

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1982

IN THE MATTER OF:

Served April 19, 1979

Investigation of INTERSTATE TAXICAB )  
RATES for Service within the )  
Metropolitan District )

Case No. MP-79-05

By Order No. 1963, served February 16, 1979, and incorporated herein by reference, the Commission, on its own motion, instituted an investigation of the interstate taxicab rates prescribed for taxicabs licensed and regulated by the District of Columbia. The purpose of the investigation is to determine whether taxicab rate changes in several of the local jurisdictions support and justify changes in the interstate rates applicable to District of Columbia taxicabs.

In that order the Commission staff proposed increased interstate taxicab rates as follow:

	<u>Existing</u>	<u>Proposed</u>
First 1/2 mile or part thereof	60¢	75¢
Each additional 1/2 mile or part thereof	35¢	35¢
Each additional passenger in excess of one	40¢	50¢

The Commission directed that the staff cause notice of the proposed new rates to be published in a newspaper of general circulation in the Metropolitan District. Notice was published on February 18, 1979. By Order No. 1963 and the newspaper notice, the Commission invited comments on the staff proposal and solicited alternative proposals.

In anticipation of Order No. 1963, Mr. Irving Schlaifer, an independent taxicab owner-operator in the District of Columbia, submitted a proposal on February 6, 1979, which the Commission has considered as responsive to that order's request for alternative proposals. Mr. Schlaifer proposes that the rate for the first mile or fraction be reduced from 95¢ to 90¢, that each additional half-mile or fraction be increased from 35¢ to 45¢, that the rate for each extra passenger be "not less than 75¢", that the hourly rate be increased from \$7 to \$12, and that the 50¢ rush hour surcharge currently applicable within the District of Columbia, Monday through Friday, except holidays from 4 p.m. to 6:30 p.m., also be applied to interstate trips originating in the District of Columbia.

Mr. Schlaifer further suggests that the fare should be either the total mileage charge or 20¢ per minute, whichever is greater. No other comments or proposals were received. 1/

Order No. 1963 included tables showing the then-current interstate rates and fares. A footnote indicated that Arlington County, Va., had a proposed increase in rates under consideration. On February 24, 1979, the Arlington County Board adopted new, higher rates for implementation by March 26, 1979. Accordingly, the following table reflects this change and shows the current rates for interstate taxicab service along with the staff proposal and Mr. Schlaifer's proposal.

TABLE I

	Actual Rates		Rates Converted to Miles	
	Initial Charge	Rate After Initial Charge	First Mile	Subsequent Miles
Alexandria	60¢ 1st 2/8	10¢ ea. 1/8	\$1.20	80¢
Arlington	60¢ 1st 1/8	10¢ ea. 1/8	1.30	80¢
Fairfax-Falls Church	60¢ 1st 2/7	10¢ ea. 1/7	1.10	70¢
Montgomery	60¢ 1st 2/7	10¢ ea. 1/7	1.10	70¢
Prince George's	90¢ 1st 4/7	10¢ ea. 1/7	1.20	70¢
District of Columbia:				
Current	60¢ 1st 1/2	35¢ ea. 1/2	.95	70¢
Staff	75¢ 1st 1/2	35¢ ea. 1/2	1.10	70¢
Schlaifer	90¢ 1st mile	45¢ ea. 1/2	.90	90¢

We note for purposes of comparison that the average rate in local jurisdictions, excluding the District of Columbia, is \$1.18 for the first mile and 74¢ for each subsequent mile.

The following table compares the interstate fares which would result from the above rates for single passenger trips of 5, 10, and 15 miles without incidental charges.

1/ On March 16, 1979, 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 suggests alternative interstate taxi rates and expresses Air Transit's intention to abide by the Commission's order in this proceeding. Since this proceeding deals solely with District of Columbia taxicabs, the Commission concludes Air Transit's suggestion is inappropriate herein; however, the matter has been considered and treated separately in Order No. 1985, issued today.

TABLE II

	<u>5 Miles</u>	<u>10 Miles</u>	<u>15 Miles</u>
Alexandria	\$4.40	\$8.40	\$12.40 <sup>2/</sup>
Arlington	4.50	8.50	12.50
Fairfax-Falls Church	3.90	7.40	10.90
Montgomery	3.90	7.40	10.90
Prince George's	4.00	7.50	11.00
District of Columbia:			
Current	3.75	7.25	10.75
Staff	3.90	7.40	10.90
Schlaifer	4.50	9.00	13.50

It is noted that the average fares in local jurisdictions, excluding the District of Columbia, are \$4.14 for 5 miles, \$7.84 for 10 miles, and \$11.54 for 15 miles.

The comparison between the non-metered interstate fares of D. C. taxicabs and the metered interstate fares from other jurisdictions shown in Table II cannot take account of two features that we have considered -- the meter differential (favoring metered cabs) and the mileage increment differential (favoring non-metered cabs). These elements are discussed below.

#### Meter Differential

Table II does not adjust fares to reflect the use of taxicab meters. These meters, used in all local jurisdictions except the District of Columbia, are driven by a clock mechanism or a mileage mechanism. The clock mechanism overrides the mileage mechanism when the speed of the vehicle drops below a certain speed which is programmed into the meter on the basis of the authorized hourly charge.

Analysis of the new Arlington rate provides a useful illustration of the principle. Waiting time is programmed into Arlington meters at the rate of 10¢ for each 45 seconds. There are, thus, 80 increments of 45 seconds in each hour. Each of the 80 increments costs 10¢. Therefore, a taxicab which stops with the meter running and does not move for one hour, will accumulate \$8 "waiting time" during that hour. In terms of miles per hour, a taxicab which goes 10 miles per hour for one hour (after the "first drop" charge of 60¢ for the first 2/8 mile) will accumulate \$8, or 10¢ for each 1/8 mile for 10 miles. Accordingly, an Arlington taxicab meter operating over 10 miles per hour operates on mileage; below 10 miles per hour it operates on time. At exactly 10 miles per hour the time and mileage charges are equal. Thus, the same

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<sup>2/</sup> This figures was misstated as \$11.90 in Order No. 1963.

distance trip in a metered taxicab may result in different fares depending upon traffic conditions which influence the speed of the vehicle.

#### Mileage Increments

The increments into which miles are divided for calculating fares also affect the yield to the driver. A system using 1/2 mile increments will yield, on the average, about 12-1/2¢ to 15¢ more per trip than a system using 1/7 or 1/8 mile increments, because the larger fractional pricing increments (e.g., 35¢ per 1/2, rather than 10¢ per 1/7) tend to yield slightly higher revenues in the last mile of the trip.

#### Extra Passenger Charge or Party Rate

The current interstate party rate of 40¢ (for each passenger in excess of one) has been in effect for all jurisdictions in the Metropolitan District since March 1, 1976. The following table sets forth the existing intrastate party rates for all local jurisdictions, as well as the current and proposed interstate party rates.

TABLE III

	<u>Party Rates</u>
Alexandria	50¢ ea.
Arlington	60¢ ea.
District of Columbia	65¢ ea.
Fairfax-Falls Church	60¢ ea.
Montgomery	50¢ ea.
Prince George's	50¢ ea.
Interstate:	
Current	40¢ ea.
Staff	50¢ ea.
Schlaifer	75¢ ea.

Some jurisdictions levy a lower charge or no charge for extra passengers who are children. Arlington and Fairfax-Falls Church extra passenger charges apply to persons over 12 years of age, those in the District of Columbia to persons over 5 years of age. Alexandria charges 25¢ for persons 6 to 12 years of age. Interstate extra passenger charges, like those within Montgomery and Prince George's, apply without regard to age. For purposes of comparison we note that the average adult intrastate extra passenger charge is 55.8¢ per passenger.

#### Miscellaneous Charges

As the Commission stated in Order No. 1500, served February 13, 1976:

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.

The 50¢ rush hour surcharge, which Mr. Schlaifer seeks to have included in the interstate rate, applies within the District of Columbia, Monday through Friday, except holidays, from 4 p.m. to 6:30 p.m. Its purpose is to encourage drivers to work during this difficult period and to compensate for reduced operating speeds because of traffic by enhancing the otherwise applicable D. C. zone charges. We view this surcharge as an integral part of the intra-District of Columbia zone fare system, but we do not believe it should be applied to interstate mileage rates. Our effort here is to set the interstate rates for D. C. taxicabs at a level comparable to such rates generally in effect in the metropolitan area. It is our view that, upon establishing that comparability, adoption of the p.m. rush hour surcharge only for D. C. taxicabs would destroy it.

This leads us to consideration of Mr. Schlaifer's proposal that the fare should be either the total mileage charge or 20¢ per minute (\$12 per hour), whichever is greater. The proposed charge is out of line with the "waiting time" or "hourly rates" in the District of Columbia and other local jurisdictions, which generally run from \$7 to \$8 per hour. Adoption of this proposal would require drivers to compute each interstate fare from both his odometer and his wristwatch, leaving further room for honest error, unduly complicating and slowing the fare computation process, and making the system more difficult to administer and more confusing to the passenger. For these reasons, this proposal has been rejected.

#### Discussion

In the table below, the rates have again been converted to single-passenger fares for trips of 5, 10, and 15 miles. In addition, they are rearranged in order of magnitude, and we have introduced another figure, the average fare calculated from the average rate shown just below Table I.

TABLE IV

	<u>5 Miles</u>	<u>10 Miles</u>	<u>15 Miles</u>
Schlaifer	\$4.50	\$9.00	\$13.50
Arlington	4.50	8.50	12.50
Alexandria	4.40	8.40	12.40
Average	4.14	7.84	11.54
Prince George's	4.00	7.50	11.00
Fairfax-Falls Church, Montgomery, and WMATC Staff	3.90	7.40	10.90
Current D. C.	3.75	7.25	10.75

The only fares lower than those resulting from rates proposed by the staff are those currently in effect for D. C. taxicabs. The fares resulting from rates proposed by Mr. Schlaifer are higher than any currently in effect in the area. We conclude that we cannot achieve the desired comparability with either of these rates.

Turning our attention to fares resulting from average rates in other local jurisdictions, we first note that they result in odd sums which, for practical reasons, we would never impose on drivers and passengers. Rounding the \$1.18 first mile to \$1.20, and the 74¢ subsequent mile to 75¢, we can project fares for 5, 10, and 15 miles at \$4.20, \$7.95, and \$11.70, respectively.

There is a practical problem associated with the 75¢ subsequent mile -- it does not divide evenly for half-mile increments. And because it is a significant charge, we do not think it equitable to charge the entire 75¢ for any fraction of a mile. Since odometers record mileage in tenths, the only fraction which will accommodate a 75¢ mile is 1/5, charged at 15¢. The existing half-mile increment is familiar, convenient, easy to understand and compute, and has been in use since 1961. Even if we were not strongly inclined toward the 80¢ mile for other reasons discussed below, we would be very reluctant to make the changes necessary to implement a 75¢ mile. When using an odometer to calculate fares, simpler is better.

While average rates and fares provide a tool for examining today's situation, we must remember that ratemaking is a prospective task. In analyzing the propriety and comparability of a rate we have considered the dynamic nature of local taxicab rates, heeding the trend of those rates. In this connection, the jurisdictions most recently adjusting rates have gone to the 80¢ subsequent mile (Arlington in February 1979, and Alexandria in August 1977). The 70¢ subsequent miles have been in effect considerably longer (Montgomery in January 1977, Fairfax-Falls Church in June 1976, and Prince George's in January 1976). We also note that, effective January 21, 1979, the District of Columbia Public Service

Commission implemented an interim increase of about 10 percent in the local zone fares, and that further increases are under consideration in that same case.

As this Commission stated in Order No. 1500, last adjusting these rates:

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. [footnote omitted]

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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[s] resulting from rates prescribed by the local jurisdictions.

Our objective here is to establish rates within a range which will provide comparability today but will not be obsolete tomorrow, and we believe the trend toward the 80¢ subsequent mile has been established.

#### Findings and Conclusions

Based upon the foregoing discussion, we conclude and find that the current interstate taxicab rates prescribed for taxicabs licensed and regulated by the District of Columbia are neither appropriate nor comparable

to such rates for taxicab service in other local jurisdictions. We further conclude and find that the following rates

80¢ First half-mile, or part thereof  
40¢ Each additional 1/2 mile, or part thereof  
60¢ Each additional passenger in party

would produce appropriate interstate fares comparable to those received by other local taxicabs rendering service pursuant to rates established by local jurisdictions and adopted by us as the applicable interstate rates.

Even though these rates are slightly higher than the current average for other local jurisdictions, we conclude that this correctly recognizes the established trend and tends to compensate for the fact that odometer rates do not include the time element present in meter rates. We further find that recognition of this same factor through implementation of the p.m. rush hour surcharge would be inappropriately cumulative.

Miscellaneous charges shall be as recommended by our staff and previously set forth in the Appendix to Order No. 1963. A complete schedule of rates and charges as promulgated herein is appended to this order.

#### Voluntary Wage and Price Guidelines

In October 1978, President Carter and the Council on Inflation established voluntary wage and price guidelines under which a maximum increase of 9.5 percent would apparently be applicable to rates under consideration in this proceeding.

Since the taxicab rates at issue here were last fixed effective March 1, 1976, equity would require that allowance be made for changes which occurred between that date and the October 1978 establishment of the guidelines. In this connection, we note certain facts developed in a taxicab rate case currently before the Public Service Commission of the District of Columbia. <sup>3/</sup> That stipulation contains information from the United States Department of Labor, Bureau of Labor Statistics (BLS) concerning the Consumer Price Index (CPI) -- Washington, D. C. Area, indicating that the CPI for "all items" increased by 20.2 percent from February 1976 to September 1978.

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<sup>3/</sup> "Stipulation of Facts Regarding Interim Relief", filed January 11, 1979, in Formal Case No. 705, Application of the Alliance of Taxicab Businessmen of Washington, D. C., Inc., to Increase the Rates and Charges for the Operation of Taxicabs in the District of Columbia.

Another submission in that case filed January 30, 1979, by Mr. Andrew Johnson appends the BLS-CPI for urban wage earners and clerical workers, U. S. city average, indicating that the cost of "auto repairs (mechanical) and maintenance" increased by 17.5 percent from March 1976 to June 1978, and the cost of gasoline increased 13.2 percent during the same period.

Even though these CPI figures do not precisely cover the March 1976 to October 1978 period at issue in our case, their deficiencies are on the conservative side, causing them to be less than the actual CPI with which we would be concerned. Therefore, they are useful for purposes of comparison.

The first section of the table below shows the March 1976 taxicab fares for 5, 10, and 15 miles, the fares adopted herein, and the percentage increase. The lower section shows the CPI percentage increases discussed above. Subtracting any of these CPI increases from the increases prescribed herein effects a conservative adjustment to the date of establishment of the voluntary wage and price guidelines. Comparison of the number resulting from that subtraction to the applicable 9.5 percent maximum increase clearly indicates that the prescribed fares do not exceed the guidelines, and we so find.

TABLE V

	<u>March 1976</u>	<u>Fares Adopted Herein</u>	<u>Percent Increase</u>
5 miles	\$ 3.75	\$ 4.40	17.3%
10 miles	7.25	8.40	15.9%
15 miles	10.75	12.40	15.3%
CPI, all items, 2/76 - 9/78			20.2%
CPI, auto repairs and maintenance 3/76 - 06/78			17.5%
CPI, gasoline 3/76 - 6/78			13.2%

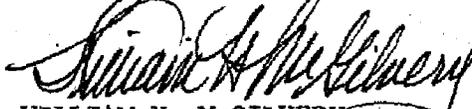
THEREFORE, IT IS ORDERED:

1. That the investigation instituted by Order No. 1963, served February 16, 1979, 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 are hereby prescribed as set forth in the Appendix to this order.

3. That the rate structure prescribed herein shall become effective  
4 a.m., Monday, April 30, 1979.

BY DIRECTION OF THE COMMISSION:

  
WILLIAM H. MCGILVERY  
Executive Director

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

80¢ First 1/2 mile, or part thereof  
40¢ Each additional 1/2 mile, or part thereof  
60¢ 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. Briefcases 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 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 5 minutes, 50¢ for each 5 minutes or fraction thereof up to a total of 45 minutes after which the rate of \$1.50 for each 15 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;  
For each additional 15 minutes or fraction thereof -- \$1.75.