



## Is the Public Being Well Served by the Public Utilities Commission?

July 2014 appears to be shaping up as the critical month in the development of ridesharing in Pittsburgh. Since July 1<sup>st</sup> we have seen two separate cease and desist orders from administrative law judges, a House resolution urging approval of experimental licenses, a Senate bill to create a new class of common carrier called “transportation network companies”, and a petition by one of the new ridesharing companies for emergency approval.

Thus far, the Public Utility Commission (PUC) has been presented with three proposals for ridesharing service in Allegheny County. This is a service that uses an electronic app to arrange for rides provided by private vehicles. The proposals were submitted under the terms of “experimental service”, which PUC regulations define as “...a new, innovative or experimental type or class of common carrier service”. An experimental license lasts for two years or until new regulations are enacted that apply to the type of service covered by the license.

Yellow Cab submitted a proposal called *Yellow X* that was filed on March 13<sup>th</sup> and approved on May 22<sup>nd</sup> by an order of the PUC board. According to the PUC’s case summary of that docket no objections were filed and there were nine “daily actions” and four public documents on the case from the time of submission to the time of approval.

Contrast that “smooth”, no hassle process to the ridesharing proposal submitted on April 3<sup>rd</sup> by *Lyft*. The PUC case summary shows that letters and comments from Allegheny County legislators raising questions about the application were submitted to the PUC in addition to protests of the application made by trade associations, one taxicab company, and three limousine companies. Through July 3<sup>rd</sup> there were over 60 “daily actions” and over 30 public documents on the experimental service petition submitted by *Lyft*.

Lastly, a proposal by Raiser (a subsidiary of *Uber*) was filed with the PUC on April 14<sup>th</sup>. Its petition, like *Lyft*’s, received letters and comments from legislators and protests from other common carriers. Its case summary also contains over 60 “daily actions” and over 30 public documents.

To summarize: from the time of filing to approval by PUC order for **Yellow X** was 70 days. From the time of filing to the date of the pre-hearing conference scheduled for **Lyft** on July 24<sup>th</sup> is 112 days. For time of filing to the date of the pre-hearing conference scheduled for **Uber** also on July 24<sup>th</sup>, 101 days. Just goes to show how protests and petitions to intervene and object can slow down the approval process.

And of course the PUC will hear those protests and petitions and respond appropriately, which takes time. As an example, a taxicab company filed petitions to intervene against the applications for **Lyft** and **Uber** (but not **Yellow X**) on the opinion that approval "...would likely divert patrons and reduce revenues from existing certified carriers". Curiously, the taxicab company does not have permission to operate in Allegheny County and its protest was dismissed.

So now we have a situation where the "experimental" petitions are being dragged out through the regulatory application process, the administrative law judges are telling the two companies to stop operating until they receive PUC approval (following an undercover operation carried out by the PUC's Bureau of Investigation and Enforcement), and the Legislature trying to get things moving while acknowledging that legislation that might create a new class of transportation provider likely won't come around until September.

What we have is a failure of the PUC to act as a servant of the public instead of acting to protect the interests of the large monopolistic cab company in Pittsburgh. There is a simple solution to this that would comply with the current law governing the PUC. To be sure the law does require that providers of for hire transportation apply for the appropriate certification from the PUC. And the law requires a hearing when protests are raised.

But if the PUC can refocus its attention on serving the public and its needs instead of tying itself in knots with the nonsense about proof of need, or unfair competition complaints it can resolve this situation in short order. Have **Lyft** and **Uber** submit proof of insurance, driver qualifications, and vehicle safety with whatever the certification fee costs. Then look at the protests against those applications. If those protests do not come from Pittsburgh (or Allegheny County) residents and do not contain claims of substantive safety violations, driver qualifications or lack of insurance they should be dismissed immediately. Protests alleging facts that cannot be substantiated should result in hefty fines and possible loss of certification if the protests come from current cab or limo companies.

The PUC surely has the ability to carry out the valuations of the applications and protests in a couple of weeks. If there are no protests with significant provable objections in the two week period, grant the two companies their certificates to operate as experimental companies. This process should not take forever. The applications were received in April. The certificates should be forthcoming before the end of July unless **Lyft** and **Uber** chose not to submit the documentation required to show they are safe and insured.

All of this gets back to the point that the PUC and its regulations related to approval or disapproval of new entrants into the business of transporting people—whether it is a taxi, limo, or if a new class of transportation network company is ever created—needs to focus solely on safety and fitness and not on the impact on existing carriers. That’s what we pointed out in a *Brief* earlier this year discussing the evidentiary criteria utilized by the PUC to decide on common carriers. *Let the marketplace sort out who has the better product.*

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