

Mr. DAWSON. Now, independent of all the legal reasons that D.C. Transit has offered you for its opposition to section 5, there is a very practical reason for opposition to that section. If the Secretary is directed to provide public transportation services in the Mall area and to the National Visitor Center at Union Station, D.C. Transit will be deprived of substantial revenues, fares that it would have collected had it not been for the competitive service of the Secretary.

I tell you, gentlemen, in all sincerity, that D.C. Transit cannot afford to lose these or any other revenues.

Management of the company notwithstanding, every effort for economy and efficiency has found it necessary to apply for three separate fare increases in the last 3 years to meet rising costs. The third such application was just filed this past September and the income statement accompanying such application indicates that for the 12 months ended May 31, 1967, the company earned only a 2.05-percent rate of return on operating revenues of approximately \$34 million.

The company cannot survive for long without financial relief in the form of either higher fares or Government subsidy. Under these circumstances, it would be most damaging to the financial plight of the company to have any of its existing revenues siphoned off by the Secretary.

Some idea of the extent of the revenues that D.C. Transit would stand to lose by enactment of this bill can be found in the court of appeals case to which I have referred. An exhibit in that case indicated that the proposed shuttle operation on the Mall area alone, under contract with the Secretary, would cost the company over a million dollars in revenues.

It should also be realized in passing that to the extent the financial soundness of D.C. Transit's mass transportation operation is allowed to be impaired through the performance of competitive services by the Secretary, the ability of the company to provide effective feeder lines for the forthcoming subway system is correspondingly affected.

Now, there is one last point I want to comment upon. The second sentence of section 5 directs the Secretary to provide transportation to the National Visitor Center. There is no geographical limitation upon the scope of the Secretary's operation to the Visitor Center. He could conceivably operate between Union Station and any point, or as many points in the District as he desired, whether or not such points were part of the national park system under the Secretary's jurisdiction.

Mr. Chairman, thank you for the opportunity to appear before you today.

Mr. GRAY. Well, thank you, Mr. Dawson, and also Mr. Davis. We deeply appreciate your coming.

This is a real problem and I am sure you can understand that we are sympathetic to the existing franchise, and we are sympathetic to your firm. However, I am also sure you realize legislation has to be a compromise. We hope we can work up something that will be satisfactory to everyone concerned.

Are there any other comments or questions?

Mr. McEWEN. Mr. Chairman.

Mr. GRAY. Mr. McEwen.

Mr. McEWEN. General, I appreciate your calling our attention to that item on page 14 of the contract that the Department of the Inter-