

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) APPLICATION NO. TR-172
Of Servant Cab Company LLC,)
Lincoln, seeking authority to) GRANTED AS MODIFIED
Amend its rates and charges.)
)
) ENTERED: AUGUST 4, 2009

APPEARANCES:

For the Applicant: For the Commission Staff:

Jack Shultz, Esq.
P.O. Box 82028
Lincoln, NE 68501

Mark Breiner, Esq.
300 The Atrium
1200 N Street
Lincoln, NE 68509

BY THE COMMISSION:

On June 10, 2009, 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:

Description	Current Rates	Proposed Rates
First 1/11 th mile	\$3.40	
First 1/12 th mile		\$3.75
Each additional 1/12 th mile	\$0.25	
Each additional 1/13 th mile		\$0.25
Waiting time (per minute)	\$0.60	\$0.60
Out-of-town rate per mile	\$3.00	\$3.25

Fuel surcharge -

Current		Proposed	
\$1.00-1.50	\$0.15	\$1.00-1.25	\$0.10
\$1.50-2.00	\$0.30	\$1.25-1.50	\$0.20
\$2.00-2.50	\$0.45	\$1.50-1.75	\$0.30
\$2.50-3.00	\$0.65	\$1.75-2.00	\$0.40
\$3.00-3.50	\$0.85	\$2.00-2.25	\$0.50
\$3.50-4.00	\$1.10	\$2.25-2.50	\$0.60
\$4.00-4.50	\$1.35	\$2.50-2.75	\$0.70
\$4.50-5.00	\$1.60	\$2.75-3.00	\$0.80
		\$3.00-3.25	\$0.90

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\$3.25-3.50	\$1.00
\$3.50-3.75	\$1.10
\$4.00-4.25	\$1.30
\$4.25-4.50	\$1.40
\$4.50-4.75	\$1.50
\$4.75-5.00	\$1.60

Emergency action was 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 rate structure be adjusted at an average rate of 7.5 percent. In its application, the applicant cited that numerous of its costs have increased greatly in the past few months. The applicant cited primarily that the cost of insurance for vehicles has increased by \$47,000.00 in 2009. The applicant also cited that workers compensation insurance increased \$11,000.00 over 2008. Other costs increases cited by the applicant include \$3,000.00 each in tire expense and taxes,, \$23,000.00 in payroll expense and legal and professional expenses up \$12,000.00. The applicant is also proposing to revise its fuel surcharge to more quickly react to changes in fuel costs.

On June 23, 2009, the Commission entered an Order granting the application as amended by the Commission. The amendment granted the applicant a thirty-five cent per trip surcharge that the applicant could begin to access immediately pending a hearing to be held on the application.

Notice of the hearing on this matter was sent to all interested parties on June 23, 2009. A hearing was held on the application on July 21, 2009.

E V I D E N C E

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.

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Mr. Young testified that the Applicant wanted to change it rates in a manner that would result in an average increase of approximately seven percent. This would raise the average trip cost from \$16.65 to \$18.00.

Mr. Young further testified that the fuel surcharge would be changed from changing in fifty cent increments to changing in twenty-five cent increments. The change is proposed to be revenue neutral while allowing the applicant to be able to adjust to market changes on a more timely manner.

The Applicant has employees for drivers, according to Mr. Young. Currently there are forty vehicles in operation and between sixty-five and seventy drivers employed by the Applicant. 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. Mr. Young cited that workers compensation insurance premiums increased \$17,000 effective March of 2009. He attributed the increase to insurance companies and cited that the Applicants experience mod, or measure of claim rates for a company, is below the average for the industry and was not a cause for the increase. The result is that the Applicant saw its workers compensation insurance premiums increase from \$50,000 to \$67,000.

A second insurance premium that increased was in general vehicle insurance. The Applicant has experienced an increase of \$47,000, also effective in March of 2009.

Mr. Young also cited increases in other costs for the Applicant. Tire expense increased 42 percent in the last year. Payroll has also increased, including payroll taxes. In part, the payroll increase is due to an increase in night drivers to address downtown Lincoln issues. The Applicant committed more resources to address the issue, which added to the payroll situation.

The net effect, according to the Applicant, is an increase in costs in total of approximately \$150,000. These are increases that are on an annual basis, and are expected to be ongoing for the foreseeable future. Mr. Young stated that he believed that the proposed rates will allow the Applicant to continue to

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continue to provide service to the community, upgrade the fleet while continuing adequate maintenance.

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 before the Commission. The managing member of the Applicant testified as to the increases that it has experienced since the last rate increase granted in May of 2009. The total of these increases, not seen prior to the previous rate application, has resulted in an additional \$150,000 in increased costs to the Applicant. These costs increases are significant, and will effect the ability of the Applicant to continue its operations and service to the community if they are not addressed.

In reviewing the application and the circumstances of the Applicant, the Commission finds that the proposed rate increase should be approved with the exception of the out-of-town mileage rate. An examination of other cab rates finds that the Applicant is already higher than any other company at its current \$3.00 per mile rate. Therefore, the Commission finds that the out-of-town rate should remain where it is currently set.

The proposed rate increase as amended above is reasonable and should provide the applicant with the ability to continue to provide service and upgrade the 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 as modified effective August 7, 2009.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that effective August 7, 2009, 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:

Description	Rates
First 1/12 th mile	\$3.75

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Each additional 1/13 th mile	\$0.25
Waiting time (per minute)	\$0.60
Out-of-town rate per mile	\$3.00

Fuel surcharge -

\$1.00-1.25	\$0.10
\$1.25-1.50	\$0.20
\$1.50-1.75	\$0.30
\$1.75-2.00	\$0.40
\$2.00-2.25	\$0.50
\$2.25-2.50	\$0.60
\$2.50-2.75	\$0.70
\$2.75-3.00	\$0.80
\$3.00-3.25	\$0.90

MADE AND ENTERED at Lincoln, Nebraska, this 4th day of August, 2009.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Donald E. Voss

Red Johnson

Anne C. Boyle

Kim Schram

//s// Frank E. Landis

Frank Landis
Chairman

ATTEST:

Theresa J. Smith
Executive Director