

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of Yellow Cab,
Checker Cab and Happy Cabs,
Inc., Omaha, seeking authority
to amend the Omaha taxicab
rates.

) APPLICATION NO. TR-175
)
) GRANTED IN PART, DENIED IN
) PART
)

ENTERED: SEPTEMBER 21, 2010

APPEARANCES:

For the Commission:
Mark Breiner
300 The Atrium Building
1200 N Street
Lincoln, Nebraska 68508

For the Applicants:
Andy Pollock
Rembolt Ludtke
1201 Lincoln Mall
Lincoln, NE 68508

BY THE COMMISSION:

By application filed December 9, 2009, Happy Cab, Checker Cab and Yellow Cab of Omaha, Nebraska seeks approval to amend the Omaha taxicab rates by the addition of a \$5.00 minimum charge for all trips in the Omaha area and the establishment of a \$3.00 starter fee for all trips exiting from Omaha's Eppley Airfield.

Notice of the application appeared in the Daily Record, Omaha, on December 29, 2010. A companion application wherein DonMark, Inc., d/b/a Cornhusker Cabs and Valor Transportation joined in the subject matter of this application was published on March 5, 2010. No protest or intervention was filed. A hearing on the application was held on April 8, 2010 at the State Office Building in Omaha. Notice of this hearing was sent by U.S. Mail on March 9, 2010 to the interested parties.

E V I D E N C E

Mr. John Davis was called by the applicants. Mr. Davis is the Director of Operations for Happy Cab Company, Yellow Cab Company and Checker Cab Company. He is also in a managerial position relating to DonMark, Inc, d/b/a Cornhusker Cab and Valor Transportation. He has been in the position for four and one-half years.

Mr. Davis stated that he is familiar with the application that is the subject of this hearing. The application consists of two changes to the Omaha rate structure: the setting of a minimum five dollar charge for any trip in the certificated area, and the creation of a three dollar per trip starter charge for all traffic originating at Eppley Airfield.

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Mr. Davis stated that the five dollar proposal is for the drivers in compensation for very short duration trips. The drivers are independent contractors, according to Mr. Davis, and as such they have a contractual relationship with the Applicants. The drivers keep the entirety of the fares that they generate, with the Applicants receiving lease income from the drivers.

The Applicants do have some additional charges such as dispatch services that are an extra cost over and above the lease fee, but Mr. Davis stated that these charges have remained steady for five years and there are no plans on making any changes.

The five dollar minimum is not an added or additional charge for the driver, but is a floor for a charge. If the meter fare is over five dollars, the minimum will have no effect on the charge. The minimum would result in a meter fare of under five dollars being rounded up to the five dollar minimum.

On examination by Commissioner Schram, it was detailed that a ride could be less than two miles and the minimum would be applied.

On redirect by Mr. Pollock, Mr. Davis stated that one company in Council Bluffs had a six dollar minimum and another had a seven dollar minimum, while Lincoln was listed as having a \$4.45 minimum charge.

The Applicant then switched testimony from the five dollar minimum charge to the starter fee proposal. The goals of the fee are to improve the quality of service or the experience that the traveling public has as they exit the airport. It was initially discussed in 2007, but none of the parties involved pursued the idea at that time. It was brought up for discussion again in May of 2009. The Applicants received some feedback from drivers concerning issue at the airfield that needed to be addressed, and they occasionally received correspondence from the Airport Authority of inappropriate activity at the airfield.

The main issues given by the drivers to the Applicants involved the failure of some drivers to take smaller fares from the airfield, and drivers going out of there way when leaving the airport, which would result in a higher charge to the customer.

The meeting in July of 2009 brought further discussions regarding the project and how the project could be moved

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forward. One major issue is that the Airport Authority did not want to be responsible for the position of the starter. There were also discussions regarding the position itself with the Airport Authority. Details such as checks and balances to ensure fair treatment of drivers were held.

The Applicants propose that the starter would have the following duties and responsibilities. The starter would be expected to greet people as they come off the plane and are looking for transportation. They would assist the customer in finding their location, entering the information into a dispatch system and arrange for the cab. Mr. Davis indicated that the company asks for information such as name, address, contact information and destination for the customer. This information can be helpful in a situation where there is a problem either with the driver or the customer.

The starter would inform the customer of the location of the destination and, in the case of local hotels and motels which have flat rates assigned to them, the amount of the charge for the trip. This would address an issue that the Airport Authority has expressed be addressed in this process: that a number of passengers were not being charged the correct rate.

The starter would have been interviewed to try to find and honest individual with exemplary customer relations skills and who knows the industry. The starter will be an employee of the Applicants, would wear a uniform that would clearly identify them as the starter, with a security badge as issued by the Airport Authority.

The Applicants anticipate that the starter would be in place for 18 hours per day. The pay scale is budgeted for \$11.00 per hour with some benefits.

Mr. Davis testified that his impression was that the Airport Authority was in support of the Application as it has the potential to address many of their concerns and would improve the travel experience for people traveling into Omaha. The Airport Authority will lease to the Applicants an all weather booth for the starter's use as well as electricity being made available in the booth.

On inquiry by Commissioner Boyle, Mr. Davis said that the company intended to get the name of the passenger so that the trip could be tracked more easily both during the trip and after the trip if any problems should arise. It would also be helpful to return a lost time of personal property if the company had such contact information. It is also seen as a safety issue

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for the drivers as the customer will be identified with information if an incident occurs.

Ray Testerman testified next. Mr. Testerman is a taxi operator in Omaha. He has some concerns regarding the proposed starter system. He believed, without going into any specifics, that the program could be a good one that is helpful but that there were aspects of the proposal that still needed work. Mr. Testerman also stated that the proposal does not address other issues that are problems in the Omaha area such as an alleged lack of English proficiency in some cab drivers. He also was concerned that the drivers would be the ones that might pay for some of the proposal as the customer may take the \$3.00 charge out of any tip they may pay and that the traveler may not appreciate an additional inconvenience of the delay that a starter may impose that they currently are not experiencing.

Mr. Phillip L. Jessop testified as to alleged overcharging issues in Omaha.

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

The Applicants have proposed two changes in the taxi rate structure for the Omaha area. The first change the Commission will address is the establishment of a minimum fare of \$5.00 for rides, and the second proposal is the establishment of a \$3.00 starter charge for all trips that exit from Omaha's Eppley Airfield.

The Commission has examined the evidence for the first proposal. The evidence shows that the great majority of trips in the Omaha area are long enough that the \$5.00 minimum charge would not be applicable. The Commission also understands that there are fixed costs that are incurred by the drivers in providing transportation services.

The rate that establishes the minimum fare of \$5.00 is a minimum charge. The rate does not operate as a floor from which other rates begins, but is to act to make any fare that the meter shows as less than \$5.00 is to be rounded up to \$5.00. Any meter fares over \$5.00 remain as charged.

The Commission finds that the \$5.00 minimum fare charge should be approved as set forth above.

The Commission has also considered the establishment of a \$3.00 starter charge for all trips exiting from Eppley Airfield. The Applicant did put forth evidence that there are similar services at other airports in the country, as well as set forth

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the duties and goals of the starter. He Applicant also reviewed an estimated income statement for the project that showed that a small profit is anticipated to be generated in the first year. The Applicants did state that the goal of the starter was not to create income for the Applicants, and that they would be willing to reevaluate the program's financial performance in the future to adjust the charge to only meet the expenses of the starter.

The Applicant cited various factors that it believes support the establishment of a starter at Eppley. The starter would act as a greeter for people who are arriving in Omaha, would arrange for taxi transportation for these travelers, and would provide information to these people regarding Omaha in general. The primary purpose of the greeter is to set up taxi transportation for the travelers, including asking their name and destination. The greeter would inform the traveler of the flat rate charge to their destination hotel.

The only support evidence in the record was hearsay testimony from the Applicant's regarding the support of the Omaha Airport Authority as well as Omaha groups such as the hotel-motel association and the Downtown Business Association. There is no other showing that the proposal has the support of any group other than the Applicants.

The Commission is of the opinion that the starter/greeter proposal of the application should be denied. There is not enough support evidence in the record to determine the general support for the proposal other than the Applicants. The Commission is further concerned with the broad impact of the charge on the general public.

The Commission is concerned that all passengers will pay more for taxi transportation in an effort to combat overcharging by some drivers to some passengers. While it is unclear from the record the extent of any overcharging that is done by the drivers, the proposed rate would apply to all trips that exit Eppley.

The rate as proposed creates an increase in the fares that amounts to an increase of almost thirty-eight percent for an \$8.00 fares to downtown Omaha in an effort to thwart those drivers that do not follow the law. The drivers that charge more than the flat rate to hotels should be dealt with more directly and the general public as a whole should not be forced to incur additional charges for these reasons.

The Commission finds as an additional detail that the flat rate schedule as currently in effect should be placed in the

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vehicle where the customer can see the rate sheet. The Commission finds that the Applicant will develop a brochure or similar sheet that is easily read and accessible to the customer and available without request to the driver. The brochure or sheet developed sheet will be available or displayed in the back of the vehicle.

The Commission therefore finds that the Application should be granted in part and denied in part; that the \$5.00 minimum fare as set forth in the above findings should be approved; and that the proposal for a \$3.00 starter fee for trips exiting from Omaha's Eppeley Airfield should be denied.

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 Happy Cab, Yellow Cab and Checker Cab be approved in part, and that a \$5.00 minimum fare be established effective October 1, 2010. The request for a \$3.00 starter charge for all trips exiting from Omaha's Eppeley Airfield is hereby denied.

The Applicants are further ordered to develop a brochure or similar sheet that denote the hotel/motel flat rates in effect and place them in the back of the cab in a manner that is easily accessible to the passenger and is available without request to the driver.

MADE AND ENTERED at Lincoln, Nebraska, this 21st day of September, 2010.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:





Chairman



ATTEST:



Executive Director

//s// Frank E. Landis

//s// Gerald L. Vap