

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1892

IN THE MATTER OF:

Served September 29, 1978

Application of CENTRAL DELIVERY)
SERVICE OF WASHINGTON, INC., for)
Authority to Increase Rates)
Case No. AP-78-32

By Supplement No. 2 to its Tariff No. 3 filed August 31, 1978, Central Delivery Service of Washington, Inc. (Central), seeks to increase its rates for charter operations conducted between the two metropolitan airports, on the one hand, and, on the other, points in the District of Columbia. By this order we suspend the tariff supplement. Our reasons follow:

I.

Central's authority to serve these points dates from May 27, 1975, 1/ and is limited to transportation of crews of American Airlines and United Airlines. In common with most such aircrew carriage, Central's relationship with the airline was contractual, but in contrast with most such cases the tariff filing here is a typical general advisory and not a copy of the contract itself. Therefore, the Commission is without knowledge of the current relationship between Central and United Airlines, which would be the only party affected by this tariff. 2/ United Airlines has not appeared in this proceeding; we, therefore, have no way to learn whether it agrees or disagrees with the terms upon which Central proposes to provide the service, and we do feel that in these long-term contractual charter cases an expression from the contracting party is desirable. Indeed, there is no showing on this record that either American Airlines or United Airlines is aware of the rate increase proposed by Central. United Airlines, which certainly would be affected by the proposed rate increase, is at a minimum entitled to notice thereof and, inasmuch as Central's authority to serve American Airlines is still active, we are of the view that American Airlines is also entitled to notice. The Commission, therefore, directs service of the application on those airlines.

1/ See Order No. 1432.

2/ Central no longer serves American Airlines (see Order Nos. 1823 and 1843) and so much of its certificate as purports to grant authority to do so is pending revocation in Case No. MP-78-6.

II.

Central's filing asks us to hold the proposed rates confidential, and to that issue we now turn. In Order No. 1432, which granted Application No. 815 in part, the Commission acceded to Central's request for non-disclosure of the rates in order to protect the confidentiality of its business relationship with the airlines, particularly from competitors. In Order No. 1432 we expressed the view that rate information may be kept confidential if the carrier shows good cause and such confidentiality is not inconsistent with the public interest. It was also stated that confidentiality of contract rates is ordinarily not inconsistent with the public interest in that the ratepayer, being party to the contract, is aware of the rates. That reasoning still holds, and we will not now require public disclosure of the rates, although they must, for obvious reasons, be revealed to United Airlines and American Airlines.

Finally, we note that Order No. 1432 did state that our general acquiescence to confidentiality of contract rates could be overridden ". . . as part of a formal proceeding where the Commission considers disclosure to be in the public interest." As will be seen from the discussion in the next section of this order, our suspension of this filing is based in part upon concerns about the rates that have been filed. Their disclosure, thus, may be inevitable in the proceedings still to come in this case.

III.

The tariff filing specifies rates for service to certain hotels in Washington, D. C., that are higher than the rates to other points in the District of Columbia. This raises a prima facie issue of preferential or discriminatory treatment which we believe we must inquire into. Title II, Article XII, Section 6 of the Compact forbids our approval of rates that are unjust, unreasonable, or unduly preferential or unduly discriminatory between riders or sections of the Metropolitan District. Whether these proposed rates are unduly preferential or discriminatory cannot, in our view, be determined without a public hearing. Central's income and expense statement indicates that operations for United Airlines during the 12-month period ended July 31, 1978, generated \$189,387 in actual revenue and \$262,349 in actual, estimated and allocated expenses. The new rates, it is alleged, will generate \$260,000 in revenues from United Airlines. Central's alleged deficit of \$72,962 does not include taxes or "parent-company overhead allocations". 3/

We also have serious questions about Central's income and expense statement. For example, Central's vehicles assertedly traveled 900,000

3/ Central Delivery Service of Washington, Inc., is a wholly-owned subsidiary of Central Courier Systems, Inc.

miles in service for United Airlines. 4/ This equates roughly to 55 round trips a day between Dulles International Airport and the District of Columbia, a surprising quantum of service that would generate approximately \$447,000 in revenue under the proposed rate structure and not \$260,000 as is projected. Virtually every line on the income and expense statement raises some question that requires affirmative proof at a public hearing.

THEREFORE, IT IS ORDERED:

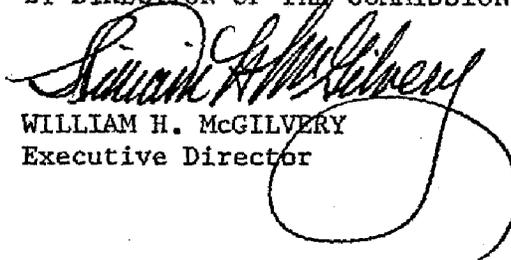
1. That WMATC Tariff No. 3, Supplement No. 2, of Central Delivery Service of Washington, Inc., is hereby suspended pursuant to Title II, Article XII, Section 6(a) of the Compact for a period of 90 days, effective on the date of service hereof through Thursday, December 28, 1978, unless otherwise ordered by the Commission.
2. That a public hearing on this matter is hereby scheduled to commence on Wednesday, November 15, 1978, 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 Central Delivery Service of Washington, Inc., is hereby directed to publish notice of this application and hearing in the form prescribed by the staff of the Commission once, in a newspaper of general circulation in the Metropolitan District, no later than Friday, October 13, 1978, and to produce an affidavit of such publication at the public hearing.
4. That Central Delivery Service of Washington, Inc., is hereby directed to post notice of this application and hearing in the form prescribed by the staff of the Commission in each of its vehicles operated in service subject to regulation by the Commission, continuously through the date of the public hearing, no later than Friday, October 13, 1978, and to produce an affidavit of such posting at the public hearing.
5. That Central Delivery Service of Washington, Inc., is hereby directed to serve one copy of its WMATC Tariff No. 3, Supplement No. 2, and supporting exhibits as filed with the Commission, upon American Airlines and United Airlines, no later than Friday, October 6, 1978, and to file a certificate of service thereof with the Commission no later than Friday, October 13, 1978.
6. That Central Delivery Service of Washington, Inc., is directed to file with the Commission no later than Wednesday, October 18, 1978, six copies each of the following additional exhibits: (a) its existing

4/ Fifteen vehicles at 60,000 miles each.

contract with United Airlines, if any; (b) any pending or proposed contract with United Airlines incorporating rates different from those heretofore approved by the Commission and a statement clearly setting forth the terms and conditions upon which said contract may become effective; (c) a statement setting forth in detail the reasons, if any there be, for the proposed rate differentials for service to and from the Hotel Washington and the Mayflower Hotel, together with such attachments as may be necessary to support the factual allegations contained in said statement; (d) a summary analysis of all trips performed for United Airlines during the 12-month period August 1, 1977, through July 31, 1978, including the termini served, the revenue derived therefrom, and the number of loaded and dead-head miles traveled; (e) a list of the vehicles involved in providing service to United Airlines during the aforementioned period including the make, model, serial number, cost, date of purchase and book depreciation and salvage value thereof; (f) a detailed current balance sheet and operating statement for Central; and (g) a detailed breakdown of Central's claimed \$70,531 in general and administrative expenses.

7. That Central Delivery Service of Washington, Inc., is hereby assessed \$500, an amount preliminarily estimated to cover the costs of this proceeding which Title II, Article XII, Section 19 of the Compact requires an applicant to bear, and is directed to deliver said \$500 to the office of the Commission, Suite 316, 1625 I Street, N. W., Washington, D. C. 20006, no later than 12 noon, Wednesday, October 18, 1978.

BY DIRECTION OF THE COMMISSION:



WILLIAM H. MCGILVERY
Executive Director