

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 2342

IN THE MATTER OF:

Served June 9, 1982

Application of FUJI INTERNATIONAL )  
TRAVEL AGENCY, INC., for a )  
Certificate of Public Convenience )  
and Necessity to Engage in Charter )  
Operations )

Case No. AP-82-01

By application filed January 20, 1982, Fuji International Travel Agency, Inc. (Fuji), seeks a certificate of public convenience and necessity to transport passengers and their baggage, in charter operations, between points in the Metropolitan District. The application was subsequently amended to restrict service (a) to transportation in vehicles with a maximum manufacturer's designed seating capacity of twenty-one passengers, and (b) to transportation performed for bona fide travel agencies or tour brokers. Pursuant to Order No. 2308, served January 27, 1982, and incorporated by reference herein, a public hearing on the application was held on March 9, 1982. Airport Limo, Inc., and International Limousine Service, Inc., appeared in opposition to the application, but Airport Limo withdrew from the proceeding upon acceptance of the above-cited restrictive amendment.

The general manager of Fuji testified that the company is a travel agency licensed in the District of Columbia and authorized as an agent by the International Air Traffic Conference and the Air Transport Conference. Fuji was incorporated in 1961 and has developed significantly since 1977 due to increased numbers of Japanese tourists visiting Washington, D. C. Along with normal travel-agency functions for people departing from Washington, D. C., Fuji arranges meals, guide and interpreter services and transportation 1/ for tourists visiting Washington, D. C., with virtually all service being provided for

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1/ While the company was providing some transportation itself, it ceased operations upon advice from counsel concerning the need for Commission certification.

Japanese tourists. The company owns two vans and two minibuses suitable for passenger service.

The witness sponsored an exhibit showing an analysis of 1981 tours including the number of tours and number of passengers transported each month. Of the 355 tours arranged by Fuji in 1981, approximately 50 percent had more than 20 members and 50 percent had 20 or less members. According to the witness, groups of 20 or more are transported by motor coach with a Japanese-speaking guide/driver. Generally tour groups are pre-formed in Japan with Fuji making local arrangements. Small groups (six passengers or less) have been transported in traditional limousine vehicles, but groups comprised of eight to 20 passengers have often used motor coach equipment. Fuji did purchase two minibuses in 1981 to help alleviate the need to use motor coaches for these moderately sized groups.

The witness described safety and maintenance programs for its equipment and drivers. He also stated that on two occasions during the busy summer season and once in the fall of 1981 he called Protestant International to obtain equipment on short notice and was told that no vehicles were available for use. Fuji seeks to provide its tour groups with an interpretive service in Japanese to assist with hotel and dining arrangements as well as sightseeing, thus, in some instances, offering a guide in addition to (or in lieu of) a driver.

With respect to the carrier's financial status, the witness testified that a 12-month projection of revenues and revenue deductions shows estimated after-tax profits of \$14,800 based on revenue of \$100,264. The balance sheet dated November 30, 1981, and the income statement for the year ended November 30, 1981, show a reasonably strong position according to the witness.

Fuji's proposed tariff contains the following rates:

<u>Airport Transfers*</u>	<u>Minibus</u>	<u>Van</u>
National Airport	\$110	\$ 65
Dulles Airport	145	85
<u>City Transfers*</u>		
Minimum-three hours	150	110
Up to seven hours	220	190
Additional hours	30	25
<u>City Sightseeing*</u>		
Service is from hotel to hotel		
Minimum-three hours	193	130
Up to seven hours	275	225
Additional hours	40	33

<u>Meeting/Sightseeing Combination*</u>	<u>Minibus</u>	<u>Van</u>
Meet at National Airport; tour city; then to hotel Four hours from flight arrival	\$265	\$150
Meet at Dulles Airport; tour city; then to hotel Five hours from flight arrival	345	185

\* All service is with Japanese-speaking guide/driver.

There are no provisions in the tariff for hiring a guide or interpreter who is not the guide/driver described in the tariff. Presumably, any additional staff person requested by a tour group would be charged directly at Fuji's cost for providing the service.

Fuji's general manager further testified that, while virtually all tour groups are Japanese, service performed for non-Japanese groups that required an interpreter could be provided by hiring someone from a guide service. He emphasized that the tariff was drawn up with Japanese tour groups in mind and stated in response to a question as to whether the tariff would apply to groups that spoke English, "I do not know." The price structure of the tariff would include minimum charges where applicable with additional hourly charges up to the seven-hour charge. According to the witness, a three-hour city transfer in a minibus would cost \$150, the four-hour charge would be \$180, five hours \$210, but six and seven hours would be limited to \$220 (the seven-hour charge). Anything over seven hours would be \$220 plus \$30 an hour. The same type of calculations would apply to city-sightseeing van service also.

A travel agent employed by the Japan Travel Bureau (JTB) in New York, N. Y. (a tour operator with 320 offices worldwide), testified that JTB makes arrangements for Japanese tourists visiting the eastern United States, Canada and the Caribbean, including hotels, restaurants, interpreting and transportation services. He stated that Fuji has acted as JTB's Washington, D. C., ground transportation provider, functioning as an intermediary for making local guide, interpreter and transportation arrangements. The witness explained that the average size of tour groups has decreased in recent years. The availability of vehicles seating less than traditional motor coaches thus permits more efficient operations at a less expensive rate and encourages Japanese tourists to participate in optional side-trips from New York to Washington, D. C. <sup>2/</sup> These side-trips are often arranged on short notice after the tourists arrive in New York. The witness stressed the

<sup>2/</sup> In 1981 JTB arranged tours for about 5,000 people in Washington, D. C.

need for Japanese-speaking guides who would be able to anticipate problems and assist tourists with all aspects of traveling. He expressed his satisfaction with Fuji's service in the past and the advantage of having Fuji available to provide transportation in minibus and van equipment.

On cross-examination the travel agent admitted that he has used another local Japanese-oriented travel agency for large charter groups. Fuji, however, is the agency used for "sensitive groups" such as technical and professional visitors. The witness mentioned that JTB's policy is to contact the local group operator and leave it up to the ground operator as to who would be contacted to provide transportation, although the preference would be to use an operator which is itself capable of providing transportation.

The Assistant Manager of the Japan Productivity Center of Washington, D. C., a non-profit educational foundation based in Japan, testified that the Center sponsors an international technical exchange program. Each year the Center brings about 30 groups of Japanese businessmen to points in the United States, including a short stay in Washington, D. C. While the primary purpose of the trips is management study, sightseeing is also a part of the itinerary, and transportation is needed for sightseeing, transfers and educational trips. Fuji has long been a provider of some service, and for the last two years Fuji has taken care of all local transportation needs in a satisfactory manner. While, in the past, the numerically large groups of visitors were predominant, typical group size now ranges between about five and twelve.

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 the 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 applicant has sustained its burden of proof regarding the matter of need for service as sought herein. Evidence presented by applicant shows a need for charter service in vehicles with a maximum manufacturer's designed seating capacity of 21 passengers, restricted to transportation performed for bona fide travel agencies or tour brokers, between points in the Metropolitan District. The witnesses generally testified to a need for service locally, with operations geared to groups pre-formed in Japan or in New York from

among Japanese tourists. The carrier is on notice that as a common carrier Fuji is obliged to perform service for all charter parties coming within the ambit of its operating authority, subject to equipment availability.

With respect to the matter of fitness, we find that Fuji is financially and otherwise fit to operate. While we note that applicant was providing some transportation itself in the past, it properly ceased operations upon learning of the requirement for Commission certification. The Commission admonishes Fuji to adhere strictly to the provisions of the Compact and the rules and regulations promulgated thereunder.

Regarding Fuji's tariff, the Commission notes that the proposed rates include use of a "Japanese speaking guide/driver." Presumably, this is one individual providing guide and driving services. To the extent charter groups request additional personnel to accompany the driver for the purpose of providing interpretive service, a provision in the tariff should set forth this service, with the charge to be passed through to passengers at its actual cost to Fuji or at a reasonable fixed rate. Additionally, inasmuch as the carrier's general manager testified at the public hearing that the tariff was structured with Japanese tour groups in mind, the tariff should be restructured to establish rates to be charged to the general traveling public, with any other services to be charged at a separate rate.

The Commission notes that the rates contained in the tariff are rather high, especially when compared to the effective tariffs published by the existing van and minibus industry. Both the "City Sightseeing" and the "Meeting/ Sightseeing Combination" services are extraordinarily expensive. For example, the latter service has an average rate of \$66.25 an hour for minibus service and \$37.50 an hour for van service from Washington National Airport, and \$69 an hour for minibus service and \$37 an hour for van service from Dulles International Airport. Accordingly, a new tariff must be prepared and filed to eliminate the above-described problems concerning the use of additional personnel for guide service and the rate structure for non-Japanese tour groups. Notwithstanding the carrier's desire to provide a personalized service for its clientele, the carrier should consider structuring its revised general tariff at a lower rate scale with additional services provided at an extra charge. We note that the carrier's projection of revenue and revenue deductions shows an estimated after-tax profit of approximately \$14,800 on projected revenue of \$100,264, an operating ratio of 85.24 percent, well in excess of the Compact guideline of 93.5 percent. <sup>3/</sup> We will withhold approval of rates pending the filing by applicant of an acceptable tariff that eliminates these problems.

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<sup>3/</sup> Compact, Title II, Article XII, Section 6(a)(4).

THEREFORE, IT IS ORDERED:

1. That Fuji International Travel Agency, Inc., is hereby granted authority to transport passengers, together with baggage in the same vehicle with passengers, in charter operations between points in the Metropolitan District, restricted (1) to service in vehicles with a maximum manufacturer's designed seating capacity of 21 passengers and (2) to transportation performed for bona fide travel agencies or tour brokers, and restricted against transportation solely between points in Virginia.

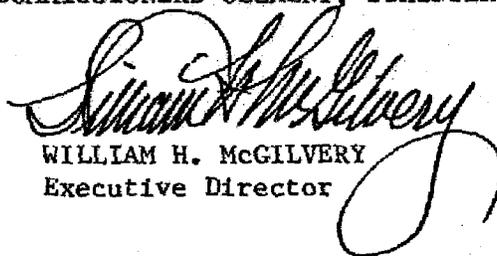
2. That Fuji International Travel Agency, Inc., is hereby directed to file (a) a certificate of insurance as required by Commission Regulation No. 62, and (b) an affidavit of compliance with Commission Regulation No. 68 governing identification of motor vehicles, for which purpose WMATC No. 76 is hereby assigned.

3. That Fuji International Travel Agency, Inc., is hereby directed to file two copies of its revised WMATC Tariff No. 1 as required by Commission Regulation No. 55, to eliminate the problems specified in the text of this Order.

4. That upon timely compliance by Fuji International Travel Agency, Inc., with the directives set forth in paragraph 2 above and the filing and approval by the Commission of a tariff as required in paragraph 3 above, an appropriate Certificate of Public Convenience and Necessity No. 76 will be issued.

5. That unless compliance with the provisions of the preceding paragraph is effected within 30 days from the date of service hereof or such additional time as the Commission may authorize, the grant of authority made herein shall be void and the application shall stand denied in its entirety effective upon expiration of the said compliance time.

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

  
WILLIAM H. MCGILVERY  
Executive Director