

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, DC

ORDER NO. 3416

IN THE MATTER OF:

Served September 26, 1989

Application of GREYHOUND LINES, )  
INC., for a Certificate to Conduct )  
Charter Operations Pursuant to )  
Contract with Corridor )  
Transportation Corporation )

Case No. AP-89-19

By application filed April 20, 1989, Greyhound Lines, Inc. (GLI or applicant), seeks a certificate of public convenience and necessity to transport passengers in charter operations between points in Prince George's and Montgomery Counties, MD, pursuant to contract with Corridor Transportation Corporation (CTC). 1/2/

Pursuant to Order No. 3355, served June 16, 1989, and incorporated herein by reference, a hearing was held on the above-captioned matter. GLI presented one company witness and one public witness. The matter was uncontested.

SUMMARY OF EVIDENCE

Mr. Johnny Dean Haddock, regional general manager for Greyhound Lines Contract Services, a division of GLI, testified on applicant's behalf. Mr. Haddock oversees management and accounting for GLI contracts in the Washington area including the contract with CTC which is at issue in this application. The contract between GLI and CTC, a copy of which was submitted with GLI's application, is for a fixed term of three years commencing May 15, 1989. The contract requires GLI to provide eight in-service "buses" and one back-up "bus" daily. The buses required by the contract are 25-passenger vehicles; the vehicles must be a specific make and model, have been manufactured in 1987 or 1988, and not have been previously used. The contract provides that failure to pass any required local, state, or federal inspection constitutes a material breach of contract.

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1/ The contract provides for scheduled service over five fixed routes. Inasmuch as portions of two of the five routes extend outside the Metropolitan District and, therefore, are beyond this Commission's jurisdiction, the application was dismissed in part as to those route portions by Order No. 3355.

2/ By Order No. 3345, served May 31, 1989, GLI was granted temporary authority to operate the proposed service.

The contract provides for scheduled service generally between 6 a.m. and 7 p.m. over five fixed routes:

- Route A - Ammendale/Montpelier
- Route B - Maryland City
- Route C - Whiskey Bottom
- Route D - Burtonsville
- Route E - Hospital/Main Street

In addition, the contract provides for certain connecting service and, on Saturdays, operation of a combined Route D/E. Routes A, D, E, connecting service, and Route D/E Saturday service operate wholly within Prince George's and Montgomery Counties, MD. Route B operates partially in Howard County, MD, and Route C operates partially in Anne Arundel County, MD. CTC specifically reserves the right to modify schedules and routes as necessary, including increasing or decreasing scheduled runs or routes. The fares are to be established by CTC from time to time. Initially, CTC's fare schedule would be 75¢ per person with no charge for children under 40 inches in height and free transfers between routes. GLI would charge CTC a fixed rate of \$1.60 per revenue mile. All operating revenue from the proposed service would be turned over to CTC. The proposed service would be provided using nine 25-passenger vehicles owned by CTC but operated and controlled by GLI. The vehicles would be garaged in the vicinity of Laurel, MD, and maintained by GLI at its facility in the District of Columbia. A vehicle condition report would be made daily, and any needed maintenance indicated by the report would be performed the same day. Overall maintenance and mechanical examination would be performed to the manufacturer's specifications at 3,000-mile intervals. GLI would employ 18 drivers for the proposed service, all of whom would be at least 21 years of age, have had a "background check," have passed the physical and drug test prescribed by the United States Department of Transportation, and have had a safe driving record (no points) for at least two years. Mr. Haddock is familiar with the Compact and the Commission's rules and regulations and testified that GLI intends to comply with them.

With its application GLI submitted (consolidated) balance sheets for two year-end dates. As of December 31, 1987, GLI and consolidated subsidiaries had current assets of \$98,870,000; fixed assets after allowance for depreciation of \$342,116,000; and other assets of \$72,947,000. As of December 31, 1987, GLI and consolidated subsidiaries had current liabilities of \$136,238,000; long-term debt of \$309,496,000; other liabilities of \$21,937,000; and stockholders' equity of \$46,262,000. As of December 31, 1988, GLI and consolidated subsidiaries had current assets of \$147,604,000; fixed assets after allowance for depreciation of \$364,460,000; and other assets of \$71,494,000. As of December 31, 1988, GLI and consolidated subsidiaries had current liabilities of \$170,699,000; long term debt of \$350,969,000; other liabilities of \$33,022,000; and stockholders' equity of \$28,868,000. For the 12 months ended June 30, 1988, GLI projects WMATC operating income of \$2,675,735 from charters conducted

exclusively within the Metropolitan District together with operations performed pursuant to contract with Montgomery County, MD, with total operating expenses for the same period and applicable to the same service of \$2,588,153 resulting in net operating income of \$87,582 for an operating ratio of 96.7 percent. From the proposed service alone applicant projects revenues of \$586,445 and operating expenses of \$531,466 resulting in net operating income of \$54,979 during the first 12 months of operation. These figures are approximate inasmuch as they are based on mileage estimates.

Mr. Raymond Ambrose, general manager of the Baltimore-Washington Corridor Chamber of Commerce, testified on CTC's behalf in support of the application. CTC is a private, non-profit entity formed to administer mass transit services within the Greater Laurel area. Through the Chamber of Commerce, Mr. Ambrose has entered into an agreement to serve as project administrator for CTC's Board of Directors. Mr. Ambrose sponsored a verified statement in support of GLI's application for temporary authority, Case No. AP-89-24. According to that statement CTC was organized for the purpose of developing a public (bus) transit system within Laurel, MD, and between Laurel and nearby outlying points in Anne Arundel, Howard, Montgomery, and Prince George's Counties, MD. The contract at issue in this case was awarded as a result of a competitive bidding process, and GLI's proposal was selected as being the most responsive bid to CTC's solicitation. The project is funded by area businessmen and developers, the State of Maryland, the Urban Mass Transportation Administration, and Prince George's and Howard Counties. CTC's goal is high-frequency, low-fare transit service that would be responsive to local needs and would contribute to the area's economy. CTC believes GLI's proposed service would reduce automobile traffic, lower exhaust emissions, and enhance public safety. CTC acknowledges existing bus service in the Laurel area by Metro and Columbia Bus System, stating that this is through-service not designed or intended to provide the type of service contemplated by the CTC/GLI contract. The proposed service is designed to serve businessmen, shoppers, and tourists and to provide connecting service for MARC trains and Columbia Bus. The statement asserted an immediate and urgent need for the proposed service.

The witness testified that approximately three years ago a study was conducted through the Baltimore-Washington Corridor Chamber of Commerce by the Maryland Transportation Administration and the Prince George's County Office of Transportation projecting demand for public transportation in the Greater Laurel area. The study indicated that the public would benefit from a public transportation system within the Laurel area serving not only Laurel and nearby points but also serving Baltimore, MD, and Washington, DC, by connecting with existing public transportation. The existing public transportation offers continuing service to the urban markets where a large portion of the Greater Laurel work force is employed. As a result of the study's conclusion, a group of business people in the Greater Laurel area, through the Baltimore-Washington Corridor of Commerce, ". . . began to undertake the efforts to put together a private, non-profit corporation that would oversee the development of the bus services." The result

was the contract between CTC and GLI -- submitted as part of this application -- the purpose of which is to provide a comprehensive transportation system in the Greater Laurel area. Mr. Ambrose testified that over the three-year contract period it is likely that some service changes will occur. Rates paid to GLI may be amended under the contract.

Service under the contract commenced on May 15, 1989, with a ridership of approximately 100 passengers a day. In the two-month period between commencement of service and the public hearing in this case, ridership on the five routes had increased to 400 persons daily on average. In Mr. Ambrose's opinion the increase has been due in part to the quality of service. Mr. Ambrose testified that the CTC staff and the Baltimore-Washington Corridor Chamber of Commerce board expect ridership to continue to grow.

#### DISCUSSION AND CONCLUSIONS

This matter is governed by Title II, Article XII, Section 4 of the Compact which requires the applicant to prove that it is fit, willing, and able to perform the proposed transportation properly and to conform to the provisions of the Compact and the Commission's rules, regulations, and requirements thereunder and that the proposed service is or will be required by the public convenience and necessity. After reviewing the entire record in this case, the Commission finds GLI has met its statutory burden. Accordingly, the application shall be granted.

The applicant operates a sufficient number of 25-passenger vehicles to perform the proposed service. It has acquired eight new vehicles to operate the service, maintains another for reserve use, and has a preventive maintenance program as well as capacity for repairs, all of which safeguards its ability to provide quality service. GLI's drivers are properly licensed, with satisfactory driving records. GLI has a driver training and a drug screening program for its drivers. GLI, pursuant to the Commission's temporary authority grant, has been rendering the service over the routes for which it is seeking this certificate, since May 15, 1989. Taking official notice of its records, the Commission notes that it has received no complaints of deficiencies or failures in GLI's service under the grant of temporary authority.

The record shows that applicant is financially sound when all corporate and intercorporate holdings are considered, and projections show that the proposed service is expected to be profitable. GLI's staff has reviewed the Compact and the Commission's rules and regulations and are willing to comply with them. Based on the foregoing reasons, we find GLI fit -- financially, operationally, and as to compliance -- to perform the proposed service.

Turning to the issue of public convenience and necessity, the Commission finds, based on the testimony of Mr. Ambrose in this case and in Case No. AP-89-24 of which official notice is hereby taken, that

the public convenience and necessity require the proposed service. There is no question that the service at issue in this case will serve a useful public purpose responsive to a public need. A study involving representatives of the area business community and state and county transportation specialists indicates that mass transit is needed within the Greater Laurel area to reduce traffic congestion and its attendant air pollution and thereby enhance public safety. The study further indicates that the proposed service would improve the area's economy by providing connecting service to existing mass transit systems serving Baltimore, MD (a point outside the Commission's jurisdiction), and Washington, DC, two centers of employment for area residents, and by facilitating local transportation, thereby improving the area business climate while serving shoppers and tourists traveling in the Laurel area. There is no indication that any existing carrier has either offered a similar service in the past or proposes to offer it in the future. There were no protests. The Commission finds that no carrier will be materially affected by a grant of this application. Thus, the standards established by Pan-American Bus Lines Operation (1 M.C.C. 190, 203 [1936]) et seq. have been met.

THEREFORE, IT IS ORDERED:

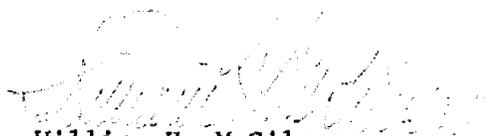
1. That Greyhound Lines, Inc., is hereby conditionally granted authority to transport passengers in charter operations pursuant to contract with Corridor Transportation Corporation, contingent upon timely compliance with the terms of this order.

2. That Greyhound Lines, Inc., is hereby directed, within 30 days of the service date of this order, to file the following: (a) three copies of its WMATC Tariff No. 2, in accordance with WMATC Regulation No. 55, consisting of all material currently contained in any GLI tariff on file with the Commission plus GLI's current contract with Corridor Transportation Corporation and a list of rates to be collected by GLI from members of the traveling public; (b) an equipment list specifying make, model, serial number, vehicle number, license plate number (with jurisdiction), and seating capacity of each vehicle to be used in the contract service; and (c) an affidavit of identification pertaining to each of those vehicles and in accordance with Commission Regulation No. 67.

3. That upon timely compliance with the terms of this order, WMATC Certificate No. 139 of Greyhound Lines, Inc., shall be amended to conform with Appendix A to this order.

4. That upon such amendment and reissuance of Certificate No. 139, the temporary authority granted by Order No. 3345 shall stand terminated.

BY DIRECTION OF THE COMMISSION; COMMISSIONERS WORTHY, SCHIFTER, AND SHANNON:

  
William H. McGilvery  
Executive Director

NO. 139

GREYHOUND LINES, INC.

DALLAS, TEXAS

By Order Nos. 3176 and 3416 of the Washington Metropolitan Area Transit Commission issued June 8, 1988, and September 26, 1989;

AFTER DUE INVESTIGATION, it appearing that the above-named carrier is entitled to receive authority from this Commission to engage in the transportation of passengers within the Washington Metropolitan Area Transit District as a carrier, for the reasons and subject to the limitations set forth in Order Nos. 3176 and 3416;

THEREFORE, IT IS ORDERED that the said carrier be, and is hereby granted this certificate of public convenience and necessity as evidence of the authority of the holder thereof to engage in transportation as a carrier by motor vehicle; subject, however, to such terms, conditions, and limitations as are now, or may hereafter be, attached to the exercise of the privilege granted to the said carrier.

IT IS FURTHER ORDERED that the transportation service to be performed by the said carrier shall be as specified below:

PART A

CHARTER OPERATIONS PURSUANT TO CONTRACT with Montgomery County, MD, between points in Montgomery County, MD, pursuant to contract dated February 16, 1988, together with any continuous extensions, amendments, or modifications thereto;

RESTRICTED to transportation of passengers in vehicles with a manufacturer's designed seating capacity of 21 passengers or less, including the driver.

PART B

CHARTER OPERATIONS PURSUANT TO CONTRACT with Corridor Transportation Corporation between points in Montgomery and Prince George's Counties, MD, pursuant to contract dated January 27, 1989, together with any continuous extensions, amendments, or modifications thereto;

AND IT IS FURTHER ORDERED and made a condition of this certificate that the holder thereof shall render reasonable, continuous, and adequate service to the public in pursuance of the authority granted herein, and that failure so to do shall constitute sufficient grounds for suspension, change, or revocation of the certificate.