

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) APPLICATION NO. TR-196
of Happy Cab, Checker Cab,)
Yellow Cab, DonMark, Inc., d/b/a)
Cornhusker Cab, and Valor)
Transportation, seeking to amend) GRANTED AS MODIFIED
its rates and charges subject to)
the Provisions of Neb. Rev.)
Stat. (Reissue 2012), Chapter)
75, Articles 1 and 3.) ENTERED: JUNE 24, 2014

APPEARANCES:

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

For the Applicant
Andy Pollock
1201 Lincoln Mall #102
Lincoln, NE 68508

BY THE COMMISSION:

By application filed February 19, 2014, Happy Cab, Checker Cab and Yellow Cab of Omaha, Nebraska seeks approval to amend the Omaha taxicab rates as follows:

Description	Current Rates	Proposed Rates
I. Standard Fare (per mile):	\$2.20	\$2.31
a. First 1/11 mile	\$2.95	\$2.95
(Initial drop charge)		
(Each addl 1/11 mile)	\$0.20	\$0.21
II. Senior Rate (per mile):	\$1.68	\$1.77
a. First 1/6	\$2.95	\$2.95
(Initial drop charge)		
b. Each add'l 1/8 mile	\$0.21	\$0.22
Out of Town Fare:		
a. Rate per Mile	\$2.25	(unchanged)
II. Waiting time		

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- a. Per Each 86 Seconds \$0.60 (unchanged)
- III. Flat Rate between Eppley Airfield and Hotels/Motels based on Standard Fare.
- IV. Cab hourly rate (Current) \$22.00 (30 mi limit/2hr min)
(Proposed) \$50.00 (no in town limit/2hr min)
- V. No Service Charge \$7.50 (unchanged)
- VI. Time and Mileage Charge waiting time + metered fare (unchanged)
- VII. Traffic Delay Waiting Time same as III (unchanged)

The fuel surcharge (unchanged):

When fuel price exceeds:	Current	Proposed
\$4.00/Gallon	\$1.50	\$0.60
\$4.30/Gallon	\$1.65	\$0.75
\$4.60/Gallon	\$1.80	\$0.90
\$4.90/Gallon	\$1.95	\$1.05

When over \$5.20/Gallon the surcharge would increase \$0.15 for every \$0.30 increase in the cost of fuel

Notice of the application appeared in the Daily Record, Omaha, on February 26, 2014. No protest or intervention was filed. A hearing on the application was held on April 22, 2014 at the Public Service Commission. Notice of this hearing was sent by U.S. Mail on March 11, 2014 to the interested parties.

Mr. John Davis, Director of Operations for the applicants testified first for the applicants. Mr. Davis set forth some of the cost changes that the Applicant has incurred that resulted in the rate increase application. The first item Mr. Davis addressed was the increase in costs due to Internet Technology (IT) infrastructure improvements. As the business grows changes must be made in IT services provided. The Applicant has spent money on the implementation of tablets for the drivers and the dispatch system that is used with the tablets. The Applicant has also installed a new credit card processing system.

Mr. Davis then addressed cost increases due to accidents and particularly the increase in incidents of accidents that involve uninsured drivers. Mr. Davis said that often times the Applicant is left "holding the bag" on these types of accidents. Mr. Davis, on inquiry by Commissioner Landis, said that the

increased costs in this area are due to an increase in their insurance policy expense as well as an increase in the costs incurred due to accidents.

On examination by Commissioner Landis, Mr. Davis said that the drivers for the Applicant are not responsible for the liability insurance that is involved in accidents. The reimbursement for insurance costs is built into the weekly lease paid by the driver. On examination by Commissioner Boyle, Mr. Davis did acknowledge that the Applicant does have the driver maintain a bond in place to cover damages done to the Applicants' vehicle in an accident where the Applicants' driver is at fault and no other insurance is available. The bond is not applied for damage done to another vehicle.

The Applicant has also rolled out a Smart phone application system for use by customers in what is typically called E-hailing of a cab. This service uses a smart phone app to contact the Applicant to arrange for a ride, to place the charge for the trip on a credit card already on file, and to rate the trip.

The Applicant is seeking a change in the mileage rate in the Standard Fare and the Senior Fare, and an adjustment in the hourly rate charged for the cab. The proposed increases in the mileage rate are five (5%) percent. On examination by Commissioner Landis, it was noted that a five percent increase for seniors may have a greater impact on seniors than a five percent increase for the general public. Mr. Davis noted that the Senior Rate is less than the Standard Rate, and that the increase in the Senior Rate will be less than the increase in the Standard Rate. The per mile increase would be eleven cents per mile for the Standard Rate and nine cents per mile for the Senior Rate.

The next change is in the hourly rate. Mr. Davis stated that the Applicant is seeking to increase the hourly charge from \$22.00 per hour to \$50.00 per hour. He noted that this has not been changed since he has been with the Applicant, which is over eight years. The rate is not compensatory for the drivers as currently set. On examination by Commissioner Landis, Mr. Davis noted that this rate is not for daily runs by the average passenger but for specialty situations where a person or group wanted the cab to be available for them over a period of time. The hourly rate service was described as a "luxury cab service" that is not used very often.

Mr. Davis said that the Applicant is not seeking a change in the drop charge amounts for the Standard and Senior Rates. The Applicant is also not seeking a change in the fuel surcharge rates. This includes the provision that the fuel surcharge is not available to vehicles that run on compressed natural gas (CNG). These vehicles have a lower cost of fuel and should not be using the surcharge.

On examination by Commissioner Schram, Mr. Davis noted that the hotel flat rates would be adjusted up to reflect the change in the Rates as approved. He further noted that the Applicant now has about 73 CNG vehicles on the road.

An examination of the Late Filed Exhibit shows that Applicant has experienced some increases in its costs. Insurance policy expenses increased from \$349,123.00 in 2011 to \$383,306.00 in 2012 to \$409,119 in 2013. This is an increase of seventeen percent since 2011. The insurance claims paid and legal fees expense, while decreasing between 2011 and 2012, increased again in 2013, resulting in an overall increase in these costs of 4.4 percent. The Verizon Tablet upgrade had a cost of \$22,500.00 in 2014.

On examination by Commissioner Vap, Mr. Davis noted that the fares are intended to be applied to all of the Applicants' service areas, including Omaha and Lincoln.

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. The Commission received information and testimony regarding the application. The Commission finds that the proposed Standard Rates for the per mile charge are reasonable under the circumstances. The proposed increases would result in a 4.2 percent increase in the cost of a ten mile trip.

The Applicant showed that they have experienced some cost increases, particularly in the insurance policy expense area and the investment in the Verizon Tablet upgrade. The increases in the insurance area were constant over the three year period cited in the Late Filed Exhibit.

The Commission finds that the proposed increase in the hourly charge is too extreme. The proposal for the increase is to \$50.00 per hour. This is a one hundred and twenty-seven percent increase. Even though this rate has not been changed for a long period of time, the Commission finds that the proposed hourly rate should be modified to \$35.00.

The Commission also finds that the Senior Rate should be maintained where it is at this time. The individuals that are impacted by this rate are often the most vulnerable in our society. The current economy is such that the impact of increases in costs for these individuals can be difficult for them to overcome. The situation should be monitored for a period of time to allow for it to be revaluated in the near future.

The proposed rate changes should provide the drivers of the companies with additional income to assist in their efforts. The Commission notes that any increase granted to the applicants will go directly to the drivers. As the drivers of the applicant are lease operators, the applicant receives its income through the lease arrangement and the drivers receive the increase

The Commission further finds that the fuel surcharge applicable under the tariff is not be applied to taxis that are powered by CNG. According to testimony offered by the Applicants, CNG offers about the same mileage rate that regular gasoline does but at a substantially lower cost. The riding public cannot be expected to pay for a surcharge based upon the cost of gasoline when the fuel being used is the much less expensive CNG.

The Commission finds that the rates should be granted as modified effective July 7, 2014.

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, Checker Cab, DonMark, Inc., d/b/a Cornhusker Cab and Valor Transportation be granted as modified, effective July 7, 2014, as follows:

Description	Rates
I. Standard Fare (per mile):	
b. First 1/11 mile	\$2.95
(Each addl 1/11 mile)	\$0.21
II. Senior Rate	

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c. First 1/6 \$2.95

d. Each add'l 1/8 mile \$0.21

Out of Town Fare:

III. Rate per Mile \$2.25

IV. Waiting time

b. Per Each 86 Seconds \$0.60

V. Flat Rate between Eppley Airfield and Hotels/Motels based on Standard Fare.

VI. Cab hourly rate \$35.00 (no in town limit/2hr min)

VII. No Service Charge \$7.50

VIII. Time and Mileage Charge waiting time + metered fare

IX. Traffic Delay Waiting Time same as VI.

The fuel surcharge:

When fuel price exceeds:

\$4.00/Gallon	\$0.60
\$4.30/Gallon	\$0.75
\$4.60/Gallon	\$0.90
\$4.90/Gallon	\$1.05

When over \$5.20/Gallon the surcharge would increase \$0.15 for every \$0.30 increase in the cost of fuel

MADE AND ENTERED at Lincoln, Nebraska, this 24th day of June, 2014.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Aune Boyle
Tim Schram
Dave [unclear]
Gerald [unclear]

Frank E. Landis
 Chairman

ATTEST:

Steve Meradith
 Executive Director

//s//Frank E. Landis