

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of) APPLICATION NO. TR-157
Servant Cab Company LLC, Lincoln,)
seeking authority to amend it rates.) GRANTED
)
) ENTERED: JULY 10, 2007

APPEARANCES:

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

For the Commission Staff:
Mark Breiner, Esq.
300 The Atrium, 1200 N Street
Lincoln, Nebraska 68509

BY THE COMMISSION:

On April 24, 2007, Servant Cab Company LLC (Servant or Applicant), of Lincoln, Nebraska, filed an application for authority to increase its taxi rates between points in Lincoln and a 25 mile radius thereof as follows:

| <u>Description</u> | <u>Current Rates</u> | <u>Proposed Rates</u> |
|--------------------------------|---|---|
| First 1/13 mile | \$2.40 | — |
| First 1/11 mile | — | \$2.40 |
| Each additional 1/13 mile | \$0.20 | — |
| Each additional 1/11 mile | — | \$0.25 |
| Waiting time per minute | \$0.60 | \$0.60 |
| Out of town rate per mile | \$2.60 | — |
| Out of town rate per mile | — | \$2.75 |
| Fuel Surcharge | | |
| - Begins at (Price per gallon) | \$2.00 | \$2.00 |
| - Rate of increase | 5 cent increased surcharge for every 10 cent increase in gas cost | 5 cent increased surcharge for every 10 cent increase in gas cost |

Applicant is a certified common carrier which holds Certificate B-1581. The Certificate authorizes the transportation of passengers by taxicab between points in Lincoln and a 25 mile radius thereof.

Notice of the application was published in *The Daily Record*, Omaha, Nebraska on April 26, 2007, pursuant to the Commission's rules. Hearing on the application was held on June 26, 2007 in the Commission Library, 300 The Atrium, 1200 N Street, Lincoln, Nebraska with appearances as shown. No protests were filed to the application and

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no members of the general public appeared either in support or in opposition to the application. The application is therefore unopposed.

Kirby Young appeared on behalf of the Applicant and testified that he is the managing member of Servant Cab. Mr. Young is familiar with the financial status of the Applicant. Mr. Young testified that the primary reason for the proposed rate increase is the rise in costs that the Applicant has experienced.

The major costs cited by Mr. Young involved increases in the Applicant's insurance premiums, repair and maintenance costs and utility expenses. According to Mr. Young, liability costs increased over \$22,000, an increase of thirty-five percent. Unemployment insurance costs also increased despite the company's experience mod being well under the industry average. These increases in costs were industry wide and, according to Mr. Young, were not due to any specific activity or losses generated by the Applicant.

The other costs cited by Mr. Young were repair and maintenance costs and payroll expenses. Repair and maintenance expenses rose over twenty-two percent in 2006, including a 77 percent increase in oil and lube expenses due to the high price of oil. Payroll increased 5.7 percent, and payroll taxes increased 10.2 percent.

Mr. Young noted to the Commission that it has invested in eight Toyota Prius vehicles. These vehicles are expected to provide substantial savings in gasoline costs, with the average mileage experience being between 48 and 60 miles per gallon. It is anticipated that these cars will pay for themselves over the long run. The Applicant has also placed two more wheelchair accessible vans in service.

The Applicant stated to the Commission that its drivers will benefit from the proposed rate increase. The drivers are paid on a commission basis, and therefore any increase in the rates will be shared between the Applicant and its drivers.

The Applicant was questioned by Commission staff regarding cleanliness standards and schedules for cleaning of its fleet. Mr. Young stated that there is no set standard of cleanliness and that the drivers are to clean the interior of the vehicle at both the beginning and end of the shift. The driver is also expected to wash the exterior of the car when necessary.

The Applicant was last granted a rate increase in March of 2006, at which time it was granted approximately a 3.5% increase. The

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Applicant is seeking an increase of approximately 4.6% by virtue of this application.

The application would change the incremental charge for transportation from twenty cents per 1/13 of a mile under the current tariff to twenty-five cents per 1/11 of a mile under the proposed rates. There would be no change in the waiting charge or in the fuel surcharge. The out-of-town mileage rate would also increase from \$2.60 per mile to \$2.75 per mile. The proposed rates would increase the cost of an average trip from \$13.90 to \$14.55.

Applicant states it needs the requested rate increase in order to allow it to continue to maintain and upgrade its vehicles as well as to continue to provide current levels of service.

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

A hearing on the application was held by the Commission and no member of the public appeared to testify. There is no public opposition to the proposed rates. The Applicant, as well as the entire industry, has experienced major increases in costs of operations as was set forth by the Applicant in this proceeding. The Applicant is also to be commended for its investment in the new cars as well as the wheelchair vans. The Commission would recommend, however, that the Applicant make a stronger commitment to the cleanliness issue by developing stricter standards of cleanliness as well as a schedule to ensure that the exterior of the cabs are maintained in a clean condition.

The proposed rate increase is reasonable and should provide the applicant with the ability to continue to provide service and upgrading of its fleet. The Commission is of the opinion that without the proposed increase, Applicant's taxi service to the community could suffer.

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 20, 2007.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that effective July 20, 2007, Servant Cab Company LLC, Lincoln, Nebraska, be, and is hereby, authorized to increase its taxi rates between points in Lincoln and a 25 mile radius thereof as follows:

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| <u>Description</u> | <u>Ordered Rates</u> |
|--------------------------------|---|
| First 1/11 mile | \$2.40 |
| Each additional 1/11 mile | \$0.25 |
| Waiting time per minute | \$0.60 |
| Out of town rate per mile | \$2.75 |
| Fuel Surcharge | |
| - Begins at (Price per gallon) | \$2.00 |
| - Rate of increase | 5 cent increased surcharge for every 10 cent increase in gas cost |

MADE AND ENTERED at Lincoln, Nebraska, this 10th day of July, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Gerald L. Vep
Ram C. Boyle
Tim Schorn

//s// Frank E. Landis

Frank E. Landis
Vice Chairman

ATTEST:

John Burdick
Deputy Director