

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, DC

ORDER NO. 8778

IN THE MATTER OF:

Served June 15, 2005

Petition of DULLES TAXI SYSTEMS,)
INC., Trading as WASHINGTON FLYER,)
for an Interstate Taxicab Fuel)
Surcharge)

Case No. MP-2005-49

Investigation of Prescription of an)
Interstate Taxicab Fuel Surcharge)
for District of Columbia Taxicabs)

Case No. MP-2005-50

Dulles Taxi Systems, Inc. (DTS), which operates a taxicab concession at Washington Dulles International Airport under the trade name "Washington Flyer," has petitioned the Washington Metropolitan Area Transit Commission (Commission) for an order approving a \$1.25 fuel surcharge to be added to the base fare of each interstate trip conducted in a DTS taxicab within the Commission's jurisdiction.

The Commission prescribes interstate taxicab rates pursuant to the Washington Metropolitan Area Transit Regulation Compact (Compact).¹ The current interstate rate for trips in DTS taxicabs went into effect in June 2001.² According to the petition, fuel prices in the Washington Metropolitan Area have increased nearly forty percent since then.

Case No. MP-2005-49 was initiated on May 6, 2005, in Order No. 8692 to determine whether the Commission should prescribe a fuel surcharge for interstate trips in DTS taxicabs. In accordance with previous practice we initiated a companion proceeding to determine whether we should prescribe a fuel surcharge for interstate trips in District of Columbia taxicabs.³

The Commission solicited public comment in these proceedings by publishing notice in the Washington Post on May 11, 2005, and by posting a copy of Order No. 8692 on the Commission's website since May 11, 2005, as well. We have received comments from the Metropolitan Washington Airports Authority (MWAA), the other party to

¹ Pub. L. No. 101-505 § 1, 104 Stat. 1300 (1990) (codified at D.C. CODE ANN. § 9-1103.01 (2005); MD. TRANSP. CODE ANN. § 10-203 (2005); VA. CODE ANN. §§ 56-529, 530 (2005)).

² In re Interstate Taxicab Rates, No. MP-01-23, Order No. 6226 (May 17, 2001).

³ See In re Dulles Taxi Systems, Inc., t/a Washington Flyer, No. MP-01-01, Order No. 6147 (Mar. 16, 2001) (prescribing interstate fuel surcharge for all taxicab companies in response to petition by Dulles taxicab operator); In re Prescription of Fuel Surcharge on Interstate Taxicab Rates, No. MP-90-18, Order No. 3586 (Nov. 14, 1990) (same).

the Washington Dulles International Airport (Dulles) taxicab concession contract, and from DCX, Incorporated, dba Diamond Cab. Their comments are discussed below.

I. FUEL SURCHARGE JURISDICTION AND SPECIFIC AUTHORIZATION

Under the Compact, the Commission has jurisdiction over "the rates, charges, regulations, and minimum insurance requirements for taxicabs [with] a seating capacity of nine persons or less, including the driver" with respect to interstate trips in the Washington Metropolitan Area Transit District (Metropolitan District).⁴

The Commission's rate-setting jurisdiction applies "only when the trip is between a point in the jurisdiction of one signatory and a point in the jurisdiction of another signatory and both points are within the Metropolitan District."⁵ "The fare or charge for taxicab transportation may be calculated on a mileage basis, a zone basis, or on any other basis approved by the Commission."⁶ This language is broad enough to include a fuel surcharge.

In the case of locally-licensed taxicabs with taximeters, the local charges adopted for use in connection with interstate trips includes fuel surcharges.⁷ This means that whenever one of these local meter jurisdictions prescribes a fuel surcharge for use in conjunction with its base rate, the fuel surcharge shall be automatically approved for use on interstate trips, just as the base rate is.⁸

Fuel surcharges for interstate trips in other taxicabs cannot be set in the same manner inasmuch as the question of whether and to what extent a fuel surcharge is warranted cannot be determined without reference to the authorized base rate.¹⁰ Thus, whenever the authorized base rate is affirmatively promulgated by the Commission, as opposed to merely adopted by the Commission, a fuel surcharge may be levied only if the Commission has specifically authorized such a charge.¹¹ DTS taxicabs and taxicabs licensed by the District of Columbia fall into this latter category.

II. DTS TAXICABS

As the proponent of a change in the existing rate structure, DTS bears the burden of sustaining its proposal.¹²

DTS states that since the Commission last raised the base rate applicable to interstate trips in DTS taxicabs, the price per gallon of regular gasoline in the Washington Metropolitan Area has increased

⁴ Compact, tit. II, art. XI, § 1(b).

⁵ Compact, tit. II, art. XI, § 18(a).

⁶ Compact, tit. II, art. XI, § 18(b) (emphasis added).

⁷ Order No. 6147.

⁸ Id.

⁹ Id.

¹⁰ Id.

¹¹ Id.

¹² Id. (citing In re Interstate Rates, Order No. 1314 (Mar. 26, 1974) (on reconsideration)).

from approximately \$1.60 to approximately \$2.20. In further support of its petition, DTS states that the "average Dulles trip is 22 to 25 miles one-way, with only a very limited opportunity for a return trip," and that "the average trip consumes 2½ to 3 gallons of fuel." As a result, says DTS, the average cost of a trip costs DTS drivers \$1.50 to \$1.80 more today than it did when the current base rate was set.

On the basis of these representations, DTS requests that the Commission authorize DTS to collect a \$1.25 fuel surcharge for each interstate trip performed by DTS in the Commission's jurisdiction. MWAA supports the requested surcharge on the ground that "[t]he recent, rapid rise in gasoline prices has placed a great financial burden on Washington Flyer taxicab drivers in particular because their trips tend to be fewer in number and longer than the average trip in the metropolitan area."

We agree with DTS and MWAA that the increase in gasoline prices since the Commission last set DTS's interstate base rate supports adoption of a fuel surcharge for interstate trips performed by DTS in the Metropolitan District. We do not agree, however, that DTS has established a need to set the surcharge at \$1.25 per trip.

First, data available from the American Automobile Association show that the current average price per gallon of regular gasoline in the Washington Metropolitan Area is approximately \$2.12,¹³ down from the \$2.20 noted in the petition.

Second, it is important to understand the methodology the Commission employs when it sets the interstate taxicab base rate for the Dulles Airport concessionaire. The Commission sets that rate by periodically surveying the rates set by jurisdictions in the Washington metropolitan area and setting the concessionaire's rate at or above the median.¹⁴ As we explained in Order No. 5335, "[t]he Commission has never believed it should lead the way in setting taxicab rates."¹⁵ "We further believe that the essential element in our determination of the appropriate rate structure should be comparability with prevailing local rates."¹⁶ Thus, the Commission has prescribed interstate fuel surcharges for Washington Flyer taxicabs in the past based on an average of the prevailing surcharges set by local jurisdictions that require the use of meters to calculate taxicab fares.¹⁷

DTS's own numbers show that a \$1.25 fuel surcharge is not comparable with prevailing local fuel surcharges. The petition states that within the past year, two jurisdictions - Montgomery County, Maryland, and Alexandria, Virginia - have authorized a per-trip fuel surcharge of fifty cents each and that Arlington County, Virginia, is

¹³ See <http://198.6.95.31/DCmetro.asp>.

¹⁴ See In re Interstate Taxicab Rates, No. MP-98-04, Order No. 5335 (May 13, 1998) (setting odometer rate based on survey results & adapting for use on Dulles Airport concessionaire's meters).

¹⁵ Id. at 4.

¹⁶ Id. at 4.

¹⁷ Order No. 6147.

considering authorizing a per-trip fuel surcharge of fifty cents. The petition also notes that the District of Columbia has authorized a \$1 per-trip fuel surcharge for District of Columbia taxicabs, but the District of Columbia fuel surcharge is tied to it's zone-rate system and lacks any meaningful correlation to the local meter rates the Commission surveyed in 2001 for calculating the base rate that currently applies to interstate trips in DTS taxicabs and thus is inappropriate for calculating the size of a fuel surcharge intended to offset the per-trip increase in DTS taxicab fuel costs since 2001.

On the other hand, the record in this proceeding shows that since 2001, five of the six jurisdictions surveyed by the Commission for the purpose of setting the DTS base rate have either increased their own base rates¹⁸ or enacted fuel surcharges¹⁹ or both.²⁰ The following table illustrates the increase in compensation for a 25-mile trip since 2001.

	<u>Base Rate 2001</u>	<u>Base Rate 2005</u>	<u>Base Rate Increase</u>	<u>Fuel Surcharge</u>	<u>Total Increase</u>
Alexandria	\$39.50	\$42.25	\$2.75	\$0.50	\$3.25
Arlington	41.85	42.35	0.50	0.00	0.50
Fairfax	41.85	41.85	0.00	0.50	0.50
Montgomery	36.55	38.50	1.95	0.50	2.45
Prince George's	45.00	45.00	0.00	1.00	1.00

Under this analysis, we see that since 2001 the median area increase in compensation for a 25-mile trip is \$1. This is true even though the fuel surcharges in Alexandria and Fairfax have expired. And although the base rate increases in Alexandria and Montgomery surely are meant to cover more than fuel cost increases, our analysis should reflect that the fuel surcharges in those jurisdictions are in addition to those base rate increases.

¹⁸ See ALEXANDRIA, VA, CODE § 9-12-132 (2005) (current rates); ARLINGTON COUNTY, VA, CODE § 25-14 (2004) (same); MONTGOMERY COUNTY, MD, COMCOR § 53.17.01 (2004) (same).

¹⁹ See <http://www.co.fairfax.va.us/gov/bos/summary/2004/04-06-21.htm> (adopting fifty-cent taxicab fuel surcharge effective June 22, 2004 thru Dec. 31, 2004); County Council for Montgomery County, MD, Resolution No. 15-846 (Dec. 14, 2004) (extending indefinitely fifty-cent taxicab fuel surcharge); Prince George's County, MD, Exec. Order No. 28-2004 (Nov. 19, 2004) (extending \$1 taxicab fuel surcharge thru Nov. 20, 2005).

²⁰ The City of Falls Church, VA, has neither raised its base rate nor adopted a fuel surcharge since the Commission set DTS's interstate base rate. However, based on inquiries by Commission staff, we are satisfied that no taxicab operators are currently performing interstate trips under Falls Church rates and have therefore excluded Falls Church from our analysis.

Also, although \$1.00 does not entirely cover a \$1.25 increase in DTS's minimum average-trip fuel cost since 2001,²¹ when the Commission set DTS's current interstate base rate some increase in fuel prices was anticipated. We therefore shall prescribe a fuel surcharge of \$1 for each interstate trip in a DTS taxicab.

DTS requests that the surcharge remain in place until such time as gasoline prices return to previous levels or such time as the Commission raises DTS's interstate base rate. We believe it is more consistent with our rate setting methodology to follow the lead of Alexandria, Fairfax and Prince George's and prescribe an initial effective period of six months, at the end of which we can assess whether there is a continued need for a surcharge.

III. DISTRICT OF COLUMBIA TAXICABS

Diamond Cab urges the Commission to "impose a one-dollar per-trip fuel surcharge to expire when the fuel surcharge imposed by the District [of Columbia Taxicab] Commission expires." Diamond argues that this is consistent with the Commission's practice of adopting intra-District of Columbia incidental charges for application to interstate trips in taxicabs licensed by the District of Columbia. Diamond points out that adopting the fuel surcharge set by the District of Columbia Taxicab Commission would avoid confusion on the part of passengers and drivers alike.

The Commission uses the same methodology to set the interstate base rate for District of Columbia taxicabs as it uses to set the interstate base rate for DTS taxicabs. So it follows that we should use the same methodology in setting a District of Columbia taxicab interstate fuel surcharge as we use for setting a DTS taxicab interstate fuel surcharge.

Diamond has not offered any estimate on the length of an average interstate trip in a District of Columbia taxicab, but Commission staff estimates an average distance of twelve miles. The following table illustrates the increase in compensation for a twelve-mile trip in area taxicabs since 2001.

	<u>Base Rate 2001</u>	<u>Base Rate 2005</u>	<u>Base Rate Increase</u>	<u>Fuel Surcharge</u>	<u>Total Increase</u>
Alexandria	\$20.00	\$21.45	\$1.45	\$0.50	\$1.95
Arlington	21.05	21.55	0.50	0.00	0.50
Fairfax	21.05	21.05	0.00	0.50	0.50
Montgomery	20.05	21.70	1.65	0.50	2.15
Prince George's	22.25	22.25	0.00	1.00	1.00

²¹ We arrived at this estimate by multiplying the fifty-cent increase in average gasoline prices since June 2001 by the minimum 2½ gallons that DTS says is consumed on an average Washington Flyer trip.

This analysis supports an interstate fuel surcharge of \$1 for District of Columbia taxicabs. So as to avoid confusion on the part of passengers and drivers, we shall prescribe an effective period coextensive with that prescribed by the District of Columbia Taxicab Commission for the \$1 intra-DC fuel surcharge.²²

IV. CONCLUSION

A \$1 fuel surcharge shall be prescribed for interstate trips in DTS taxicabs and District of Columbia taxicabs. The surcharge shall initially remain in effect for six months in the case of DTS taxicabs and until the intra-DC fuel surcharge is terminated by the District of Columbia Taxicab Commission in the case of District of Columbia taxicabs. Either surcharge prescribed in this order may be terminated at an earlier date if a change in circumstances warrants.

Notwithstanding any provision of this or any other Commission order to the contrary, consistent with Order No. 3586, applicability of all fuel surcharges shall be limited to trips consisting of one person or one preformed party. As the Commission explained in Order No. 3586: "Multiple party interstate taxicab trips are permitted under very specific circumstances. However, these trips result in full-fare charges for each party. This relatively rare situation is considered sufficiently compensatory for the operator to be able to absorb the additional fuel cost."²³

Consistent with our practice in the past, the \$1 fuel surcharge shall also apply to taxicabs not licensed locally.²⁴

THEREFORE, IT IS ORDERED:

1. That beginning at 12:00 am, July 1, 2005, and ending at 12:00 am, January 1, 2006, unless rescinded at an earlier date by Commission order, a \$1 fuel surcharge shall apply to passenger transportation by taxicab between a point in the jurisdiction of one signatory and a point in the jurisdiction of another signatory, where both points are within the Metropolitan District and the transportation is conducted in a taxicab operated by Dulles Taxi Systems, Inc., trading as Washington Flyer, or a taxicab not licensed locally.

2. That beginning immediately, a \$1 fuel surcharge, co-extensive in time with that authorized by the District of Columbia Taxicab Commission, unless earlier rescinded by order of this Commission, shall apply to passenger transportation by taxicab between a point in the jurisdiction of one signatory and a point in the jurisdiction of another signatory, where both points are within the

²² 52 DC Reg. 4,468 (May 6, 2005).

²³ In re Prescription of Fuel Surcharge on Interstate Taxicab Rates, No. MP-90-18, Order No. 3586 at 4 (Nov. 14, 1990); cf., In re Dispatch Fee for Interstate Taxicab Trips Originating at Ronald Reagan Washington National Airport, No. MP-99-29, Order No. 5633 (June 23, 1999) (surcharge for Ronald Reagan Washington National Airport gate fee only applicable to one-person, one-party trips).

²⁴ See Order No. 6147.

Metropolitan District and the transportation is conducted in a taxicab licensed by the District of Columbia Taxicab Commission.

3. That no fuel surcharge authorized by this or any other Commission order, whether adopted or specifically prescribed, may be applied to a multiple-party trip.

BY DIRECTION OF THE COMMISSION; COMMISSIONERS YATES, MILLER, AND SMITH:



William S. Morrow, Jr.
Executive Director