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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on Regulations Relating  
to Passenger Carriers, Ridesharing, and New Online-  
Enabled Transportation Services

**R. 12-12-011**  
(Filed December 20, 2012)

**TRANSFORM OPENING COMMENTS**

**ON THE ORDER INSTITUTING RULEMAKING ON REGULATIONS RELATING TO  
PASSENGER CARRIERS, RIDESHARING, AND NEW ONLINE-ENABLED  
TRANSPORTATION SERVICES**

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## I. INTRODUCTION

In accordance with California Public Utilities Commission (Commission) Rules of Practice and Procedure, and Section 4.3 of the Order Instituting Rulemaking (“OIR”), TransForm submits these comments on the Order Instituting Rulemaking on Regulations Relating to Passenger Carriers, Ridesharing, and New Online-Enabled Transportation Services.

Transform is a nonprofit public interest organization working to create world-class public transportation and walkable communities in the Bay Area and in California. TransForm believes that all people deserve affordable, safe, and easy access to jobs, housing, services, and nature on foot, bicycle, or public transportation. TransForm envisions that in the future transportation will be redefined in terms of access and sustainability, and residents will be able to quickly get where they want to go in ways that fully meet their needs, whether these needs are health, happiness, saving time, or saving money. Our transportation system will provide the public with choices that amount to a system that is exceptional and state-of-the-art. California’s regions will preserve open space, ensure clean air, and surpass emission reduction targets, and active, walkable communities will help reduce rates of obesity and heart disease.

TransForm was founded in 1997 as the Transportation and Land Use Coalition by environmental and social justice groups. By building diverse coalitions, TransForm has won billions of dollars of groundbreaking policies in support of public transportation, smart growth, affordable housing, and bicycle/pedestrian safety. More information about TransForm can be found on TransForm’s website.<sup>1</sup>

TransForm’s interests in this proceeding are to promote a regulatory framework, potentially including a specific expansion of existing exemptions, that facilitates appropriate

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<sup>1</sup> <http://transformca.org/about-us>

growth of rideshare services that reduce vehicle miles travelled or provide affordable connectivity to public transit services. TransForm will also raise issues relating to the long-term interaction with public transit systems, to the extent that high-volume services should avoid potential impacts by coordinating with local agencies. These interests help advance a world-class transportation system that includes ridesharing to reduce emissions and congestion, and improves connectivity to public transit services.

**II. THE COMMISSION SHOULD EXERCISE ITS JURISDICTION CAREFULLY, TAKING INTO ACCOUNT CALIFORNIA POLICY GOALS OF IMPROVING TRANSPORTATION ACCESS, REDUCING VEHICLE MILES TRAVELLED, AND ADDRESSING THE “LAST MILE PROBLEM” FOR PASSENGERS.**

TransForm acknowledges that the Commission has jurisdiction over charter-party carriers<sup>2</sup> not meeting the statutory exemptions for taxicabs<sup>3</sup> and work-related ridesharing,<sup>4</sup> and has exercised this jurisdiction to ensure consumer protection and safety for traditional chartered transportation services. We commend the Commission for recognizing that “new technology and innovation requires that the Commission continually review its regulation and policies.”<sup>5</sup>

TransForm believes that rideshare services have the potential to advance several California policy goals, including improving transportation access, reducing greenhouse gas emissions, reducing vehicle miles travelled, and reducing congestion. When the legislature

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<sup>2</sup> Public Utilities Code Section 5381.

<sup>3</sup> Public Utilities Code Section 5353(g).

<sup>4</sup> Public Utilities Code Section 5353(h).

<sup>5</sup> OIR at 5.

passed the landmark transportation law SB 375 in 2008, the legislature found that “[w]ithout improved land use and transportation policy, California will not be able to achieve the goals of AB 32,” the Global Warming Solutions Act.<sup>6</sup> The legislature also found that the transportation sector contributes over 40 percent of the greenhouse gas emissions in the State of California, the largest of any sector, with automobiles and light trucks alone contributing almost 30 percent.<sup>7</sup> The California Air Resources Board, in setting regional greenhouse gas reduction targets, adopted targets requiring each region’s Sustainable Communities Strategy and Regional Transportation Plan to achieve specified reductions in the transportation sector by the years 2020 and 2035.<sup>8</sup>

The Public Policy Institute of California (“PPIC”) has recognized that integrated policies are necessary to reduce vehicle miles travelled.<sup>9</sup> The PPIC found that pricing and carpool strategies are important tools in combination to reduce vehicle miles travelled. Increasing costs of fuel and driving are also significant factors in individual decisions on transportation modes. The Bay Area and Southern California regions are expanding high occupancy vehicle and high occupancy toll (HOV/HOT) lanes, which either prohibit use during peak periods or require a toll for single occupant drivers, and aim to encourage carpools that may use the lane without paying the toll.

Transportation research has long identified the “Last Mile Problem” as a significant barrier to increased public transit mode share.<sup>10</sup> This is a barrier to commuters who could potentially take transit but whose starting point and/or final destination cannot be conveniently

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<sup>6</sup> SB 375, Section 1(c), Chapter 728, Statutes of 2008.

<sup>7</sup> Id., Section 1(a).

<sup>8</sup> California Air Resources Board Executive Order No. G-11-024.

<sup>9</sup> Bedsworth, Hanak, Kolko. “Driving Change; Reducing Vehicle Miles Traveled in California,” 2011. [http://www.ppic.org/content/pubs/report/R\\_211LBR.pdf](http://www.ppic.org/content/pubs/report/R_211LBR.pdf)

<sup>10</sup> Chavis, Celeste. “Dynamic Ridesharing, Feeders, and the “Last Mile Problem.” UC Berkeley Sustainable Cities Series Policy Note PN 11-2012. <http://www.iurd.berkeley.edu/publications/policynotes/PN-11-2012.pdf>

accessed from the nearest transit stop due to distance, terrain, or real or perceived safety issues. A consultant report for the Southern California Association of Governments (“SCAG”), the agency responsible for transportation planning in the region, found that “[p]ractical, user-friendly services are necessary to bridge the “first/last mile” gap in order to allow the City of Los Angeles to a) realize the full benefits from the ongoing investment in transit network, b) meet goals for reductions in vehicle trips and greenhouse gas emissions, and c) develop a fully integrated multimodal transportation system.”<sup>11</sup> The report recommended both casual carpool and taxi services as important strategies to address the problem. With regard to casual carpool services, the report recommended for Southern California governments to: 1) expand ridematching services, 2) designate high priority meeting locations, 3) explore software options for ride matches, 4) define and implement amenities to enhance casual carpooling, and 5) form partnerships with the private sector.<sup>12</sup> The report also encouraged reform of taxi service to encourage GPS-tracking and deployment, and to increase rideshare using taxis. The SCAG report demonstrates that technology-enabled ridesharing is an important strategy for addressing transportation access in California.

The Commission should exercise its jurisdiction carefully so that it is applied in a way that allows growth of technology-enabled ridesharing services rather than eliminating an innovative tool to help address transportation access and climate change. The Commission should recommend to the legislature any necessary modifications to existing statutory exemptions to result in a coherent regulatory framework allowing for ridesharing services to grow, while ensuring that consumer protection and safety is addressed, and that high-volume

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<sup>11</sup> Southern California Association of Governments. “Maximizing Mobility in Los Angeles – First & Last Mile Strategies,” December 2009 at 1. <http://www.scag.ca.gov/nonmotorized/pdfs/LA-Maximizing-Mobility-Final-Vol1.pdf>

<sup>12</sup> Id., at 9-11.

services consult and coordinate with local cities, counties, and public transit agencies to avoid potential impacts.

### **III. THE COMMISSION SHOULD CONSIDER EXPANDING THE WORK-RELATED RIDESHARING EXEMPTION TO ADDRESS NON-WORK RIDESHARING TRIPS.**

Work-related transportation for the purpose of ridesharing is exempt from regulation by the Commission.<sup>13</sup> TransForm supports Commission consideration of expanding this exemption to address non-work ridesharing trips.

Commuting both to and from work may constitute only 19 percent of all daily trips, but 47 percent of all peak period trips, according to the 1995 National Personal Transportation Survey (“NPTS”).<sup>14</sup> While the current exemption helps facilitate ridesharing for the largest share of trips contributing to peak-hour congestion, the Commission should consider that four out of five trips are non-work related, and whether the absence of an exemption for these trips would unduly discourage diversion of single-occupant vehicle trips into carpool trips. Work-related ridesharing is relatively easier to match due to more consistent travel times, origins, and destinations. The innovation of technology-enabled ridesharing presents a new opportunity to match non-work trips into ridesharing in a way that was not previously feasible.

Section 5353(h) requires that the trip purpose of the ridesharing participant be “identical” to the purpose of the driver. This requirement is inherent for work-related trips, and has the effect of preventing application of the exemption to professional drivers with solo passengers

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<sup>13</sup> Public Utilities Code Section 5353(h).

<sup>14</sup> Downs, Anthony. *Still Stuck in Traffic: Coping With Peak-Hour Traffic Congestion*, 2004, p.181.

(i.e. taxicabs). Such a requirement should be less restrictive for non-work trips, where diverse trip purposes are irrelevant to the benefits of ridesharing, provided that the passengers are bona fide ridesharing passengers and do not include a professional driver carrying only one passenger to a destination.

The scope of an expanded exemption and the definition of “ridesharing” should reflect ridesharing that reduces vehicle miles travelled. A driver bound for a destination that is concurrent or en route with a ridesharing passenger should be deemed to meet a definition of “ridesharing.” A trip carried by a driver who is driving for the purpose of compensation and who is not traveling to a destination concurrent or en route with their passenger would not meet this standard unless more than one passenger is ridesharing.

However, the Commission should consider the convenience and necessity of ridesharing services providing reliable service, an important factor for riders to participate. UC Berkeley researchers have identified a “critical mass barrier,” that has limited the potential of ridesharing in the past.<sup>15</sup> Off-peak trips or trips connecting uncommon points of origin and destination may not accrue a match, but still provide reliability as part of a whole ridesharing service. The Commission should seek further comment on distinguishing (a) services consisting only of trips of single passengers carried by a professional driver from (b) services where trips carried by compensated drivers are limited to situations where critical mass does not exist but the service provides reliability attributes essential to a ridesharing service.

TransForm reserves the right to respond to party comments on additional issues identified by the Commission in the OIR, including whether the exemption should take into account ridesharing for profit, whether the new transportation business models qualify as ridesharing for

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<sup>15</sup> Nelson D Chan and Susan Shaheen (2012): Ridesharing in North America: Past, Present, and Future, *Transport Reviews*, 32:1, at 107.

the purpose of the § 5353(h) exemption, the distinctions of de minimis compensation vs. driving for a living, and thresholds of compensation before regulating.

IV. THE COMMISSION SHOULD ENSURE THAT THE REGULATORY FRAMEWORK ENSURES PASSENGER SAFETY AND CONSUMER PROTECTION.

TransForm supports reasonable requirements to ensure the safety and consumer protection of passengers, including adequate insurance coverage, and is optimistic that the Commission can identify a framework that accomplishes these goals that allows technology-enabled ridesharing services to thrive. This rulemaking should explore best practices for initial and ongoing safety screening of drivers, and response protocols when there are reports of safety concerns. This rulemaking should additionally identify best practices for addressing nondiscrimination, customer grievances and consumer protection that ensure services are accessible to the public.

V. THE COMMISSION SHOULD ENSURE TRANSPORTATION ACCESS AND PUBLIC TRANSIT COORDINATION THROUGH CONSULTATION WITH LOCAL AGENCIES.

TransForm supports reasonable efforts to ensure the public interest in transportation access is maintained. An important public purpose is to “preserve for the public full benefit and use of public highways consistent with the needs of commerce without unnecessary congestion



or wear and tear upon the highways” and “to secure to the people adequate and dependable transportation by carriers operating upon the highways.”<sup>16</sup> The Commission should consider the potential for high-volume services to pose temporal impacts to city streets during periods of pick-up and drop off. UC Berkeley researchers identified an emerging trend of utilizing “meeting places” for ridesharing origins and destinations.<sup>17</sup> TransForm believes that this issue can be addressed through a consultation between a high-volume carrier to consult and coordinate with local agencies to ensure that the service platform provides adequate guidance to drivers and passengers to prevent unnecessary congestion or safety impacts.

Similarly, a high-volume carrier should consult and coordinate with local public transit agencies prior to establishing routes or corridors that may compete with or significantly impact the cost recovery of transit service. This consultation would provide transit agencies with the opportunity to modify or coordinate service to provide efficient delivery of services to the public. It is likely that this level of ridesharing service, and the conditions that could pose coordination issues, are a long way off. TransForm believes that providing for prior consultation under specified conditions is in the public interest to ensure that public transit agency funds are spent efficiently, and that adequate and dependable transportation is secured.

## VI. CONCLUSION

Technology-enabled ridesharing services present unique opportunities offering significant benefits of reduced greenhouse gas emissions and enhanced transportation choices. TransForm recommends that the Commission give due weight to these benefits that advance

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<sup>16</sup> Public Utilities Code Section 5352.

<sup>17</sup> Nelson D Chan and Susan Shaheen (2012): Ridesharing in North America: Past, Present, and Future, *Transport Reviews*, 32:1, at 108.

important public policy goals while finding feasible mechanisms to address safety, consumer protection, and transportation access issues. The Commission should recommend to the legislature an appropriate framework that helps facilitate growth of ridesharing services, including approaches that broaden the existing exemption for ridesharing services.

Respectfully Submitted,

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January 28, 2013

## VERIFICATION

I am the attorney for TransForm and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in this pleading are true.

I declare under penalty of perjury that the matters stated in this pleading are true and correct.

Executed on the **28<sup>th</sup> day of January, 2013**, at Berkeley, California.

/s/ Andy Katz

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