



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

April 30, 2015

**Via Electronic Filing**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission, Bureau of Investigation  
and Enforcement v. Lyft, Inc.  
Docket No. C-2014- 2422713

Dear Secretary Chiavetta:

Enclosed for electronic filing is the Joint Settlement Petition along with Exhibits A-C, a Stipulation of Facts, Proposed Conclusions of Law and Proposed Ordering Paragraphs, respectively, as well as Appendices A and B, the Statements in Support of the Bureau of Investigation and Enforcement and Lyft, Inc. in the above-referenced proceeding.

Copies have been served on the parties of record in accordance with the Certificate of Service.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie M. Wimer".

Stephanie M. Wimer  
Prosecutor  
PA Attorney I.D. No. 207522

Enclosure

cc: Honorable Mary D. Long  
Honorable Jeffrey A. Watson  
As per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility	:	
Commission, Bureau of	:	
Investigation and Enforcement,	:	
Complainant	:	
	:	
v.	:	Docket No. C-2014-2422713
	:	
Lyft, Inc.,	:	
Respondent	:	

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**JOINT SETTLEMENT PETITION**

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PRESIDING ADMINISTRATIVE LAW JUDGES MARY D. LONG AND JEFFREY A. WATSON:

Pursuant to 52 Pa. Code §§ 5.41 and 5.232, the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”) and Lyft, Inc. (“Lyft”) hereby submit this Joint Settlement Petition to resolve all issues related to the above-docketed I&E Complaint proceeding involving allegations of unauthorized passenger transportation service for compensation. As part of this Joint Settlement Petition, the parties request that Your Honors issue an initial decision or recommended decision approving the Settlement, without modification. A Stipulation of Facts in Support of Settlement, Proposed Conclusions of Law and Proposed Ordering Paragraphs are attached as Exhibits A, B and C, respectively. Statements in Support of this Joint Settlement Petition expressing the individual views of I&E and Lyft are attached hereto as Appendix A and Appendix B, respectively.

## I. INTRODUCTION

1. The parties to this Joint Settlement Petition (“Settlement” or “Settlement Agreement”) are the Pennsylvania Public Utility Commission’s Bureau of Investigation and Enforcement, by its prosecuting attorneys, P.O. Box 3265, Harrisburg, PA 17105-3265, and Lyft, Inc., with a principal place of business at 548 Market Street #68514, San Francisco, CA 94104.

2. The Pennsylvania Public Utility Commission is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate public utilities within this Commonwealth, as well as other entities subject to its jurisdiction, pursuant to the Public Utility Code (the “Code”), 66 Pa.C.S. §§ 101, *et seq.*

3. The Commission has delegated its authority to initiate proceedings that are prosecutory in nature to I&E and other bureaus with enforcement responsibilities. *Delegation of Prosecutory Authority to Bureaus with Enforcement Responsibilities*, Docket No. M-00940593 (Order entered September 2, 1994), as amended by Act 129 of 2008, 66 Pa.C.S. § 308.2(a)(11).

4. Section 501(a) of the Code, 66 Pa.C.S. § 501(a), authorizes and obligates the Commission to execute and enforce the provisions of the Code.

5. Section 701 of the Code, 66 Pa.C.S. § 701, authorizes the Commission, *inter alia*, to hear and determine complaints against public utilities for a violation of any law or regulation that the Commission has jurisdiction to administer.

6. Section 3301 of the Code, 66 Pa.C.S. § 3301, authorizes the Commission to impose civil penalties on any public utility or on any other person or corporation subject

to the Commission's authority for violations of the Code, the Commission's regulations, or both. Section 3301 allows for the imposition of a fine for each violation and each day's continuance of such violation(s).

7. Lyft is a technology company that offers a mobile ride-sharing application - the Lyft platform -- that connects riders with drivers, who may, at their discretion, provide riders with transportation for compensation.

8. Lyft is subject to the power and authority of the Commission pursuant to Section 501(c) of the Code, 66 Pa.C.S. § 501(c).

9. Pursuant to the provisions of the applicable Commonwealth statutes and regulations, the Commission has jurisdiction over the subject matter and the actions of Lyft.

## **II. BACKGROUND**

10. I&E alleges that on February 7, 2014, Lyft announced the "kick-off" of its transportation network service in Pittsburgh, Pennsylvania. Starting on February 7, 2014, I&E alleges that passengers could download and use the Lyft app to obtain rides on demand around Pittsburgh and Allegheny County.

11. I&E alleges that at the time that Lyft initiated service in Pennsylvania, it did not hold any authority from the Commission.

12. I&E alleges that I&E Motor Carrier Enforcement Manager Charles Bowser (Officer Bowser), who is a duly authorized officer of this Commission, downloaded the Lyft app to a mobile phone. I&E further alleges that between March 31, 2014 and July 2, 2014, either Officer Bowser or an officer under his supervision used the Lyft app to

request passenger transportation service in and around Pittsburgh on sixteen (16) separate occasions. I&E alleges that, on all sixteen (16) occasions, the I&E Motor Carrier Enforcement Officers were transported by Lyft drivers using their personal vehicles, and I&E further alleges that a fare for each trip was billed to the Officers' credit cards.

13. I&E initiated separate enforcement proceedings against individual drivers who I&E alleges provided Officer Bowser or another I&E Motor Carrier Enforcement Officer under his supervision with transportation for compensation without authority. All matters have been satisfied.

14. On June 5, 2014, I&E filed a Formal Complaint against Lyft in this matter alleging, *inter alia*, that Lyft was an unlicensed broker of transportation for compensation between points within the Commonwealth through the Lyft app, which connects passengers to Lyft drivers.

15. In the initial Complaint, I&E sought relief including: (a) civil penalties in the amount of \$130,000; (b) that Lyft cease offering what the Complaint characterized as ride-sharing passenger transportation service until its service conforms to the laws and regulations of the Commonwealth; and (c) such other remedies as may be appropriate, including the addition of a \$1,000 civil penalty for each and every day that Lyft continued to operate without authority after the filing of the Complaint.

16. On June 16, 2014, I&E filed a Petition for Interim Emergency Relief seeking an order from the Commission directing Lyft to immediately cease and desist operating its passenger transportation service until it received the requisite authority to do so. *See Petition of the Bureau of Investigation and Enforcement of the Pennsylvania*

*Public Utility Commission for an Interim Emergency Order requiring Lyft, Inc. to immediately cease and desist from brokering transportation service for compensation between points within the Commonwealth of Pennsylvania, Docket No. P-2014-2426847 (“Petition of I&E for Interim Emergency Order”).*

17. A hearing on I&E’s Petition was conducted on June 26, 2014 before the presiding Administrative Law Judges (“ALJs”).

18. By Order entered on July 1, 2014, the ALJs granted I&E’s interim emergency relief and directed Lyft to “immediately cease and desist from utilizing its digital platform to facilitate transportation to passengers using non-certificated drivers in their personal vehicles until such time as [Lyft] secures appropriate authority from the Commission.” *Petition of I&E for Interim Emergency Order*, at p. 13 (Order entered July 1, 2014). The Order also certified as a material question to the Commission the issue of granting or denying I&E’s requested relief by an interim emergency order.

19. By Order entered on July 24, 2014, the Commission determined that I&E met the requirements for obtaining interim emergency relief. The Commission directed Lyft to “immediately cease and desist from utilizing its digital platform to facilitate transportation of passengers utilizing non-certificated drivers in their personal vehicles” until it secured appropriate authority from the Commission or I&E’s Complaint was dismissed by a final and unappealable order. *Petition of I&E for Interim Emergency Order*, at p. 31 (Order entered July 24, 2014).

20. Also on July 24, 2014, Commissioner James H. Cawley issued a Combined Statement in the Petition for Interim Emergency Relief proceeding at Docket No. P-2014-

2426847, which also applied to I&E's Complaint proceeding. Commissioner Cawley stated as follows:

In order to aid in the formulation of a final order in these proceedings, I will request by subsequent Secretarial Letter that . . . Lyft provide the number of transactions/rides provided to passengers in Pennsylvania via the connections made to drivers through Internet, mobile application, or digital software during the following periods:

- a. From the initiation of such service in Pennsylvania to the date on which complaints were first filed by the Commission's Bureau of Investigation and Enforcement against . . . Lyft drivers.
- b. From the date that the same complaints were filed to the date on which a cease and desist order was entered against . . . Lyft.
- c. From the date of entry of the cease and desist order to the date on which the record in these proceedings are closed.

21. On July 28, 2014, a Secretarial Letter was issued that incorporated Commissioner Cawley's Combined Statement.

22. I&E alleges that despite the clear mandate in the July 1, 2014 and July 24, 2014 Orders, Lyft continued to facilitate passenger transportation service through the Lyft app for compensation.

23. Lyft received emergency temporary authority on August 14, 2014. *See Application of Lyft, Inc., for Emergency Temporary Authority to Operate an Experimental Transportation Network Service Between Points in Allegheny County, PA*, Docket No. A-2014-2432304 (Order entered July 24, 2014).

24. Consistent with the direction set forth in the Secretarial Letter and in response to I&E's discovery requests, on September 11, 2014, Lyft submitted to I&E the number of trips provided using its digital software between points within the Commonwealth of Pennsylvania. This number also included trips that occurred after the

issuance of the Orders directing Lyft to cease and desist. Lyft deems this trip information to be highly confidential and a trade secret, and I&E does not oppose such designation pursuant to the terms of the Protective Order entered in this proceeding.

25. On October 8, 2014, I&E filed proprietary and non-proprietary versions of an Amended Complaint in this matter. The non-proprietary version of the Amended Complaint redacts Lyft's trip information.

26. The Amended Complaint regarding the unauthorized service provided from February to August 2014 updates and quantifies the violations that I&E alleges were discovered and/or occurred subsequent to the filing of I&E's initial Complaint on June 5, 2014. The Amended Complaint revises the relief requested and seeks \$6,986,500 in civil penalties. This revised civil penalty amount is based on a "per day" civil penalty from February 7, 2014 to July 1, 2014 and a "per trip" civil penalty for each trip that occurred via a connection made with a Lyft driver through Lyft's digital software from the entry of the cease and desist order on July 1, 2014 until August 8, 2014.

27. On February 12, 2015, Lyft was granted a Certificate of Public Convenience that is valid for two (2) years to transport, by motor vehicle, persons in the experimental service of Transportation Network Company ("TNC"), pursuant to 52 Pa. Code § 29.352, for passenger trips between points in Allegheny County and Pennsylvania. *See* Docket Nos. A-2014-2415045 and A-2014-2415047 ("*Experimental Service Orders*").



### **III. VIOLATIONS**

#### **A. Position of I&E**

28. Had this matter been fully litigated, I&E would have submitted evidence and legal argument to demonstrate that Lyft committed the following actions:

A. Lyft brokered and provided for the transportation of persons for compensation in the Commonwealth of Pennsylvania without holding the requisite authority to do so in that Lyft initiated the Lyft app on February 7, 2014 and continued to facilitate passenger transportation through its digital software up to and including July 1, 2014 without Commission approval.

If proven, this is a violation of 66 Pa.C.S. §§ 1101 and 2505(a). (multiple counts).

B. Lyft brokered and provided for the transportation of persons for compensation in the Commonwealth of Pennsylvania without holding the requisite authority to do so and in direct defiance of Orders directing Lyft to cease and desist in that numerous passenger rides were taken via connections made with drivers through Lyft's digital software from July 2, 2014 to August 8, 2014.

If proven, this is a violation of 66 Pa.C.S. §§ 1101 and 2505(a). (multiple counts).

C. The imposition of a per ride civil penalty for each ride facilitated by use of the Lyft app subsequent to the issuance of the ALJs' and Commission's Cease and Desist Orders is lawful because each ride can be feasibly segregated into discrete violations.

**B. Position of Lyft**

29. Had this matter been litigated, Lyft would have argued that:

A. Lyft's initiation of a mobile ride-sharing application -- the Lyft platform -- that connects riders with drivers, who may, at their discretion, provide riders with transportation raised novel questions as to whether its service was subject to regulation by the Commission.

B. At all times referenced in the I&E Complaint and Amended Complaint, Lyft drivers using the Lyft application:

- a. Provided transportation for a voluntary contribution from the passenger;
- b. Complied with inspection requirements specified by Lyft; and
- c. Met Lyft's criminal background check standards.

C. I&E's allegation that Lyft was acting as a broker is inconsistent with law and contrary to precedent. An entity is only a broker of transportation service if the entity is not a carrier and does not assume custody over persons or things transported. However, Lyft assumes custody over persons by providing insurance coverage. Furthermore, the Commission's grant of experimental authority to transport customers by motor vehicle demonstrates that Lyft is not acting as a broker. See *Experimental Service Orders*.

D. I&E's contention that Lyft may be fined for each ride facilitated by use of the Lyft app following the ALJ's and the Commission's Cease and Desist Orders is likewise contrary to Pennsylvania law. Rather, if I&E were to prevail on its allegations, its alleged conduct of "utilizing its digital platform to facilitate

transportation” would be subject to a per-day, rather than per-trip, penalty under 66 Pa.C.S. § 3301(b).

#### IV. SETTLEMENT TERMS

30. The purpose of this Joint Settlement Petition is to resolve this matter without further litigation. There has been no evidentiary hearing before any tribunal and no sworn testimony taken in I&E’s Complaint proceeding docketed at C-2014-2422713. Sworn testimony related to the issues raised in I&E’s Complaint proceeding was taken during the evidentiary hearing that occurred on June 26, 2014 regarding the *Petition of I&E for Interim Emergency Order* docketed at P-2014-2426847.

31. Lyft has been cooperative with I&E and promptly complied with I&E’s discovery requests. Lyft has worked to address the novel issues in this and related proceedings, including providing confidential trip data to I&E.

32. Lyft fully acknowledges the seriousness of I&E’s allegations, namely, that Lyft facilitated or provided unauthorized passenger transportation service and continued to provide such service subsequent to the ALJs’ and Commission’s Cease and Desist Orders entered July 1, 2014 and July 24, 2014, respectively, directing Lyft to immediately cease and desist from utilizing its digital platform. Although Lyft disputes I&E’s allegations, Lyft recognizes the significant public safety concerns related to unauthorized transportation, specifically that the Commission is deprived of the ability to verify the existence of appropriate liability insurance coverage, inspect motor vehicles for compliance with inspection standards and examine records pertaining to a driver’s criminal history and driving history.

33. The parties recognize that their positions and claims are disputed and, given that the precise outcome of a contested proceeding is uncertain, the parties further recognize the benefits of amicably resolving the disputed issues through settlement.

34. I&E and Lyft, intending to be legally bound and for consideration given, desire to fully and finally conclude this litigation and agree to stipulate as to the following terms solely for the purposes of this Settlement Agreement:

- a. Lyft will pay a total amount of Two Hundred Fifty Thousand Dollars (\$250,000) to resolve all alleged violations of orders and regulations of the Commission during the period from the initiation of service in February 2014 through the date of the executed Settlement Agreement. This amount has or will be paid by payment of: 1) Sixteen Thousand Dollars (\$16,000), which has already been transmitted to the Commonwealth of Pennsylvania in relation to the matters set forth in Paragraph 12; and 2) Two Hundred Thirty-Four Thousand Dollars (\$234,000) which will be paid in the manner set forth below in sub-paragraph (b).
- b. The remaining Two Hundred Thirty-Four Thousand Dollars (\$234,000) to be paid as a civil settlement amount to the Commonwealth of Pennsylvania, pursuant to 66 Pa.C.S. § 3301, will be paid in two installments of One Hundred Seventeen Thousand Dollars (\$117,000), with the first installment being paid within sixty (60) days after the approval of a Settlement reflecting these terms by the Commission without modification, and the second installment being paid by Lyft one year thereafter. Said payments shall be made by check or money order payable to "Commonwealth of Pennsylvania" and shall be sent to:

Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

No other amount shall be paid by Lyft or sought by I&E related to the above-docketed matter.

- c. Lyft does not admit to any wrongdoing or violation of law.

- d. I&E will not oppose Lyft in maintaining the confidentiality and non-public disclosure of actual trip data pursuant to the terms of the Protective Order entered in this proceeding.

35. In consideration of Lyft's payment of a civil settlement amount, I&E agrees that the investigation at *Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission v. Lyft, Inc.*, Docket No. C-2014-2422713 (the "Matter") relating to Lyft's conduct as described in this Settlement Agreement and in the initial and Amended Complaints referenced herein shall be terminated and marked closed upon approval by the Commission of this Settlement Agreement in its entirety. Nothing contained in this Settlement Agreement shall affect the Commission's authority to receive and resolve any future formal or informal complaints filed by any affected party regarding Lyft's business that are unrelated to the actions addressed in the Settlement Agreement.

36. I&E and Lyft jointly acknowledge that approval of this Settlement Agreement is in the public interest and fully consistent with the Commission's Policy Statement for Litigated and Settled Proceedings Involving Violations of the Code and Commission Regulations, 52 Pa. Code § 69.1201. The parties submit that the Settlement Agreement is in the public interest because it effectively addresses I&E's allegations of unauthorized transportation that is the subject of the I&E Complaint proceeding, and avoids the time and expense of litigation, which entails hearings, travel for Lyft's out-of-state witnesses, and the preparation and filing of briefs, exceptions, reply exceptions, as well as possible appeals. Attached as Appendices A and B are Statements in Support

submitted by I&E and Lyft, respectively, setting forth the bases upon which they believe the Settlement Agreement is in the public interest.

**V. CONDITIONS OF SETTLEMENT**

37. This document represents the Settlement Agreement in its entirety. No changes to obligations set forth herein may be made unless they are in writing and are expressly accepted by the parties involved. This Settlement Agreement shall be construed and interpreted under Pennsylvania law.

38. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Joint Settlement Petition without modification. If the Commission modifies this Settlement Agreement, any party may elect to withdraw from this Joint Settlement Petition and may proceed with litigation and, in such event, this Joint Settlement Petition shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all parties within twenty (20) business days after entry of an Order modifying the Settlement.

39. In the event that the presiding Administrative Law Judges issue an initial decision or recommended decision approving this Joint Settlement Petition without modification, the Joint Petitioners agree to waive the exception period, thereby allowing this Joint Settlement Petition to be presented directly to the Commission for review, pursuant to 52 Pa. Code § 5.232(e).

40. The Joint Petitioners agree that the underlying allegations were not the subject of any hearing or formal procedure and that there has been no order, findings of fact or conclusions of law rendered in this complaint proceeding. It is further understood

that, by entering into this Joint Settlement Petition, Lyft has made no concession or admission of fact or law and may dispute all issues of fact and law for all purposes in all proceedings that may arise as a result of the circumstances described in this Joint Settlement Petition.

41. The Joint Petitioners acknowledge that this Joint Settlement Petition reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding.

42. This Joint Settlement Petition is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable. This Joint Settlement Petition is presented without prejudice to any position that any of the parties may have advanced and without prejudice to the position any of the parties may advance in the future on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Joint Settlement Petition. This Joint Settlement Petition does not preclude the parties from taking other positions in any other proceeding.

43. The Joint Petitioners arrived at the Settlement after conducting discovery and engaging in discussions over several months. The terms and conditions of this Settlement Agreement constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement Agreement is consistent with the Commission's rules and practices encouraging negotiated settlements set forth in 52 Pa. Code §§ 5.231 and 69.1201.

**WHEREFORE**, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and Lyft, Inc. respectfully request that the Presiding Administrative Law Judges issue an initial decision or recommended decision approving the terms of this Joint Settlement Petition in their entirety as being in the public interest.

Respectfully Submitted,

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

By: Stephanie M. Wimer  
Stephanie M. Wimer  
Prosecutor  
Michael L. Swindler  
Prosecutor  
Wayne T. Scott  
First Deputy Chief Prosecutor

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Date: April 30, 2015

Lyft, Inc.

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Counsel for Lyft, Inc.

Date: April 30, 2015



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility	:	
Commission, Bureau of	:	
Investigation and Enforcement,	:	
Complainant	:	
	:	
v.	:	Docket No. C-2014-2422713
	:	
Lyft, Inc.,	:	
Respondent	:	

**STIPULATION OF FACTS**

Pursuant to 52 Pa. Code § 5.232(a), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”) and Lyft, Inc. (“Lyft”), by their undersigned attorneys, agree and stipulate to the following facts for the sole purpose of supporting the approval of the parties’ proposed settlement of the above-captioned matter by the Commission:

1. Complainant is I&E. The Commission has delegated its authority to initiate proceedings that are prosecutory in nature to I&E and other bureaus with enforcement responsibilities.
  
2. Lyft is a technology company that offers a mobile ride-sharing application - the Lyft platform - that connects riders with drivers, who may, at their discretion, provide riders with transportation for compensation.
  
3. On June 5, 2014, I&E filed a Formal Complaint against Lyft in this matter alleging, *inter alia*, that Lyft acts as an unlicensed broker of transportation for

compensation between points within the Commonwealth through the Lyft platform, which connects passengers to Lyft drivers.

4. In the initial Complaint, I&E sought relief including: (a) civil penalties in the amount of \$130,000; (b) that Lyft cease offering what the Complaint characterized as ride-sharing passenger transportation service until its service conforms to the laws and regulations of the Commonwealth; and (c) such other remedies as may be appropriate, including the addition of a \$1,000 civil penalty for each and every day that Lyft continued to operate without authority after the filing of the Complaint.

5. In the Initial Complaint, I&E alleges that on February 7, 2014, Lyft announced the “kick-off” of its transportation network service in Pittsburgh, Pennsylvania. Starting on February 7, 2014, I&E alleges that passengers could download and use the Lyft platform to obtain rides on demand around Pittsburgh and Allegheny County.

6. At the time that Lyft initiated service in Pennsylvania, it did not hold any authority from the Commission.

7. I&E Motor Carrier Enforcement Manager Charles Bowser (Officer Bowser), who is a duly authorized officer of this Commission, downloaded the Lyft application to a mobile phone.

8. Between March 31, 2014 and July 2, 2014, either Officer Bowser or an officer under his supervision used the Lyft platform to request passenger transportation service in and around Pittsburgh on sixteen (16) separate occasions.

9. On all sixteen (16) occasions, the I&E Motor Carrier Enforcement Officers were transported by Lyft drivers using their personal vehicles, and I&E further alleges that a fare for each trip was billed to the Officers' credit cards.

10. On June 26, 2014, Lyft filed an Answer to I&E's Complaint. In its Answer, Lyft admitted or denied the various averments made by I&E in the Complaint. In particular, Lyft specifically denied that any of its actions violated the Public Utility Code.

11. During the pendency of the Complaint proceeding, on June 16, 2014, I&E filed a Petition for Interim Emergency Relief seeking an order from the Commission directing Lyft to immediately cease and desist from operating its passenger transportation service until it receives the requisite authority to do so.<sup>1</sup>

12. On June 23, 2014, Lyft filed an Answer to the Petition of I&E for Interim Emergency Order, requesting that the presiding Administrative Law Judges (ALJs) and the Commission deny I&E's Petition.

13. A hearing on the Petition of I&E for Interim Emergency Order was conducted in Pittsburgh on June 26, 2014 before the presiding ALJs.

14. On July 1, 2014, the presiding ALJs issued an Order granting the Petition of I&E for Interim Emergency Relief at Docket No. P-2014-2426847, and directing Lyft to cease and desist from utilizing the Lyft platform to facilitate transportation to

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<sup>1</sup> *Petition of the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission for an Interim Emergency Order requiring Lyft, Inc. to immediately cease and desist from brokering transportation service for compensation between points within the Commonwealth of Pennsylvania, Docket No. P-2014-2426847 ("Petition of I&E for Interim Emergency Order").*

passengers using non-certificated drivers in their personal vehicles until such time as it secures appropriate authority from the Commission.

15. Pursuant to 52 Pa. Code § 3.10(b), whether I&E met the requirements for obtaining interim emergency relief was certified as a material question to the Commission.

16. On July 8, 2014, I&E filed a Brief in Support of the Cease and Desist Order Against Lyft and Answer to Material Question at Docket No. P-2014-2426847 regarding the Petition of I&E for Interim Emergency Order. Also on July 8, 2014, Lyft filed a Brief on the Material Question.

17. By Order entered July 24, 2014 at Docket No. P-2014-2426847 regarding the Petition of I&E for Interim Emergency Order, the Commission answered the material question in the affirmative, determined that I&E successfully met the requirements for obtaining interim emergency relief and returned the matter to the ALJs for further proceedings under the above Complaint docket.

18. The Commission's Order entered July 24, 2014, was accompanied by a Statement of Commissioner James H. Cawley, directing that a Secretarial Letter be issued seeking additional information to aid in the formulation of a Final Order in the Complaint proceeding at the above docket.

19. By Secretarial Letter dated July 28, 2014, and served upon all Parties in the Complaint proceeding, the Commission concluded:

Accordingly, in order to create a complete record in the Complaint proceeding at Docket No. C-2014-2422713, the Parties are directed to address the following questions:

- (1) The number of transactions/rides provided to passengers in Pennsylvania via the connections made with drivers through Internet, mobile application, or digital software during the following periods:
  - (a) From the initiation of Lyft's service in Pennsylvania to June 5, 2014 (the date I&E filed the Complaint against Lyft);
  - (b) From June 5, 2014 to July 1, 2014 (the date the *Cease and Desist Order* became effective); and
  - (c) From July 1, 2014 to the date on which the record in this Complaint proceeding is closed.
  
- (2) Should there be a finding that Lyft's conduct in any one or all of the periods in question (1), above, was a violation of the Public Utility Code, whether refunds or credits to customers would be an appropriate remedy.
  
- (3) Whether either evidence of prior unlawful operations or contumacious refusal to obey Commission orders negates the need for the proposed service and/or the fitness of the applicant as a common carrier such that no certificate of public convenience can be issued by the Commission.

*Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Lyft, Inc.*, Docket No. C-2014-2422713 (Secretarial Letter dated July 28, 2014).

20. In response to I&E discovery requests and the directives set forth in the Commission's July 28, 2014 Secretarial Letter, Lyft provided trip data that it designated as highly confidential related to the number of transactions and/or rides provided to passengers within the Commonwealth of Pennsylvania via connections made with drivers through Lyft's digital platform between certain points in time.

21. Lyft was granted emergency temporary authority by the Commission on August 14, 2014. *See Application of Lyft, Inc., for Emergency Temporary Authority to Operate an Experimental Transportation Network Service Between Points in Allegheny County, PA*, Docket No. A-2014-2432304 (Order entered July 24, 2014).

22. Prior to August 14, 2014, the I&E Motor Carrier Enforcement Division could not inspect the vehicles of Lyft drivers, examine records pertaining to the driving history and criminal history of Lyft drivers, and verify that liability insurance in sufficient levels of coverage was maintained.

23. On October 8, 2014, I&E filed proprietary and non-proprietary versions of an Amended Complaint in this matter, which: (1) alleges that Lyft brokered and provided for the transportation of persons for compensation in the Commonwealth of Pennsylvania without first holding authority to do so; (2) updates and quantifies the violations that I&E alleges were discovered and/or occurred subsequent to the filing of I&E's initial Complaint on June 5, 2014; and (3) revises the relief requested and seeks \$6,986,500 in civil penalties. This revised civil penalty amount is based on a "per day" civil penalty from February 7, 2014 to July 1, 2014, and a "per trip" civil penalty for each trip that occurred via a connection made with a Lyft driver through Lyft's digital platform from the entry of the cease and desist order on July 1, 2014 until August 8, 2014.

24. On October 28, 2014, Lyft filed an Answer to I&E's Amended Complaint in which Lyft admitted or denied the various averments made by I&E. Also on October 28, 2014, Lyft filed Preliminary Objections to I&E's Amended Complaint arguing that the Commission lacks jurisdiction to grant I&E's requested relief and the Amended Complaint fails to state a claim on which relief could be granted.

25. On November 7, 2014, I&E filed an Answer to Lyft's Preliminary Objections to I&E's Amended Complaint and asserted that Lyft's actions are within the

purview of the Commission's jurisdiction and that relief in the form of civil penalties is appropriate.

26. By Order entered on November 25, 2014, the ALJs dismissed the Preliminary Objections of Lyft to I&E's Amended Complaint.

27. On February 12, 2015, Lyft was granted a Certificate of Public Convenience that is valid for two (2) years to transport, by motor vehicle, persons in the experimental service of Transportation Network Company ("TNC"), pursuant to 52 Pa. Code § 29.352, for passenger trips between points in Allegheny County and Pennsylvania.<sup>2</sup>

28. By hearing notice dated February 26, 2015, an Initial Hearing was scheduled for March 30, 2015.

29. By e-mail dated March 23, 2015, the parties advised the ALJs that they reached a settlement in principle regarding the instant proceeding.

30. I&E has initiated no enforcement proceedings against Lyft before the Commission, other than the instant matter.

WHEREFORE, in order to conserve time and resources of the Commission and the parties, I&E and Lyft stipulate to the above summary of this proceeding. This

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<sup>2</sup> See *Application of Lyft, Inc., a corporation of the State of Delaware, for the right to begin to transport, by motor vehicle, persons in the experimental service of Transportation Network Company for passenger trips between points in Allegheny County*, Docket No. A-2014-2415045 and *Application of Lyft, Inc., a corporation of the State of Delaware, for the right to begin to transport, by motor vehicle, persons in the experimental service of Transportation Network Company for passenger trips between points in Pennsylvania*, Docket No. A-2014-2415047 (Order entered February 12, 2015).

stipulation, however, does not constitute an admission by I&E or Lyft as to any of the allegations.

Respectfully submitted,

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

By: Stephanie M. Wimer  
Stephanie M. Wimer  
Prosecutor  
Michael L. Swindler  
Prosecutor  
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Date: April 30, 2015

Lyft, Inc.

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Counsel for Lyft, Inc.

Date: April 30, 2015



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility	:	
Commission, Bureau of	:	
Investigation and Enforcement,	:	
Complainant	:	
	:	
v.	:	Docket No. C-2014-2422713
	:	
Lyft, Inc.,	:	
Respondent	:	

**PROPOSED CONCLUSIONS OF LAW**

1. The Commission has jurisdiction over the subject matter of and the parties to this proceeding. 66 Pa.C.S. § 701.

2. The Commission has the power and the duty to enforce the requirements of the Public Utility Code. 66 Pa.C.S. § 501(a).

3. The Commission has delegated its authority to initiate proceedings that are prosecutory in nature to I&E and other bureaus with enforcement responsibilities.

*Delegation of Prosecutory Authority to Bureaus with Enforcement Responsibilities*, Docket No. M-00940593 (Order entered September 2, 1994), as amended by Act 129 of 2008, 66 Pa.C.S. § 308.2(a)(11); *See also Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).

4. It is the Commission’s policy to promote settlements. 52 Pa. Code § 5.231.

5. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004).

6. Factors to be considered in evaluating whether a proposed settlement involving alleged violations of the Public Utility Code is reasonable and in the public interest are set forth in a policy statement at 52 Pa. Code § 69.1201(c).

7. The Joint Settlement Petition submitted by I&E and Lyft is reasonable and in the public interest and should be approved by the Commission.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility	:	
Commission, Bureau of	:	
Investigation and Enforcement,	:	
Complainant	:	
	:	
v.	:	Docket No. C-2014-2422713
	:	
Lyft, Inc.,	:	
Respondent	:	

**PROPOSED ORDERING PARAGRAPHS**

1. That the Joint Settlement Petition filed on April 30, 2015 between the Commission’s Bureau of Investigation and Enforcement and Lyft, Inc. is approved in its entirety without modification.

2. That, in accordance with Section 3301 of the Public Utility Code, 66 Pa. C.S. § 3301, within sixty (60) days of the date this Order becomes final, Lyft, Inc. shall pay \$117,000, which consists of one-half of the net civil settlement amount totaling \$234,000. The second and final installment of \$117,000 shall be paid one year thereafter. Said payments shall be made by check or money order payable to “Commonwealth of Pennsylvania” and shall be sent to:

Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

3. A copy of this Opinion and Order shall be served upon the Financial and Assessment Chief, Office of Administrative Services.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility	:	
Commission, Bureau of	:	
Investigation and Enforcement,	:	
Complainant	:	
	:	
v.	:	Docket No. C-2014-2422713
	:	
Lyft, Inc.,	:	
Respondent	:	

---

**BUREAU OF INVESTIGATION AND ENFORCEMENT  
STATEMENT IN SUPPORT OF  
JOINT SETTLEMENT PETITION**

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PRESIDING ADMINISTRATIVE LAW JUDGES MARY D. LONG AND JEFFREY A. WATSON:

**I. INTRODUCTION**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) hereby files this Statement in Support of the Joint Settlement Petition (“Settlement” or “Settlement Agreement”) entered into by I&E and Lyft, Inc. (“Lyft” or the “Company”) (collectively, the “Parties”) in the above-captioned proceeding. The Settlement, if approved, fully resolves all issues related to the I&E Complaint proceeding involving allegations of unauthorized passenger transportation service for compensation, which I&E alleges occurred between the time that Lyft initiated transportation service through its digital platform in Pennsylvania in February

2014 and before it received temporary operating authority from the Commission in August 2014.

I&E respectfully requests that presiding Administrative Law Judges Mary D. Long and Jeffrey A. Watson (“ALJs”) recommend approval of, and the Commission approve, the Settlement, including the terms and conditions thereof, without modification.

## **II. BACKGROUND**

1. On June 5, 2014, I&E filed a Formal Complaint at this docket against Lyft alleging, *inter alia*, that Lyft launched a ride-sharing transportation network service in Pittsburgh on February 7, 2014, which enables passengers to connect with individuals registered with Lyft as drivers to obtain transportation for compensation via digital software, in particular, a mobile application. I&E alleged that Lyft acted as an unlicensed broker of transportation for compensation between points within the Commonwealth through its digital software. I&E sought relief including: (1) civil penalties in the amount of \$130,000; (2) that Lyft cease offering passenger transportation service until its service conforms to the laws and regulations of the Commonwealth; and (3) other such remedies as may be appropriate, including the addition of a \$1,000 civil penalty for each and every day that Lyft continues to operate without authority after the filing of the Complaint.

2. On June 16, 2014, I&E filed a Petition for Interim Emergency Relief seeking an order from the Commission directing Lyft to immediately cease and desist from operating its passenger transportation service until it receives the requisite authority

to do so.<sup>1</sup>

3. On June 23, 2014, Lyft filed an Answer to the Petition of I&E for Interim Emergency Order, requesting that the ALJs and the Commission deny I&E's Petition.

4. A hearing on the Petition of I&E for Interim Emergency Order was conducted in Pittsburgh on June 26, 2014 before the presiding ALJs.

5. Also on June 26, 2014, Lyft filed an Answer to I&E's Complaint. In its Answer, Lyft admitted or denied the various averments made by I&E in the Complaint.

6. In addition, on June 26, 2014, Lyft filed a Motion for Stay of the Complaint proceeding, arguing that Commission should first address Lyft's pending applications for authority to offer experimental transportation network service in Allegheny County and between points within the Commonwealth of Pennsylvania, filed at Docket Nos. A-2014-2415045 and A-2014-2415047, before adjudicating the Complaint.<sup>2</sup>

7. On July 1, 2014, the presiding ALJs issued an Order granting the Petition of I&E for Interim Emergency Relief at Docket No. P-2014-2426847, and directed Lyft to cease and desist from utilizing its digital platform to facilitate transportation to passengers using non-certificated drivers in their personal vehicles until such time as it

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<sup>1</sup> *Petition of the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission for an Interim Emergency Order requiring Lyft, Inc. to immediately cease and desist from brokering transportation service for compensation between points within the Commonwealth of Pennsylvania*, Docket No. P-2014-2426847 ("Petition of I&E for Interim Emergency Order").

<sup>2</sup> *See Application of Lyft, Inc., a corporation of the State of Delaware, for the right to begin to transport, by motor vehicle, persons in the experimental service of Transportation Network Company for passenger trips between points in Allegheny County*, Docket No. A-2014-2415045 and *Application of Lyft, Inc., a corporation of the State of Delaware, for the right to begin to transport, by motor vehicle, persons in the experimental service of Transportation Network Company for passenger trips between points in Pennsylvania*, Docket No. A-2014-2415047 ("Applications of Lyft for Experimental Service").

secures appropriate authority from the Commission. Pursuant to 52 Pa. Code § 3.10(b), whether I&E met the requirements for obtaining interim emergency relief was certified as a material question to the Commission.

8. On July 3, 2014, I&E filed an Answer to Lyft's Motion for Stay of the Complaint proceeding and requested that the ALJs deny Lyft's Motion.

9. On July 8, 2014, I&E filed a Brief in Support of the Cease and Desist Order Against Lyft and Answer to Material Question at Docket No. P-2014-2426847 regarding the Petition of I&E for Interim Emergency Order. Also on July 8, 2014, Lyft filed a Brief on the Material Question.

10. By Order entered July 24, 2014 at Docket No. P-2014-2426847 regarding the Petition of I&E for Interim Emergency Order, the Commission answered the material question in the affirmative, determined that I&E successfully met the requirements for obtaining interim emergency relief and returned the matter to the ALJs for further proceedings under the above Complaint docket.

11. The Commission's Order entered July 24, 2014, was accompanied by a Statement of Commissioner James H. Cawley, directing that a Secretarial Letter be issued seeking additional information to aid in the formulation of a Final Order in the Complaint proceeding at the above docket.

12. By Order entered July 25, 2014, the ALJs denied Lyft's Motion for Stay of the Complaint proceeding.

13. By Secretarial Letter dated July 28, 2014, and served upon all Parties in the Complaint proceeding, the Commission concluded:

Accordingly, in order to create a complete record in the Complaint proceeding at Docket No. C-2014-2422713, the Parties are directed to address the following questions:

- (1) The number of transactions/rides provided to passengers in Pennsylvania via the connections made with drivers through Internet, mobile application, or digital software during the following periods:
  - (a) From the initiation of Lyft's service in Pennsylvania to June 5, 2014 (the date I&E filed the Complaint against Lyft);
  - (b) From June 5, 2014 to July 1, 2014 (the date the *Cease and Desist Order* became effective); and
  - (c) From July 1, 2014 to the date on which the record in this Complaint proceeding is closed.
  
- (2) Should there be a finding that Lyft's conduct in any one or all of the periods in question (1), above, was a violation of the Public Utility Code, whether refunds or credits to customers would be an appropriate remedy.
  
- (3) Whether either evidence of prior unlawful operations or contumacious refusal to obey Commission orders negates the need for the proposed service and/or the fitness of the applicant as a common carrier such that no certificate of public convenience can be issued by the Commission.<sup>3</sup>

14. By Hearing Notice dated July 29, 2014, an Initial Hearing was scheduled in the Complaint proceeding for October 23, 2014.

15. On August 8, 2014, I&E served upon Lyft its Interrogatories and Requests for Production of Documents-Set I. A purpose of I&E's discovery request was to gather the necessary information in compliance with the express directive of the Commission in its July 28, 2014 Secretarial Letter to seek additional information to aid in the formulation of a Final Order in this Complaint proceeding.

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<sup>3</sup> *Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Lyft, Inc.*, Docket No. C-2014-2422713 (Secretarial Letter dated July 28, 2014).



16. On August 18, 2014, Lyft filed Objections to I&E's Interrogatories and Requests for Production of Documents – Set I, No. 2.

17. On August 28, 2014, I&E filed a Motion to Compel the response of Lyft to I&E's Interrogatories and Requests for Production of Documents – Set I, No. 2.

18. On August 29, 2014, I&E amended its Motion to Compel to reflect that I&E unsuccessfully attempted to resolve the discovery dispute with counsel for Lyft prior to seeking judicial resolution of the dispute.

19. On September 3, 2014, Lyft filed an Answer to I&E's Amended Motion to Compel and requested that the Commission deny the Amended Motion.

20. On September 11, 2014, Lyft served its responses to I&E's Interrogatories and Requests for Production of Documents – Set I, No 1. This information, which was sought by the Commission in its Secretarial Letter dated July 28, 2014, contains trip data related to the number of transactions and/or rides provided to passengers within the Commonwealth of Pennsylvania via connections made with drivers through Lyft's digital platform between certain points in time. Lyft designated the trip data as highly confidential.

21. By Order entered on October 3, 2014, the ALJs granted I&E's Motion to Compel an answer to I&E's Interrogatories and Requests for Production of Documents – Set I, No. 2.

22. On October 3, 2014, I&E served upon Lyft its Interrogatories and Requests for Production of Documents – Set II.

23. Also on October 8, 2014, I&E filed proprietary and non-proprietary versions of an Amended Complaint in this matter. The Amended Complaint alleges that Lyft brokered and provided for the transportation of persons for compensation in the Commonwealth of Pennsylvania without first holding authority to do so, in violation of Sections 1101 and 2505(a) of the Public Utility Code, 66 Pa.C.S. §§ 1101 and 2505(a). The Amended Complaint also updates and quantifies the violations that I&E alleges were discovered and/or occurred subsequent to the filing of I&E's initial Complaint on June 5, 2014. The Amended Complaint revises the relief requested and seeks \$6,986,500 in civil penalties. This revised civil penalty amount is based on a "per day" civil penalty from February 7, 2014 to July 1, 2014, and a "per trip" civil penalty for each trip that occurred via a connection made with a Lyft driver through Lyft's digital software from the entry of the cease and desist order on July 1, 2014 until August 8, 2014. The non-proprietary version of the Amended Complaint redacts Lyft's trip data.

24. In addition, on October 8, 2014, I&E filed a Motion to Modify Answer Periods to expedite Lyft's responses to I&E's Interrogatories and Requests for Production of Documents – Set II and Lyft's response to I&E's Amended Complaint so that the evidentiary hearing set for October 23, 2014 would still be conducted as scheduled.

25. On October 10, 2014, Lyft filed an Answer to I&E's Motion to Modify Answer Periods and requested that the Commission deny the Motion and cancel the evidentiary hearing scheduled for October 23, 2014.

26. Also on October 10, 2014, Lyft filed a Petition for Interlocutory Review and Answer to a Material Question concerning the ALJs' Order dated October 3, 2014

directing Lyft to furnish information requested in I&E's Interrogatories and Requests for Production of Documents – Set 1, No. 2.

27. On October 10, 2014, I&E filed a Motion to Strike Lyft's Petition for Interlocutory Review and Answer to a Material Question.

28. On October 14, 2014, Lyft filed Objections to certain discovery requests sought in I&E's Interrogatories and Requests for Production of Documents – Set II.

29. On October 20, 2014, I&E filed a Brief in Opposition to Lyft's Petition for Interlocutory Review.

30. By Order entered on October 24, 2014, the ALJs denied I&E's Motion to Modify Answer Periods, cancelled the Initial Hearing that was scheduled for October 23, 2014, and rescheduled the Initial Hearing for December 10, 2014.

31. Also on October 24, 2014, I&E filed a Motion to Compel certain responses of Lyft to I&E's Interrogatories and Requests for Production of Documents – Set II.

32. On October 28, 2014, Lyft filed an Answer to I&E's Amended Complaint. In its Answer, Lyft admitted or denied the various averments made by I&E.

33. Also on October 28, 2014, Lyft filed Preliminary Objections to I&E's Amended Complaint arguing that the Commission lacks jurisdiction to grant I&E's requested relief and the Amended Complaint fails to state a claim on which relief could be granted.

34. On October 29, 2014, Lyft filed an Answer to I&E's Motion to Compel Lyft's responses to certain discovery requests sought in I&E's Interrogatories and

Requests for Production of Documents – Set II. Lyft requested that I&E’s Motion to Compel be denied.

35. On October 30, 2014, Lyft filed an Answer to I&E’s Motion to Strike its Petition for Interlocutory Review and Answer to a Material Question.

36. On November 7, 2014, I&E filed an Answer to Lyft’s Preliminary Objections to I&E’s Amended Complaint and asserted that Lyft’s actions are within the purview of the Commission’s jurisdiction and that relief in the form of civil penalties is appropriate.

37. Also on November 7, 2014, I&E filed a Motion to Take Official Notice of a Commission Order for the ALJs’ consideration when ruling upon I&E’s Motion to Compel Lyft’s responses to I&E’s Interrogatories and Requests for Production of Documents – Set II.

38. By Order entered on November 7, 2014, the ALJs granted, in part, and denied, in part, I&E’s Motion to Compel Lyft’s responses to I&E’s Interrogatories and Requests for Production of Documents – Set II.

39. On November 10, 2014, Lyft filed a Petition for Certification of a Material Question seeking interlocutory review of the ALJs’ Order dated November 7, 2014 concerning I&E’s Interrogatories and Requests for Production of Documents – Set II.

40. On November 13, 2014, the Commission entered an Order granting I&E’s Motion to Strike Lyft’s Petition for Interlocutory Review and Answer to a Material Question regarding I&E’s Set I discovery requests.

41. On November 17, 2014, I&E filed a Brief in Opposition to Lyft's Petition for Certification of a Material Question seeking interlocutory review of a discovery ruling pertaining to I&E's Set II discovery. Also on November 17, 2014, Lyft filed a Brief in Support of its Petition for Interlocutory Review.

42. On November 18, 2014, Lyft filed a Petition for Protective Order and Stay of Discovery.

43. By Order entered on November 24, 2014, the ALJs denied Lyft's Petition for Certification of a Material Question regarding the ALJs' Order dated November 7, 2014 concerning I&E's Set II discovery requests.

44. By Order entered on November 25, 2014, the ALJs dismissed the Preliminary Objections of Lyft to I&E's Amended Complaint.

45. On November 26, 2014, Lyft filed an Answer to I&E's Motion to Take Official Notice of a Commission Order and requested that it be denied.

46. Also on November 26, 2014, Lyft filed an unopposed Motion for Continuance of the Initial Hearing that was scheduled for December 10, 2014.

47. By Order entered on December 2, 2014, the ALJs granted Lyft's Motion for Continuance, cancelled the evidentiary hearing that was scheduled for December 10, 2014 and rescheduled the Initial Hearing for February 19, 2015.

48. By Order entered on December 3, 2014, the ALJs granted Lyft's Petition for Protective Order. Notably, the trip data that was provided pursuant to the Commission's Secretarial Letter dated July 28, 2014, and that was produced in response

to I&E's discovery requests, has been designated as confidential and proprietary and is not to be publicly disclosed.

49. On December 10, 2014, Lyft filed an unopposed Motion for Admission Pro Hac Vice of Danny David.

50. By Order entered on December 11, 2014, the ALJs granted Lyft's Motion for Admission Pro Hac Vice.

51. On January 13, 2015, Lyft filed an unopposed Motion for Continuance of the Initial Hearing scheduled for February 19, 2015.

52. By Order entered on January 15, 2015, the ALJs granted Lyft's Motion for Continuance, cancelled the evidentiary hearing that was scheduled for February 19, 2015, and directed the Parties to submit a Joint Status Report on or before February 20, 2015 detailing the status of settlement discussions.

53. On February 20, 2015, I&E and Lyft submitted a Joint Status Report concerning the status of the Parties' settlement discussions.

54. By hearing notice dated February 26, 2015, an Initial Hearing was scheduled for March 30, 2015.

55. By e-mail dated March 23, 2015, the Parties advised the ALJs that they reached a settlement in principle regarding the instant proceeding.

56. On March 25, 2015, the ALJs issued an Order on Settlement Procedure, which cancelled the Initial Hearing that was scheduled for March 30, 2015, and directed that the Parties file a Joint Petition for Settlement, along with statements in support, a stipulation of facts, proposed conclusions of law and proposed ordering paragraphs on or

before April 30, 2015. The ALJs further directed that the Parties address the above-referenced issues raised by the Commission in the Secretarial Letter dated July 28, 2014.

### III. THE PUBLIC INTEREST

Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest, the Parties held a series of settlement discussions. These discussions culminated in this Settlement Agreement, which, once approved, will resolve all issues related to I&E's Complaint proceeding involving allegations that Lyft brokered and provided for the transportation of persons for compensation between points in the Commonwealth of Pennsylvania without first holding the requisite authority from the Commission.

Subsequent to the filing of I&E's initial Complaint in this proceeding on June 5, 2014, Lyft received authority to operate its transportation network service.<sup>4</sup> Therefore, Lyft's service is now authorized by and subject to regulatory oversight of the Commission, which I&E insists is essential for public safety.

In addition, the Settlement, and in particular, the civil penalty, serves to address I&E's allegations that the Company continued to operate in defiance of the presiding ALJs' Order and the Commission's Order directing the Company to cease and desist

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<sup>4</sup> Lyft received emergency temporary authority to operate its transportation network service on July 24, 2014. *See Application of Lyft, Inc., for Emergency Temporary Authority to Operate an Experimental Transportation Network Service Between Points in Allegheny County, PA*, Docket No. A-2014-2432304 (Order entered July 24, 2014). In addition, Lyft received a certificate of public convenience to operate as a motor carrier in experimental service for a period of two years. *See Applications of Lyft for Experimental Service* (Order entered February 12, 2015).

facilitating transportation through its digital platform until it secured appropriate authority from the Commission.<sup>5</sup>

I&E intended to prove the factual allegations set forth in its Amended Complaint at hearing, to which the Company has disputed. This Settlement Agreement results from the compromises of the Parties. Although I&E and Lyft may disagree with respect to the allegations concerning the initiation of Lyft's operations in Pennsylvania, Lyft recognizes the significant public safety concerns related to unauthorized transportation. Further, I&E recognizes that, given the inherent unpredictability of the outcome of a contested proceeding, the benefits to amicably resolving the disputed issues through settlement outweigh the risks and expenditures of continued litigation. I&E submits that the Settlement constitutes a reasonable compromise of the issues presented and is in the public interest. As such, I&E respectfully requests that the Commission approve the Settlement without modification.

#### **IV. TERMS OF SETTLEMENT:**

Under the terms of the Settlement, I&E and Lyft have agreed as follows:

- a. Lyft will pay a total amount of Two Hundred Fifty Thousand Dollars (\$250,000) to resolve all alleged violations of orders and regulations of the Commission during the period from the initiation of service in February 2014 through the date of the executed Settlement Agreement. This amount has or will be paid by payment of:
  - 1) Sixteen Thousand Dollars (\$16,000), which has already been transmitted to the Commonwealth of Pennsylvania in relation to the matters set forth in Paragraph 12 of the Settlement Agreement; and
  - 2) Two Hundred Thirty-Four Thousand Dollars (\$234,000) which will be paid in the manner set forth below in sub-paragraph (b).

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<sup>5</sup> Petition of I&E for Interim Emergency Order (Orders entered July 1 and July 24, 2014).



- b. The remaining Two Hundred Thirty-Four Thousand Dollars (\$234,000) to be paid as a civil settlement amount to the Commonwealth of Pennsylvania, pursuant to 66 Pa.C.S. § 3301, will be paid in two installments of One Hundred Seventeen Thousand Dollars (\$117,000), with the first installment being paid within sixty (60) days after the approval of a Settlement reflecting these terms by the Commission without modification, and the second installment being paid by Lyft one year thereafter. Said payments shall be made by check or money order payable to “Commonwealth of Pennsylvania” and shall be sent to:

Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

No other amount shall be paid by Lyft or sought by I&E related to the above-docketed matter.

- c. Lyft does not admit to any wrongdoing or violation of law.
- d. I&E will not oppose Lyft in maintaining the confidentiality and non-public disclosure of actual trip data pursuant to the terms of the Protective Order entered in this proceeding.

In consideration of Lyft’s payment of a civil settlement amount, I&E agrees that the investigation at *Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission v. Lyft, Inc.*, Docket No. C-2014-2422713 relating to Lyft’s conduct as described in this Settlement Agreement and in the initial and Amended Complaints referenced herein shall be terminated and marked closed upon approval by the Commission of this Settlement Agreement in its entirety. Nothing contained in the Settlement Agreement shall affect the Commission’s authority to receive and resolve any future formal or informal complaints filed by any affected party regarding Lyft’s business that are unrelated to the actions addressed in the Settlement Agreement.

**V. ANALYSIS OF THE ROSI STANDARDS:**

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004).

I&E submits that approval of the Settlement Agreement in the above-captioned matter is consistent with the Commission's Policy Statement for Litigated and Settled Proceedings Involving Violations of the Code and Commission Regulations ("Policy Statement"), 52 Pa. Code § 69.1201; *See also Joseph A. Rosi v. Bell-Atlantic-Pennsylvania, Inc.*, Docket No. C-00992409 (Order entered March 16, 2000). The Commission's Policy Statement sets forth ten factors that the Commission may consider in evaluating whether a civil penalty for violating a Commission order, regulation, or statute is appropriate, as well as whether a proposed settlement for a violation is reasonable and in the public interest. 52 Pa. Code § 69.1201.

The first factor considers whether the conduct at issue was of a serious nature, such as willful fraud or misrepresentation, or if the conduct was less egregious, such as an administrative or technical error. Conduct of a more serious nature may warrant a higher penalty. 52 Pa. Code § 69.1201(c)(1). The violations averred in the Complaint and Amended Complaint were of a serious nature in that they involved the initiation of

allegedly unauthorized passenger transportation service to the public for compensation and the alleged continuation of such service after being directed to cease and desist by the ALJs and the Commission. I&E asserts that Lyft operated without Commission oversight, which is designed to protect public safety. Specifically, the Motor Carrier Enforcement Division of I&E routinely inspects vehicles of certificated motor carriers to ensure that the vehicles, which are used commercially and, therefore, likely endure heavier use than personal vehicles, meet Pennsylvania Department of Transportation (PennDOT) vehicle inspection standards in between PennDOT annual inspections. The Motor Carrier Enforcement Division also examines records pertaining to the driving history and criminal history of drivers and verifies that liability insurance in sufficient levels of coverage is consistently maintained. Therefore, significant public safety concerns are present when unauthorized and unregulated transportation for compensation occurs. I&E submits that Lyft's alleged conduct is of a serious nature and was considered in arriving at the civil penalty in the Settlement Agreement.

The second factor considered is whether the resulting consequences of Lyft's alleged conduct were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty. 52 Pa. Code § 69.1201(c)(2). Given that the Commission did not oversee Lyft's activities during the periods of time that are referenced in the Amended Complaint, the Commission has no means to determine whether personal injury or property damage occurred, such as through the notification and record-keeping requirements set forth in the Commission's regulation at 52 Pa. Code § 29.44 (related to accident reports).

The third factor to be considered under the Policy Statement is whether the alleged conduct was intentional or negligent. 52 Pa. Code § 69.1201(c)(3). “This factor may only be considered in evaluating litigated cases.” *Id.* Whether Lyft’s alleged conduct was intentional or negligent does not apply since this matter is being resolved by settlement of the Parties.

The fourth factor to be considered is whether the Company has made efforts to change its practices and procedures to prevent similar conduct in the future. 52 Pa. Code § 69.1201(c)(4). After I&E filed its Complaint in this proceeding on June 5, 2014, Lyft received authority to operate its digital platform to facilitate passenger transportation service in the Commonwealth. Therefore, the conduct alleged in I&E’s Complaint and Amended Complaint has been addressed.

The fifth factor to be considered relates to the number of customers affected by the Company’s actions and the duration of the violations. 52 Pa. Code § 69.1201(c)(5). Given the nature of the allegations of the Amended Complaint, all of the passengers who received transportation arranged by the Lyft digital platform between February 7, 2014 and August 14, 2014, as well as the general public – specifically, pedestrians and drivers and passengers of other vehicles – may have been affected by the Company’s conduct.

The sixth factor to be considered relates to the compliance history of Lyft. 52 Pa. Code § 69.1201(c)(6). “An isolated incident from an otherwise compliant utility may result in a lower penalty, whereas frequent, recurrent violations by a utility may result in a higher penalty.” *Id.* Due to the fact that Lyft’s service is new to Pennsylvania, the instant matter is the first alleged infraction on Lyft’s compliance history.

The seventh factor to be considered relates to whether the Company cooperated with the Commission's investigation. 52 Pa. Code § 69.1201(c)(7). Following judicial resolution of the discovery disputes, Lyft promptly complied with I&E's discovery requests, including providing the highly confidential trip data to I&E. This factor serves to mitigate the civil penalty.

The eighth factor to be considered is the appropriate settlement amount necessary to deter future violations. 52 Pa. Code § 69.1201(c)(8). "The size of the utility may be considered to determine an appropriate penalty amount." *Id.* I&E submits that a civil penalty amount of \$250,000, which may not be claimed as a tax deduction by operation of law, is substantial and sufficient to deter Lyft from committing future violations.<sup>6</sup> Regarding the "size of the utility," Lyft is a much smaller company when compared to its primary competitor.

The ninth factor to be considered relates to past Commission decisions in similar matters. 52 Pa. Code § 69.1201(c)(9). I&E submits that the scope of the conduct complained of in this proceeding is unique and unlike other complaint proceedings involving motor carriers that the Commission has decided. There are no past Commission decisions responsive to a similar situation, and for that reason, this case should be viewed on its own merits. However, in looking at the relevant factors that are comparable to other incidents, such as the allegations at issue here - namely,

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<sup>6</sup> It is important to note, however, that the civil penalty amount reached in this amicable settlement is not based on a precise calculation consisting of a dollar amount multiplied by a number representing allegedly unlawful trips.

unauthorized transportation for compensation - and comparing the allegations to the relief provided in the Settlement - specifically, a civil penalty - this Settlement is consistent with past Commission actions involving alleged unauthorized motor carrier service, and presents a fair and reasonable outcome.

The tenth factor considers “other relevant factors.” 52 Pa. Code § 69.1201(c)(10). I&E submits that an additional relevant factor – whether the case was settled or litigated – is of pivotal importance to this Settlement Agreement. A settlement avoids the necessity for the governmental agency to prove elements of each allegation. In return, the opposing party in a settlement agrees to a lesser fine or penalty, or other remedial action. Both parties negotiate from their initial litigation positions. The fines and penalties, and other remedial actions resulting from a fully litigated proceeding are difficult to predict and can differ from those that result from a settlement. Reasonable settlement terms can represent economic and programmatic compromise but allow the parties to move forward and to focus on implementing the agreed upon remedial actions.

In conclusion, I&E fully supports the terms and conditions of the Settlement Agreement. The terms of the Settlement Agreement reflect a carefully balanced compromise of the interests of the Parties in this proceeding. The Parties believe that approval of this Settlement Agreement is in the public interest. Acceptance of this Settlement Agreement avoids the necessity of further administrative and potential appellate proceedings at what would have been a substantial cost to the Parties.

**VI. THE COMMISSION'S SECRETARIAL LETTER DATED JULY 28, 2014**

Pursuant to the Order on Settlement Procedure entered on March 25, 2015 in this proceeding, the Parties were directed to address questions that were posed in the Commission's Secretarial Letter dated July 28, 2014. The Commission directed in the Secretarial Letter that such questions be addressed in order to create a complete record in this proceeding.

The first question pertains to the number of transactions or rides provided to passengers in Pennsylvania via connections made with drivers through Lyft's digital software during the following periods of time: (a) the initiation of Lyft's service in Pennsylvania to June 5, 2014 – the date that I&E filed the Complaint in this proceeding; (b) from June 5, 2014 to July 1, 2014 – the date the Cease and Desist order became effective; and (c) from July 1, 2014 to the date on which the record in the Complaint proceeding is closed.

Lyft submitted trip data to I&E that it designated as highly confidential in response to I&E's data requests seeking information pertaining to Lyft's service during the time that I&E alleges Lyft operated without authority. The trip data was considered by I&E in arriving at a Settlement of this matter and, pursuant to the terms of the Protective Order in this proceeding, will not be publicly disclosed.

The second question inquires whether refunds or credits to customers are an appropriate remedy should there be a finding that Lyft's conduct violated the Public Utility Code. There has been no finding in this proceeding that Lyft's conduct violated

the Public Utility Code. In addition, I&E's research does not reveal an instance where a customer submitted a complaint to the Commission regarding Lyft's service during the time periods at issue in the Amended Complaint.

The third question asks whether evidence of prior unlawful operations or contumacious refusal to obey Commission orders negates the need for the proposed service and/or the fitness of Lyft such that no Certificate of Public Convenience can be issued by the Commission. Subsequent to the issuance of the Secretarial Letter, the Commission considered this question in the Application proceedings and concluded that even if Lyft were found to have operated in violation of a Commission order, Lyft would not necessarily be precluded from obtaining lawful authority. *See Applications of Lyft for Experimental Service (Order December 18, 2014), p. 52.* Rather, the Commission determined that in granting Lyft's Certificate of Public Convenience, it would impose additional requirements upon Lyft and then Lyft would have the opportunity to demonstrate its commitment to comply with the Public Utility Code and Commission regulations and Orders. *Id.* at 53. The Commission further determined that it would view Lyft's propensity to operate safely and legally as an ongoing obligation during the period of its experimental service term and that it would take appropriate enforcement action if Lyft violates the additional compliance requirements. *Id.*

In addition, I&E submits that Lyft's cooperation with I&E in achieving an amicable resolution regarding the issues raised in this proceeding should be considered when answering this question.



WHEREFORE, I&E supports the Settlement Agreement and respectfully requests that the Honorable Administrative Law Judges Mary D. Long and Jeffrey A. Watson recommend approval of, and the Commission approve, the Settlement in its entirety, without modification.

Respectfully submitted,



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Dated: April 30, 2015

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement,	:	
	:	
	:	
Complainant	:	Docket No. C-2014-2422713
	:	
v.	:	
	:	
Lyft, Inc.	:	
	:	
Respondent	:	

LYFT, INC.'S STATEMENT IN SUPPORT  
OF JOINT SETTLEMENT PETITION

Lyft, Inc. ("Lyft") submits this Statement in Support of the Joint Settlement Petition ("Settlement") between Lyft and the Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation and Enforcement ("I&E"). For the reasons set forth herein, the Settlement complies with the Commission's standards for approving settlements of proceedings involving alleged violations of the Public Utility Code and the Commission's regulations and is in the public interest. This Statement also addresses matters raised in the Commission's Secretarial Letter dated July 28, 2014.

**I. BACKGROUND**

This case evolves from the initiation of a new mobile ride sharing application -- the Lyft platform or app -- which connects riders with drivers, who may, at their discretion provide riders with transportation for compensation. The introduction of this service raised novel questions as to whether the service provided by Lyft was subject to regulation, and if so, the regulatory approvals that would be required.

Much has transpired since Lyft offered availability of the app. Drivers have used it to provide transportation to riders. I&E initiated a Complaint contending that Lyft was operating as

a broker without Commission authority. The ALJs and the Commission issued Cease and Desist Orders. Lyft sought and received temporary authority. Ultimately, the Commission determined that it would approve Lyft's provision of the app as experimental service for two years. Throughout this process, Lyft and I&E have tried to resolve the novel issues surrounding the provision of the Lyft app constructively and amicably.

**II. THE SETTLEMENT MEETS THE COMMISSION'S STANDARDS CONCERNING ALLEGED VIOLATIONS OF THE PUBLIC UTILITY CODE AND THE COMMISSION'S REGULATIONS**

In 52 Pa. Code 69.1201, the Commission has provided guidance on the factors and standards it will use in evaluating settled proceedings concerning alleged violations of the Public Utility Code or the Commission's regulations. Subsection (c) of Section 69.1201 provides the standards:

- (c) The factors and standards that will be considered by the Commission include the following:
  - (1) Whether the conduct at issue was of a serious nature. When conduct of a serious nature is involved, such as willful fraud or misrepresentation, the conduct may warrant a higher penalty. When the conduct is less egregious, such as administrative filing or technical errors, it may warrant a lower penalty.
  - (2) Whether the resulting consequences of the conduct at issue were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty.
  - (3) Whether the conduct at issue was deemed intentional or negligent. This factor may only be considered in evaluating litigated cases. When conduct has been deemed intentional, the conduct may result in a higher penalty.
  - (4) Whether the regulated entity made efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the future. These modifications may include activities such as training and improving company techniques and supervision. The amount of time it took the utility to correct the conduct once it was discovered and the involvement

of top-level management in correcting the conduct may be considered.

- (5) The number of customers affected and the duration of the violation.
- (6) The compliance history of the regulated entity which committed the violation. An isolated incident from an otherwise compliant utility may result in a lower penalty, whereas frequent, recurrent violations by a utility may result in a higher penalty.
- (7) Whether the regulated entity cooperated with the Commission's investigation. Facts establishing bad faith, active concealment of violations, or attempts to interfere with Commission investigations may result in a higher penalty.
- (8) The amount of the civil penalty or fine necessary to deter future violation. The size of the utility may be considered to determine an appropriate penalty amount.
- (9) Past Commission decisions in similar situations.
- (10) Other relevant factors.

The Settlement represents a reasonable resolution of the novel issues in this proceeding under these standards.

With regard to Standards (1) and (2), which concern whether the conduct at issue was of a serious nature, Lyft notes the novel nature of service and the uncertainty of the Commission's jurisdiction over the provision of the app to facilitate ride sharing. Lyft also recognizes the significance of not responding to the Cease and Desist Order. However, there was no fraud or misrepresentation and there was no personal injury or property damage resulting from Lyft's actions, factors listed by the Commission as justifying a higher penalty.

Standard (3) does not apply to the Settlement because this is not a litigated proceeding.

Standard (4) concerns corrective actions taken by Lyft to avoid future violations. As explained in Lyft's Applications, Lyft has implemented procedures to comply with all Commission requirements as set forth in the Compliance Tariff submitted to and approved by the

Commission following the Commission's Order granting Experimental Authority. Order entered February 12, 2015, at A-2014-2415045 ("Experimental Service Order"). The I&E Complaint relates solely to actions prior to the grant of authority.

Standard (5) is not applicable because no customer was denied service and Lyft at all times conducted criminal background checks of drivers and provided insurance.

Standard (6) also is not applicable because Lyft has had no prior presence or history in Pennsylvania prior to the actions that gave rise to the I&E Complaint.

Standard (7) is relevant and significant in addressing the reasonableness of the penalty contained in the Settlement. Throughout these proceedings, Lyft has cooperated with I&E in its investigation. Although Lyft does not believe that it is permissible or appropriate to apply a penalty on a per ride basis, Lyft has provided I&E with per ride data requested by I&E on a confidential basis. In this regard, the civil settlement amount agreed to in settlement is not based on a per ride or any other specific formula and should not be made part of any record used to determine the reasonableness of the Settlement.

Standard (8) concerns the effect of the fine on deferring future violations, noting also that consideration should be given to the size of the utility. In this instance, the civil settlement amount exceeds the revenue received by Lyft during the period that the Cease and Desist Order was effective.

Standard (9) is not applicable because the Lyft app is a new service that raised novel jurisdictional issues.

For these reasons, the Settlement meets the standards for approval under the Commission's policy statement.

**III. THE SETTLEMENT IS IN THE PUBLIC INTEREST**

The Commission ultimately resolved the questions relating to the Lyft app by granting Lyft Experimental Authority, subject to conditions that are designed to protect riders.

The novel questions surrounding regulation of the service provided by Lyft have been resolved in a manner that provides a new transportation service in Pennsylvania. Resolution of the I&E Complaint in the manner set forth in the Settlement with the customer protections instituted by the Experimental Service Order will allow Lyft to focus on service to users in compliance with Commission requirements.

**IV. RESPONSE TO QUESTIONS IN JULY 28, 2014 SECRETARIAL LETTER**

ALJs Long and Watson also have directed that Lyft and I&E address the questions contained in the Commission's July 28, 2015 Secretarial Letter. The questions are as follows:

- (1) The number of transactions/rides provided to passengers in Pennsylvania via the connections made with drivers through Internet, mobile application, or digital software during the following periods:
  - (a) From the initiation of Lyft's service in Pennsylvania to June 5, 2014 (the date I&E filed the Complaint against Lyft);
  - (b) From June 5, 2014 to July 1, 2014 (the date the *Cease and Desist Order* became effective); and
  - (c) From July 1, 2014, to the date on which the record in this Complaint proceeding is closed.
- (2) Should there be a finding that Lyft's conduct in any one or all of the periods in question (1), above, was a violation of the Public Utility Code, whether refunds or credits to customers would be an appropriate remedy.
- (3) Whether either evidence of prior unlawful operations or contumacious refusal to obey Commission orders negates the need for the proposed service and/or the fitness of the applicant as a common carrier such that no certificate of public convenience can be issued by the Commission.

As noted previously in the Statement, Lyft provided I&E with the data requested in Question 1 concerning the number of rides on a confidential basis. This information is highly

sensitive competitive business information. As this information is not the basis upon which the civil settlement amount was determined, it should not be made a part of the record considered in approving the Settlement.

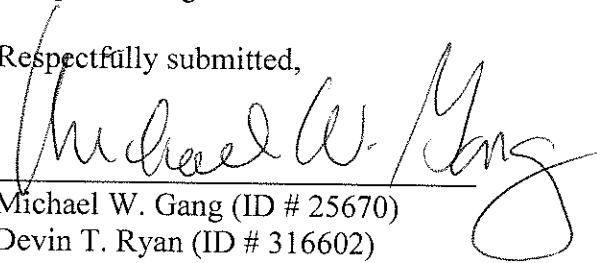
With regard to the second question, it would not be appropriate to require Lyft to pay refunds for any period associated with service prior to the Commission’s grant of authority. The Commission’s authority to require approval and basis for such approval of this novel service were not clear until its grant of Experimental Authority. No refund is justified under such circumstances. The civil settlement amount is the appropriate remedy to resolve this matter.

The final question already has been resolved by the Commission’s grant of Experimental Authority. The Commission has correctly concluded that the jurisdictional uncertainty around the initiation of the Lyft app is not a basis to deny a certificate of public convenience.

V. CONCLUSION

The Settlement complies with the standards contained in the Commission's Policy Statement at 52 Pa Code 69.1201 and is in the public interest. Lyft requests that Administrative Law Judges Long and Watson recommend approval of and that the Commission approve the Settlement and mark the record in the Complaint proceeding at C-2014-2422713 closed.

Respectfully submitted,



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Counsel for Lyft, Inc.

April 30, 2015



## CERTIFICATE OF SERVICE

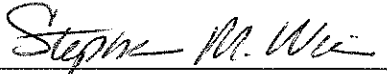
I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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