

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1240

IN THE MATTER OF:

Served October 31, 1972

Application of Washington,)
Virginia and Maryland Coach)
Company, Inc. for Authority)
to Increase Fares.)

Application No. 775

Docket No. 247

On May 25, 1972, Washington, Virginia and Maryland Coach Company, Inc. (W. V. & M.) filed revisions to its WMATC Tariff No. 35 which would have increased all of its interstate regular route fares by ten cents, effective June 26, 1972. Accompanying the tariff revisions was a motion for an immediate five-cent increase in all interstate regular route fares pending Commission consideration of the proposed ten-cent increase.

Order No. 1218, issued June 9, 1972, suspended the proposed tariff revisions and set the matter for public hearing, with immediate attention to be given to the financial crisis which W. V. & M. claimed was the basis for the request for interim fare relief. Inquiry into this, and into large scale unauthorized run cutting by the company were the only issues at a hearing held June 30, 1972, and as a result of that hearing, Order No. 1225 was issued on July 5, 1972.

Our conclusion in that order was that W. V. & M. was in a precarious financial position and in danger of being unable to continue operations absent some immediate relief. At the same time, we were very concerned about W. V. & M.'s admittedly unauthorized, intentional reduction of service. As a result, we granted an emergency five-cent fare increase, but ordered W. V. & M. to immediately reinstate all of its scheduled service as a prerequisite to that fare increase.

Hearings to consider the full fare case were commenced July 19, 1972, but a session set for September 17, 1972, was postponed by Order No. 1237, at the request of W. V. & M.,

and has not been rescheduled. The application for an increased fare is still before us. We believe that intervening circumstances dictate that we dismiss the application at this time.

On October 14, 1972, the Washington Metropolitan Area Transit Authority (WMATA) was empowered to take over not only W. V. & M. but all of the major regular route bus operators in the Metropolitan Area. WMATA has publicly affirmed its intention promptly to take over all of these carriers and operate a unified area-wide mass transit service. WMATA's publicly-stated intention is to consummate those steps by January 1, 1973.

These facts have radically altered the framework within which the W. V. & M. rate case can be considered. In the first place, the request for increased fares has been presented on the basis of the need for revenues over a so-called future annual period, or rate year, as are most rate cases. Following usual procedure, we would attempt to forecast revenues and expenses for that future rate year, among other things, if we were to set a new rate in this case. But given WMATA's timetable for takeover, W. V. & M. will not exist as a privately owned bus system for another 12 months, very likely no more than 2 or 3 months. Thus, we are totally unable to set a rate structure in the context of the record now before us. Nor would it be possible, in our view, to construct a record, at this point, which would allow us to forecast in any appropriate way the future revenue needs of W. V. & M. for any meaningful period.

Second, and this hardly bears repeating except that it is a very strong factor in our determination as to the disposition of this case, the impact of a fare increase on W. V. & M. ridership only weeks before public takeover would be disastrously counter-productive as it would cause additional passenger reductions, which our experience shows are almost certain to be non-recoverable, mere weeks before the revitalization of area transit is to be undertaken. The ultimate test of our actions under the Compact is whether the public interest will be served, and we cannot conclude that raising fares at this time would be a responsible act when measured by that test.

There remains for disposition the matter of the interim fare increase of five cents we allowed in Order No. 1225, issued July 5, 1972, effective July 17, 1972. That relief was granted in order that W. V. & M. could continue to operate in the face of emergency financial conditions. Since the interim increase, substantially all of W. V. & M.'s service has been operated. However the financial difficulties W. V. & M. faced in July have not effectively abated and the rescission of the interim increase would surely mean reduced levels of service. Neither bus riders nor the public at large would be served by actions which would result in reduced service pending public takeover of W. V. & M. Therefore, we will allow the interim increase to remain in effect during the interim between now and public takeover, or until further order of the Commission, on the same condition that it was granted initially i.e., on condition that W. V. & M. continue to provide all scheduled services.

THEREFORE, IT IS ORDERED:

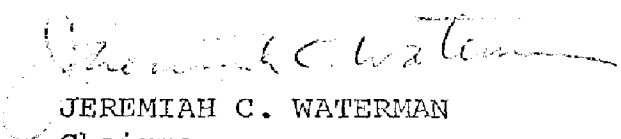
1. That Application No. 775 of Washington, Virginia and Maryland Coach Company, Inc. for authority to increase fares be, and it is hereby, denied.

2. That the Washington, Virginia and Maryland Coach Company, Inc. regular route fares authorized by Order No. 1225, and reflected in WMATC Tariff No. 35 on file with the Commission, be and they are hereby, to remain in effect on condition that that company continues to provide full service in accordance with its schedules filed with the Commission.

3. That the Commission retains jurisdiction to adjust the fares authorized herein in the event that the condition specified in Paragraph 2 is not satisfied.

4. That the staff is directed to monitor W. V. & M.'s performance of its service obligations under this order, and to advise the Commission forthwith in the event the company fails to operate full service in order that the Commission may enter an appropriate order.

BY DIRECTION OF THE COMMISSION:


JEREMIAH C. WATERMAN
Chairman

