

# SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

## BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application ) APPLICATION NO. TR-185  
of Servant Cab Company LLC, )  
Lincoln, seeking authority to ) GRANTED  
amend its rates and charges. )  
)  
) ENTERED: JULY 26, 2011

### 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 May 27 2011, 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 1/12 <sup>th</sup> mile	\$3.75	
First 1/13 <sup>th</sup> mile		\$4.25
Each additional 1/13 <sup>th</sup> mile	\$0.25	
Each additional 1/13 <sup>th</sup> mile		\$0.30
Waiting time (per minute)	\$0.60	\$0.70
Out-of-town rate per mile	\$3.00	\$3.00

### Fuel surcharge -

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

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\$3.25-3.50	\$1.00	\$1.10
\$3.50-3.75	\$1.10	\$1.25
\$3.75-4.00	\$1.20	\$1.40
\$4.00-4.25	\$1.30	\$1.55
\$4.25-4.50	\$1.40	\$1.85
\$4.50-4.75	\$1.50	\$1.70
\$4.75-5.00	\$1.60	\$2.00
\$5.00-5.25		\$2.15
\$5.25-5.50		\$2.30
\$5.50-5.75		\$2.45
\$5.75-6.00		\$2.60

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 Commission entered an order on June 1, 2011, that denied the application on an emergency basis. The Commission cited that an increase of the magnitude sought by the Applicant could not be approved on an emergency basis without receiving additional information. The Commission's order set a date of July 12, 2011 for a hearing at which the Applicant would present additional evidence and information in support of its application.

The Order of June 1, 2011, set a date of July 12, 2011, and further ordered that a notice of the denial order be published in the Daily Record. The notice of the denial on an emergency basis and a notice of hearing was published in the Daily Record on June 8, 2011. A hearing on the application was held before the Commission on July 12, 2011.

## 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 and a decline in revenue from a change in Nebraska Department of Health and Human Services (HHS) traffic.

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Mr. Young testified that HHS had notified him that a major change was going to be undertaken by HHS in July of 2010. He delayed on filing a rate application in 2010 as he did not know what the impact of these changes might be on his company. The changes stated by HHS to occur in July of 2010 did not occur until May of 2011.

Mr. Young detailed changes that were incurred in the switch from Magellan to the program run through AMR. The total trips run by the Applicant in March were 9,000, with another 8,600 trips performed in April of 2011. After AMR's program began in May, the number of trips performed by the Applicant fell to 323 in May and 808 in June of 2011.

Some of the results of the decline in these trips are a decrease in the number of cabs being operated by the Applicant, the number of drivers that are employed and an increase in overall average costs. The Applicant experienced a decline in revenues with little corresponding decline in expenses for May and June of 2011. Revenues fell to \$166,415 in May and \$134,699 in June, while expenses for those months were approximately \$250,000 and \$234,000.

The Applicant has experienced business dislocations due to the drop in revenue. It has laid off drivers, office staff and has reduced the number of cabs operating on the street. The Applicant ran 30 cabs during the day before May of 2011, but has cut that number to around 12 since that time. Most of the cabs were taken off the street to reduce the insurance costs for the applicant.

Since the change in HHS trips, the Applicant states that it has reduced its workforce in all areas. It has had 11 drivers quit in the past few months due to the decrease in business, as well as the laying off of 14 drivers during this time period. It has also fired or had quit 2 operators and dispatchers and one of its two office staff.

Mr. Young outlined increases in costs that the Applicant has experienced over the past two years. The cost of oil has increased forty percent. Tire costs have increased seventeen percent. Printing expenses have increased eighty-five percent. The Applicant purchased a new phone system that was designed to help with an increased traffic load and improve service to the

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general public. The cost of this system increased phone costs by eleven percent.

The Applicant's workers compensation costs also increased dramatically. For the insurance year 2008-2009, the bill for this insurance was \$57,539. In insurance year 2009-2010, the expense increased to \$76,177, and in insurance year 2010-2011 the expense rose to \$91,973. This is an increase of sixty percent in two years.

Mr. Young also reviewed his unemployment insurance costs. In 2008, the total expense for unemployment insurance was \$10,300. In the first quarter of this year, the costs for this insurance were billed at \$8,897. The increase was due in part to an increase in the number of employees and a more than doubling of the charge rate from 1.55% to 3.33%.

Mr. Young states that his requested increase results in a sixty-five cent per mile increase in the rates. This would raise the average costs of a trip in Lincoln around eighteen percent.

Mr. Young stated that he believed that the proposed rates would allow the Applicant to cover its costs of operations while generating a profit to ensure future operations. He stated that he believed that the increase was in the public interest and that a failure to grant the increase could result in a further decrease in services that would not permit the Applicant to properly serve the needs of the general public in the Lincoln area.

On examination by Commissioner Vap, Mr. Young stated that the decrease in trips from HHS was due to a number of factors. Part of the decline was due to the rate issue with AMR, another part the reduction in eligibility of people for trips and the trips that they could take, and also the shifting of people to other means of transportation such as StarTran.

On examination by Commissioner Schram, Mr. Young stated that the number of non-HHS trips had grown somewhat as the city of Lincoln had grown, but that it did come anywhere near replacing the number of trips that have been lost from HHS.

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On examination by Commissioner Landis, Mr. Young said that he would expect costs to decrease in the future as insurance costs recede due to the reduction in cabs on the street and layoffs, but that he cannot retrieve what has been lost in the past couple of months and that the increase in their rates was necessary.

# 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 number of changes that his company has experienced over the past two years. The most dramatic change it has experienced is the decrease in the traffic from HHS. This decrease has resulted in a significant decrease in revenue, and this lack of business has caused a reduction by the Applicant of its employee pool as well as the number of cars on the street.

It further has experienced a significant increase on some of its costs, most notably in workers compensation insurance, unemployment insurance and in the cost of oil. The combination of the decreases in revenue and the increases in costs will place the Applicant in an economically untenable position without an increase in its rates. The ability of the Applicant to continue its operations and service to the community may be seriously compromised if these factors are not addressed.

In reviewing the application and the circumstances of the Applicant, the Commission finds that the proposed rate increase should be approved. The proposed rate increase is reasonable and necessary 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 8, 2011.

# O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that effective August 8, 2011, Servant Cab Company LLC, Lincoln, Nebraska, be, and is hereby, authorized to

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increase its taxi rates between points in Lincoln and a 25 mile radius thereof as follows:

Description	Rates
First 1/13 <sup>th</sup> mile	\$4.25
Each additional 1/13 <sup>th</sup> mile	\$0.30
Waiting time (per minute)	\$0.70
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
\$3.25-3.50	\$1.10
\$3.50-3.75	\$1.25
\$3.75-4.00	\$1.40
\$4.00-4.25	\$1.55
\$4.25-4.50	\$1.85
\$4.50-4.75	\$1.70
\$4.75-5.00	\$2.00
\$5.00-5.25	\$2.15
\$5.25-5.50	\$2.30
\$5.50-5.75	\$2.45
\$5.75-6.00	\$2.60

MADE AND ENTERED at Lincoln, Nebraska, this 26th day of July, 2011.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Doc Johnson*  
*Frank Boyle*  
*Gerald L. Kay*

//s//Frank E. Landis  
//s//Tim Schram

*Tim Schram*  
Chairman

ATTEST:

*Shirley J. J. J.*  
Executive Director