

## SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the ) Application No. TR-217/B-1702  
Application of Fremont Cab )  
Services, LLC, Fremont, )  
seeking to establish its rates ) GRANTED  
and charges subject to the )  
Provisions of Neb. Rev. Stat. )  
Chapter 75, Articles 1 and 3. ) Entered: September 15, 2020

APPEARANCES:

For the Commission:  
Dillon T. Keiffer-Johnson  
Jamie L. Reyes  
300 The Atrium  
1200 N Street  
PO Box 94927  
Lincoln, Ne 68509

BY THE COMMISSION:

By application filed April 13, 2020, Fremont Cab Services, LLC ("Applicant"), Fremont, seeks approval to amend its current rates. Applicant requested that the application be considered on an emergency basis. Notice of the application appeared in The Daily Record, Omaha, on May 8, 2020. No protests were received.

On May 5, 2020, the Commission entered an order denying Applicant's request to amend its rates on an emergency basis. In its Order, the Commission noted that in its June 30, 2009 order granting Applicant's last rate increase, the Commission advised Applicant to make more timely applications to ensure smaller rate increases for the general public.<sup>1</sup> Due to the length of time since Applicant's last rate increase and the substantiality in which Applicant seeks to increase its current rates, more information was needed before entry of a final order. A hearing on the application was held on July 14, 2020 virtually via the Commission WebEx system. No attorney appearances were made on behalf of Fremont Cab.

<sup>1</sup> See Application No. TR-173, *In the Matter of the Prescription of Reasonable Rates and Charges for Motor Carriers Passengers and Property for Hire Subject to the Provision of Neb. Rev. Stat. (Reissue 2014), Chapter 75, Articles 1 and 3*, Granted as Modified on an Emergency Basis, Entered June 30, 2009.

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### E V I D E N C E

Mr. Lee Pospisil, administrative assistant for Fremont Cab, testified first for the Applicant. Fremont Cab Company is a small cab company that operates in Fremont, Nebraska.<sup>2</sup> Mr. Pospisil began his testimony stating that with the effects of COVID-19, Fremont Cab's cash sales are down 35 percent, while the receipt billing from the Nebraska Department of Health and Human Services ("DHHS") is down approximately 10 percent.<sup>3</sup> Applicant seeks to increase its meter drop fee from \$2.50 to \$4.00 as well as eliminating its fuel surcharge until the price of fuel exceeds \$4.00 a gallon.<sup>4</sup> Mr. Pospisil stated that the adjustment to the fuel surcharge is the result of analyzing fuel prices dating back to June 2019 and investigating the effect the proposed surcharge would have. Mr. Pospisil testified the proposed rates would result in Applicant making on average \$0.23 more on trips over the last decade.<sup>5</sup> Later in his testimony, Mr. Pospisil explained that the average trip is approximately three miles.<sup>6</sup> The proposed rate adjustments would result in an increase from \$10 to \$11.50 for an average trip.<sup>7</sup>

Mr. Pospisil then discussed the impact of increased insurance cost on Fremont Cab. He explained that over the last several years insurance costs have steadily increased. Later, Mr. Pospisil testified that the insurance rate of \$33,400 for 2020 is an increase from the previous year's premium which was approximately \$17,828 for liability and an additional \$7,000 to \$8,000 for collision coverage.<sup>8</sup>

In response to questions from Commissioners, Mr. Pospisil stated that Applicant is brokered under MTM to provide transportation for DHHS.<sup>9</sup> Mr. Pospisil testified that Applicant currently operates four vehicles.<sup>10</sup> When discussing the effects of COVID-19 on the company, Mr. Pospisil noted that the company has probably spent \$1,500 on COVID related expenses. Those

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<sup>2</sup> Hrg. Transcr. at 10:21 - 10:24 (July 14, 2020).

<sup>3</sup> *Id.* at 11:9 - 11:15.

<sup>4</sup> *Id.* at 11:16 - 11:25.

<sup>5</sup> *Id.* at 12:1 - 12:23.

<sup>6</sup> *Id.* at 15:6 - 15:11.

<sup>7</sup> *Id.* at 41:5 - 41:13.

<sup>8</sup> *Id.* at 12:23 - 13:13 and 19:18 - 21:17.

<sup>9</sup> *Id.* at 15:12 - 15:25.

<sup>10</sup> *Id.* at 16:2 - 16:6.

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expenses included paying a driver his salary for two weeks while he quarantined after testifying positive for the virus and increasing the amount of sanitation equipment.<sup>11</sup> Mr. Pospisil added that he was unsure if the Eastern Nebraska Office of Aging has discontinued the senior van service as a result of COVID-19.<sup>12</sup> When asked about alternative transportation options for potential passengers, Mr. Pospisil explained there are numerous other carriers that are available to transport members of the public.<sup>13</sup> Mr. Pospisil testified that Fremont Cab last filed for a rate adjustment in 2012, and that proposed adjustment only granted a change in Applicant's fuel surcharge.<sup>14</sup>

In response to questions from Commission staff, Mr. Pospisil reiterated that no other rates were being proposed other than the initial drop fee and the changes in the fuel surcharge.<sup>15</sup> Mr. Pospisil explained the increase from one-ninth of a mile to one-tenth of a mile was to recover more money, but did not realize the extent of the recovery. He explained that he did not intend for the price of trips to get out-of-hand.<sup>16</sup> Mr. Pospisil added that calculations of the proposed rate increase included estimated costs associated with vehicle maintenance, repair, and acquisition.<sup>17</sup> Mr. Pospisil concluded his testimony by stating that the company would probably have to eliminate more hours and possibly a vehicle should the proposed rates not be approved.<sup>18</sup>

Upon further questioning, Mr. Pospisil testified that Fremont Cab currently only offers service from 7:00 a.m. to 7:00 p.m. and only one driver is available at night.<sup>19</sup> Mr. Pospisil further testified that if Applicant were to get a call requesting a ride at or around 10:00 p.m. or 11:00 p.m., a cab

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<sup>11</sup> *Id.* at 17:7 - 18:1.

<sup>12</sup> *Id.* at 18:2 - 18:18.

<sup>13</sup> *Id.* at 18:19 - 19:13.

<sup>14</sup> *Id.* at 21:23 - 22:9 and See Application No. TR-177, *In the Matter of the Prescription of Reasonable Rates and Charges for Motor Carriers Passengers and Property for Hire Subject to the Provision of Neb. Rev. Stat. (Reissue 2014), Chapter 75, Articles 1 and 3*, Granted on an Emergency Basis (Entered April 13, 2010).

<sup>15</sup> *Id.* at 32:19 - 33:4.

<sup>16</sup> *Id.* at 33:5 - 34:12.

<sup>17</sup> *Id.* at 35:13 - 38:4.

<sup>18</sup> *Id.* at 38:5 - 38:17.

<sup>19</sup> *Id.* at 38:17 - 39:5.

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would not be dispatched because the company does operate dispatch after 7:00 p.m.<sup>20</sup> Additionally, Mr. Pospisil testified that a couple years ago Fremont Cab had \$200,000 in total revenue, which decreased to \$190,000 last year. With the impacts of COVID-19, Mr. Pospisil is expecting total revenues to decrease to \$150,000 or \$160,000 this year.<sup>21</sup>

Commission staff offered Exhibits 1 through 5, which were entered into evidence. Mr. Pospisil provided Commission staff with a document showing his insurance premium payment schedule from May 2020 through March 2021, and an Excel spreadsheet showing additional breakdown of Applicant's insurance premium increases and the rate with the fuel surcharge. The documents were offered and received into evidence as Exhibits 6 and 7, respectively.

### O P I N I O N   A N D   F I N D I N G S

Fremont Cab Services, LLC is a common carrier providing transportation services to passengers by taxicab within Fremont and points in the immediate area, with authority to provide services for DHHS. Applicant was granted its Certificate of Authority under Application B-1702 on October 10, 2007.

In the present case, Applicant is seeking to amend its rates by increasing its base rate and adjust its fuel surcharge. The Commission must determine whether the proposed amendments are reasonable.

Applicant provided evidence that it has experienced substantial loss in cash sales and billing receipts from HHS due to COVID-19. With the impacts of COVID-19, Applicant expects a decrease in total revenue of approximately twenty-two percent (22%). Applicant is proposing to increase the initial drop charge from \$2.50 to \$4.00 as well as eliminating the fuel surcharge until gas prices exceed \$4.00 a gallon. Evidence was presented at the hearing describing that such adjustments would have only resulted in Applicant gaining an additional \$0.23 on trips over the last decade. Applicant fails to take into account the increase in the per mile charge that would lead to a larger increase on a per trip basis. Taking into account the

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<sup>20</sup> *Id.* at 40:10 - 40:18.

<sup>21</sup> *Id.* at 39:7 - 39:13.

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price of an average trip, the proposed rate adjustment would result in an increase of fifteen percent (15%) cost.

Applicant has also experienced a significant increase on some of its operating costs, most notably in its insurance premiums. Evidence was presented highlighting a trend of rising insurance premiums over the last several years. The combination of the continued expected decreases in revenue as well as the impacts of COVID-19 will place Applicant in an economically untenable position without an increase in its rates. The ability of Applicant to continue its operations and service to the community may be seriously compromised if these factors are not addressed.

The Commission has previously advised Applicant to make more timely applications to ensure smaller rate increases for the general public. The Commission echoes this sentiment in this application and advises Applicant to be more cognizant of the impact large rate increases have on the public.

In reviewing the application and the evidence presented, the Commission finds that the proposed rate increase should be approved. The proposed rate increase is reasonable considering the amount of time that has passed since the last rate adjustment and comparing the proposed rates to those of other common carriers providing similar services.

Upon consideration of the application and being fully advised in the premises, the Commission is of the opinion and finds that the application should be granted.

### O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Fremont Cab Services, LLC, Fremont, Nebraska, be and it is hereby, authorized to establish its rates for its services effective September 20, 2020, as follows:

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**Description**

**Rates**

Initial drop charge	\$4.00
Mileage charge	\$0.25/ 1/10 <sup>th</sup> mile
Wait time	\$0.50/minute
Additional passenger (over 16 years of age)	\$1.00/passenger
Refusal of service	\$2.75
Fuel Surcharge:	\$4.00 - \$4.49: \$0.25
	\$4.50 - \$4.99: \$0.50
	\$5.00 - \$5.49: \$0.75
	\$5.50 - \$5.99: \$1.00
	Increase surcharge
	\$0.25 for every \$0.49
	increase in fuel
	costs

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 15<sup>th</sup> day of September, 2020.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Cystal Granger*  
*Tim Schram*  
*Don Watson*

*Mary Kadden*  
Chair

ATTEST:

*Michael S. Hyatt*  
Executive Director