

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1191

IN THE MATTER OF:

Served January 11, 1972

Application of D. C. Transit )  
System, Inc. for Authority )  
to Increase Fares. )

Application No. 752

Docket No. 241

On December 28, 1971, D. C. Transit System, Inc. (Transit) filed an application for a general fare increase. Essentially, the application calls for an increase in the District of Columbia bus fare from 40 cents to 50 cents with a discounted token and a free transfer or, in the alternative, a 45-cent basic fare with a five-cent charge for a transfer. Interstate D. C.-Maryland fares would be raised by 15 cents under either alternative. The Maryland intrastate fare would be raised 15 cents under the first alternative or 10 cents under the second.

Accompanying the application for a fare increase was a Transit motion requesting an interim increase in the fares by five cents pending full determination by the Commission of the application for the larger increases. Transit also requested an immediate hearing on its motion for interim relief.

In support of its motion, Transit asserts that its weekly farebox revenues are below those forecast in our last Transit rate order, Order No. 1052, issued in June 1970. Transit also asserts that its expenses exceed the expenses forecast in that last rate order. Further, according to Transit, its weekly cash requirements are more than the weekly average farebox revenue and the company has experienced a net operating loss for the annual period ending September 30, 1971, of \$191,459 after payment of interest. Moreover, the company asserts that for the calendar year 1972, if no adjustments to fares are made, it will experience a loss of \$3,357,342 after interest. Its creditors, Transit speculates in its motion, may call outstanding obligations if it becomes clear that Transit will not be allowed to earn a reasonable return. For all these reasons, Transit concludes that its financial condition is such that it will not be able to continue the full schedule of routes and service currently being provided without interim fare relief. On the other hand, the motion asserts that if interim relief is granted, the company will realize a net operating income of \$15,000 for the year ending December 31, 1972.

There are no specific proposals for service reductions outlined in Transit's motion. Nor is there any other indication of the degree or kind of service reductions to which the company would have to resort if the interim increase were not granted.

In response to Transit's motion, we note first that all of its allegations with respect to financial need are presented in terms of what it can expect during the entire calendar year of 1972. The relief it requests, however, is by definition only interim relief and we could only grant that relief on the basis of a record indicating financial expectations during an interim period. We are required by the terms of the Compact to make some positive determination of reasonableness of the fares proposed by Transit by the end of May 1972. Neither the motion itself nor the exhibits filed with the motion or with the application for the full increase attempt to forecast the results of those next few months. We would, therefore, before we considered granting any interim increase, want to examine the evidence of expected operating results over a much shorter term than has been presented by Transit. That examination, in our view, would consume nearly as much time and energy as would the examination of the full application itself. It is entirely conceivable that we could spend the next 60 days or more on the issue of the interim fare while the larger question of the ultimate fare level would have to be deferred. In this connection, we consider that Transit's request for an "immediate" hearing is unrealistic inasmuch as we do not consider that an adequate record could be prepared and presented to us for our proper deliberation on any kind of "immediate" basis. Full hearings on Transit's application for general increases will commence, under the normal process, in the third or fourth week in February.

Our second observation in response to Transit's motion for interim relief is that the setting of a reasonable fare level is not merely a question of expenses and revenues. There are a variety of other considerations to be taken into account which we feel should be fully examined on the record before any further increase in the bus fare is allowed. We point, for example, to the fact that even during the period immediately after the last fare increase, when Transit's revenues and expenses were such to allow it to earn a profit, Transit apparently was unable to secure financing to permit it to achieve normal replenishment of its fleet. We are

already in the process of determining the underlying reasons for that situation and the results of that determination could well bear on the question of what increase, if any, in the bus fare is appropriate.

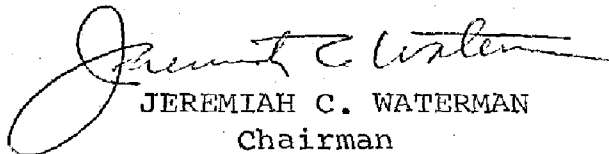
Thirdly, the level of bus fares in Washington is already such that a full and careful examination of all the issues is essential before any further increases can be allowed.

Finally, the owners of this company are fully aware of the legal process that must be followed in the normal course of examining the reasonableness of fares under our Compact. Yet more frequently than not we are asked to grant interim fares on an immediate basis or in an "emergency" situation. The company should understand that only in the most dire circumstances, fully documented, will we provide interim or emergency relief.

For the various reasons we have set out, we believe that the public interest will not be served by the granting of an interim bus fare increase pending full determination of the application filed by D. C. Transit for general increases.

THEREFORE, IT IS ORDERED that the motion by D. C. Transit System, Inc. for an interim order adjusting its schedule of fares, filed December 28, 1971, and its request for immediate hearing thereon be, and they are hereby, denied.

FOR THE COMMISSION:

  
JEREMIAH C. WATERMAN  
Chairman

