

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1805

IN THE MATTER OF:

Served February 13, 1978

Application of THE GRAY LINE, INC., )  
for Authority to Change Tariff )

Application No. 1032

By Application No. 1032, filed November 11, 1977, The Gray Line, Inc. (Gray Line), seeks authority to increase per capita rates for individual and group sightseeing service and for service to and from certain racetracks. Gray Line also sought increases in its hourly charter and transfer rates. All increases were to become effective January 1, 1978.

By Order No. 1791, served December 29, 1977, the Commission suspended Gray Line's proposed WMATC Tariff Nos. 12 (racetrack) and 13 (sightseeing and charter), until further order. The staff was instructed to commence an audit of Gray Line's books and records to determine if the proposed rate increases were warranted. Said audit, performed with the cooperation of Gray Line, has been completed and certain adjustments have been made to the exhibits submitted by Gray Line in support of this application.

In reliance upon said audit, Gray Line filed Supplement No. 1 to WMATC Tariff No. 13 on February 8, 1978. Said supplement, in effect, amends WMATC Tariff No. 13 by deleting the request for an increase in charter and transfer rates originally incorporated in proposed WMATC Tariff No. 13. What remains for consideration are the proposed increases in racetrack fares (\$.25 for either one-way or round-trip service), individual sightseeing tours (between \$.50 and \$.85 per tour for an average 4.7 percent increase), and special bulk rates for foreign travel groups (also a 4.7 percent average increase).

We have reviewed the exhibits submitted by Gray Line as adjusted by the auditor for the staff.\* At current operational levels, it is projected that Gray Line would earn \$3,832,094 against expenses, including income taxes, of \$3,678,846 for an operating ratio of 96.00 at current rates. Projected increases in sightseeing business would improve Gray Line's ratio to 95.00 without any rate increase. A grant of the amended

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\* Included among these adjustments is a decrease in sales commissions allowable to exclude payments made at a rate in excess of 20 percent. See Order No. 1639, served December 28, 1976.

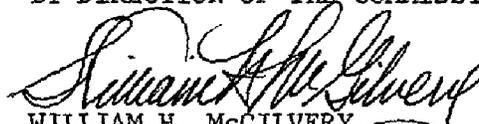
application should allow Gray Line a gross revenue of \$4,178,494 with corresponding expenses, including income taxes, of \$3,907,319 for an operating ratio of 93.51. This increase, therefore, appears to comport with the legislative policy statement incorporated in Title II, Article XII, Section 6(a)(4) of the Compact that ". . . the opportunity to earn a return of at least 6-1/2 percentum net after all taxes properly chargeable to transportation operations, including but not limited to income taxes, on gross operating revenues, shall not be considered unreasonable."

The Commission has considered this application, as amended, in light of the criteria of Title II, Article XII, Section 6 of the Compact, and, in accordance therewith, finds that the proposed rates, regulations, and practices are just and reasonable and are not unduly discriminatory or unduly preferential either between riders or sections of the Metropolitan District. In lieu of the simultaneous approval of a tariff and a supplement thereto, however, we shall consider the supplement as an amendment to WMATC Tariff No. 13 and substitute page 2 of said supplement for the comparable page 6 of said tariff as originally filed. Accordingly, said tariffs, as amended, shall be approved effective upon the date of service hereof.

THEREFORE, IT IS ORDERED:

1. That WMATC Tariff Nos. 12 and 13 (as amended) of The Gray Line, Inc., be, and they are hereby, approved effective upon the date of service hereof.
2. That proceedings in Application No. 1032 be, and they are hereby, discontinued.

BY DIRECTION OF THE COMMISSION:

  
WILLIAM H. MCGILVERY  
Executive Director