

# SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

## BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of Safeway Cabs,  
Inc., Omaha, seeking authority  
to amend the Omaha taxicab  
rates.

) APPLICATION NO. TR-132  
) GRANTED IN PART AND DENIED  
) IN PART  
) ENTERED: MAY 11, 2004

### APPEARANCES:

#### For the Applicant:

Steve Stroh  
121 West 2<sup>nd</sup> Street  
North Platte, Nebraska 69103

#### For the Commission:

Shana L. Knutson  
Mark Breiner  
300 The Atrium Building  
1200 N Street  
Lincoln, Nebraska 68508

### BY THE COMMISSION:

By application filed August 31, 2003, Safeway Cabs, Inc., of Omaha, Nebraska seeks approval to amend the Omaha taxicab rates as follows:

Description	Current Rates	Proposed Rates
I. Standard Fare		
A. First 1/6 mile (Initial Drop Charge)	\$ 1.95	\$ 1.95
B. Ea. Add'l 1/6 mile Ea. Add'l 1/8 mile	.30	.25
II. Senior Citizen Fare:		
A. First 1/6 mile (Initial Drop Charge)	\$1.95	\$ 1.95
B. Ea. Add'l 1/7 mile Ea. Add'l 1/6 mile	.20	.25
III. Out-of-town Fare:		
A. Rate per mile	\$ 2.00	\$ 2.25
IV. Waiting Time:		
A. Per each 45 seconds Per each 36 seconds	\$ .15	\$ .25
V. Flat Rates Between Eppley Airfield and Hotels/Motels based on proposed standard fare.		
VI. Cab Hired by the Hour	\$20/hour	\$25/hour
VII. Time and mileage charge	N/A	Waiting Time plus Meter Fare

Notice of the application appeared in the Omaha World Herald and in the Daily Record, Omaha, on November 17, 2003. No protest or intervention was filed. A hearing on the application was held on March 25, 2004 at the State Office Building in Omaha. Notice of this hearing was sent by U.S. Mail on March 3, 2003 to the interested parties.

Mr. Stroh made an opening statement on behalf of Safeway. He stated that the last rate increase took place in February of 2000. The increase is requested to account for an increase in workman's compensation insurance and in automobile liability insurance. The increase would allow Safeway to continue its taxicab operations in Omaha. Mr. Stroh stated that Safeway is the only non-leased cab operation in Omaha. If an increase is not granted, Safeway will have to do one of two things; either change to a lease company to increase cash flow, or cease operations altogether.

Mr. Scott Miller, vice-president of Safeway testified in support of the rate increase. Mr. Miller testified that the last Omaha taxi rate increase was February of 2000. Since that time, there has been a 50 percent increase in the workman's compensation and a 22 percent increase in automobile liability insurance. Applicant is seeking an overall rate increase of approximately 11 percent on the regular rate and a seven percent increase of the senior citizens rate.

On cross-examination, Mr. Miller testified that Safeway operated at a \$12,000 loss. The year before that, they reported a loss of \$2,800. Safeway was forced to pool for workman's compensation this year due to the lack of ability to obtain insurance. Safeway's average trip length is five to six miles. A grant of the application would change the average fare from about \$8.50 to \$9.50. If the rate increase is granted, Safeway would send letters to its charge account customers. Safeway would also place a placard in their vehicles showing the increase and the effective date.

Mr. Miller testified that he would like to see the rate increase apply to all Omaha taxicab providers. There has been one tariff for all taxicab providers since 1988. Mr. Miller testified further that if the Commission were to only grant the rate increase for Safeway, he would not take the rate. Two sets of flat rates would confuse the public and cause problems for his business. Two rates would also put Safeway at a competitive disadvantage.

Upon further questioning by the Commission, Mr. Miller testified that a lease system would create a numbers game. The

more vehicles he leases the more money Safeway makes but the less there is for the drivers. He also believes that a lease system would create an incentive for drivers to violate the Commission's hours of service rules. He further testified that his competition does not have workman's compensation, the risk of injury to one of his driver's while on the job, was one Safeway did not want to take.

Mr. Mitchell also made a statement. He is the president and owner of Happy, Yellow and Checker Cab companies. He also manages Cornhusker and Metro Cabs. Mr. Mitchell stated that they did not protest the request for a rate increase. For his companies, he would like to see a higher initial charge. They would like to see the mileage charge either stay the same or go down. Mr. Mitchell stated that Safeway raises valid points with respect to the cost of insurance. Mr. Mitchell's drivers are independent contractors and by agreement, they are supposed to carry their own insurance. Mr. Mitchell stated that there are probably some drivers out there without insurance. Clearly, Mr. Mitchell stated, there is some risk involved for his companies. Because his drivers are independent contractors, Mr. Mitchell stated he does not get involved with their working hours. But they do have a way to find out when they log in, when they start using their vehicle and when they log out.

Finally, he stated that there are other cities where taxicab companies have different rates. Customers call the taxicab carriers to get rates. In St. Louis, for example, the two cab companies have different types of rate structures.

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

The Commission has several concerns with this rate application. Some of its concerns were expressed to the applicant openly on the record at the hearing and some were raised in deliberation of this application. First and foremost, it concerns the Commission that Safeway has waited for four years to request a change in the tariff rates even though it says its expenses have been steadily rising. Safeway has managed to absorb the increasing costs year after year and now requests an 11 percent increase on its mileage rate, a seven percent increase on its senior citizen rate, a ten percent increase on its out of town rate, a 25 percent increase on its hourly rate, and a 66 percent increase in its no service charge. The Commission does not believe that large sporadic increases serve public interest. Larger increases such as those requested by this application are more difficult for consumers to bear. The Commission would rather see smaller incremental changes, as customers are better able to handle smaller increases in their

expenses. We encourage Safeway to evaluate its needs on an annual basis and bring its case to the Commission at such intervals so that consumers are not faced with infrequent significant increases that they cannot easily absorb.

The Commission is also concerned that Applicant may not be running its operation as efficiently as it could be. It is difficult for the Commission to properly assess this, however, because of the meager showing by the Applicant at the hearing. There is little in the record from which the Commission can judge the necessity of a rate increase. While Applicant presented evidence on its increased cost for insurance, the Commission was not provided evidence of the Applicant's overall operating revenues or expenses. There was no balance sheet or income statement offered into evidence. The record is devoid of any audited or verified statements showing Applicant's financial condition and its ability to meet the expense of increased insurance costs. Applicant did not offer any evidence regarding its overall financial condition other than the limited testimony that Applicant was operating at a loss, which testified to by Applicant in response to questions on cross-examination. The record leaves in doubt whether a full grant of the requested rate increase is warranted.

In the future, the Commission would like to see Safeway produce more detailed records at the hearing. Specifically, Safeway should produce audited accounts of its operating costs and its revenues. We remind Safeway that it has the burden of proof requiring it to demonstrate why a proposed rate adjustment is needed.

In sum, upon consideration of the record in this matter, the Commission finds that it should partially grant the application. The rate application should be granted to the following extent:

Description	Proposed Rates	Approved Rates
I. Standard Fare		
A. First 1/6 mile (Initial Drop Charge)	\$ 1.95	\$ 1.95
B. Ea. Add'l 1/8 mile	.25	
Ea. Add'l 1/6 mile		.30
II. Senior Citizen Fare:		
A. First 1/6 mile (Initial Drop Charge)	\$1.95	\$ 1.95
B. Ea. Add'l 1/6 mile	.25	
Ea. Add'l 1/7 mile		.20
III. Out-of-town Fare:		

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A.	Rate per mile	\$ 2.25	\$ 2.10
IV.	Waiting Time:		
A.	Per each 36 seconds	.25	.20
V.	Flat Rates Between Eppley Airfield and Hotels/Motels based on standard fare.		
VI.	Cab Hired by the Hour	\$20/hour	\$22/hour
VII.	No Service Charge	\$10.00	\$7.00

## O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Application to amend the Omaha Taxi rates filed by Safeway Cabs, Inc. be approved in part to the following extent:

Description	Rates
I. Standard Fare	
A. First 1/6 mile (Initial Drop Charge)	\$ 1.95
B. Ea. Add'l 1/6 mile	.30
II. Senior Citizen Fare:	
A. First 1/6 mile (Initial Drop Charge)	\$ 1.95
B. Ea. Add'l 1/7 mile	.20
III. Out-of-town Fare:	
A. Rate per mile	\$ 2.10
IV. Waiting Time:	
A. Per each 36 seconds	\$ .20
V. Flat Rates Between Eppley Airfield and Hotels/Motels based on standard fare.	
VI. Cab Hired by the Hour	\$22/hour
VII. No Service Charge	\$7.00

MADE AND ENTERED at Lincoln, Nebraska, this 12th day of May 2004.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Ann C. Boyle*  
*Lucille Johnson*  
*Reg Johnson*  
 //s//Frank E. Landis  
 //s//Gerald L. Vap

Chairman

*Gerald L. Vap*

ATTEST:

*ALS Pollack*  
 Executive Director

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