

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17105-3265**

**Temporary Regulations for the Taxi and  
Limousine Industries**

**Public Meeting December 8, 2016**  
**2556432-LAW**  
**Docket No. L-2016-2556432**

**MOTION OF COMMISSIONER ROBERT F. POWELSON**

Before the Public Utility Commission (Commission or PUC) today are temporary regulations governing the taxi and limousine industries, as required by Act 85 of 2016 (Act 85). The purpose of these temporary regulations is to update the regulatory requirements for the taxi and limousine industries in Pennsylvania in order to recognize the changes in technology, customer demand and expectations, and competitive challenges. An essential element of updating the Commission's taxi and limousine regulations involves reviewing the tariff requirements that govern how these industries charge for their services.

In the comments to the Commission's Advanced Notice of Temporary Rulemaking, issued on August 11, 2016, multiple parties asserted that the temporary regulations should permit taxis and limousines to implement dynamic pricing, similar to the pricing model used by Transportation Network Companies (TNCs). I agree that in today's competitive transportation market, taxis and limousines must be able to modify their pricing in a way that allows them to effectively compete with TNC service. Traditionally, taxis have been bound to a rigid tariff structure, while TNCs are able to vary their pricing based on market demands. This has resulted in an uneven playing field where taxis have been unable to implement innovative pricing models or respond to market conditions as nimbly as TNCs.

Recognizing this disparity, the Commission should modify its regulations pursuant to Act 85 to permit taxis and limousines to use dynamic pricing. An essential part of this flexibility is permitting taxis to make fare changes in real-time, without 24-hour (or any other similar) advance notice to the Commission. If taxis and limousines are to meaningfully compete with TNCs, who can change their pricing models continuously, they must be given the same rate flexibility.

However, in considering this issue, it is important to recognize that there is a key difference between traditional call-and-demand taxi service and TNCs, which is the lack of a digital platform. The use of a digital platform allows TNCs to provide riders with a written estimate of the fare before they accept the ride. Limousine service is similar to the TNC model in that customers have the opportunity to understand the price before booking a prearranged limousine ride. In contrast, if a customer hails a taxi on the street, the opportunity for disclosure of an upfront fare is more limited.

Thus, although it is essential for today's temporary regulations to permit real-time, flexible pricing for taxis and limousines, this is not a change that should occur automatically with the adoption of these regulations. Rather, individual carriers who desire to implement flexible pricing should file tariff proposals with the Commission for approval. This will give the

Commission the opportunity to review flexible tariff structures on a case-by-case basis, just as for traditional taxi tariffs and for TNCs implementing dynamic pricing. As a condition for approval, any flexible taxi or limousine tariff proposal must include consumer protections that involve upfront disclosure of the fare in a way that is not contingent upon consumer request. Moreover, flexible taxi and limousine tariffs should provide that any real-time pricing models will be computed to comply with the Pennsylvania Price Gouging Act, 73 P.S. §§ 232.1, *et seq.*

The transportation industry in Pennsylvania, and across the country, has changed tremendously over the past few years. Customers are no longer satisfied with traditional transportation options, and while the TNC industry has thrived in this environment, many members of the taxi and limousine industry have suffered. However, the adoption of today's temporary regulations marks a new chapter for those industries. The changes embodied in these temporary regulations will arm taxis and limousines with all of the tools necessary to compete with TNCs on an equal basis. As these regulations take effect, I look forward to witnessing a robust transportation market where taxis, TNCs, and limousines continue to thrive in Pennsylvania. Regardless of the changes in the transportation industry, the Commission's goal remains consistent, and that is to ensure that all Pennsylvanians have access to safe, affordable and reliable transportation options.

**THEREFORE, I move:**

1. That § 29.316 be modified to allow taxis to file tariff proposals with the Commission for review that permit real-time flexible pricing;
2. That § 29.334 be modified to allow limousines to file tariff proposals with the Commission for review that permit real-time flexible pricing;
3. That the Commission's Law Bureau prepare an Opinion and Order consistent with this Motion.

**DATE: December 8, 2016**

  
**ROBERT F. POWELSON**  
**COMMISSIONER**