

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of) APPLICATION NO. TR-164
Servant Cab Company LLC, Lincoln,)
seeking authority to amend it rates.) GRANTED
)
) ENTERED: JULY 15, 2008

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 May 21, 2008, 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 1/11 mile	\$2.40	\$2.40
Next 11/12 mile		\$0.25
Each additional 1/12 mile		\$0.25 (2nd mile on)
	—	\$0.25
Waiting time per minute	\$0.60	\$0.60 -
Out of town rate per mile	\$2.75	—
Out of town rate per mile	—	\$3.00
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	2.00-2.50 \$1.50 2.50-3.00 \$1.65 3.50-4.00 \$1.95 4.00-4.50 \$2.10 4.50-5.00 \$2.25

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.

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Notice of the application was published in *The Daily Record*, Omaha, Nebraska on May 23, 2008, pursuant to the Commission's rules. Hearing on the application was held on June 26, 2008 in the Commission Hearing Room, 300 The Atrium, 1200 N Street, Lincoln, Nebraska with appearances as shown. No protests were filed to the application and 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.

Mr. Young testified that the Applicant wanted to change the second mile charge from 1/11 to 1/12 of a mile, increase the out-of-town rate from \$2.75 to \$3.00 per mile, and adjust the fuel surcharge. With an average trip of four and one-half miles, this results in an increase in the average trip from \$14.53 to \$15.40 or six percent.

Mr. Young detailed that the Applicant currently operates around 38 vehicles, with 12 of them being vans and 12 Toyota Prius. The plan is to order four more Prius over the next few months. These investments in vehicles total to over \$150,000 in new or newer vehicles over the past year.

The Applicant has employees for drivers, according to Mr. Young. They are paid on a Commission basis and therefore will see part of the proposed increase in their pay.

The major costs cited by Mr. Young involved increases in the Applicant's insurance premiums, repair and maintenance costs, driver payroll and property taxes.

The Applicant will also incur an increase on costs due to its contract with the Nebraska Department of Health and Human Services. The Applicant will be responsible for tracking eligibility of its HHS clientele more than in the past. This will require the purchase of two new computers as well as staff to monitor the program.

Mr. Young noted to the Commission that it has invested in twelve 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.

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The Applicant has also placed another more wheelchair accessible vans in service.

When questioned by Commissioner Landis regarding the cleanliness of the Applicant's fleet, Mr. Young stated the Applicant has set up an account with a nearby gas station for it to use the washing facilities at that station and that the expectation is that the vehicles will be washed every day. This has resulted in an improvement in the appearance of the vehicles.

On questioning by Commission staff, Mr. Young gave further details regarding the increases in costs that the Applicant has incurred. Insurance expenses increased \$31,000 in the past year. Payroll expenses were up 32% over that same time period. He also stated that tire expense rose 8%, and property tax increased 14%.

Mr. Vance Young was called next by the Applicant. He addressed an issue regarding parking in downtown Lincoln related to taxi stands and there availability. He stated that there are parking taxi stands on O Street but that they are often times filled by people parking in those spaces. The downtown situation is very often busy and confused.

Mr. Young stated that the situation did improve for a period of time as the Lincoln Police Department towed some vehicles and they were open, but that the towing has stopped and the spaces are more often filled by the general public. He stated that the Applicant would make additional efforts to use those spots if open and would also commit to additional drivers being available during the hours around bar closing, especially on Friday and Saturday nights,

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 also notes that there has been an improvement in the appearance of the fleet. The Commission reiterates its position that a strong commitment needs to be maintained by the Applicant to further improving the appearance and cleanliness of the fleet by developing stricter standards of cleanliness as well as a more defined schedule of cleaning to ensure

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that the exterior and interior of the cabs are maintained in a clean condition.

The Applicant was last granted a rate increase in July of 2007, at which time it was granted approximately a 4.6% increase. The Applicant is seeking an increase of approximately 6% by virtue of this application.

The application would change the incremental charge for transportation from twenty five cents per 1/11 of a mile under the current tariff to a change in the second mile charge to twenty-five cents per 1/12 of a mile under the proposed rates. There is no proposed change in the first 1/11 of a mile or "drop" charge. There would be no change in the waiting charge. The fuel surcharge would be changed to the proposed schedule. The out-of-town mileage rate would also increase from \$2.75 per mile to \$3.00 per mile. The proposed rates would increase the cost of an average trip from \$14.55 to \$15.40.

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 25, 2008.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that effective July 25, 2008, 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:

<u>Description</u>	<u>Ordered Rates</u>
First 1/11 mile	\$2.40
Each additional 1/11 mile	\$0.25
Each additional 1/12 mile	\$0.25
Waiting time per minute	\$0.60
Out of town per mile	\$3.00
Fuel Surcharge (begins at \$2.00)	\$1.50

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- Schedule of increase

2.50-3.00 \$1.65

3.00-3.50 \$1.80

3.50-4.00 \$1.95

4.00-4.50 \$2.10

4.50-5.00 \$2.25

MADE AND ENTERED at Lincoln, Nebraska, this 15th day of July,
2008.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Frank E. Landis

Bob Johnson

Tim DeKram

//s// Anne C. Boyle

//s// Frank E. Landis

Anne C. Boyle
Chair

ATTEST:

Michelle J. P.
Executive Director