

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) APPLICATION NO. TR-169
Of Servant Cab Company LLC,)
Lincoln, seeking authority to) GRANTED ON AN EMERGENCY
Amend its rates and charges.) BASIS
)
) ENTERED: DECEMBER 2, 2008

BY THE COMMISSION:

On November 19, 2008, Servant Cab Company LLC (Servant or Applicant), of Lincoln, Nebraska, filed an application for authority to amend its fuel surcharge taxi rates for transportation between points in Lincoln and a 25 mile radius thereof as follows:

<u>Description</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
Fuel Surcharge		
-Begins at (Price per gallon)	\$2.00	\$1.00
\$1.00-1.50	N/a	\$1.20
\$1.50-2.00	N/a	\$1.35
\$2.00-2.50	\$1.50	\$1.50
\$2.50-3.00	\$1.65	\$1.65
\$3.00-3.50	\$1.80	\$1.80
\$3.50-4.00	\$1.95	\$1.95
\$4.00-4.50	\$2.10	\$2.10
\$4.50-5.00	\$2.25	\$2.25

Emergency action is requested.

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.

The Applicant is requesting that the fuel surcharge be adjusted to account for the declining price of gasoline that is currently being experienced in the market. At the time that the surcharge was implemented, the price of gasoline was considerably higher than the floor amount of \$2.00. At that

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time, it was not anticipated that the price of gasoline would retreat to under \$2.00 per gallon.

The current schedule for the fuel surcharge does not begin until gasoline is at \$2.00 per gallon. It does not allow for any receipt of income when the price is lower than \$2.00 per gallon. The result is that a trip would have a charge of \$1.50 when gasoline is selling at \$2.00, but zero surcharge when that same gallon of gasoline sells at \$1.99 per gallon.

According to the Applicant, it transports 17,000 trips during an average month. The Applicant would lose \$25,500 in revenue during this average month if the price of gasoline goes below \$2.00 per gallon. According to the Applicant this loss of revenue would have a severe financial impact upon it and "would undoubtedly cause" a reduction in its fleet and service levels due to this loss of revenue.

According to the Applicant, the proposed reduction would help to alleviate this loss of income. It is proposed that the surcharge be adjusted by lowering the threshold that the surcharge implements to \$1.00 from the current \$2.00, and that it be reduced by the same ratio that the surcharge implements currently, or a reduction of fifteen cents for every fifty cent change in the price of gasoline. The Applicant is requesting that the requested change be granted by the Commission and that it do so on an emergency basis as the price of gasoline is nearly under the \$2.00 per gallon as of the time of the application.

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

The Commission finds that the current situation is one that requires that the surcharge be changed. It would have been difficult to forecast that the price of gasoline would fall below two dollars per gallon at a time when the price of gasoline skyrocketed to over four dollars per gallon as it did during the summer of 2008. It was not unreasonable to hold the position that the price of gasoline would not fall back as it has in the past month.

A fuel surcharge is designed to address a situation where the expense of gasoline rises faster than the ability to recoup

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those increases can be made. It is expected that, at some point in time, that the cost of gasoline becomes a regular cost of doing business and not subject to a surcharge. The Commission urges the Applicant to review its rate structure to build more of the costs of operation into the basic rate structure and become less dependent on fuel surcharge, especially when the cost of gasoline is at current levels.

The Commission is mindful of the developments that have resulted in the current situation. In the current case the Applicant would experience a substantial reduction in revenue with a one penny drop in the price of gasoline. This would cause operating difficulties as the marginal decrease in cost would come in conjunction with a significant decrease in revenue. The differential is such that the Applicant could experience a major deterioration in its revenue stream.

The Commission finds that the operations of the Applicant would be substantially impaired due to the loss of revenue that it would experience if the surcharge is not adjusted. This is an emergency situation that requires that the Commission address the matter on an emergency basis.

The proposed surcharge adjustment 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 adjustment, 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 December 3, 2008.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that effective December 3, 2008, Servant Cab Company LLC, Lincoln, Nebraska, be, and is hereby, authorized to amend its fuel surcharge for service between points in Lincoln and a 25 mile radius thereof as follows:

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<u>Description</u>	<u>Rates</u>
Fuel Surcharge	
-Begins at (Price per gallon)	\$1.00
\$1.00-1.50	\$1.20
\$1.50-2.00	\$1.35
\$2.00-2.50	\$1.50
\$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 2nd day of December, 2008.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Frank E. Landis

Anne C. Boyle

Tim Schram

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

Anne C. Boyle
Chair

ATTEST:

John Burdman
Deputy Director