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August 21, 2014

**VIA EMAIL**

Rosemary Chiavetta  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

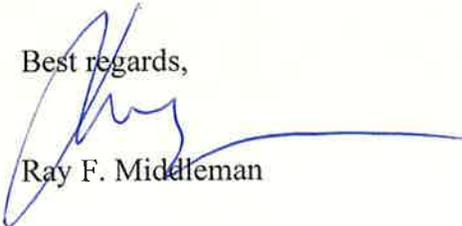
**RE: *En Banc* Transportation Hearing  
Docket No.: M-2014-2431451**

Dear Madam Secretary:

Please find attached the hearing testimony on behalf of the Pennsylvania Taxicab and Paratransit Association for the *En Banc* hearing scheduled for August 28, 2014 at 9:00 A.M.

Thank you for your cooperation in this regard.

Best regards,



Ray F. Middleman

RFM/jmb  
Attachment

cc: Krystal Sacavage (w/att.) (via email)

**James Campolongo, President  
Pennsylvania Taxicab and Paratransit Association  
August 28, 2014**

**Testimony Before the Pennsylvania  
Public Utility Commission *En Banc* Transportation Hearing**

Ladies and Gentlemen of the Commission:

Thank you for inviting me to speak on behalf of the Pennsylvania Taxicab and Paratransit Association on the question of whether this Commission's current transportation regulations should be updated. The short answer to your question is: Yes. The PTPA recognizes that recent technological innovation presents our industry with a tremendous opportunity to provide better service to the many communities our members serve. Implemented the right way, digital dispatch platforms, combined with mobile app technology, should prove to be a useful tool for taxi companies looking to expand and contract vehicle availability, so we can more efficiently meet passenger demand.

That being said, we at the PTPA also recognize that the recent history of Transportation Network Company, or "TNC," expansion into out-of-state markets paints a disturbing picture. Multimillion-dollar, and even multibillion-dollar, companies are ignoring regulatory requirements designed to protect the public from, among other things, price gouging, inadequate insurance, dangerous drivers, dangerous vehicles, and discrimination. The PTPA strongly believes that Pennsylvania can, at the same time, embrace innovation and avoid the problems of lawless TNC expansion other states have suffered, but only if regulation reform is done the right way.

Of course, we will not solve any of the problems faced by other states, if we fail to describe those problems accurately. So let's be clear about what is, and is not, happening in Pennsylvania. We are not facing an expansion of "ride sharing." We all know what ride sharing means. We all know what it means to share a ride, and the cost of gas, with a friend. We all know what a carpool

is. Neither includes a dispatch service that sends drivers to pick up paying passengers, who have requested a ride. The only difference between traditional taxi service, and TNC service is the use of a mobile app instead of a phone call. TNCs are not ride sharing networks. They are taxi industry competitors working in the same markets. So it is not surprising to learn that, like any taxi company looking for drivers, a TNC recently placed an ad in the Philadelphia market promising almost anyone with a car “a secure, stable way to make a living,” pulling in “over \$20/hour and over \$1,000/week.” That is not ride sharing. That is a business looking to hire drivers to collect revenue from paying customers.

Another important step in reforming transportation regulations the right way is to invite input from everyone who is affected by it. This Commission needs to hear from all Pennsylvania taxi companies, whose livelihoods stand to be hugely affected by the reforms being considered here, especially from the over 180 small taxi companies operating throughout Pennsylvania. The PTPA does not represent all of the cab companies in this Commonwealth. Before rushing to implement new reforms, this Commission should allow for an adequate public comment period, and it should invite input from all of the small taxi businesses that might be destroyed by reforms, which fail to give them a fighting chance against much larger companies.

I mention these small businesses in part because it is clear from this hearing’s agenda that instead of reforming and improving the need standard and geographic scope of authority, you are considering abolishing both of them to allow TNCs the freedom to move into whichever market they choose, however they choose to do it. If you do that, you also need to consider the impact on small, rural taxi companies. The elimination of need and geographic scope will, among other things, allow large taxi companies to run rough shod over small companies. Large taxi companies have the capital to move in with non-competitive pricing, wipe out the little guy, and take over the

small-town market. So instead of having regulated, price-controlled, geographic monopolies, which serve the public interest like other public utilities, you will instead create unregulated, straightforward, “Standard Oil” type monopolies, with all the problems they are known to create.

And it would be a mistake to assume that TNCs will rush into these small communities to solve the problem. A large portion of small, rural taxi businesses depend on service to people, many elderly, who use taxis as an essential part of their daily routine – to complete errands or make appointments. These trips typically don’t generate much profit. TNC’s avoid these customers, targeting more affluent communities instead. Healthy competition is welcomed by the PTPA, but no company should be allowed to pick and choose when and where they operate, or who they serve. So if you hope to use TNCs to protect against monopolies in deregulated, rural communities, you will have to require them to accept less lucrative fares in those same communities.

In sum, the PTPA welcomes regulatory reform. We only ask that you allow fair competition between the Pennsylvania taxi industry and TNCs, and that you preserve the public service mission of all common carriers throughout the Commonwealth.