

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1500

IN THE MATTER OF:

Served February 13, 1976

Investigation of INTERSTATE TAXICAB)
RATES Prescribed for District of)
Columbia Taxicabs)

Docket No. 301

By Order No. 1476, served December 1, 1975, the Commission, pursuant to its own motion, instituted an investigation of the interstate taxicab rates prescribed for taxicabs licensed and regulated by the District of Columbia. The investigation was instituted to determine whether taxicab rate changes in several of the local jurisdictions, as more particularly described in Order No. 1476, supported and justified changes in the interstate taxicab rates applicable to taxicabs licensed and regulated by the District of Columbia.

In that order the Commission also proposed increased interstate taxicab rates as follows:

	<u>Existing</u>	<u>Proposed</u>
First mile or part thereof	70¢	85¢
Each additional one-half mile or part thereof	30¢	35¢
Each additional passenger in excess of one	20¢	40¢
Hourly rental charge	\$5.50	\$7.00

The Commission directed that the staff cause notice of the order proposing new rates to be published in a newspaper of general circulation in the Metropolitan District. Notice was published on December 6, 1975. By Order No. 1476 and the newspaper notice, the Commission invited comments on its proposal and solicited alternative proposals. Responses were received from Mr. Irving Schlaifer and from the Commission's staff. 1/

1/ On January 5, 1976, after the date for comments, the Commission received a letter from Air Transit, Inc., which operates taxicabs at Dulles International Airport pursuant to contract with the Metropolitan Washington Airport Service of the Federal Aviation Administration. The letter suggested that the operations of Air Transit, Inc., be considered and included in this proceeding. Since this proceeding deals solely with District of Columbia taxicabs, the Commission concludes that the suggestion is inappropriate. However, the matter has been considered and included in Order No. 1502, issued today.

Comments Received

Mr. Irving Schlaifer proposed three alternative rate structures as follows:

	<u>First Choice</u>	<u>Second Choice</u>	<u>Third Choice</u>
First mile, or part thereof	\$1.00	\$.80	\$.85
Each additional 1/2 mile or part thereof	.50	.40	.35
Each additional passenger	.50	.50	.40

Except for stating the alternatives in order of preference, Mr. Schlaifer did not urge any particular rate structure upon the Commission. He did not provide any additional information or rationale as to the basis for selecting a suitable or appropriate rate structure. Mr. Schlaifer did, however, specifically urge upon the Commission the 50¢ extra passenger charge as being more in line with such charges locally than either the existing 20¢ charge or the Commission-proposed 40¢ charge. It is noted that Mr. Schlaifer's "Third Choice" is, in fact, the rate structure proposed by Order No. 1476.

The Commission's staff submitted comments which attempt to quantify the monetary difference between the 35¢ half-mile proposed by Order No. 1476, and the 10¢ one-seventh mile currently prescribed by Alexandria and Arlington and made effective January 30, 1976, in Prince George's. The staff concluded that, on the average, the 35¢ half-mile will yield 14.3¢ per trip more than the 10¢ one-seventh mile. The staff asserts that this differential should be taken into account when determining the comparability of the proposed interstate rates with the existing local rates in effect in the Metropolitan District.

The staff comments proposed a rate of 60¢ for the first half-mile or part thereof plus 35¢ for each additional half-mile or part thereof, with a 50¢ charge for each additional passenger. Based upon its analysis of the differential discussed above, the staff believes this rate compares more favorably with existing and prospective local rates.

The following table reflects the existing local rates, the interstate rates proposed by Order No. 1476, and the interstate rates proposed in the staff's comments.

TABLE I

	RATES		RATES CONVERTED TO MILES	
	Initial Charge	Rate After Initial Charge	First Mile	Subsequent Miles
Alexandria	60¢ 1st 2/7	10¢ ea.1/7	\$1.10	\$.70
Arlington	60¢ 1st 2/7	10¢ ea.1/7	1.10	.70
Fairfax-Falls Church	60¢ 1st 2/3	10¢ ea.1/6	.80	.60
Montgomery	60¢ 1st 1/2	10¢ ea.1/6	.90	.60
Prince George's	90¢ 1st 4/7	10¢ ea.1/7	1.20	.70
District of Columbia:				
Order 1476	85¢ 1st Mi.	35¢ ea.1/2	.85	.70
Staff	60¢ 1st 1/2	35¢ ea.1/2	.95	.70
Schlaifer (1)	\$1.00 1st Mi.	50¢ ea.1/2	1.00	1.00
Schlaifer (2)	80¢ 1st Mi.	40¢ ea.1/2	.80	.80

We note, for purposes of comparison, that the average rate in local jurisdictions, excluding the District of Columbia, is \$1.02 for the first mile and 66¢ for each subsequent mile.

The following table compares the interstate fares at the rates for single passenger trips of 5, 10, and 15 miles without incidental charges.

TABLE II

	5 Miles	10 Miles	15 Miles
Alexandria	\$3.90	\$ 7.40	\$10.90
Arlington	3.90	7.40	10.90
Fairfax-Falls Church	3.20	6.20	9.20
Montgomery	3.30	6.30	9.30
Prince George's	4.00	7.50	11.00
District of Columbia:			
Order 1476	3.65	7.15	10.65
Staff	3.75	7.25	10.75
Schlaifer (1)	5.00	10.00	15.00
Schlaifer (2)	4.00	8.00	12.00

It is noted that the average fares in local jurisdictions, excluding the District of Columbia, are \$3.66 for 5 miles, \$6.96 for 10 miles, and \$10.26 for 15 miles. Table II does not give effect to the differential in yield which exists between halves and sevenths of a mile. In the proposals set forth in Order No. 1476 and by the staff, this differential is 14.3¢ in favor of the half-mile. (Henceforth, we shall round this figure to 15¢ for the sake of convenience.) Since this type of analysis also affects Mr. Schlaifer's half-mile proposals, the Commission has calculated his "First Choice" proposal (1) yields 35¢ per trip more on the average than the 10¢ one-seventh mile, and his "Second Choice" proposal yields an extra 20¢.

Meter Differential

Table II does not adjust the average fare in local jurisdictions to reflect the use of taxicab meters. These meters are alternately driven by a clock mechanism which overrides the mileage mechanism when the speed of the vehicle drops below approximately 7 to 10 miles per hour, depending upon the rates programmed into the meter. During such times the meter will charge at a predetermined hourly rate, presently \$6 to \$7 per hour. Thus, the same trip in a metered taxicab may result in different fares depending upon actual traffic conditions which influence the total time elapsed per trip.

Extra Passenger Charge or Party Rate

The existing party rate of 20¢ (for each passenger in excess of one) has been in effect since we issued our Order No. 67 on October 9, 1961. We believe that a general review of such charges is in order. The following table sets forth the existing party rates, and the interstate party rate for District of Columbia taxicabs proposed by Order No. 1476, and by Mr. Schlaifer and the staff.

TABLE III
Party Rates

Alexandria	25¢ ea. in excess of one
Arlington	60¢ ea. in excess of one
Fairfax-Falls Church	25¢ ea. in excess of two
Montgomery	50¢ ea. in excess of one
Prince George's	50¢ ea. in excess of one
District of Columbia:	
Order 1476	40¢ ea. in excess of one
Staff and Mr. Schlaifer	50¢ ea. in excess of one

For purposes of comparison, we note that the average rate in local jurisdictions, excluding the District of Columbia for the first extra passenger is 37¢, and for each subsequent passenger 42¢.

Miscellaneous Charges

It has long been the policy of the Commission to show a great degree of deference to the local licensing jurisdictions in the establishment of rates, particularly in the area of miscellaneous charges, those beyond the basic charges for normal taxicab transportation. Wide variations in miscellaneous charges exist among the local licensing jurisdictions. They exist, locally, outside the jurisdiction of this Commission. Furthermore, the Commission believes that such variations are reflective of valid sub-regional considerations and may be permitted to exist interstate to the

extent they do not violate the basic rate-making criteria mandated by the Compact. The Commission believes it is more convenient for both passengers and operators to deal with as few differences as possible in charges for intrastate and interstate service.

In Appendix A to Order No. 1476, the Commission published a complete schedule of the proposed interstate rates for District of Columbia taxicabs. One of the changes in miscellaneous charges was in the charge for a taxicab employed on an hourly basis. The present rate is \$5.50 for the first hour or fraction thereof, plus \$1.40 for each additional fifteen minutes or fraction thereof. The rates proposed in Order No. 1476 were based upon the rates which were established by the District of Columbia Public Service Commission in its Order No. 5742, served November 14, 1975, and which is now under appeal. The proposed rates are \$7 for the first hour or fraction thereof, plus \$1.75 for each additional fifteen minutes or fraction thereof. This rate is comparable to rates prescribed by other local licensing jurisdictions, and we see no reason not to implement it for interstate trips.

At the time we issued Order No. 1476, the District of Columbia had not yet determined its new rates for waiting time. Therefore, we published the then existing waiting time rate of 25¢ for each five minutes or fraction thereof in excess of five minutes up to a total of forty-five minutes, plus \$1 for each additional fifteen minutes or fraction thereafter. Subsequently, by Order No. 5749, served December 18, 1975, the District of Columbia Public Service Commission established (subject to the outcome of the current appeal) a rate of 50¢ for each five minutes or fraction thereof in excess of five minutes up to a total of forty-five minutes, plus \$1.50 for each additional fifteen minutes or fraction thereof.

As in the case of the hourly rental charge, we believe the latter rate to be a reasonable one and shall implement it for interstate use.

Otherwise, miscellaneous charges shall be as published in Appendix A to our Order No. 1476.

Discussion

Rates are the tools by which fares are determined. We prefer here to discuss fares as these deal with the actual yield to the driver and cost to the consumer. With this in mind, we have included in our analysis and in our discussion the extra 15¢ yield posited by the staff.

From a statistical point of view, the fares resulting from the rates proposed in Order No. 1476, by Mr. Schlaifer, and by the staff are higher than the average or mean fares of local jurisdictions. The mode (the item which occurs most frequently) is the fare existing in Alexandria and Arlington. The fares resulting from the staff's proposal would be

exactly at the mode, whereas the fares resulting from the rates proposed in Order No. 1476 would be slightly higher. The fares proposed by Mr. Schlaifer would be significantly higher. Likewise, the median fare (where an equal number of fares are above and below) is that prevailing in Alexandria and Arlington. The fares resulting from the staff's proposal would be exactly at the median, whereas the fares resulting from the rates proposed in Order No. 1476 would be slightly lower. The fares resulting from Mr. Schlaifer's proposed rates would be significantly higher than the median.

Rate setting is a prospective task. In analyzing the appropriateness and comparability of a rate, we must consider the current direction of local rates. Since we last adjusted interstate taxicab rates for District of Columbia taxicabs in Order No. 1305, served February 22, 1974, four of the five areas (all except Fairfax-Falls Church) listed in the previous table have increased rates. Alexandria and Arlington, within the last few months, have gone to \$1.10 for the first mile and 70¢ for each subsequent mile. Effective the end of January 1976, Prince George's went to \$1.20 for the first mile and 70¢ for each subsequent mile. It is also notable that on November 14, 1975, the District of Columbia Public Service Commission by Order No. 5742 approved an increase in the local zone fares for the District of Columbia. However, reconsideration of that order was sought and appeal was taken, the result being that no increase has yet become effective.

First mile rates are, for the first time, in excess of a dollar. In addition, we believe a local trend toward a 70¢ mile is established. It would be unreasonable to believe that there will not soon be pressure upon the remaining jurisdictions to make rate adjustments.

The Commission has never believed it should lead the way in setting taxicab rates. Each of the local rate setting jurisdictions is especially familiar with the requirements of both the users and providers of taxicab service in the local market. Each carefully establishes its rates through appropriate proceedings. Where practicable, the Commission simply adopts these local rates as the interstate rates. This practice has been followed since our Order No. 67, served October 9, 1961. 2/

2/ In Order No. 67, served October 9, 1961, the Commission prescribed that the interstate rates to be charged by operators of taxicabs licensed and domiciled in Prince George's County and Montgomery County, Maryland, and the City of Alexandria, the City of Falls Church, Arlington County and Fairfax County, Virginia, shall be identical to those rates which are prescribed and approved by the governing bodies of the local jurisdictions for such operators, except that the charge for each additional passenger in excess of one shall be 20 cents per passenger. Taxicabs

For District of Columbia taxicabs the Commission has adopted and implemented a system of interstate rates based upon odometer mileage. We instituted this investigation in Order No. 1476. We believe that a rate adjustment is now in order in light of recent rate developments in the industry.

We further believe that the essential element in our determination of the appropriate rate structure should be comparability with prevailing local rates. We believe that revenues and expenses are given adequate consideration at the local level by authorities more acutely in tune with sub-regional conditions and requirements. From a regulatory point of view, an effort should be made to neither unduly restrain nor enhance the rate scheme which the local jurisdiction has determined to be appropriate. In addition, the Compact requires the establishment of fares which are just, reasonable, and not unduly preferential or unduly discriminatory either between riders or sections of the Metropolitan District. Therefore, we shall prescribe interstate rates for District of Columbia taxicabs on a mileage basis in an effort to establish fares which will be comparable to the local and interstate fare resulting from rates prescribed by the local jurisdictions.

Findings and Conclusions

Based upon the foregoing discussion, we conclude and find that the present interstate taxicab rates prescribed for taxicabs licensed and regulated by the District of Columbia are not comparable to rates for taxicab operators in local jurisdictions. We further conclude and find that the mileage rates proposed by the staff would produce interstate fares which are comparable to fares received by operators rendering taxicab service pursuant to the rates established by local jurisdictions and prescribed by us as the applicable interstate rates.

With respect to the party rate or extra passenger charge, we conclude and find that a rate of 40¢ for each extra passenger in a party in excess of one will be appropriate. 3/ Miscellaneous charges shall be as set forth

2/ cont'd.

licensed and domiciled in those jurisdictions then, as today, were required to be equipped with meters, and the Commission did not feel that it would be in the public interest to defeat the purpose of the meters by superimposing a rate on the interstate operations of these taxicabs which would be incompatible with the local meter rate. This method became effective on December 1, 1961, and remains in effect today.

3/ By Order No. 1501, issued today, the Commission prescribes a 40¢ extra passenger charge for interstate taxicab service provided by taxicabs licensed and regulated by local jurisdictions within the Metropolitan District, thereby continuing its policy of maintaining a uniform party rate for interstate service.

in Appendix A to Order No. 1476, except that the rate for waiting time shall be 50¢ for each five minutes or fraction thereof in excess of five minutes, plus \$1.50 for each additional fifteen minutes or fraction thereof. A complete schedule of rates and charges as promulgated herein is attached to this order as Appendix A.

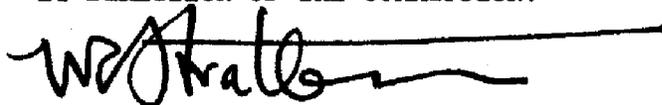
THEREFORE, IT IS ORDERED:

1. That the investigation instituted by Order No. 1476, served December 1, 1975, be, and it is hereby, concluded.

2. That the rates for interstate taxicab transportation between points within the Metropolitan District for taxicabs licensed and regulated by the District of Columbia Public Service Commission be, and they are hereby, prescribed as set forth in Appendix A, attached hereto and made a part hereof.

3. That the rate structure prescribed herein shall become effective 4:00 A. M., Monday, March 1, 1976.

BY DIRECTION OF THE COMMISSION:

A handwritten signature in black ink, appearing to read 'W. R. Stratton', is written over a horizontal line. The signature is cursive and extends to the right of the line.

WILLIAM R. STRATTON
Vice-Chairman

INTERSTATE TAXICAB RATES
FOR TAXICAB SERVICE WITHIN THE
WASHINGTON METROPOLITAN TRANSIT DISTRICT
(in taxicabs licensed and regulated by the
District of Columbia Public Service Commission)

60¢ First half-mile, or part thereof
35¢ Each additional 1/2 mile, or part thereof
40¢ Each additional passenger

Hand baggage, including large bags of groceries or articles of similar size, in excess of one piece per passenger shall be charged for at the rate of \$.10 for each such piece. Brief cases and parcels of comparable size shall not be considered as hand baggage.

Trunks or similar large articles shall be charged for at the rate of \$1.00 each. A trunk is herein described as a piece of baggage having a minimum dimension or cubic content in excess of 32 inches by 18 inches by 9 inches or 3 cubic feet.

The charge for personal service shall be \$.50; taxicab service in response to a telephone call, \$.50 in addition to all other authorized charges; dismissal of a taxicab without using it after response to a telephone call, \$.50 in addition to the charge for responding; waiting time in excess of five minutes \$.50 for each five minutes or fraction thereof up to a total of forty-five minutes after which the rate of \$1.50 for each fifteen minutes or fraction thereof shall apply.

The charge for a taxicab employed on an hourly basis shall be as follows:
For the first hour or fraction thereof - \$7.00;
For each additional fifteen minutes or fraction thereof - \$1.75.

APPLICATION

The finding to be made by the Commission with respect to applications for the acquisition of control of a carrier through ownership of its capital stock is set forth in Title II, Article XII, Section 12(b) of the Compact. The Commission must find that the proposed transaction is consistent with the public interest. The Commission may condition approval of the proposed acquisition with such terms, conditions, and modifications as it finds to be necessary.

Several facets of the proposed transaction favor the public interest. The management of Martz contains people who are qualified and experienced in the conduct of transit operations. Martz's acquisition of Atwood's capital stock should result in the management of Martz consulting and assisting in the operation of Atwood. Martz intends to retain all present employees who desire to remain with Atwood. Martz proposes to improve the quality of Atwood's service by decreasing the age of Atwood's fleet of equipment. Martz owns vehicles which average only three and one-half years in age. These vehicles would be made available for Atwood's operations. The current operations performed by Atwood would be improved but there would be no change in the service rendered.

As the prior discussion indicates, Martz performs sightseeing operations which embrace portions of the Metropolitan District. At times Martz has used the equipment of other carriers in the Metropolitan District. This practice has resulted from either an inability to use its own equipment or drivers due to mechanical breakdowns or limitations on the driver's hours or a pre-arranged joint operation between Martz and some other carrier. The source of equipment used by Martz will not be restricted. However, Martz has consistently stated that it would operate Atwood as a separate entity. The approval of the application shall be conditioned to provide that the operating authorities of Martz and Atwood are not to be combined or jointly operated and that Martz and Atwood are not permitted to enter an agreement or arrangement whereunder one of these carriers performs service as part of the service offered by the other carrier.

With respect to the purchase price of \$435,837 to be paid in cash for Atwood's capital stock, Martz's working capital position is apparently sufficient. The capital stock purchase is merely a portion of an acquisition agreement whereby Martz is required to make cash payments totaling approximately \$702,762. The difference of \$266,925 will be devoted to the retirement of equipment obligations. Martz has invested a large portion of the necessary cash in certificates of deposit which would be surrendered and the proceeds used to satisfy the buyer's obligations under the acquisition agreement. No loan is contemplated and no promissory note or other securities would be issued. The proposed transaction should not adversely affect the public interest.

The Commission finds that Martz's acquisition of Atwood's capital stock is in the public interest. The benefits to be derived by the public should result from Atwood's access to a management with substantial background and experience in transportation and from service improvements. The Commission further finds that the approval and authorization should be subject to the conditions hereinbefore described.

CERTIFICATE

The acquisition agreement among the parties indicates that Atwood has suspended and is not rendering any service between Washington, D. C., and the site of the United States Atomic Energy Commission near Germantown, Maryland. Martz understood that the cessation of operations by Atwood with respect to this portion of its authority was the result of Atwood's failure to bid for the service. However, Martz did not know the nature of the operations previously performed by Atwood with respect to this portion of its authority.

The Compact, Title II, Article XII, Section 3, imposes upon every carrier the duty of furnishing transportation as authorized by its certificate. Furthermore, Certificate of Public Convenience and Necessity No. 14 issued to Atwood conditions such authority by requiring the holder to render reasonable, continuous and adequate service to the public in pursuance of the authority granted therein. Failure to so perform constitutes sufficient grounds for suspension, change or revocation of the certificate.

The Commission finds that the holder of Certificate of Public Convenience and Necessity No. 14 has failed to render reasonable, continuous and adequate service to the public pursuant to the authority therein requiring Atwood to perform regular route service between Washington, D. C., and the site of the United States Atomic Energy Commission near Germantown, Maryland. The Commission further finds that the prospective holder of said certificate does not intend to render reasonable, continuous and adequate service to the public pursuant to this portion of said certificate. Accordingly, the Commission shall revoke that portion of Atwood's certificate which authorizes regular route operations between Washington, D. C., and the site of the United States Atomic Energy Commission near Germantown, Maryland.

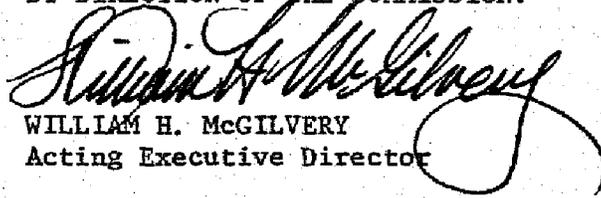
THEREFORE, IT IS ORDERED:

1. That the investigation instituted by the Commission in Order No. 1406, served February 12, 1975, be, and it is hereby, terminated.
2. That Application No. 856 of Frank Martz Coach Company to acquire control of Atwood's Transport Lines, Inc., be, and it is hereby, approved subject to the conditions set forth hereinbefore.

3. That Certificate of Public Convenience and Necessity No. 14 be, and it is hereby, reissued as attached hereto and made a part hereof.

4. That Frank Martz Coach Company be, and it is hereby, required to give the Commission written notice of the consummation of the transaction hereinbefore approved within ten days of the date of consummation.

BY DIRECTION OF THE COMMISSION:



WILLIAM H. MCGILVERY
Acting Executive Director

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

NO. 14

ATWOOD'S TRANSPORT LINES, INC.*
WASHINGTON, D. C.

AFTER DUE INVESTIGATION, it appearing that the above named carrier has complied with all applicable provisions of the Washington Metropolitan Area Transit Regulation Compact, and the requirements, rules and regulations prescribed thereunder and therefore 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; and the Commission so finding;

THEREFORE, IT IS ORDERED, that the said carrier by, 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 service to be performed by the said carrier shall be as specified below:

REGULAR ROUTES:

Passengers and their baggage, and express, mail and newspapers in the same vehicle:

Between Washington, D. C., and the Prince Georges-Charles County line, and all intermediate points, except intra-District points:

From Washington, over city streets to the District of Columbia-Maryland State line, thence over Maryland Highway 5 to Prince Georges-Charles County line, and return over the same route.

* Atwood's Transport Lines, Inc., is a wholly owned subsidiary of Frank Martz Coach Company.

IRREGULAR ROUTES:

Passengers and their baggage, and express, mail and newspapers in the same vehicle;

Round-trip or one-way:

CHARTER OPERATIONS:

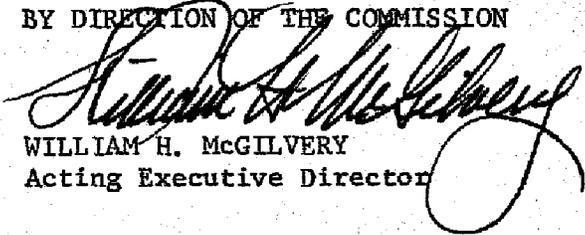
- (1) From Washington, D. C., to points in the Metropolitan District.
- (2) From points on its regular routes, authorized herein, and a territory within one mile thereof, to points in the Metropolitan District.

THIS CERTIFICATE IS RESTRICTED to provide that the operating authorities of Atwood's Transport Lines, Inc., and Frank Martz Coach Company shall not be combined or jointly operated, and to further provide that Atwood's Transport Lines, Inc., and Frank Martz Coach Company shall not enter an agreement or arrangement whereunder one of these carriers performs service as part of the service offered by the other carrier.

AND IT IS FURTHER ORDERED and made a condition of this certificate that the holder thereof shall render reasonable, continuous and adequate service to the public 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.

The operating authority granted by this Certificate is granted pursuant to Order No. 1424, served May 2, 1975.

BY DIRECTION OF THE COMMISSION


WILLIAM H. MCGILVER
Acting Executive Director