

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 2334

IN THE MATTER OF:

Served May 7, 1982.

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

Case No. MP-82-03

Background

By Order No. 2319, served March 4, 1982, and incorporated by reference herein, the Commission, on its own motion, instituted an investigation of the interstate taxicab rates for taxicabs licensed and regulated by the District of Columbia Public Service Commission ("PSC"). Notice of the investigation was published in a newspaper of general circulation in the Metropolitan District on March 8, 1982. Both the order and the newspaper notice invited interested persons to file written proposals or comments by March 31, 1982.

Staff's Proposal

The Commission staff proposed a schedule of interstate taxicab rates. ^{1/} Rather than the existing rate of \$1.50 for the first mile plus 45¢ for each additional half-mile, the staff proposed a rate of \$1.70 for the first mile plus 50¢ for each additional half-mile.

The Commission received responses from three parties: Fraternal Order Of Taxi Drivers & Owners, Inc. ("FOTO"); Mr. Irving Schlaifer; and a group of joint petitioners composed of Barwood Cab, Bell Cab, Eastern Cab, Imperial Cab, American Cab Company, Checker Cab Company, Liberty Cab Company, and Taxicab Industry Group, Inc. ("Joint Petitioners"). These responses are summarized below.

^{1/} Complete proposed schedule of rates set forth as Appendix to Order No. 2319.

Fraternal Order Of Taxi Drivers & Owners, Inc.

FOTO asks the Commission to "create a group rate fare structure . . . in addition to the present single rate now in existence." ^{2/} FOTO states that a group rate would result in more efficient service by making additional transportation available at all times for single or group riders at economical prices. FOTO points out that within the District of Columbia shared riding is permitted at the discretion of the driver.

Mr. Irving Schlaifer

Mr. Schlaifer, an independent taxicab owner-operator licensed in the District of Columbia, recommends the following rates:

- \$1.20 for the first mile.
- .60 for each additional half-mile.
- 1.00 for each additional passenger (provided that only one (1) child under six (6) years of age shall be transported without charge in a pre-formed party of one or more passengers).
- 1.00 rush hour surcharge 4 p.m. - 6:30 p.m., Monday through Friday.
- .30 per minute waiting time.
- .15 for each large bag of groceries, suitcases or articles of similar size. Briefcases and parcels of comparable size shall not be considered as hand baggage.

The total fare shall be doubled during officially declared snow emergency hours. It should be permissible to charge the total mileage taxi fare, or, the total time fare of 30¢ per minute, whichever is greater, except whenever shared riding ^{3/} is used.

^{2/} We do not interpret the phrase "present single rate now in existence" as opposition to the increased rates proposed by the staff. Rather, we interpret it as referring to the concept underlying all interstate fares in the Metropolitan District that the first person or pre-formed party to engage a taxicab has control of the vehicle and that an additional party may not be transported without securing the permission of the first party. A third party would require permission of the first two, and so forth.

^{3/} We interpret Mr. Schlaifer's use of the term "shared riding" to mean a multiple party trip as described in footnote 2.

Joint Petitioners

Joint Petitioners propose the following rates:

- \$ 1.75 first mile or part thereof.
- .60 each additional 1/2 mile or part thereof.
- .75 each additional passenger in a pre-formed party (provided, however, that one child five (5) years of age or younger shall be transported without charge for each individual of at least sixteen (16) years of age in a pre-formed party.) 4/
- .25 each 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 25¢ for each such piece. Briefcases and parcels of comparable size shall not be considered as hand baggage.
- 1.50 each trunk or similar large article, with a minimum dimension or cubic content in excess of 32 inches by 18 inches by 9 inches or 3 cubic feet.
- .65 personal service. 4/
- .65 taxicab service in response to a telephone call. 4/
- .65 dismissal of taxicab without using it after response to telephone call, which is in addition to the charge for responding. 4/
- 1.00 waiting time charge for each five (5) minutes, or fraction thereof.
- 10.00 hourly charge for taxicab employed on per hour basis shall be as follows:
 - first hour or fraction thereof, \$10
 - for each additional 1/2 hour or fraction thereof, \$5
- .65 charge for taxicab service during traffic rush hours. 5/
 - no additional charge for service during emergency season. 6/

Comparison of Fares

Tables setting forth the current mileage rates for local jurisdictions were included in Order No. 2319 and need not be

4/ Same as existing rate and staff proposal.

5/ Means 4 p.m. to 6:30 p.m., as within District of Columbia.

6/ Means snow emergencies.

reproduced herein. Suffice it to say that the average first-mile rate for interstate taxicab service is \$1.70, and the average rate for subsequent miles is 96¢. The median (middle) rate is \$1.70 for the first mile and \$1 for each subsequent mile. These average and median rates were determined by excluding the existing interstate rate for District of Columbia taxicabs because that is the rate here at issue.

In the table below, existing interstate taxicab rates have been converted to single-passenger fares for trips of 5, 10, and 15 miles. In addition, they are arranged in order of magnitude, and the fares resulting from the rates proposed by the staff, Mr. Schlaifer, and Joint Petitioners have been included.

TABLE I

	<u>5 Miles</u>	<u>10 Miles</u>	<u>15 Miles</u>
D. C. (Joint Petitioners) <u>7/</u>	\$6.55	\$12.55	\$18.55
D. C. (Mr. Schlaifer) <u>8/</u>	6.00	12.00	18.00
Prince George's	5.90	10.90	15.90
Arlington	5.80	10.80	15.80
D. C. (Staff)	5.70	10.70	15.70
Fairfax-Falls Church	5.60	10.60	15.60

Alexandria	5.30	9.80	14.30
D. C. (Current)	5.10	9.60	14.10
Montgomery	5.10	9.60	14.10

Both rate structures proposed by Joint Petitioners and Mr. Schlaifer result in fares higher than any currently in effect in the area, and the Commission concludes that the desired comparability cannot be achieved with either of these rates. Averaging the remaining fares (exclusive of the current fares for D. C. taxicabs and the fares proposed by the staff) yields fares of \$5.54, \$10.34, and \$15.14 for trips of 5, 10, and 15 miles, respectively. The dashed line in the above table shows where these average fares would fit.

Discussion of Comments and Proposals

FOTO seeks a "group rate fare structure" under which, apparently, passengers not traveling together as a pre-formed party could be transported simultaneously, at the discretion of the driver. FOTO does not offer a proposed rate structure for this type of service.

7/ Exclusive of proposed rush-hour surcharge.

8/ Exclusive of proposed rush-hour surcharge, and exclusive of proposed 30¢ per minute charge.

Such shared-riding arrangements are not uncommon in the taxicab industry and, indeed, exist locally in the District of Columbia and Montgomery County. It is not currently permitted in the remaining jurisdictions or in interstate service.

This is essentially a question of regulatory philosophy as to the nature of taxicab service. The prevailing concept in the local jurisdictions, as well as in interstate service, is that taxicabs provide a premium service at a compensatory rate. The service is custom tailored to the needs of the individual and is often actually directed by the individual. Taxicabs are generally considered to be the fastest and most expensive mode of "public" transportation available and are often considered a luxury mode for special occasions, when time is of the essence, or when, for whatever reasons, one prefers neither to share a ride nor be detoured or delayed.

On the other hand, the shared-riding or "paratransit" philosophy permits multiple-party trips at the discretion of the driver. This concept tends to make the existing number of vehicles available to more users, enhances the revenue opportunities of the driver, and reduces somewhat the quality of service to the passenger. In exchange for surrendering control, sharing the vehicle, and the potential for detours and delays, the passenger may pay a reduced rate.

This latter concept is especially useful in a compact urban or central business district (CBD) setting or where a limited number of vehicles is available. The District of Columbia successfully employs this concept in an urban, CBD setting even though it places no limit on the number of taxicabs. Under the District of Columbia's fare-zone system, the driver selects the route and the passenger pays no monetary premium for detours or delays. Montgomery County uses the concept in the context of limiting the number of taxicabs it will license. However, Montgomery County taxicabs use metered rates and the regulation provides that shared riding arrangements, while at the driver's discretion, shall not result in an increased fare for the passenger(s) already in the taxicab. Since even a minimal delay or detour will increase a meter fare slightly, the practical application of such a provision for metered taxicabs is open to question.

What could be called, perhaps, a form of shared riding is permitted in local metered taxicab service and in interstate service at the passenger's discretion (see footnote 2). In that circumstance the ride sharing is done on an informed and voluntary basis, and the sharing persons or parties each pay their full fares.

Returning to the request of FOTO, we conclude that interstate shared riding at the driver's discretion is neither desirable nor

practical. Our philosophy of interstate taxicab regulation has been and continues to be one predicated upon the provision of a premium service. Within the District of Columbia, even the individual taxicab passenger who does not share his ride is compensated for the potential of ride sharing by zone rates which are less expensive than the interstate mileage rates. For example, the lowest zone fare is \$1.45; even under existing interstate rates the minimum charge is \$1.50. The highest zone fare in the District of Columbia is \$6.70 for 8 zones; the same trip under existing interstate rates would range from \$10.05 to \$12.75. Interstate taxicab service does not have the same potential for ride sharing as exists in the District of Columbia, and the interstate mileage rate does not lend itself to ride sharing as well as the zone system.

FOTO, while it has not proposed a ride-sharing rate structure, has certainly made no mention of reduced interstate rates. It is our feeling that an interstate prescription of fare levels comparable to those in the District of Columbia would not be well received by FOTO's members, and is clearly not what Mr. Schlaifer and Joint Petitioners have in mind. Further, if the concept were not extended to include interstate travel in metered taxicabs (which we have already determined to be of questionable practicality), we would have two entirely different systems of interstate rates between the District of Columbia and the suburban jurisdictions, depending only upon the direction in which one is traveling. We shall adhere to our philosophy of premium service at compensatory rates in line with the prevailing rates for such service in the Metropolitan District.

Turning to Mr. Schlaifer's comments, we note that his proposed mileage rate is 30¢ less for the first mile than the existing interstate rate, and 30¢ higher for each subsequent mile. Table I shows that these rates produce fares at 5, 10, and 15 miles of \$6, \$12, and \$18, respectively, and that these are in excess of even the highest fares currently in use in the Metropolitan District. In addition to maintaining a record of odometer mileage, Mr. Schlaifer also proposes that a driver keep track of the elapsed time involved in each interstate trip, and then charge either the above mileage rate or 30¢ per elapsed minute, depending upon which produces the higher fare. Mr. Schlaifer correctly points out that the taximeters employed in all local jurisdictions except the District of Columbia simultaneously compute time and mileage and automatically apply the higher rate. However, even the highest metered time override is \$12 per hour (20¢ per minute), and the average is \$10 per hour (16-2/3¢ per minute). If, as we have found, Mr. Schlaifer's proposed mileage rate will not achieve the desired comparability, neither will the proposed time rate, which could only drive the fares higher. Further, we find that doing

both mileage and time fare computations by hand and then comparing the results (functions performed electronically in a meter) would introduce undue complexity into the rate system from both the driver's and passenger's viewpoint. And this is without regard to the additional requirement for a reasonably accurate clock or timepiece and perhaps a pocket calculator. Every taxicab is already equipped, and required to be equipped, with a reasonably accurate odometer.

Mr. Schlaifer also seeks a rush hour surcharge of \$1, similar to the District of Columbia surcharge of 65¢ from 4 p.m. to 6:30 p.m. Mr. Schlaifer has raised this issue before, and we have rejected it in Order No. 2067, served December 6, 1979, and again in Order No. 2213, served April 13, 1981. Mr. Schlaifer advances no new arguments in support of his request, and we find that our prior position still obtains. As we have already said, interstate trips typically generate greater fares than intra-D. C. trips. The rush hour surcharge is an incentive for D. C. taxicabs to operate during peak traffic hours. It is an integral element of the fixed-fare zone system and would be counterproductive and over-compensatory if added to the interstate rates which already enjoy an advantage. We do not want to induce drivers to give undue preference to interstate passengers at the expense of the intra-D. C. passengers for whose benefit the surcharge was instituted.

Mr. Schlaifer raises again the issue of doubling rates during snow emergencies, a notion we have consistently rejected over a 21-year history of regulating interstate taxicab rates. Our rate prescription of December 6, 1979, first included a definite negative provision for snow emergency rates (see Order No. 2067) and we are not now persuaded to change our position. Declaration of snow emergencies, like the snowfall itself, differs from jurisdiction to jurisdiction. A taxicab driver working on the street is often in a poor position to know when and where a snow emergency situation has been invoked or cancelled, and an interstate trip always involves at least two jurisdictions. If snow emergency rates, locally invoked and applied, are not sufficient to induce drivers to operate their taxicabs during these difficult times, doubling interstate rates will add little incentive. We have uniformly rejected snow emergency charges for all interstate trips, and we see no reason now to do otherwise for interstate trips originating in one jurisdiction.

For District of Columbia taxicabs the existing interstate rate, the proposed interstate rate, and the existing District of Columbia rate for hand baggage, including large bags of groceries or articles of similar size, is 15¢ for each such piece "in excess of one piece per passenger." Mr. Schlaifer perceives this as a "loophole" under which there would be no charge for five pieces of luggage on a trip involving five passengers, even if all five pieces of luggage belonged to only

one of the passengers. We are fully aware of this feature of the rate and consider it not a "loophole" but a rate deliberately designed by the PSC. We have always shown great deference for the "miscellaneous" rates of the local jurisdictions, one of the main reasons being that it is easier for a driver to remember that such charges are applied the same interstate as intrastate. We will not change this rate.

For the same reason, we will not change the existing interstate and intrastate waiting time rate to 30¢ per minute as requested by Mr. Schlaifer.

In summation, Mr. Schlaifer urges us to implement rates "that will encourage the D. C. taxicab drivers to accept [interstate] trips," further stating that "D. C. cab drivers have the right to refuse to take these trips." We have already noted that interstate trips, even under existing rates, generally produce greater revenue than intra-District of Columbia trips. We now add our position, if it has not previously been sufficiently clear, that any on-duty taxicab licensed in the Metropolitan District must accept any orderly passenger who states an interstate destination within the Metropolitan District. We would consider failure to do so as a refusal-to-transport violation.

We now take up the rate requests of Joint Petitioners. We will address only those elements which differ from the existing interstate rates.

Joint Petitioners state:

The proposed increase by the Commission of \$1.70 for the first mile for D. C. is still less than two other jurisdictions, namely Prince George's County with a one mile charge of \$1.90 and Arlington with a one mile charge of \$1.80. It is recommended that the D. C. one mile fare be raised to \$1.75 in order to closer approximate the increases in these surrounding jurisdictions.

As we have noted (page 4, supra) both the average and median first-mile rates for the five surrounding jurisdictions are \$1.70, and the staff's proposed first-mile rate is \$1.70. We fail to see how it could be more closely approximated.

In further support of the \$1.75 first-mile rate, Joint Petitioners point out that the PSC has recently raised liability insurance coverage requirements. The Transit Commission prescribes such minimum insurance coverage to be the same as required by the

licensing jurisdiction; 9/ accordingly, no taxicab has increased insurance requirements owing to WMATC regulation. Further, such insurance costs were fully covered by the PSC rate prescription, and, as we have noted, interstate rates tend to be higher than intra-D. C. rates. We find no relationship between the rate here proposed by Joint Petitioners and the insurance coverage requirement.

These same comments apply generally to Joint Petitioners' request that the charge for each additional half-mile be increased from 45¢ to 60¢ based upon the higher vehicle maintenance costs found and accommodated in the new intra-D. C. rates by PSC. Again, Joint Petitioners have made no effort to show how their proposed rates are related to such costs, or that either the existing or staff-proposed rates are inadequate to cover such costs. Logic dictates the conclusion that if such costs are adequately covered by lower intrastate rates, they must be covered by higher interstate rates.

Joint Petitioners also request that "[b]oth the waiting time charge and hourly charge should be increased to \$1 and \$10 respectively," and that the "[h]andbaggage charge should be raised to 25 cents in order to provide for the ease of making change and the provision of adequate remuneration for such personal service." All three of these items are "miscellaneous" incidental charges which, absent some compelling rationale, we prefer to implement in accordance with the locally prescribed charges so that they are applied uniformly interstate and intrastate. These charges proposed by Joint Petitioners are all higher than those prescribed by PSC, and PSC has determined that its rates are compensatory. Joint Petitioners advance no reasons for finding otherwise, and we find none.

Although Joint Petitioners request a rush-hour surcharge of 65¢, as compared to Mr. Schlaifer's proposal of \$1, we adhere to our discussion and finding on this matter, supra, page 7.

The Commission defined its philosophy of taxicab ratemaking in Order No. 1500, served February 13, 1976, and has found it useful to restate it in subsequent rate orders:

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,

9/ See Commission Regulation 62-03(b).

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.]

* * *

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.

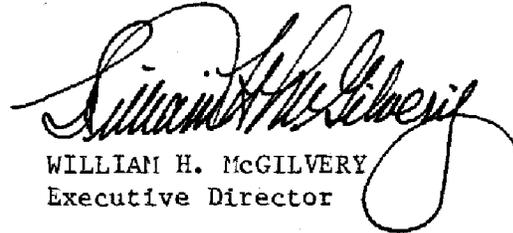
Based upon all the foregoing considerations, we find that the current interstate taxicab rates for taxicabs licensed and regulated by the District of Columbia are neither appropriate nor comparable to such rates for taxicab service in other local jurisdictions. We further find that the rates set forth in the Appendix to this order are just, reasonable, appropriate and comparable, and such rates are hereby promulgated to be effective on the date specified below.

THEREFORE, IT IS ORDERED:

1. That the investigation instituted by Order No. 2319, served March 4, 1982, 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 rates prescribed herein shall become effective at 4 a.m., Monday, May 17, 1982.

BY DIRECTION OF THE COMMISSION, COMMISSIONERS CLEMENT, SCHIFTER AND SHANNON:



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)

- \$1.70 First mile or part thereof
- .50 Each additional 1/2 mile or part thereof
- .75 Each additional passenger in a pre-formed party
(provided, however, that one child five (5)
years of age or younger shall be transported
without charge for each individual of at least
sixteen (16) years of age in a pre-formed
party.) a/

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 15¢ 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 \$1.25 each. A trunk is herein defined 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 65¢; taxicab service in response to a telephone call, 65¢ in addition to all other authorized charges; dismissal of a taxicab without using it after response to a telephone call, 65¢ in addition to the charge for responding; waiting time, b/ 75¢ for each 5 minutes or fraction thereof.

The charge for a taxicab employed on an hourly basis shall be as follows: for the first hour or fraction thereof -- \$9;
for each additional 15 minutes or fraction thereof -- \$2.25.

There shall be no additional charge for service during traffic rush hours or snow emergency periods.

a/ This method of charging for extra passengers shall apply to all interstate taxicab service within the Metropolitan District.

b/ Waiting time shall include time consumed while taxicab is waiting and available to the passenger beginning 5 minutes after the time of arrival at the place to which it has been called. No charge shall be made for premature response to a call.