



Commissioner Liane Randolph  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

March 10, 2016

Dear Commissioner Randolph:

As you consider your proposed decision on Phase II rules applicable to transportation network companies (“TNCs”) I write to express NetChoice’s support for a TNC regulatory framework that recognizes the unique technologies and business models of transportation network companies and enables continuing innovation in transportation. We support your decision to uphold fare-splitting but ask that you not impose vehicle inspection requirements that would disproportionately burden TNCs.

Some constituencies, in arguing for a level playing field, have urged the Commission to adhere to rules that would significantly disadvantage promising new technologies and business models. Imposition of their rules would serve more to prop up older existing business models than to advance innovation or protect the public. Emerging business models must be looked at in a new way and regulations must evolve to take into account the advancement in technologies. When regulating new technologies, we must avoid trying to fit emerging technologies into boxes that were created to regulate older, pre-existing models.

NetChoice supports the Commission’s overall framework in R-12-12-011, recognizing the fundamental difference of the ridesharing business model and the need for regulations that protect the public while allowing continuing innovation. With this in mind, we write to express our positions on two aspects of the Proposed Decision:

1. Ridesharing technology is addressing many of the pressing transportation needs facing California, and as such, we appreciate the Commission’s clarification that PUC Code Section 5401 will continue to allow fare-splitting among customers with similar pick up locations and destinations. Transporting more passengers in fewer vehicles allows consumers to share costs and obtain lower fares. Carpooling protects the environment by reducing emissions, and at the same time relieves road congestion without the need for additional infrastructure spending. Because of the tremendous benefits to consumers, the environment and the state, we appreciate the Commission’s leadership in allowing continued innovation to help meet the state’s mobility goals.
2. We have concerns about the mileage-based vehicle inspection requirement, as it disadvantages innovative new services. Mileage-based inspections are uniquely burdensome for TNCs as compared with incumbent transportation carriers like limousine services that have possession of their fleet. Since TNCs do not have possession of driver’s vehicles, holding TNCs responsible for knowing when a car has been driven more than 50,000 miles in a year represents a significant obstacle.

Occasional drivers may also find these requirements burdensome, and NetChoice is concerned that a mileage-based inspection requirement may have the unintended consequence of discouraging participation by potential drivers most in need of the flexible earning opportunities being created by TNCs. Because the vast majority of drivers possess newer models and drive fewer than 15 hours per week, we believe requiring an annual inspection, as opposed to a mileage-based inspection requirement, better achieves the Commission's safety goals while avoiding undue burdens on ridesharing services.

We also worry about the negative impact of requiring inspections only through services licensed by the California Bureau of Automotive Repair as it greatly limits the ease of and availability to obtain an inspection. Such a requirement would create substantial burdens on existing drivers and erect substantial barriers for those seeking to participate as drivers. Again, because the most drivers use newer cars and drive fewer than 15 hours per week, we believe that the PUC can reach its goals without requiring inspections only through those services licensed by the California Bureau of Automotive Repair.

We appreciate the Commission's consideration of these concerns and urge your adoption of the Proposed Decision with our recommended changes.

Sincerely,

Sincerely,



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