

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1548

IN THE MATTER OF:

Served April 30, 1976

Application of GREYHOUND AIRPORT )  
SERVICE, INC., for Authority to )  
Change Tariff )

Application No. 932

Docket No. 325

On April 2, 1976, Greyhound Airport Service, Inc. (Greyhound) filed WMATC Tariff No. 16 cancels WMATC Tariff Nos. 14 and 15, effective May 3, 1976. Greyhound's current WMATC Tariff No. 14, effective November 5, 1975, specifies fares and charges applicable to the transportation of passengers pursuant to Certificate of Public Convenience and Necessity No. 7. That certificate authorizes the performance of charter operations, over irregular routes, between either Dulles International Airport (Dulles) or Washington National Airport (National) on the one hand, and points in the Metropolitan District, except points in Virginia, on the other, restricted to passengers and aircraft crews having a prior or subsequent movement by air. That certificate also authorizes the performance of special operations, over irregular routes, between National on the one hand, and points in the Metropolitan District, on the other, restricted to passengers and aircraft crews having a prior or subsequent movement by air, and between Dulles on the one hand, and points in the Metropolitan District, on the other. By Order No. 1484, served January 6, 1976, Greyhound's proposed WMATC Tariff No. 15 was suspended and, by Order No. 1496, served February 10, 1976, it was denied. Application No. 932 presents to the Commission for the third time in approximately six months a proposal by Greyhound for a change in its tariff. Greyhound herein seeks a rate increase, a modification in its service obligation, and changes in the services offered.

The per capita rate increase would be 25 cents for transportation between National and points within the District of Columbia and portions of Montgomery and Prince George's Counties, Maryland, 50 cents for transportation between Dulles and National, 75 cents for transportation between Dulles and the Bethesda Motor Hotel and Ramada Inn, Bethesda, Maryland, \$1.25 for transportation between Dulles and the Howard Johnson Motor Lodge, Wheaton, Maryland, and \$1.75 for transportation between Dulles and the Sheraton-Silver Spring, Maryland. Greyhound's proposed per capita rate increases would increase various specified fares by the same amount and, as a result, the proposed per capita rate increases range between 5.9 percent and 41.1 percent. The charter rate increase for an 11-passenger vehicle would be 20 cents per live mile, 35 cents per dead mile, \$5 on the minimum

charge, and no change in the cost per hour. The charter rate increase for a 40-passenger or larger vehicle would be 15 cents per live mile, 45 cents per dead mile, \$5 on the cost per hour, and no change in the minimum charge.

Greyhound has proposed two modifications in its service. The primary change would be the institution of transportation services between National and any point within the District of Columbia and Montgomery and Prince George's County, Maryland. Greyhound would provide the transportation at a specified zone rate applicable to the point served, except for transportation beyond the highest number zone which would be the highest zone fare plus 50 cents per mile beyond the highest zone fare boundary. These transportation services would be provided upon demand. Greyhound seeks also to change its tariff to provide service between three specified points located within the Commonwealth of Virginia and National, a point within Virginia. Obviously, this Commission has no authority to approve a fare applicable to service beyond its jurisdiction. See Compact, Title II, Article XII, Section 1(b). This portion of the tariff thus is not to be considered.

Greyhound has proposed several changes in the service to be offered. It has deleted from its proposed tariff any reference to limousine service but has retained the provision applicable to coach service. Greyhound has set forth a new provision referring to a family fare. That provision indicates that a reduced fare would be applicable to husband and/or wife and/or children when traveling together as a family between National and points in the District of Columbia or Maryland. The tariff does not specify any rates applicable to a family fare.

In support of WMATC Tariff No. 15, Greyhound submitted a balance sheet as of December 31, 1975, and an income statement for the calendar year 1975. The balance sheet reflects total assets \$468,816, including accounts receivable from Greyhound Corporation \$134,018, total liabilities \$124,078, and unearned surplus \$518,946. There were no notes attached to the balance sheet explaining the nature of the accounts receivable or unearned surplus. The income statement reflects passenger revenues \$1,735,186 and charter revenues \$171,613. Greyhound incurred total operating costs \$1,848,726 and estimated a provision for income taxes \$30,000. The result of the limousine operations was a \$129,199 deficit before taxes and the result of coach operations was a \$187,272 profit before taxes. The net income before tax estimate was stated to be \$58,073.

Greyhound also submitted a summary statement of passengers transported during calendar year 1975. This statement indicated that Greyhound transported 466 passengers between National and points in Virginia other than Dulles and 8,638 passengers between Dulles and points in Virginia other than National. Obviously, these operations are not within the

jurisdiction of this Commission and are not authorized by Certificate of Public Convenience and Necessity No. 7. Furthermore, an analysis of the revenue that should have been generated in 1975 based upon the passengers transported does not agree with the reported revenues. Greyhound had two separate tariffs in effect during 1975 and has submitted a schedule allocating the total passengers transported between the effective tariff periods. Application of the specified fares in each tariff to the passengers transported pursuant to each indicates that passenger revenue should have been \$1,774,550.25. Greyhound's reported revenue \$1,735,186 is \$39,364.25 less than that resulting from the analysis. The net income before taxes should be adjusted and increased from \$58,073 to \$97,437. That adjustment would result in a 5 percent return on gross revenues before estimated taxes rather than the 3 percent submitted by Greyhound.

Greyhound also submitted a statement projecting income and expenses for a 12-month period. That statement indicates a \$328,501 increase in passenger revenues under the proposed per capita fares and a \$16,548 increase in charter revenues under the proposed rates. Greyhound estimates that its total operating expenses will increase from \$1,848,726 to \$2,081,877 or \$233,151. The increase in operating expenses would be \$83,341 for limousine operations and \$149,810 for coach operations. With respect to the increases in different line items of expense, Greyhound submitted several explanations. However, no explanation was submitted with respect to a \$3,436 increase in salaries, a \$21,749 increase in depreciation on revenue equipment, a \$3,367 increase in payroll taxes, a \$5,978 increase in coach equipment rentals, and a \$1,904 increase in other rentals. Greyhound states that the primary expense increase would be drivers' wages. However, it submitted no summation of the hours operated in each service for calendar year 1975 or any projection of the hours to be operated during the projected 12-month period. Moreover, no statement was submitted explaining the use of a tax rate approximating 51.6 percent. Greyhound estimates that the limousine operations would result in a \$42,576 deficit before taxes and the coach operations would result in a \$259,652 profit before taxes. No explanation was submitted justifying the apparent subsidization by the coach operations of the limousine operations.

Title II, Article XII, Section 6(a)(1) of the Compact provides, the following:

"In determining whether any proposed change shall be suspended, the Commission shall give consideration to, among other things, the financial condition of the carrier, its revenue requirements, and whether the carrier is being operated economically and efficiently."

The foregoing review of Greyhound's income statement reveals that it incurred deficits from its limousine operations and a profit from its motor coach operations for the calendar year 1975. The projection statement

further reveals that a deficit would be incurred as a result of limousine operations and a profit as a result of coach operations. An increase in the fares to be charged for both services appears to be warranted by the record upon the submission of appropriate data substantiating the claimed revenues for 1975 and the increased expenses not otherwise explained as herein indicated.

The Compact, Title II, Article XII, Section 5(a)(2) mandates that the fare, regulation or practice relating thereto, must be just, reasonable, and not unduly preferential or unduly discriminatory either between riders or sections of the Metropolitan District. The Compact thus requires that the rates are to be established on the basis of the lowest cost consistent with the furnishing of such service and the need of revenues sufficient to enable such carrier, under honest, economical, and efficient management, to provide such service. An analysis of the proposed fares does not indicate that the rates applicable to limousine service are just, reasonable, and not unduly preferential or unduly discriminatory between sections of the Metropolitan District. In addition, an analysis of the proposed fares for limousine service and coach service does not indicate that the rates are not unduly preferential or unduly discriminatory between riders in the different services. Finally, an analysis of the proposed fares does not indicate that the rates applicable to coach service are just and reasonable.

The Commission shall suspend, under the provisions of Title II, Article XII, Section 6(a)(1) of the Compact, Greyhound's proposed WMATC Tariff No. 15 and schedule a hearing in order to develop an appropriate record upon which the Commission may prescribe a rate schedule which is just, reasonable, and not unduly preferential or unduly discriminatory either between riders or sections of the Metropolitan District. The public should be given notice of the proposed WMATC Tariff No. 15 and Greyhound shall be required to publish notice in a newspaper and post notice in each of its vehicles. The public hearing is being held for the purpose of determining the appropriate fare structure applicable to Greyhound's operations pursuant to Certificate of Public Convenience and Necessity No. 7. The fare structure shall be designed to generate a sufficient return on gross revenues with respect to both the limousine operations and the motor coach operations. To this extent, Greyhound should be prepared to present evidence concerning the revenues and expenses resulting from each mile of operation and the total number of miles operated in calendar year 1975 and to be operated in the projected 12-month period.

THEREFORE, IT IS ORDERED:

1. That WMATC Tariff No. 15 of Greyhound Airport Service, Inc., be, and it is hereby, suspended effective May 1, 1976, for a period of 90 days, through Thursday, July 29, 1976, unless otherwise ordered.

2. That Application No. 932 of Greyhound Airport Service, Inc., be, and it is hereby, scheduled for public hearing to commence Friday, May 14, 1976, at 9:30 A. M., in the Hearing Room of the Commission, Room 314, 1625 I Street, N. W., Washington, D. C. 20006.

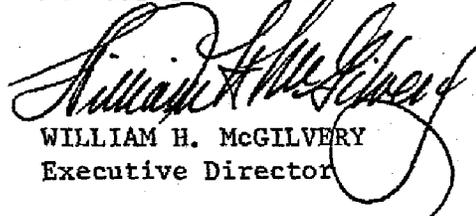
3. That Greyhound Airport Service, Inc., post notice in the form prescribed by the staff of the Commission of this Application and hearing in all of its vehicles no later than Friday, May 7, 1976.

4. That Greyhound Airport Service, Inc., publish notice in the form prescribed by the staff of the Commission of this application and hearing in a newspaper of general circulation in the Metropolitan District no later than Friday, May 7, 1976.

5. That any person desiring to protest or otherwise to be heard on this matter shall notify the Commission, in writing, on or before Monday, May 10, 1976, and mail a copy of such notification to counsel of record for Greyhound Airport Service, Inc., L. C. Major, Esquire, Suite 400 Overlook Office Building, 6121 Lincolnia Road, Alexandria, Virginia 22312.

6. That Greyhound Airport Service, Inc., be, and it is hereby, assessed \$200 pursuant to the provisions of the Compact, Title II, Article XII, Section 19, and directed to deliver said amount to the office of the Commission, Room 316, 1625 I Street, N. W., Washington, D. C. 20006, on or before Wednesday, May 12, 1976.

BY DIRECTION OF THE COMMISSION:

  
WILLIAM H. MCGILVERY  
Executive Director

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