



Allegheny County Becomes a “Cab Lab”

At long last, common sense has prevailed at the Public Utility Commission (PUC). They have granted an experimental license to Uber, the alternative to cab service, to operate in Allegheny County and other parts of the state. The license comes with necessary conditions regarding insurance and safety. This is in essence what we recommended several months ago in a *Policy Brief (Volume 14, Number 32)*.

The entrance of two companies (Lyft and Uber) as “ridesharing operators” has been fought by the regular cab companies, especially the large monopoly companies who do not like having real competition. But the years of complaints regarding the poor service being provided for other than airport service needed to be answered.

An experimental license from the PUC is used for “... a new, innovative or experimental type or class of common carrier service”. A reading of the joint statement by two PUC commissioners who voted to approve the experimental license notes that the company must meet requirements related to insurance coverage, driver integrity, vehicle safety, and record keeping.

Obviously 2014 has been a year of upheaval in the traditional cab environment in Allegheny County. This is what the landscape looks like as of today as it pertains to new carriers in the “app” or “ridesharing” arena:

- Yellow X—Applied for experimental service on March 13th. Commission approved experimental service on May 22nd for “...transportation of persons originating or terminating within Allegheny County, excluding trips originating from Pittsburgh International Airport”.
- Lyft—Applied for experimental service on April 3rd. On July 16th applied for emergency temporary authority which was granted July 24th and extended on October 10th.
- Uber—Applied for experimental service on April 14th. Commission approved experimental service on November 13th.

An experimental license lasts for two years unless the service is abandoned prior to the lapse of the license or the PUC enacts amendments to its regulations. Presumably amendments could come if the General Assembly enacts laws to govern “ridesharing” and empowers the PUC to regulate their operations. Legislation was proposed over the summer in reaction to the entrance of the new providers, but nothing was passed.

The Institute was very critical of the PUC in the July *Policy Brief* noting that the Yellow Cab Company had been granted an experimental license in very short order while Uber and Lyft were being stalled. Thus, the Institute congratulates the PUC for this path breaking decision.

The fight against monopoly cab service in Pittsburgh and Allegheny County has been a long one. The Allegheny Institute’s work on getting competition into the taxicab industry as a way to improve service goes back to 2000. It has been pointed out many times that the licensing of cab companies is unnecessarily complicated by the requirement to show a need or service by applicants. And, what’s worse, the right of existing companies to challenge claims of need. This procedure is clearly anti-market and anti-competition and needs to be eliminated. The procedure is the PUC’s own creation and is not mandated by law (*Policy Brief Volume 14, Number 16*). The next step will be for the PUC to change its licensing procedures to eliminate that provision.

It will also be helpful if the Legislature would revisit and write new legislation covering “ridesharing” and the general licensing requirements that insures both the public safety interest as well as promoting free market operations in the industry.

Eric Montarti, Senior Policy Analyst

Jake Haulk, Ph.D., President

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<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
