Jefferson Davis Highway, Arlington, Va., Forrestal Building, 10th Street and Independence Avenue, S.W..

Washington, D.C., and Capitol Hill, Washington, D.C.^{1/}

On November 25, 1974, the Washington Metropolitan Area Transit Authority (WMATA) filed a protest to Knowles' application. WMATA performs charter operations and regular route service within its "transit zone", which includes the Metropolitan District over which this Commission exercises jurisdiction.

In its protest, WMATA submits that it is ready, willing and able to perform the proposed service for which Knowles seeks authority and that the service proposed to be performed by Knowles is not required by the public convenience and necessity. WMATA did not produce any evidence or testimony which would support its assertions or provide any basis for withholding authority from Knowles.

Pursuant to Order No. 1369, served November 7, 1974, a hearing was held December 5, 1974 to develop an appropriate record. The findings to be made by the Commission with respect to applications for certificates of public convenience and necessity are set forth in Title II, Article XII, Section 4(b) of the Compact. The Commission must make two separate findings. First, the applicant must be "fit, willing and able" to perform the proposed transportation properly and to conform to the provisions of the Compact and the rules, regulations and requirements of the Commission

1/ The Commission's Order No. 1335, served June 21, 1974, granted Knowles temporary authority to transport employees of DOD, over irregular routes, between the Center Building, 3700 East-West Highway, Hyattsville, Md., and the Crystal City Area, National Center, 2511 Jefferson Davis Highway, Arlington, Virginia, with intermediate stops at 23rd and Ball Streets, Arlington, Virginia; Crystal Mall, Arlington, Virginia; Jefferson Plaza, 1411-1421 Jefferson Davis Highway, Arlington, Virginia; Forrestal Building, 10th Street and Independence Avenue, S.W., Washington, D.C.; and Capitol Hill, Washington, D.C. Such temporary authorization became effective June 24, 1974 through December 21, 1974, unless otherwise provided by order of the Commission.

thereunder. Second, the proposed transportation "must be or will be required" by the public convenience and necessity.

Knowles presented the testimony of three witnesses. Arthur E. Knowles, Jr., president of Knowles, testified about the fitness, willingness and ability of the applicant to perform the proposed transportation properly and to conform to the provisions of the Compact and the rules, regulations, and requirements of the Commission thereunder. Charles J. Larsen, services coordinator reporting to the Assistant Secretary of the Navy for Installations and Logistics, testified concerning the need for the proposed service. Lieutenant Gary Helm, assistant officer in charge of construction in the Public Works Department, Naval District of Washington, testified with respect to a contract between Knowles and DOD.

Mr. Knowles indicated that the applicant performs school bus charter operations, rents buses to other bus companies, and provides service, pursuant to temporary authority from this Commission, to DOD by operating its Bus Route No. 23.^{2/} Knowles owns five buses which it uses to provide these several services. The applicant has employed one full-time driver to operate one of its 43-passenger buses over DOD Bus Route No. 23. In addition, Knowles has three part-time drivers and one part-time mechanic. The record indicates that Knowles does not use the equipment involved in performing school bus charter operations to provide service on DOD Bus Route No. 23.

DOD Bus Route No. 23 originates at the Center Building in Hyattsville, Md., proceeds to Capitol Hill and the Forrestal Building in the District of Columbia, and then to the Crystal Mall, Crystal Plaza and National Center in Arlington, Va. Knowles is required by the terms of a contract with DOD to arrive at each of these specified points at a

^{2/} See footnote 1.

designated time each day. The schedule requires Knowles to perform nine trips each day, Monday through Friday, except Holidays, with the terminal point on each trip being either the Center Building or National Center. This service involves a total of 151 miles per day. In addition, the driver requires each passenger boarding the bus to display a DOD building pass or an identification card. Persons in military uniform are not required to display such a pass or card. No other persons are permitted to use the service.

Knowles indicated that applicant has generated revenues of \$44,666.58 during the nine-month period ended September 30, 1974. During the same period, Knowles incurred expenses of \$49,713.38, with a resulting loss after taxes being \$5,046.80. With respect to operation of DOD Bus Route No. 23 under the temporary authority from this Commission, Knowles received revenues of \$10,174.32 and incurred expenses related to that service of \$9,992.20. Mr. Knowles testified that the applicant has recently instituted a new pricing policy with respect to its school bus charter and bus leasing services. In addition, the record indicates that Knowles has undertaken measures which should reduce the expenses incurred in performing service on DOD Bus Route No. 23.

As part of its presentation, Knowles submitted a statement projecting revenues and expenses from the operation of DOD Bus Route No. 23 for the period December 1974 through July 14, 1975. According to the projections, Knowles would generate revenues of \$17,550.00 and revenue deductions of \$16,081.07. Mr. Knowles indicated that the net income after taxes would be \$1,468.93 for the projected period.

Mr. Larson testified that the operation of DOD Bus Route No. 23 was rendered by civilians and equipment under the command of the Commandant of the Naval District of Washington prior to the contract with Knowles. According to Mr. Larson, the Commandant did not have sufficient buses, manpower, and resources to continue the operation. As a result, the Naval District, through its public works officer, contracted with Knowles to perform the required services.

Mr. Larson further indicated that the Naval Sea Systems Command has its parent command located in the National Center

Building in Arlington County and the primary engineering facility in the Center Building in Prince Georges County. The personnel located in these facilities travel between these buildings and the other places specified in the DOD Bus Route No. 23 schedule for the purpose of attending meetings and exchanging information. According to Mr. Larson, the operation of DOD Bus Route No. 23 is essential to the orderly conduct of business within the Naval Sea Systems Command. The meetings and exchange of information are keyed to the DOD Bus Route No. 23 schedule.

Lieutenant Helm indicated that the contract awarded Knowles was a contract especially set aside for small business. The contract is dated February 14, 1974 and provides, inter alia, that Knowles would perform the service required by DOD Bus Route No. 23 for a one-year period commencing July 15, 1974 and terminating July 14, 1975. The contract contains a provision for a one-year renewal of the agreement. Personnel connected with DOD travelling in the vehicle would not be individually charged for the transportation service. Rather, Knowles would be paid at the rate of \$2,340.00 per month for the period of the contract.

The Commission believes that the record supports a finding that Knowles is fit, willing and able to perform the proposed transportation properly and to conform to the provisions of the Compact and the rules, regulations and requirements of the Commission thereunder. Although Knowles' financial condition is marginal, the record indicates that Knowles has instituted measures to increase its revenues from school bus charter operations and bus leasing and to reduce the expenses resulting from all of its operations. Moreover, the performance of service on DOD Bus Route No. 23 is projected as yielding a profit.

The Commission further believes that the record supports a finding that the public convenience and necessity requires the transportation of DOD personnel between the Center Building and the National Center, with intermediate stops at Capitol Hill, Forrestal Building, Jefferson Plaza, Crystal Mall, and

Crystal Plaza. The Commission further finds that approval of Knowles' application is required by the public convenience and necessity. The authority to be granted shall be limited to charter operations pursuant to this specific contract between Knowles and DOD.

The National Center, Crystal Plaza, Crystal Mall and Jefferson Plaza are located within the Commonwealth of Virginia. To the extent DOD Bus Route No. 23 provides transportation service to DOD personnel travelling between any of these stops in the Commonwealth of Virginia and either the Forrestal Building, Capitol Hill or the Center Building, this Commission has jurisdiction to issue a carrier a certificate of public convenience and necessity. However, the Compact expressly provides that the Commission's jurisdiction does not apply to transportation rendered solely within the Commonwealth of Virginia. See Compact, Title II, Article XII, Section 1(b). Thus, the findings set forth herein and the authority granted hereby do not relate to Knowles operation of DOD Bus Route No. 23 to the extent that service might involve the transportation of DOD personnel between places located solely within the Commonwealth of Virginia.

The Compact requires each carrier to "file with the Commission, and keep open to public inspection, tariffs showing (1) all fares it charges for transportation subject to this Act, . . . , and (2) to the extent required by regulations of the Commission, the regulations and practices of such carrier affecting such fares." See Compact, Title II, Article XII, Section 5(a). The Commission shall direct Knowles to file such a tariff.

As previously indicated, the rate for the service would be \$2,340 per month. Although that rate has been agreed to by the person rendering the service and the person using the service, the Commission "may suspend any fare, regulation, or practice shown in a tariff . . . at any time before such fare, regulation or practice would otherwise take effect." See Compact, Title II, Article XII, Section 6(a)(1). The Commission has given consideration to, among other things, the financial condition of Knowles, its revenue requirements, and whether Knowles is being operated economically and efficiently. The

Commission concludes that the rate set forth in the record is just, reasonable and not unduly preferential or unduly discriminatory either between riders or sections of the Metropolitan District.

The Commission has considered the other matters pressed by the parties but finds they do not warrant action contrary to that which is now directed.

THEREFORE, IT IS ORDERED:

1. That Application No. 846 of Knowles Bus Leasing Service, Inc., be, and it is hereby, granted.
2. That Knowles Bus Leasing Service, Inc., be, and it is hereby, issued Certificate of Public Convenience and Necessity No. 21, as attached hereto and made a part hereof.
3. That Knowles Bus Leasing Service, Inc., be, and it is hereby, directed to file WMATC Tariff No. 1 in accordance with the authority granted herein, such tariff to be effective upon acceptance by the Executive Director.

BY DIRECTION OF THE COMMISSION:



HYMAN J. BLOND
Executive Director

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

No. 21

KNOWLES BUS LEASING SERVICE, INC.

By Order No. 1388 of the Washington Metropolitan Area Transit Commission issued December 20, 1974.

AFTER DUE INVESTIGATION, it appearing that the above-named carrier is entitled to receive authority from this Commission to engage in the transportation of passengers within the Washington Metropolitan Area Transit District as a carrier, for the reasons and subject to the limitations set forth in Order No. 1388.

THEREFORE, IT IS ORDERED, that the said carrier be, and it is hereby, granted this certificate of public convenience and necessity as evidence of the authority of the holder to engage in transportation as a carrier by motor vehicle; subject, however, to such terms, conditions and limitations as are now or may hereafter be attached to the exercise of the privilege herein granted to the said carrier.

IT IS FURTHER ORDERED that the transportation authorized by this certificate of public convenience and necessity shall be limited to the performance of service pursuant to agreement between Knowles Bus Leasing Service, Inc., and the Department of Defense, provided, however, that written notice must be filed by the carrier with the Commission within five (5) days of any cancellation or termination of the aforementioned agreement, and further provided that any change in or amendment to the aforementioned agreement shall be filed with the Commission for approval at least fifteen (15) days prior to the proposed effective date of such change or amendment, and

further provided that any change or amendment to the aforementioned agreement which would involve new authority shall be subject to the provisions of the Washington Metropolitan Area Transit Regulation Compact and the Rules and Regulations of the Commission.

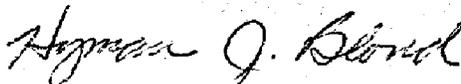
IT IS FURTHER ORDERED that the transportation service to be performed by the said carrier shall be as specified below, except that this certificate does not authorize any intrastate transportation in Virginia:

IRREGULAR ROUTE:

CHARTER OPERATIONS PURSUANT TO CONTRACT to perform transportation of employees of the Department of Defense between the Center Building, 3700 East-West Highway, Hyattsville, Md., and the National Center, 2511 Jefferson Davis Highway, Arlington, Va., with intermediate stops at Crystal Plaza, 23rd and Ball Streets, Arlington, Va.; Crystal Mall, Arlington, Va.; Jefferson Plaza, 1411-1421 Jefferson Davis Highway, Arlington, Va.; Forrestal Building, 10th Street and Independence Avenue, S.W., Washington, D.C.; and the United States Capitol Building, Washington, D.C.

AND IT IS FURTHER ORDERED and made a condition of this certificate that the holder thereof shall render reasonable, continuous and adequate service in pursuance of the authority granted herein, and that failure so to do shall constitute sufficient grounds for suspension, change or revocation of this certificate.

BY DIRECTION OF THE COMMISSION:



HYMAN J. BLOND
Executive Director