



Taxi Workers Alliance of Pennsylvania

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Chairman Robert F. Powelson
Commonwealth of Pennsylvania
Pennsylvania Public Utilities Commission
P.O.Box 3265
Harrisburg, Pa. 17105-3265

RE: En Banc Transportation Hearing Comments: M-2014-2431451

Greetings Pennsylvania PUC Commissioners,

On behalf of the 1,200 members of the Taxi Workers Alliance of Pennsylvania, we wish to submit our comments for the En Banc Transportation Hearing. Hopefully the Commission will find our comments and recommendations helpful in preserving the integrity and survivability of the taxi industry, which is a vital part of the state's transportation system.

HISTORY OF DEREGULATIONS OF TAXI INDUSTRY

There have been three prominent periods of deregulations in the taxi industry within the US; during the great depression, during the 1980's, and today with the creation of smart-phone applications. Each time, ending with the same results of escalation of prices, decrease in drivers' earnings, unsafe conditions for consumers, aggressive solicitations, and finally drivers exiting the industry. For example, during the great depression, New York had over 30,000 taxi drivers, far more than passengers. Drivers had to work longer hours and reduce their fares in order to make somewhat of a living. The public became concern about the aggressiveness of drivers and the integrity of the vehicles. In 1937 the Mayor had to sign the Haas Act that limited the number of taxicabs on the streets. This model was replicated across the country as cities either created a medallion system or franchise model.

In 1979, Seattle deregulated the taxi industry by lifting all caps and allowing taxis to set their own rates. The presumption was that it would improve service and reduce fares. What actually happened was that service declined and rates increased. In 1984, Seattle reregulated the taxi industry as did other cities that tried this experimental model. St Louis deregulation resulted in a 35% increase in fares, taxi companies raising their rent to drivers to offset lost revenue due to competition, and a constant overturning of its drivers. In 2002, St Louis also reregulated its taxi

industry. In the 1970's, other cities such as San Diego, Sacramento, Phoenix, Kansas City, and many others have tried deregulation of their taxi industries, only to return to regulating them for consumers' protection, steady rates, and to end aggressive solicitations.

IMPACT OF TNC'S ON TAXI INDUSTRY

UberX, Lyft, Sidecar and other Ride-selling applications have been around for a few years now, so there is some history of their impact on the taxi market. In San Francisco, where it all began, it is estimated that 1/3 of the taxi fleet remain dormant during the week days as either drivers remain home or switch to a ride-selling app provider. In Chicago, the city is unable to provide drivers with a much needed meter increase out of fear that these new ventures will take more of the market. Also in Chicago, many taxicabs remain still during the weekdays. We believe that this issue is vital to people in undeserved neighborhood, people with disabilities and the elderly, and to people who do not possess a Smartphone. TNC fleets are not wheel chair accessible, have no arrangements for hospitals, schools, or government contracts, and very rarely venture into undeserved neighborhoods. If the taxi industry is unable to function, these entities will be without transportation service.

Five years ago, if a driver was to use his /her personal car to transport people around Philadelphia, they would be considered an illegal hack. When a Billion Dollar venture does it, it is considered innovative, smart, and the future of transportation. The medallion/franchise system was put into place with caps to make sure that drivers are vetted, vehicles are inspected, and rates were reasonable. These regulations were in place for market imperfections as seen during deregulation periods. Most full-time taxi drivers work 12 to 16 hours per day, 6 to 7 days per week, paying enormous fees to control the permit to operate a taxicab. It would be unfair for them to compete against an entity that has no medallion leasing fee, insurance requirement, and to fund the taxi regulator. The Pennsylvania PUC has clear definition of what a taxicab is. The TNC's provide both dispatch and vehicle to the customers, which is the same definition of a taxicab. They describe themselves as a ride-sharing company but in reality they provide ride selling service to drivers, who in turn provide taxicab service to the public.

IMPACT OF TNC's ON THE CITIZENS OF PENNSYLVANIA

TNC's engage in price surging and follow no set tariff that contradicts PUC regulations. On high demand days, many citizens will pay enormous amounts of money as TNC's profiteer on their services. Insurance coverage is also precarious as customers and people simply walking the street do not know if there is any legitimate insurance coverage from these companies. Most insurance companies will not cover vehicles that are doing commercial work and TNC's insurance will not cover vehicles unless it is in route or during a trip. So what happens when there is an accident involving a pedestrian or bicyclist? Deregulating the number of for-hire vehicles on Pennsylvania streets will increase vehicle collisions, increase pollution, and add to congestion. Taxi drivers will be replaced with amateur drivers putting people further at risk. Lastly, as seen in previous deregulation attempts, both TNC and taxi drivers will become more aggressive in soliciting work, vehicle quality will diminish, and prices to customers will dramatically fluctuate. Taxicab driving will become a part-time job because no one will be able to make a full-time living. This prediction comes from the TNC's themselves.

Taxi Workers Alliance of Pennsylvania recommendations for TNC addition

Uber as a limousine company, registered with the taxi regulator has proven to be beneficial to the citizens of Pennsylvania. Their drivers have been vetted, vehicles carry the required insurance and are inspected regularly, and their prices are above what a taxicab will charge. All of these requirements meet PUC standards. We would only add that like medallion and franchise taxicabs, that their number of vehicles be capped. As with other limousine and taxicab companies, TNC's should be required to submit and follow a steady tariff, no price surging. TNC's drivers/partners must be covered by unambiguous insurance coverage meeting State requirements as soon as the driver turns on the application. The Taxi Workers Alliance supports TNC's in the limousine format described above with the added regulations. TNC's in the taxicab format will create a situation of deregulating the taxi industry followed by a severe crisis for both TNC and taxi drivers; a race to the bottom. Other cities have begun experimenting with their own app creation that will provide TNC type service from a vetted taxicab. We support such efforts from a statewide pursuit. For example, the taxi regulator could mandate an app for statewide coverage. We also have concerns for individuals that worked hard to own their medallion or permit. How fair would it be to these entrepreneurs to lose their investment while the state decides to deregulate the industry?

Enclosing, it is our hope that the Pennsylvania PUC takes a good look at the history of taxicab deregulations and exercise some patience before moving forward with this matter. As with recreational marijuana, most states are reserving action until there is clear evident that public safety will be preserved. As too with our transportation system, some study should be done before we submit to peer-pressure.

Respectfully submitted;



Ronald Blount - President