

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D.C.

ORDER NO. 2998

IN THE MATTER OF:

Served April 14, 1987

Application of INTERNATIONAL)	Case No. AP-86-46
LIMOUSINE SERVICE, INC., for a)	
Certificate of Public Convenience)	
and Necessity to Conduct Charter)	
Operations between Points in the)	
Metropolitan District and for a)	
General Rate Increase)	

By application filed December 23, 1986, International Limousine Service, Inc. ("ILS" or "applicant"), seeks authority to transport passengers, together with baggage in the same vehicle with passengers, in charter operations between points in the Metropolitan District, restricted to transportation in vehicles with a manufacturer's designed seating capacity of 29 persons or less (excluding the driver), further restricted against transportation to or from Washington National Airport or Dulles International Airport except as performed in connection with a prearranged charter movement by the same party between at least two other points in the Metropolitan District, further restricted against transportation described in Commission Regulation No. 70-01, and further restricted against transportation of passengers between points located solely in Virginia. 1/ Applicant also seeks authority to increase its charter rates from \$36 an hour to \$40.

1/ In its application ILS worded the authority it is seeking as follows:

To conduct charter operations [within] the metropolitan district in accordance with ILS' existing WMATC Certificate #38, except to change the rate schedule and to permit ILS to utilize 29 passenger vehicles and smaller.

ILS was given the opportunity, pursuant to Order No. 2956, to submit a specifically worded amendment to the Commission if it sought authority at variance with the authority described in the first paragraph of the order. No amendment was filed. However, during the hearing it was established that applicant seeks authority to operate vehicles seating 29 passengers exclusive of the driver.

A public hearing was held on February 26, 1987, pursuant to Order Nos. 2956 and 2981, served January 8 and February 25, 1987, respectively. Two company witnesses and three public witnesses testified on applicant's behalf. No protests to the application were received nor were any parties present at the hearing to contest the application.

SUMMARY OF THE EVIDENCE

Mr. Patrick Personne, ILS's vice-president and general manager, testified on applicant's behalf. Mr. Personne testified that ILS has received numerous requests for shuttle service and small group charter work. The witness believes that ILS could handle these requests from small groups more efficiently if it had the authority to operate 14-passenger and 29-passenger vehicles. The aforementioned requests and a proposed contract with the Oliver T. Carr Company for shuttle service in a 29-passenger vehicle led to the filing of the instant application.

ILS owns a facility inside the Metropolitan District capable of keeping 28 limousines indoors and 40 larger vehicles outside. The building, which was designed and built to applicant's specifications, houses a car-wash and repair shop. Applicant has a preventive maintenance program which requires the detailed inspection of equipment every 3,000 miles. In addition, drivers check each vehicle daily and prepare a report which documents any needed repairs. Minor repairs are completed overnight by in-house mechanics; major repairs are sent to outside mechanics. ILS currently employs 25 full-time and 49 part-time drivers. If this application is granted, ILS plans to hire additional drivers. The equipment list submitted with ILS's application shows one 1986 29-passenger vehicle and seven 14-passenger vehicles between one and four years old. Mr. Personne is familiar with the Compact and the Commission's rules and regulations and intends to continue to comply with them.

Applicant submitted a balance sheet dated September 30, 1986, showing current assets of \$795,964, with fixed and other assets after depreciation of \$742,885. Current liabilities of \$669,342 and long-term liabilities of \$528,375 were also listed. Equity consisted of \$10,000 common stock and \$331,132 credited to retained earnings including \$108,101 from year-to-date earnings. Applicant submitted an operating statement for the nine-month period ended September 30, 1986, showing revenues of \$1,386,283 and expenses of \$1,398,382, for a net loss of \$12,099. The operating statement is limited to WMATC operations, but the balance sheet incorporates both WMATC and non-WMATC operations.

Mr. Gerald Lash, ILS's executive vice-president for administration and finance, also testified for applicant. Mr. Lash, a certified public accountant, sponsored a five-page exhibit which

projected ILS 1987 income and expenses with and without the requested rate increase. The witness stated that the pro forma data represented WMATC operations using 14-, 20-, and 29-passenger vehicles (not including the driver). The data were derived from historical costs incurred by ILS in operating 14- passenger vehicles in non-WMATC operations and 20-passenger vehicles in WMATC operations. The costs include labor, fringe benefits, preventive maintenance, repairs, tags, insurance, fuel, depreciation, and taxes. Since applicant has not operated a 29-passenger vehicle in the past, pro forma data were based on ILS's familiarity with expenses associated with other vehicles and on the applicant's proposed contract with the Oliver T. Carr Company.

Applicant projects before-tax net income of \$15,423 on gross revenues of \$271,360 from the proposed new service in 14- and 29-passenger vehicles for the 12 months ending December 31, 1987. Mr. Lash testified that the requested rate increase affects only operations performed in 20-passenger vehicles since ILS does not presently operate 14- and 29-passenger vehicles in the Metropolitan District. As a result of the rate increase, applicant projects before-tax net income of \$129,632 for the 12 months ending December 31, 1987, as opposed to an anticipated loss of \$13,126 for the same time period under its current rates.

Ms. Celeste August testified in support of the application. Ms. August is a property manager for the Oliver T. Carr Company, a real estate developer. The Oliver T. Carr Company is in need of a shuttle service between one of its buildings in the Metropolitan District and designated Metro stations also in the Metropolitan District. Applicant was selected as the most suitable carrier to perform that shuttle as a result of a competitive bidding process. Under a proposed contract, a 29-passenger vehicle is needed to provide service. The shuttle service would be in use for eight hours a day with four "intervals," two in the morning and two in the evening. The witness anticipates 15 to 20 passengers per shuttle.

Mr. Donald Hildebrand, director of transportation for Washington, Inc., a convention service company, testified on that company's behalf in support of the application. Mr. Hildebrand is responsible for the general transportation needs of Washington, Inc.'s clients. Many of the trips arranged by the witness are for medium-sized groups, approximately 25 persons. According to Mr. Hildebrand, although groups of 25 can be accommodated in full-size coaches, small groups usually dislike being transported in large vehicles. A 29-passenger vehicle is uniquely suited to such groups and to certain attractions. Hillwood House, a sightseeing attraction located in the District of Columbia to which Mr. Hildebrand arranges numerous tours, limits the size of group tours to 25. Since ILS does not currently have vehicle capacity for groups of more than 20, Mr. Hildebrand is forced to use a large vehicle. The witness was unaware of any carrier that now operates 29-passenger vehicles.

Washington, Inc., uses 14-passenger vehicles for airport service. The witness has used applicant's service in the past and has been pleased with the quality of service and equipment that applicant offers. If this application is granted, Washington, Inc., would use ILS's 14-passenger and 29-passenger service.

Ms. Susan Holbrook, the marketing coordinator for Courtesy Associates, a conference management service, testified on behalf of that company in support of the application. Courtesy Associates arranges one-way and round-trip transfers, tours, and shuttle systems. Ms. Holbrook prefers 11-to 14-passenger vehicles for small "VIP" groups. Such vehicles are more economical and "nicer" than large vehicles. Courtesy Associates has used ILS in the past and considers the company very reliable. Ms. Holbrook estimates that her company requires approximately thirty buses, ten 20-passenger vehicles, and fifteen 14-passenger vehicles per month. If this application is granted Courtesy Associates would use ILS for transportation requiring 14-passenger and 29-passenger vehicles.

DISCUSSION AND CONCLUSION

In determining whether to grant or expand a certificate of public convenience and necessity, we look to the standards enunciated at Title II, Article XII, Section 4(b) of the Compact which provides that:

[T]he Commission shall issue a certificate . . . , if it finds, after hearing held upon reasonable notice, that the applicant is fit, willing and able to perform such transportation properly and to conform to the provisions of this 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

Based on a review of the record, we find applicant capable of providing the proposed service and willing to comply with the Compact and Commission rules and regulations. ILS holds WMATC Certificate No. 38 which authorizes certain charter operations using vehicles

seating 16 to 21 passengers. 2/ ILS conducts similar operations outside the Metropolitan District using limousines, 14-passenger vans, and 21-passenger minibuses. The record indicates that these vehicles are well maintained. Applicant intends to hire additional drivers if it is granted expanded operating authority. Applicant's financial data indicates that it is capable of expanding its operations within the Metropolitan District. Applicant has complied with the Compact and the Commission's rules and regulations in the past and has shown a willingness to continue its compliance.

We further find that applicant has satisfied its burden of proving that the public convenience and necessity require the proposed service. Three public witnesses testified regarding the need for applicant's proposed service in 14- and 29-passenger vehicles. Oliver T. Carr Company requires shuttle transportation in a 29-passenger vehicle between one of its buildings and area Metro stations. Washington, Inc., requires passenger transportation in 14-passenger vans and 29-passenger minibuses. Washington, Inc.'s representative arranges transportation in all types of vehicles including vans and minibuses. The witness believes that a 29-passenger vehicle would best meet the needs of many small charter groups. The lack of availability of such a vehicle has forced him to charter larger vehicles than needed, thereby causing greater expense to the client. Courtesy Associates requires transportation in vehicles of all sizes on a frequent basis. That company's witness prefers small vehicles for formal events and for small groups. She finds such vehicles to be more convenient and to provide a more pleasant atmosphere than full-sized coaches. The witness estimates that the company will require 30 buses, ten 20-passenger vehicles, and fifteen 14-passenger vans per month.

2/ Applicant currently holds WMATC Certificate No. 38 which authorizes the following transportation:

CHARTER OPERATIONS, over irregular routes, transporting passengers and their baggage, in the same vehicle with passengers between points in the Metropolitan District.

RESTRICTED: (a) to transportation in vehicles with a manufacturer's designed seating capacity for 16 to 21 passengers (including the driver), (b) against transportation to or from Washington National Airport or Dulles International Airport except as performed in connection with a prearranged charter movement by the same party between at least two other points in the Metropolitan District, (c) against transportation described in Commission Regulation No. 70-01, and (d) against operations between points solely in Virginia.

Two of the three public witnesses have used applicant's services in the past and been pleased with its performance. All witnesses would use applicant's proposed service if this application is granted. It is our opinion that the public requires transportation services that meet specific needs while being cost effective. ILS's operations in the 14- and 29-passenger vehicles will be cost-effective to the public and the carrier, thus providing for more efficient use of transportation services. Inasmuch as this matter is unprotested, there is no evidence that this service could be provided as well by existing carriers or that existing carriers will be negatively affected by a grant of expanded authority. We conclude that applicant's new service will not materially affect the operations of existing carriers.

We turn now to applicant's request for a rate increase. ILS proposes the following hourly charges: \$30 for transportation in vehicles seating 14 passengers or less (excluding the driver), \$40 for vehicles seating 15 to 20 passengers (excluding the driver), and \$42.35 for vehicles seating 21 to 29 passengers (excluding the driver). The rate for the mid-sized vehicles represents a request for a rate increase from \$36 to \$40. The remaining two rates are new rates since ILS presently lacks authority to operate vehicles of those sizes in the Metropolitan District. In support of its request for a rate increase, applicant submitted pro forma income and expense statements with and without the proposed increase for 1987. It is evident from the projections that continued operations of its 20-passenger vehicles under the existing rate structure would generate a pre-tax loss of approximately \$13,000. Based on a complete review of the financial data, we find the rate increase requested by applicant to be justified and the rates proposed for the new service to be reasonable. The rates will become effective upon the date of service of this order or as soon as practicable within 30 days thereafter.

THEREFORE, IT IS ORDERED:

1. That International Limousine Service, Inc., is hereby conditionally granted authority to transport passengers as follows, contingent upon timely compliance with the terms of this order.

CHARTER OPERATIONS, over irregular routes, transporting passengers, together with baggage in the same vehicle as passengers, between points in the Metropolitan District.

RESTRICTED: (a) to transportation in vehicles with a manufacturer's designed seating capacity for 30 passengers or less (including the driver); (b) against transportation to or from Washington National Airport or Washington Dulles International Airport except as performed in connection with a prearranged

charter movement by the same party between at least two other points in the metropolitan District; (c) against transportation described in Commission Regulation No. 70-01; and (d) against operations between points solely in Virginia.

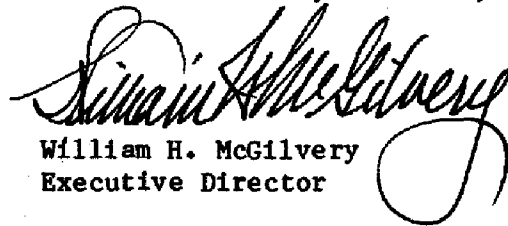
2. That the application of International Limousine Service, Inc., for a rate increase is hereby granted, the increase to become effective upon the date of service of this order or as soon as practicable within 30 days thereafter.

3. That International Limousine Service, Inc., is hereby directed to file two copies of its WMATC Tariff No. 9 as proposed in its application and an affidavit of identification of vehicles pursuant to Regulation No. 68.

4. That unless International Limousine Service, Inc., complies with the requirements of the preceding paragraph within 30 days from the service date of this order, or such additional time as the Commission may grant or allow, the grant of authority contained herein shall be void, and the application shall stand denied in its entirety effective upon the expiration of the said compliance time.

5. That upon timely compliance with the preceding paragraphs, an appropriately revised Certificate of Public Convenience and Necessity No. 38 shall be issued to International Limousine Service, Inc.

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


William H. McGilvery
Executive Director