

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. TR-128
of Servant Cab LLC d/b/a Yellow)
Cab Company and Capital Cab)
Company, Lincoln, seeking) GRANTED
authority to increase the taxi)
rates in Lincoln.) Entered: July 9, 2002
)

APPEARANCES:

For the Applicant:
Jack L. Shultz, Esq.
P.O. Box 82028
Lincoln, Nebraska 68501

For the Commission Staff:
Shanicee Knutson
300 The Atrium,
1200 N Street
Lincoln, Nebraska 68509

BY THE COMMISSION:

On April 25, 2002, Servant Cab Company, d/b/a Yellow Cab and Capital Cab (Servant Cab or Applicant), of Lincoln, Nebraska, filed an application for authority to increase its taxi rates in Lincoln and vicinity as follows:

<u>Current Rates</u>		<u>Proposed Rates</u>	
First 1/8 mile	\$1.90	First 1/9 mile	\$2.00
Each addt'l 1/8 mile	.25	Each addt'l 1/9 mile	.25
Waiting time / minute	.50	Waiting time/minute	.50
Out-of-town / mile	2.15	Out-of-town/mile	2.15

All surcharges to be retained.

Applicant is a certificated common carrier which holds Certificate B-1581. The certificate authorizes the transportation of passengers by taxicab between points in Lincoln and vicinity over irregular routes.

Notice of the application was published in *The Daily Record*, Omaha, Nebraska on April 30, 2002, pursuant to the Commission's rules. Additionally, notice of the application was published in the *Lincoln Journal Star* on May 11, 2002. Protest letters were received from Mrs. Kinnard on May 15, 2002, and Cy Miller on June 4, 2002. A letter of support was received by the Applicant from Bonita Spier on May 22, 2002. A hearing on the application was held on June 20, 2002, in the Commission Hearing Room, 300 The Atrium, 1200 N Street, Lincoln, Nebraska, with appearances as shown.

E V I D E N C E

No members of the general public appeared, either in support or in opposition to the application. The two letters opposing the application and the one in support were made part of the record (Exhibits 3 and 4 and 13, respectively).

Applicant produced two witnesses who testified as follows:

Kirby Young testified that he, in conjunction with his brother, Vance Young, and his sister, Donna Corey, are the owners of Servant Cab. Servant Cab purchased the assets of Husker Cab and began operating the authority on March 23, 2002. Kirby Young does not presently reside in Lincoln, but is in the process of moving here to devote additional time to management of the company.

A current equipment list was entered in the record as Exhibit 5. Mr. Young testified that it is the intention of the company to upgrade its equipment to achieve greater efficiency and to provide better quality service.

The financial statements for Husker Cab for years 1999 (Exhibit 6), 2000 (Exhibit 7), and the first nine months of 2001 (Exhibit 8) demonstrated losses of \$34,177.95, \$108,739.50 and \$51,793.35, respectively. Applicant offered Exhibit 9, which was a list of the number of passenger trips taken between January 1 and June 15 of each year from 1998 through 2002. Exhibit 9 shows a steady decline in the number of trips from 115,398 in 1998 to 91,413 in the year 2002. Mr. Kirby believes there is less ridership due to competition and other factors.

Husker Cab sought three rate increases during the last 12 years. The increases were granted as follows: 5 percent in 1993, 7½ percent in 1998 and 13 percent in 2001. The current application seeks approximately an 11.45 percent rate increase. The cost of operation during the last 12 years exceeded the amounts of any rate increases resulting in an operating loss. In support of its position, Applicant offered Exhibits 10, 11 and 12 regarding inflation history. The Employment Cost Index rose 30.2 percent between 1990 and 1998; the Consumer Price Index rose 27.5 percent between 1990 and 1999. In light of the historical inflationary factors, Mr. Young stated, an 11.45 percent increase would be justified. Absent the proposed increase, the applicant would not be able to maintain the same number of vehicles on the street, nor update its fleet. With the proposed increase, the average trip consisting of 4.5 miles would rise approximately \$1.20 under the proposed rate.

Kirby Young is currently taking no salary, and Vance Young and Donna Corey receive the same salary they received from Husker Cab before Servant purchased Husker Cab. All other employees currently receive the same pay rate they did when the company was owned by Husker Cab.

After the Applicant acquired the assets of Husker Cab, it required each driver to sign a policy regarding cleanliness and dress codes, carrying alcohol for passengers, attendance and general conduct. When a new driver is hired, the policies are reviewed with them. The witness was not aware of any concerns about an automated voice messaging system or answering system which was raised during the last rate case for Husker Cab.

Vance Young testified that the current vehicles have a range of 145,000 to 334,000 miles on them, with an average of about 250,000 miles per vehicle. In the replacement of vehicles, Applicant would strive to get 13 to 18 miles per gallon in town. Applicant would like to purchase vehicles which have approximately 40,000 miles on them.

Prior to the hearing, the Commission did receive one complaint from a resident at 1617 F Street. The passenger complained that the driver drove erratically. The company contacted John Schmidt at the Commission, who rode with this particular driver on an undercover basis. The driver did not know that Mr. Schmidt was affiliated with the Commission. After riding with the driver, Mr. Schmidt had no concerns about the driver's capabilities. No further action was taken with respect to this complaint.

Applicant's dispatch process prioritizes its calls in order to provide a more responsive service to prearranged time calls, and dispatchers attempt to contact the time called customers if they believe pickup will be delayed. Applicant could start returning calls to customers if they know they are going to be late for a pickup if the customer's telephone number is available. Applicant sends empty cabs to the airport to coincide with the arrival of flights to meet the needs of those traveling to Lincoln.

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

The issues raised by members of the public, although only two in number, generally related to late pickup and general

opposition to any rate increase. Conversely, one member of the public submitted a letter commending the Applicant on its service. All three letters from the public have been taken under consideration by the Commission in its findings and conclusions set forth herein. Upon consideration of the application, the evidence adduced, and being fully advised in the premises, the Commission is of the opinion and finds that the application should be granted effective July 9, 2002.

It is apparent that when the taxi service in Lincoln was operated by Husker Cab, the amount of the rate increases achieved did not equate to the inflation during the same time period. Additionally, the undisputed evidence provides that Husker Cab continued to generate operating losses prior to the sale to the Applicant. While the rate increase approved by this order is substantial, it is warranted in order to keep a sufficient amount of service and vehicles available to the public. Without the proposed increase, the Commission believes that the quality and availability of the applicant's taxi service to the community would suffer. The Commission hopes the Applicant will come before this Commission on a more frequent basis and ask for more moderate increases in the future.

When the Applicant was under previous ownership, issues were raised at the last rate increase hearing regarding consideration of implementation of a voice activated telephone system or answering service in order to avoid call congestion. Additionally, several issues were raised in the last rate application of Husker Cab about employee appearance and conduct. Neither of the two members of the public who submitted letters in opposition to this application identified either call congestion or driver conduct as issues. Applicant is encouraged to monitor these issues in order to maintain a high quality of service.

O R D E R

IT IS THEREFORE, ORDERED by the Nebraska Public Service Commission that effective July 19, 2002, Servant Cab Company LLC d/b/a Yellow Cab Company and Capital Cab Company, Lincoln, Nebraska, be, and is hereby, authorized to increase its taxi rates in Lincoln and vicinity as follows:

<u>Description</u>	<u>Rates</u>
First 1/9 mile	\$2.00
Each addt'l 1/9 mile	.25
Waiting time / minute	.50
Out-of-town / mile	2.15

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All surcharges to be retained.

MADE AND ENTERED at Lincoln, Nebraska, this 9th day of July,
2002.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Frank E. Landis
Gerald T. Vay
Bob Johnson

Anne Boyle
Chair

ATTEST:

Art S. Pollack
Executive Director

//s//Anne C. Boyle
//s//Frank E. Landis

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