

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 2125

IN THE MATTER OF:

Served July 7, 1980

Application of ROBERT COATES T/A )  
ROBERT COATES LIMOUSINE SERVICE )  
for a Certificate of Public )  
Convenience and Necessity to )  
Perform Non-Emergency Medical )  
Transportation )

Case No. AP-80-05

By application filed February 15, 1980, Robert Coates trading as Robert Coates Limousine Service seeks a certificate of public convenience and necessity to transport elderly and handicapped passengers, together with their baggage in the same vehicle with passengers, in special operations over irregular routes, between points in Prince George's County, Md., on the one hand, and, on the other, points in the Metropolitan District. By Order Nos. 2085 and 2103, served February 28, 1980, and April 29, 1980, respectively, and incorporated by reference herein, the Commission set this proceeding for a public hearing which was held on May 5, 1980. No party appeared in opposition to the application.

Mr. Coates was granted temporary authority in Order No. 2103 to transport persons in need of non-emergency medical treatment, in charter operations, between points in Prince George's County, Md., on the one hand, and, on the other, Camp Springs, Md., in conformance with the evidence then of record.

At the public hearing testimony was elicited from the applicant, his wife, a social worker from Mid-Atlantic Nephrology Center, the chief of the Prince George's County Health Department Division of Clinic Support, and two users of applicant's service. Applicant, a sole proprietor, has been providing a transportation service since 1977 for outpatients of the Prince George's County Health

Department and a number of private patients between their residences and a dialysis treatment center and only recently learned of the need for Commission certification.

Service is being provided, pursuant to the grant of temporary authority, for about 45 passengers each week in a 12-passenger van and two 12-passenger stretch sedans. Each passenger is usually transported three times a week on a regularly scheduled basis to and from the dialysis center, with three 'shifts' on Monday, Wednesday and Friday and two 'shifts' on Tuesday, Thursday and Saturday. The number of passengers per shift varies from four to about 10 or 12. Prior to the grant of temporary authority applicant was charging each private passenger \$.50 per mile based on the shortest possible direct live mileage. Passengers transported for the Health Department were being billed to the County at \$.14 per mile per passenger, including deadhead and circuitous mileage. Applicant's proposed tariff rate as filed with the application is \$.65 per mile per vehicle although the requested operating authority is for special operations. (The rate approved for temporary authority service was \$.65 per mile per vehicle, as sought in the application, but structured as a charter rate.) At the hearing, applicant represented that he proposes to charge \$.65 per passenger for each live vehicle mile, a special operations rate, and that his intention is to charge private and County-supported passengers the same rate based on live mileage. He also stated that he is involved in negotiations with the County Health Department concerning the rate structure.

Mrs. Coates testified about the carrier's financial status, explaining how the pro forma financial statements were prepared. Essentially, projected revenue on an annualized basis was derived by calculating live passenger miles in a one month period. This was multiplied first by 12 to produce an annual mileage total and then by \$.65, the proposed rate, yielding \$50,700. Expenses were figured primarily by using totals for 1979, including wages, insurance, vehicle parts, supplies and fuel. The witness acknowledged that the cost of all these items is increasing, but stated that she did not take that factor into consideration in reaching a projected annual operating cost of \$45,882.

A social worker from the out-patient dialysis center served by applicant pursuant to temporary authority stated that one of his functions is to arrange transportation for patients. He testified that the center relies on Mr. Coates for a significant portion of needed transportation (approximately 44 patients) and finds the service satisfactory. The patients transported by Mr. Coates all reside in Prince George's County, Md., according to the witness, and, while most are treated at the Camp Springs facility, a few are now being treated at a satellite facility in Laurel, Md.

The chief of the Prince George's County Health Department Division of Clinic Support stated that his agency reimburses Mr. Coates for the transportation costs of those patients eligible to receive service under the state medical assistance transportation program. In the past, Mr. Coates was paid \$.14 a mile, including deadhead and circuitous mileage, for transporting ambulatory persons. The rate for the one wheelchair patient was \$.25 a mile. Under this system, as devised by applicant and the Health Department, an estimate is made of mileage as if applicant had originated the trip at his own home, picked up each individual patient at the patient's residence, delivered the patient to the dialysis center, returned the patient to the patient's residence and then returned to his own home. The proposed \$.65 per-mile, per-passenger rate would be implemented only on direct, live round-trip mileage between the patient's residence and the dialysis center. For comparative purposes the witness computed the actual round-trip charge for several patients at the old rate and at the proposed rate as follows:

<u>Patient</u>	<u>Total mileage - .14/mile</u>	<u>Direct mileage .65/mile</u>
#1	66 miles -- \$ 9.24	24 miles -- \$15.60
#2	70 miles -- 9.80	30 miles -- 19.50
#3	48 miles -- 6.72	16 miles -- 10.40
#4	72 miles -- 10.08	28 miles -- 18.20
#5	29 miles -- 4.06	10 miles -- 6.50
#6	58 miles -- 8.12	24 miles -- 15.60

He stated that because of budgetary limitations he believes that for multiple pickups in the same general geographic area there should be a reduced rate rather than \$.65 per passenger for each live mile. The witness further testified that Mr. Coates' service is dependable and has been used on occasion for service to a hospital or physician's office located in Prince George's County.

An exhibit sponsored by the County Health Department representative provides a breakdown of each patient's transportation cost for a representative month, April 1980, (based on usage by 25 patients during the month) including mileage per trip, the number of trips, the actual mileage and charge based on the \$.14 per mile (deadhead, circuitous and live) rate and the projected mileage and monthly charge at the proposed \$.65 per live mile for each passenger. Total actual expense is \$2,715.16 in April 1980. Under the proposed rate structure, the total would have been \$4,848.35, an increase of over 78 percent.

Two witnesses who use Mr. Coates' service stated that applicant maintains good equipment and offers a personalized service, especially important because of their physical weakness after undergoing dialysis. They have used applicant's service for trips to hospitals and physicians' offices primarily in Prince George's County, but also to points in the District of Columbia.

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 his burden of proof regarding the matter of need for service to the extent that he seeks to provide transportation for persons in need of non-emergency medical treatment, from points in Prince George's County, Md., to points in Prince George's County and the District of Columbia and return. \*/ Evidence presented shows that there is a need for service from residences in Prince George's County to dialysis treatment centers in the county and, on occasion, to hospitals and physicians' offices both in the county and in the District of Columbia. No probative evidence was produced to support a grant of authority from or to other points in the Metropolitan District.

Witnesses expressed satisfaction with operations performed prior to and pursuant to the grant of temporary authority and indicated an inability to receive service by other means. Although Mr. Coates was providing service prior to any Commission authorization, it appears that upon discovery of the need to obtain certification, he initiated appropriate action with the Commission. He is admonished, however, to restrict operations to the scope of service authorized herein. Another factor in support of the grant of authority, is that none of the carriers operating in the non-emergency medical transportation industry appeared in opposition to the application. Moreover, many of the carriers providing similar services are not authorized to transport ambulatory persons.

The proposed tariff rate of \$.65 per live mile for each passenger, as described at the public hearing, will not be approved. The proposed charge represents a large increase over the existing rate structure (over 78 percent) and is not supported by sufficient financial data to enable the Commission to determine that that rate will produce a reasonable rate of return. Projected operating costs total \$45,882 for a monthly average of \$3,823.50. While applicant's

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\*/ Authority will be restricted to transportation service in vehicles with a capacity of 15 passengers or less in conformance with the evidence of record.

witnesses pointed out that the projection was based on 1979 price levels, no evidence of current 1980 costs was presented. With respect to revenue, a total of \$50,700 was projected for 1980 by applicant based on a rate of \$.65 a live mile per passenger. Yet when this rate is applied to the direct mileage total for April 1980, the annualized total is \$58,180, and that includes only passengers whose transportation is paid for by the Prince George's County Health Department. Testimony at the hearing indicated that Mr. Coates is transporting an average of about 44 patients a week, whereas the Health Department exhibit for April 1980 includes only 25 patients. Obviously Mr. Coates has a number of passengers who are paying directly for their own transportation, yet his projection of \$50,700 does not appear to include any of this revenue.

The Commission believes that by establishing a rate of \$.50 per live mile for each passenger, applicant will be able to recover virtually all of his projected monthly expenses transporting patients whose transportation is paid for by Prince George's County Health Department, e.g. 7,459 miles (in April 1980) x \$.50 = \$3,774.50, as compared to \$3,823.50 projected expense. That same rate, when multiplied times private passenger miles should also generate revenues sufficient for applicant to recover any additional variable expense incurred in supplying service to private-paying passengers and provide a reasonable level of profit for the overall operation. This rate will replace the charter rate implemented in the grant of temporary authority. Applicant will be directed to file quarterly financial reports to enable the Commission to monitor his financial status. The Commission specifically reserves jurisdiction to modify the rate established, if necessary, and to reopen the proceeding for that purpose.

THEREFORE, IT IS ORDERED:

1. That Robert Coates trading as Robert Coates Limousine Service is hereby granted authority to transport persons in need of non-emergency medical treatment, together with their baggage in the same vehicle with passengers, in special operations, over irregular routes, from points in Prince George's County, Md., to points in Prince George's County, Md., and the District of Columbia, and return, restricted to the performance of such operations in vehicles with a manufacturer's designed seating capacity of 15 passengers or less including the driver.

2. That the application, except to the extent granted above, is hereby denied.

3. That Robert Coates trading as Robert Coates Limousine Service is hereby directed to file with the Commission (a) two copies of his WMATC Tariff No. 1 (reflecting the rate prescribed herein by the Commission) as required by Commission Regulation No. 55, such tariff to be effective upon acceptance by the Executive Director and (b) an

affidavit of compliance with Commission Regulation No. 68 governing identification of motor vehicles for which purpose applicant shall be assigned WMATC No. 67.

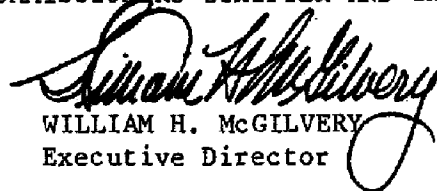
4. That upon compliance by applicant with the directives set forth in paragraph 3 above, an appropriate certificate of public convenience and necessity will be issued.

5. That the temporary authority granted in Order No. 2103 to Robert Coates trading as Robert Coates Limousine Service, will stand cancelled upon the issuance of a certificate of public convenience and necessity.

6. That Robert Coates trading as Robert Coates Limousine Service is hereby directed to file with the Commission quarterly financial statements including a balance sheet and a statement of revenue and revenue deductions showing all income and expenses in connection with the operations certificated herein, the first such filing for the period July 1, 1980, through September 30, 1980, to be due October 30, 1980, and subsequent filings to be due 30 days following the end of each succeeding calendar quarter.

7. That in the event Robert Coates trading as Robert Coates Limousine Service fails to comply with the directives set forth above within 30 days, or such further time as may be authorized, the grant of authority made herein will be considered void and the application will stand denied in its entirety effective upon expiration of the said compliance time.

BY DIRECTION OF THE COMMISSION, COMMISSIONERS SCHIFTER AND SHANNON:

  
WILLIAM H. MCGILVERY  
Executive Director