



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

June 18, 2009

A-00100317
R-2009-2086583

DOCUMENT FOLDER

CONSHOHOCKEN YELLOW CAB INC
41 BURNSIDE AVENUE
NORRISTOWN PA 19403

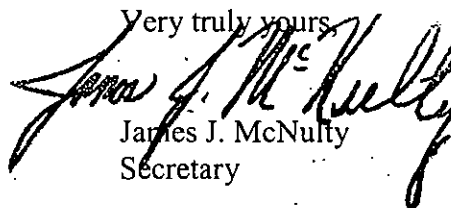
Pennsylvania Public Utility Commission
v.
Conshohocken Yellow Cab, Inc.

To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on June 18, 2009 adopted an Order in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,



James J. McNulty
Secretary

Encls
Cert. Mail
JF

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Public Meeting held June 18, 2009

Commissioners Present:

James H. Cawley, Chairman
Tyrone J. Christy, Vice Chairman
Kim Pizzingrilli
Wayne E. Gardner
Robert F. Powelson

Pennsylvania Public Utility Commission

v.

A-00100317
R-2009-2086583

Conshohocken Yellow Cab, Inc.

ORDER

BY THE COMMISSION:

Conshohocken Yellow Cab, Inc. (carrier) furnishes call or demand service in Montgomery County, as more thoroughly described in the order granting authority at A-00100317. The carrier has filed Tariff Call or Demand Pa. PUC No. 11 and proposes a total increase in revenues of \$979 to cover increased operating expenses and to help offset current losses. The applicant's current tariff has been in effect since July 19, 1996.

Carrier's total annual revenue for its call or demand operation was \$2,525 for the period ending November 30, 2008. The carrier is proposing a 39% increase in its rates, resulting in projected annual revenue of \$3,504. The proposed fare changes are as follows:

<u>Rates</u>	<u>Current</u>	<u>Proposed</u>
Increment	1/6 mile	1/5 mile
Initial Charge to Flag Drop	\$1.80	\$2.50
Each additional increment or fraction thereof	\$0.30	\$0.50
Waiting Time Increment	1 minute	1 minute
Waiting Time Cost/Increment or fraction	\$0.30	\$0.50

Carrier submitted detailed financial records and other supporting data in support of its request. Carrier has calculated that the increase will produce additional call or demand revenues of \$979.

**INCOME AND EXPENSE STATEMENT FOR THE 12 MONTHS ENDING
November 30, 2008**

CARRIER PROJECTIONS AND CALCULATIONS

	<u>Actual</u> \$	<u>Adjustments</u> \$	<u>Projection with</u> <u>Adjustments</u> \$
Operating Revenues:			
Call or Demand	2,525	979	3,504
Total Revenues:	2,525	979	3,504
Operating Expenses:			
Advertising	2	-	2
Bank Charges/Payroll	18	-	18
Depreciation	251	-	251
Fuel	48	2	50
Insurance	2,106	100	2,206
Office Expense	116	-	116
Payroll	1,010	392	1,402
Benefits	130	-	130
Payroll Taxes	91	35	126
Professional	32	-	32
Training	28	-	28
Uniforms	10	-	10
Vehicle Maintenance	42	2	44
Total Operating	3,884	531	4,415
Operating Income (Loss):	(1,359)	448	(911)
Operating Ratio	154%		126%

The carrier has reported call or demand revenue of \$2,525, and paratransit revenue of \$10,132, for total revenues of \$12,657. These revenue figures are set against call or demand expenses of \$3,884 and paratransit expenses of \$16,306, resulting in total expenses of \$20,190. Utilizing these figures, it has been determined that the carrier's call or demand operations result in 19% of all revenues and accounts for 19% of all expenses. Following the requested increase this percentage does not change and; therefore, no further in-depth analysis is required related to the carrier's allocation of expenses between its call or demand and paratransit authorities.

ANALYSIS

Carrier proposes a \$979 increase in Commission regulated revenue to offset moderate expense increases and to achieve a more sustainable operating ratio.

Based upon the carrier's 137 projected trips, there will be an approximate \$96 increase in projected revenue generated by the \$0.70 flag-drop rate increase (137 trips x \$0.70 = \$95.90) and based upon 1,233 miles traveled, there will be a \$836 increase in projected revenue generated by the \$0.50 per 1/5 mile rate increase (1,233 miles x \$0.50 x 5 = \$3,083). The flag drop rate represents an increase of 39% over the previous rate, and the new increment rate results in a 67% increase over that previous rate. The carrier's operating ratio will improve from 154% at its current rates, to a slightly more sustainable 126% with the requested increase.

<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">CURRENT RATE</td> <td></td> </tr> <tr> <td>TRIPS</td> <td style="text-align: right;">137</td> </tr> <tr> <td>MILES</td> <td style="text-align: right;">1,233</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>FLAG DROP RATE</td> <td style="text-align: right;">\$1.80</td> </tr> <tr> <td>INCREMENT RATE</td> <td style="text-align: right;">\$0.30</td> </tr> <tr> <td>INCREMENT FRACTION</td> <td style="text-align: right;">1/6</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>FLAG DROP MILES</td> <td style="text-align: right;">23</td> </tr> <tr> <td>PAID MILES</td> <td style="text-align: right;">1,210</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>FLAG DROP REVENUE</td> <td style="text-align: right;">\$247</td> </tr> <tr> <td>PAID MILES REVENUE</td> <td style="text-align: right;">\$2,178</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>TOTAL REVENUE</td> <td></td> </tr> <tr> <td>REPORTED BY CARRIER</td> <td style="text-align: right;">\$ 2,525</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>REPORTED EXPENSES</td> <td style="text-align: right;">\$ 3,883</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>OPERATING RATIO</td> <td style="text-align: right;">154%</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>FLAG DROP RATE OF INCREASE</td> <td style="text-align: right;">39%</td> </tr> <tr> <td>INCREMENT RATE OF INCREASE</td> <td style="text-align: right;">67%</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>INCREASE IN REVENUE</td> <td style="text-align: right;">\$ 979</td> </tr> <tr> <td>PERCENTAGE OF REVENUE INCREASE</td> <td style="text-align: right;">38.4%</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>CHANGE IN OPERATING RATIO</td> <td style="text-align: right;">-28%</td> </tr> </table>	CURRENT RATE		TRIPS	137	MILES	1,233	 		FLAG DROP RATE	\$1.80	INCREMENT RATE	\$0.30	INCREMENT FRACTION	1/6	 		FLAG DROP MILES	23	PAID MILES	1,210	 		FLAG DROP REVENUE	\$247	PAID MILES REVENUE	\$2,178	<hr/>		TOTAL REVENUE		REPORTED BY CARRIER	\$ 2,525	 		REPORTED EXPENSES	\$ 3,883	<hr/>		OPERATING RATIO	154%	 		FLAG DROP RATE OF INCREASE	39%	INCREMENT RATE OF INCREASE	67%	 		INCREASE IN REVENUE	\$ 979	PERCENTAGE OF REVENUE INCREASE	38.4%	 		CHANGE IN OPERATING RATIO	-28%	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">PROJECTED RATE</td> <td></td> </tr> <tr> <td>TRIPS</td> <td style="text-align: right;">137</td> </tr> <tr> <td>MILES</td> <td style="text-align: right;">1,233</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>FLAG DROP RATE</td> <td style="text-align: right;">\$2.50</td> </tr> <tr> <td>INCREMENT RATE</td> <td style="text-align: right;">\$0.50</td> </tr> <tr> <td>INCREMENT FRACTION</td> <td style="text-align: right;">1/5</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>FLAG DROP MILES</td> <td style="text-align: right;">27</td> </tr> <tr> <td>PAID MILES</td> <td style="text-align: right;">1,206</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>FLAG DROP REVENUE</td> <td style="text-align: right;">\$343</td> </tr> <tr> <td>PAID MILES REVENUE</td> <td style="text-align: right;">\$3,083</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>TOTAL REVENUE</td> <td></td> </tr> <tr> <td>PROJECTED BY CARRIER</td> <td style="text-align: right;">\$ 3,504</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>PROJECTED EXPENSES</td> <td style="text-align: right;">\$ 4,415</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>OPERATING RATIO</td> <td style="text-align: right;">126%</td> </tr> </table>	PROJECTED RATE		TRIPS	137	MILES	1,233	 		FLAG DROP RATE	\$2.50	INCREMENT RATE	\$0.50	INCREMENT FRACTION	1/5	 		FLAG DROP MILES	27	PAID MILES	1,206	 		FLAG DROP REVENUE	\$343	PAID MILES REVENUE	\$3,083	<hr/>		TOTAL REVENUE		PROJECTED BY CARRIER	\$ 3,504	 		PROJECTED EXPENSES	\$ 4,415	<hr/>		OPERATING RATIO	126%
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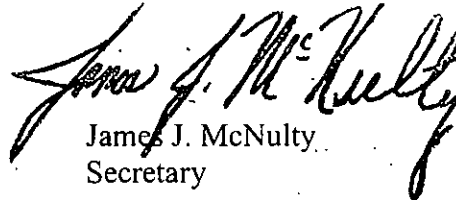
CONCLUSION

We have determined that the above financial justification supports the proposed revenue increase of \$979 with an operating ratio of 126%. However, the carrier's financial justification has also made it obvious that it has not taken sufficient action to achieve a more sustainable operating ratio. The carrier's current rates have been in effect since July 19, 1996, despite substantial increases in the cost of doing business. Had the carrier attempted to obtain regular rate increases that reflected the increased costs of operation experienced in the proceeding 12 years, the carrier's financial circumstances might not be so dire. The carrier stated in its submissions to this Commission that revenue from its sister companies are used to offset the losses experienced by the authority presently in question; however, this Commission is of the opinion that this is neither a sound, nor responsible practice. With few exceptions, each authority held by a certificated carrier must be capable of standing on its own merits and its own revenues. While it is recognized that there will need to be limited exceptions to this requirement, on the whole, this Commission would like to see an authority operating at a ratio of at least 100%, so that safe, efficient, and reasonable operations can be guaranteed by the carrier. In the present case, the carrier is operating at a ratio of 154% with an expected improvement of only 126% following the requested increase. The Commission requests that the carrier reformulate its rate increase request in such a manner that it will be brought closer to a self-sustaining operating ratio of 100%, while not establishing a discriminatory rate structure: THEREFORE,

IT IS ORDERED:

1. That Call or Demand Pa. PUC No. 11 be denied.
2. That a copy of this order be served upon Conshohocken Yellow Cab, Inc.

BY THE COMMISSION



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: June 18, 2009

ORDER ENTERED: June 18, 2009