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HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
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November 30, 2016

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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CHAIRMAN'S OFFICE

The Honorable Gladys M. Brown, Chairwoman
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**RE: Temporary Rulemaking for the Taxi and Limousine Industries
Docket No.: L-2016-2556432**

Dear Chairwoman Brown,

As the Democratic Leader of the Pennsylvania House of Representatives, this letter is respectfully submitted in response to the Public Utility Commission's (Commission) Advance Notice of Temporary Rulemaking Order, which solicited comment in the above referenced proceeding.

In the 2015-2016 legislative session, the General Assembly enacted Act 85 (July 13, 2016, P.L.664, No.85), which gives the Commission the authority to promulgate temporary regulations intended, in part, to modernize the taxi and limousine industries and Act 164 (November 4, 2016, P.L.1222, No.164), which provides for the regulation of transportation network companies, such as UBER and Lyft, throughout the Commonwealth. As the Commission develops the temporary regulations authorized under Act 85, it is important for the Commission to know what I believe to be the legislative intent of certain provisions of Act 85; specifically, provisions related to taxi rates and tariffs and vehicles' age and mileage.

TAXI TARIFFS

I agree with the Commission's assertion that Act 85 "is intended to facilitate an examination and implementation of updated regulatory requirements for the taxi and limousine industries in Pennsylvania in order to recognize changes in technology, customer demand and expectations, and competitive challenges." It is my belief, however, that the overarching intent of Act 85 is the implementation of a regulatory framework crafted to eliminate the competitive challenges posed by the proliferation of transportation network companies throughout the Commonwealth. The fact that a provision of Act 85 directs the Commission to adopt temporary regulations that address "taxi tariffs, including rate and tariff change procedures for both meter and digital platforms, which reflect reduced and flexible rates," supports my belief that a primary intent of Act 85 is to ensure that traditional taxi and limousine industries are not unfairly or unduly harmed, economically, by the statutorily authorized right of transportation network companies to charge flexible rates or implement surge pricing during periods of peak demand.

The Honorable Gladys M. Brown

November 30, 2016

Page 2

Under 52 PA Code, providers of taxi and limousine service must secure Commission approval to increase or decrease an established rate, and must ensure that the rate charged is, at all times, consistent with the Commission approved tariffs. Consequently, I respectfully submit that these current regulatory requirements impede the ability of taxi and limousine companies to compete with transportation network companies through the use of a flexible or a real-time reduced or discounted rate structure. I believe that it is of the upmost importance for providers of taxi and limousine service to have the ability to reduce or discount rates in real-time in order for them to respond to the location-specific rate practices of transportation network companies. For instance, it has been reported that a transportation network company discounts fares by as much as 50% during peak flight arrival times at the Pittsburgh Airport. Consequently, a passenger may solicit a ride from the Airport to downtown Pittsburgh through this transportation network company's digital platform for \$20. The identical ride provided by taxi costs nearly \$45.

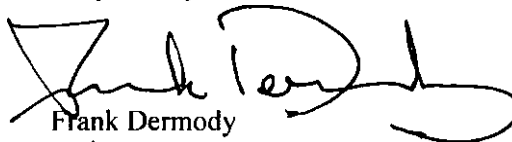
Obviously, the ability of transportation network companies to reduce or discount rates gives them an unfair (albeit, statutorily authorized) competitive economic advantage over providers of taxi and limousine services throughout the Commonwealth. This advantage could negatively impact the availability of traditional taxi service for the traveling public from the Pittsburgh Airport and, eventually, in other locations and regions of this Commonwealth. I respectfully submit that in situations where few established enterprises exist, competition and consumer welfare are usually affected. Accordingly, reductions in competition may, among other things, result in consumers encountering poorer service and higher prices. I believe that Act 85 provides the opportunity for the Commission to not only modernize the taxi and limousine industries, but also to implement a rate structure that will allow taxi and limousine companies to adjust rates in real-time within a Commission established or approved rate-range. I respectfully submit that the ability of taxi and limousine companies to adjust rates during periods of peak demand is in the public interest and would facilitate competition between the taxi and limousine industries and transportation network companies.

VEHICLE AND EQUIPMENT REQUIREMENTS

I applaud the Commission's intent to continue its commitment to vehicle safety, driver integrity, and ensuring compliance with insurance requirements. However, the taxi industry claims that the recently implemented 350,000 mileage cap for taxi cabs is overly burdensome and expensive. In order to comply with the mileage cap, taxi companies must track all of their vehicles constantly to ensure that no vehicle is exceeding the mileage cap at any given time. I submit that the Commission could achieve the goals of the mileage cap requirement by allowing taxi companies to conduct periodic odometer inspections of their taxi fleets so that any vehicles that are nearing the mileage cap can be removed from the fleet. The Commission could establish the time frame for such periodic odometer inspections, either semi-annually or annually while continuing to protect the public.

I thank you for your public service and for your consideration of my comments in this proceeding.

Respectfully,



Frank Dermody
33rd Legislative District
Democratic Leader

CC: The Honorable Andrew G. Place, Vice Chairman
The Honorable John F. Coleman, Jr, Commissioner
The Honorable Robert F. Powelson, Commissioner
The Honorable David W. Sweet, Commissioner



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