

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 2146

IN THE MATTER OF:

Served September 26, 1980

Application of AIRPORT LIMO, INC.,)
for a Certificate of Public)
Convenience and Necessity to)
Transport Passengers in Special)
Operations Between National and)
Dulles Airports and Points in)
the Metropolitan District)

Case No. AP-80-16

By application filed May 5, 1980, Airport Limo, Inc., sought a certificate of public convenience and necessity to transport passengers and their baggage, in the same vehicle with passengers, in special and charter operations, over irregular routes, as follows:

(A) Charter Operations

(1) Between Washington National Airport, on the one hand, and points in the Metropolitan District, except points in Virginia, on the other; and

(2) Between Dulles International Airport, on the one hand, and points in the Metropolitan District, except points in Virginia, on the other;

Restricted in (1) and (2) above to passengers and aircraft crews having a prior or subsequent movement by air.

(B) Special Operations

(1) Between Washington National Airport 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

(2) Between Dulles International Airport, on the one hand, and points in the Metropolitan District, on the other.

Pursuant to Order Nos. 2113, 2122 and 2128, served May 23, June 20 and July 17, 1980, respectively, and incorporated by reference herein, public hearings were held on July 9 and August 19, 1980.

The application initially was opposed by Executive Limousine Service, Inc., and a number of District of Columbia taxicab industry organizations including the Fraternal Order of Taxicab Drivers and Owners, the Taxicab Association of the District of Columbia, the Emergency Taxicab Committee, the Taxicab Industry Group of Washington, D. C., and the Professional Cab Drivers Association. In addition, the District of Columbia Department of Transportation moved for leave to intervene at the first hearing and a joint petition for leave to intervene in opposition was filed by Silver Spring Taxi, Inc., and Barwood Cab, Inc., both Montgomery County, Md., companies, on August 15, 1980, prior to the second public hearing. The motion of D. C. DOT was denied by the administrative law judge inasmuch as that agency had ample actual notice of the hearing and had failed timely to file a protest. The District of Columbia taxicab groups withdrew their opposition to the application upon Airport Limo's restrictive amendment limiting part (B) of the application to special operations between Washington National Airport and Dulles International Airport, on the one hand, and on the other, points in the Metropolitan District, restricted in the District of Columbia to service to and from the following six hotels: the Capital Hilton, the Washington Hilton, the Sheraton-Washington, the L'Enfant Plaza, the Hyatt Regency and the Quality Inn-Capitol Hill. By stipulation between the parties Executive Limousine withdrew its opposition upon agreement by Airport Limo to amend its application by deleting the Hyatt Regency, the Quality Inn-Capitol Hill and the L'Enfant Plaza hotels as service points. 1/ The joint petition for leave to intervene filed by the two Montgomery County, Md., taxicab companies was denied by the administrative law judge by a Notice to Parties, served August 15, 1980.

At the public hearing Airport Limo filed a new proposed tariff in the form of an amendment to its application, including the following fares:

- I. Special Operations Between Washington National Airport and Dulles International Airport: \$7.00

1/ By Notice to Parties, served August 15, 1980, the administrative law judge accepted the restrictive amendment and granted Executive Limousine leave to withdraw from the proceeding.

II. Special Operations between Washington National Airport and points in Washington, D. C., and Maryland: 2/

<u>ZONE</u>	<u>FARE</u>
Zone 1	\$3.25
Zone 2	\$3.75
Zone 3	\$4.25
Zone 4	\$4.75
Zone 5	\$5.75
Beyond Zone 5	\$5.75 plus \$1/mile

III. Special Operations between Washington National Airport and specified points in Virginia when traveling via Columbia Island: 3/

Holiday Inn, Tysons Corner, Va.	\$7.00
Ramada Inn, Tysons Corner, Va.	\$7.00
Sheraton Hotel, Reston, Va.	\$7.00

IV. Special Operations between Dulles International Airport and points in Washington, D. C., and Maryland: 4/

<u>ZONE</u>	<u>FARE</u>
Zone 1	\$7.00
Zone 2	\$7.25
Zone 3	\$7.50
Zone 4	\$7.75
Zone 5	\$8.00
Beyond Zone 5	\$8.00 plus \$1/mile

2/ Zone 1 encompasses the downtown Washington, D. C., business district and Capitol Hill; Zone 2 includes the area between McArthur Boulevard and Connecticut Avenue, N. W.; Zone 3 includes the area between Connecticut Avenue, North Capitol Street and Missouri Avenue, N. W.; Zone 4 encompasses the balance of the District of Columbia; and Zone 5 is comprised of the Maryland suburbs inside the Beltway. It should be noted, however, that the above-described restrictive amendments moot the need for general fares to and from zones 1 through 4.

3/ The Compact, Title II, Article XII, Section 1(b), withholds from the Commission jurisdiction over transportation performed between points solely within the Commonwealth of Virginia, but transportation between Virginia points involving transit over a route through another jurisdiction is covered by Section 1(a) of Title II, Article XII. See Order No. 1822, served March 27, 1978, and Order No. 1573, served June 23, 1976.

4/ Again, we note that general rates to and from zones 1 through 4 are moot.

V. Charter Service between Washington National Airport or Dulles International Airport and any point in the Metropolitan District: 5/

<u>\$ Per Live Miles</u>	<u>\$ Per Dead Miles</u>	<u>Costs Per Hour</u>	<u>Minimum Charge</u>
11-passenger vehicles:			
\$1.00	\$1.00	\$20.00	\$52.00
40-passenger vehicle or larger:			
\$1.20	\$1.20	\$35.00	\$110.00

Airport Limo holds authority from this Commission to provide special operations transportation between two area hotels for hotel guests and employees pursuant to Certificate of Public Convenience and Necessity No. 26, and to provide charter service transporting flight crews for a number of airlines between the local airports and area hotels pursuant to Special Certificate of Public Convenience and Necessity No. 1.

By Order No. 2094, served March 28, 1980, Airport Limo was granted temporary authority to transport passengers and their baggage, in the same vehicle with passengers, over irregular routes as follows:

(A) Charter Operations

(1) Between Washington National Airport, on the one hand, and points in the Metropolitan District, except points in Virginia, on the other; and

(2) Between Dulles International Airport, on the one hand, and points in the Metropolitan District, except points in Virginia, on the other;

Restricted in (1) and (2) above to passengers and aircraft crews having a prior or subsequent movement by air.

(B) Special Operations

(1) Between Washington National Airport on the one hand, and points in the Metropolitan

5/ Applicant would charge the mileage or hourly rate, whichever is higher.

District, on the other, restricted to passengers and aircraft crews having a prior or subsequent movement by air; and

(2) Between Dulles International Airport, on the one hand, and points in the Metropolitan District, on the other.

Those operations commenced on April 10, 1980.

At the public hearing the general manager, comptroller and president of Airport Limo all testified. In addition, a representative of the Metropolitan Washington Airports (MWA), the branch of the Federal Aviation Administration responsible for the management and operation of Dulles and National airports, appeared in support of the application.

Airport Limo's general manager stated that the company is providing regular-route service between points in Virginia, 6/ transportation for airline flight crews and temporary authority operations between local airports and points in the Metropolitan District pursuant to a contract with MWA. Applicant operates 35 vans, three station wagons and 10 motor coaches and employs approximately 80 drivers. He described the company's maintenance facilities and explained the regular maintenance schedule for all vehicles as well as safety procedures. The equipment is interchanged for most of Airport Limo's various operations with the ability to dispatch empty vehicles on short notice to alleviate overloads on regularly-scheduled runs. The recent addition of some van equipment and three motor coaches has solved equipment shortages experienced after initiation of temporary authority airport service, according to the witness. Another factor easing overloading has been the addition of more scheduled trips from and to the airports.

In addition to existing regularly-scheduled airport service to and from certain hotels and motels in the District of Columbia and Montgomery County, Md., Airport Limo intends to offer door-to-door service between the airports and points in Montgomery County, Md., on a shared-ride basis to the same geographic area. While it has no plans for regularly-scheduled service from and to points in Prince George's County, Md., it would offer door-to-door service in that jurisdiction. The service would require reservations 24 hours in advance for pick-ups in the Maryland suburbs and would be offered on demand for trips originating at the airport. The fare structure would be the same as that proposed for the regularly-scheduled service. Airport Limo would advertise the door-to-door service in local magazines and, perhaps, on radio and television, as well as promote the service through travel agents.

6/ This service is authorized by the Virginia State Corporation Commission, application for certificate pending in SCC Case No. MCS800023.

The witness stated that, until recently, Airport Limo was unable to fill all requests for charter service because of the shortage of adequate equipment and the concentration of effort to establish the regularly-scheduled special operations service from and to the airports. However, the recent acquisition of equipment has enabled applicant to meet the demand for service.

The proposed tariff (as amended) is generally higher than that existing for temporary authority operations. Applicant's general manager stated that operating losses incurred during the first three months of service necessitated the request for the increase.

Applicant's comptroller testified concerning the company's financial statements and current operating condition. During the first three months of operation commencing with the temporary authority service at the airports, Airport Limo lost approximately \$88,000 before inclusion of interest expense. With respect to a projection of revenue and expenses for a full year of operation starting with the advent of airport service, the witness calculated expenses from company records and an estimate of expenses as a percentage of revenue based on historical data. Revenue for special operations was derived by using the preceding two-year passenger totals accumulated by applicant's predecessor, Greyhound Airport Service, Inc., adjusted for seasonal fluctuations and the downturn of air passenger traffic, and comparisons of Airport Limo's first quarter totals with passenger traffic for prior years during the same time period. Using the existing temporary authority tariff Airport Limo projects a pre-tax loss of about \$43,000 for a full year of operations. Using the originally-proposed tariff, applicant projects a pre-tax gain of \$70,691, and substituting the tariff presented as an amendment to the application, Airport Limo projects a pre-tax gain of \$216,950. These calculations assume implementation of the proposed and amended tariffs on July 11, 1980. Obviously the rates did not go into effect on that date and would not do so until acceptance of a new tariff by the Commission. Continuation of the existing temporary authority tariff consequently results in a lower projection of pre-tax gain. For comparison, the temporary authority tariff projects an operating ratio of 98.21, the proposed tariff anticipates a 94.46 operating ratio and the amended tariff projects an operating ratio of 90.06 based on the July 11, 1980, effective date. These ratios are calculated before interest expense is considered.

Airport Limo's president testified to the existence of a corporate resolution on file with the Commission whereby All State Messenger and Delivery Service, Inc., agrees to cover all financial losses of Airport Limo, its wholly-owned subsidiary. He also explained the treatment of intercompany transactions, stating that expenses allocated to Airport Limo represent actual costs incurred by that entity.

The Chief of the Financial Management staff of MWA testified in support of Airport Limo's application. He stated that, among its duties, the agency contracts for ground transportation from and to the airports, and has analyzed service requirements for service embracing the District of Columbia and suburban Maryland and Virginia. Traffic studies, historical patterns and peak-period airline schedules have caused MWA to support a 'full service' schedule requiring the ground carrier to provide service throughout the day rather than allowing service only during peak passenger periods. The MWA supports door-to-door service, according to the witness, because it is more convenient for suburban residents, avoids the need for transportation to regularly-scheduled pick-up points and offers lower fares than taxicab service. In addition, shared rides in various geographic areas would ease traffic congestion at the airports and would result in increased revenue for applicant without an increase in fixed expenses, enhancing economic viability. The witness supports the charter portion of the application as another method to generate revenue during slack periods of special operations transportation, and, more importantly, for availability of equipment to transport passengers from airplane flights diverted to National and Dulles Airports because of bad weather or other unpredictable events. These passengers are often lodged for the night at local hotels until their trip can be completed.

Statistical evidence presented by the MWA witness indicated that air-carrier passenger activity at Dulles Airport has been down approximately 26 percent thus far in 1980 compared to a similar period in 1979. More specifically, activity is down 23.1 percent in May 1980 from May 1979 and has decreased 26.2 percent in June 1980 from the June 1979 level. At National Airport the May 1980 air-carrier passenger activity has decreased 4.6 percent from May 1979, and the June 1980 total is 8.0 percent less than that of June 1979. Overall, the actual number of flights at Dulles Airport has dropped thus far in 1980 as compared to a similar period in 1979. The MWA representative expects an eventual turnaround in passenger activity trends and hopes that Airport Limo would then experience an increase in passengers. He stated that the MWA is satisfied with Airport Limo's service under temporary authority operations, and stressed that the carrier has increased the number of scheduled runs to meet passenger demand at certain peak periods despite the overall decrease in airline traffic. Finally, the witness emphasized that MWA desires to ease traffic congestion at National Airport and promote use of Dulles Airport, and considers a key factor in both instances to be a stable, viable ground transportation system.

The Compact, Title II, Article XII, Section 4(b), provides that a certificate of public convenience and necessity shall be issued by the Commission if it finds ". . . that the applicant is fit, willing

and able to perform such transportation properly and to conform to the provisions of this Act and the rules, regulations, and requirements of the Commission thereunder, and that such transportation is or will be required by the public convenience and necessity; otherwise, such application shall be denied."

The Commission finds that Airport Limo has sustained its burden of proof regarding the matter of need for service. The evidence of record indicates a need for a coordinated, comprehensive transportation system linking the Metropolitan District to National and Dulles airports and affording the traveling public a convenient, economical service. In addition, a grant of authority would enable MWA to implement ground transportation plans in conjunction with its operation and management of the airports. Service provided by Airport Limo pursuant to temporary authority has been satisfactory, providing the traveling public with charter and regularly scheduled transportation between points in the District of Columbia and Montgomery County, Md., and the airports. Despite the decrease in airline traffic at Dulles Airport applicant has added equipment and scheduled runs to alleviate overloading during peak periods of demand. There is a demonstrated need for both charter and special operations which would enable the carrier to utilize its equipment during both peak and off-peak hours, promoting economic stability. The availability of charter equipment in proximity to the airports will ease transportation problems when flights are diverted to National and Dulles airports and passengers have to be lodged at local hotels before completion of their flights. Pursuant to the grant of authority, Airport Limo will be able to institute a door-to-door special operations service to the Maryland suburbs. The authority granted, however, will be rephrased to conform to the evidence and current Commission practice.

With respect to the matter of Airport Limo's tariff, the Commission will approve the request for increased rates as outlined above. Evidence presented at the hearing supports an increase over the temporary authority tariff now in effect. The existing first-quarter loss coupled with the continuing depressed level of airline passenger traffic justifies the rate increase. Furthermore, the projected income figures calculated at the existing rate, the rate initially proposed, and the amended rate show a need for increased revenue to ensure Airport Limo a reasonable rate of return for its operations. The record in this proceeding also establishes that Airport Limo operates sufficient suitable equipment, that its maintenance and safety programs are adequate to protect the public and that it is fit, financially and otherwise, to conduct the service authorized herein.

THEREFORE, IT IS ORDERED:

1. That Airport Limo, Inc., is hereby granted authority to transport passengers and their baggage, in the same vehicle with passengers, in special and charter operations, over irregular routes, as follows:

- (A) Charter Operations, between Washington National Airport, Gravelly Point, Va., and Dulles International Airport, Herndon, Va., on the one hand, and, on the other, points in the Metropolitan District.
- (B) Special Operations, between Washington National Airport, Gravelly Point, Va., and Dulles International Airport, Herndon, Va., on the one hand, and, on the other, the Capitol Hilton Hotel, the Washington Hilton Hotel and the Sheraton Washington Hotel, all located in the District of Columbia, and points in those parts of Maryland and Virginia located in the Metropolitan District.

RESTRICTED in (A) and (B) above against transportation solely between points in Virginia and further restricted in (A) above to the transportation of persons having a prior or subsequent movement by air.

(2) That Airport Limo, Inc., is hereby authorized to file a tariff containing the following rates:

Special Operations between Washington National Airport and:

Dulles International Airport	\$7.00
Capitol Hilton Hotel	\$3.25
Washington Hilton Hotel	\$3.25
Sheraton Washington Hotel	\$3.75
Holiday Inn, Tysons Corner, Va.	\$7.00
Ramada Inn, Tysons Corner, Va.	\$7.00
Sheraton Hotel, Reston, Va.	\$7.00
Zone 1 (formerly "Zone 5")	\$5.75
Zone 2 (formerly "Beyond Zone 5")	\$5.75 plus \$1/mile

Special Operations Between Dulles International Airport and:

Capitol Hilton Hotel	\$7.00
Washington Hilton Hotel	\$7.00
Sheraton Washington Hotel	\$7.25
Zone 1 (formerly "Zone 5")	\$8.00
Zone 2 (formerly "Beyond Zone 5")	\$8.00 plus \$1/mile

Charter Operations: (the greater hourly or mileage charge)

<u>Per Live Mile</u>	<u>Per Dead Mile</u>	<u>Per Hour</u>	<u>Minimum Charge</u>
11-passenger vehicles:			
\$1.00	\$1.00	\$20.00	\$52.00
40-passenger vehicle or larger:			
\$1.20	\$1.20	\$35.00	\$110.00

(3) That the application of Airport Limo, Inc., in Case No. AP-80-16, except to the extent granted above, is hereby denied.

(4) That Airport Limo, Inc., is hereby directed to file (a) two copies of an appropriate WMATC tariff in accordance with the authority granted herein such tariff, including a new zone map in accordance with the authority granted herein, to be effective upon acceptance by the Executive Director and (b) a notarized statement of compliance with Commission Regulation No. 68 governing identification of motor vehicles.

(5) That upon timely compliance with the requirements of paragraph 4, an appropriately revised Certificate of Public Convenience and Necessity No. 26 shall be reissued to Airport Limo, Inc.

(6) That in the event Airport Limo, Inc., fails to comply with the directives set forth above within 30 days, or such further time as may be authorized by the Commission, the grant of authority made herein shall be considered null and void and the application shall stand denied in its entirety effective upon expiration of the said compliance time.

BY DIRECTION OF THE COMMISSION, COMMISSIONERS SCHIFTER AND SHANNON:


WILLIAM H. MCGILVERY
Executive Director