



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking on)
Regulations Relating to Passenger)
Carriers, Ridesharing, and New Online-)
Enabled Transportation Services) Docket No. R 12-12-011

Revised Opening Final Comments

Filed on Behalf of

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The so-called “ridesharing” businesses of Lyft, Sidecar, Uber and others are not legitimate and should not be legalized. To do otherwise, to legalize them, would lead to an extensive and destructive deregulation. It would create congestion, pollution and endanger the people who drive and ride in the vehicles as well as the general public.

Deregulation

If the CPUC allows the use of personal vehicles for transporting passengers (i.e. as taxicab or livery services), It would be impossible to tell whether or not any car was a legal rideshare. There would be no way to control the number of illegal taxis. In fact, this is already happening.

Ever since the CPUC gave Lyft, Sidecar and Uber free passes to grossly expand their businesses a plethora of illegal cars and taxis (including cars with fake pink mustaches) have hit the streets. Instant Cab, Ur Cab Service, Uberx, Tickengo, Rickshaw and Jitney are either operating here or on the way. There’s a Sarah’s

Taxi Service with a limo body and a taxi top, a phone number that doesn't work and no online listing. A cab driver I know has developed his own app and just can't wait for ridesharing to be given the official thumbs up so he can buy a junk car and start making some extra money.

And why not?

Deregulation is one of those ideas that sounds good but doesn't work out so well in practice. It's got that Social Darwinism thing going for it that's ingrained in the American psyche. You know. Competition necessarily improves everything. Yes, sometimes. But don't forget that for the fittest to survive often means wasting everybody else.

Taxicab services have been deregulated almost everywhere in the world at one time or another. And they've been re-regulated almost everywhere a short time later. (1), (2).

Lyft and the other bogus ridesharing companies criticize city regulators for protecting taxicab companies. Well, protecting business is a natural function of government agencies – just like the CPUC appears to be protecting investors from Silicon Valley (3). However, City regulators are also protecting the earnings of drivers and the safety of the public. It's not clear, on the other hand, how the CPUC's refusal to allow people to see whether or not they are riding in insured vehicles protects the public's interest.

Indeed, the major reason that deregulation fails is that it does not protect the public's interest. According to Bruce Schaller: (4)

“As the competition increases, the amount of money for each driver declines. Drivers thus tend to congregate in the places that are busy already instead of going to the outlying area where they are less likely to get a ride.”

The quality of the vehicles also declines because less money is available to buy new ones. And, as income levels decline, experienced drivers leave the business to untrained drivers, thus endangering the public. More from Schaller: (5)

"There appears to be a strong relationship between taxicab crash rates and driver incomes. Higher driver incomes are associated with lower crash rates."

Negative Effects of "Community" Deregulation

Lyft, Sidecar and the other fake "community" taxis are already deregulating the business with the predicted results.

1. The income of cab drivers has declined about twenty-five percent over the last year, and many professions are leaving the business and being replaced by mostly part-time drivers who make less money.

- Keeping the 25% decline in mind, Cab, Lyft and Sidecar drivers all make about \$20 per hour. (6), (7), (8)
- Cab drivers are entitled to Workers Compensation benefits and if they work enough years, have a chance to become the one taxi driver in five who owns a medallion worth \$250,000, which brings in \$2,500 a month on top of what the owner makes from driving. This is down from \$300,000 a year ago.
- In addition, there is a driver's fund created primarily from a 5% fee on the sale of medallions worth several million dollars that might be used to help reduce medical insurance payments for cab drivers.
- If Lyft, Sidecar and the other pseudo rideshares are legalized and not restrained, the medallion would be worth little or nothing in a few years. If this happens, the quality and professionalism of drivers would take a nosedive.

- Lyft and Sidecar drivers use their own cars, which AAA says, costs them \$0.596 per mile to run. At 100 miles = \$59.60. If they work 10 hours, they make \$200-\$59.60 = \$141.40 or \$14.40 per hour. The minimum wage in San Francisco is \$10.55
- Cab and limo drivers are carefully vetted and trained. There is a 28 hour course for cab drivers which includes: geography (maps/ routes/locations), defensive driving, vehicle and pedestrian safety as well as vehicle codes and traffic safety. Drivers have to pass a test on the materials before they start working. I understand that limo drivers take a 70 hours course.
- Lyft and Sidecar drivers are minimally vetted and trained mostly by rumor. (9), (10)

2. Lyft and Sidecar are putting vehicles on the street that are inferior to taxicabs.

- Over 95% of the cabs in San Francisco are hybrids that undergo a thorough mechanical inspection at the Airport before they are put into use. Furthermore, they are checked at the end of every shift.
- Less than 20% of Lyft and Sidecar's vehicles are hybrids, and the companies do not mechanically inspect the cars. (9) (11)
- A San Francisco taxicab cannot be older than 2006. Lyft and Sidecar accept vehicles as old as 2000.

3. It's way too early to tell what the accident rates for the "fake ridesharing" companies will be. As a former insurance underwriter, I can tell you that Lyft and Sidecar haven't been in business long enough to generate meaningful statistics. Sidecar claims to have stats showing that their drivers are safer than cab drivers, but they also claim to train their drivers and mechanically inspect their fake cabs, and they don't do either one.

Come now. Cab driver bigotry aside, does it really make sense for untrained drivers to be safer than ones that are trained? As much as I hate to say something nice about Uber, they at least are smart enough to hire experienced taxi and limo drivers who have been the subjects of driving studies. Once again, from Schaller:

"The lower crash rates for cabbies are not so surprising given that taxi drivers are far more experienced than other drivers. They are behind the wheel up to 3,000 hours a year. Their driving records are scrutinized by the Taxi and Limousine Commissions and auto insurance carriers. They risk losing their livelihood if they have too many crashes or get too many tickets."

Lyft, Sidecar, Tickengo and Uberx are not Ridesharing Services

As for a detailed analysis on this subject, I don't think I can do better than refer you to a few of my own blog posts on *The Phantom Cab Driver Phites Back*. For an analysis of marketing by double-talk see:

100,000 Uninsured Rides and Counting: If it looks like a duck and walks like a duck, will it bark if you call it a dog?

<http://phantomcabdriverphites.blogspot.com/search?q=If+it+looks+like+a+duck>

For a look at further perversions of the English tongue, as well as a critique of the idea that a driver isn't a professional until he or she makes more than \$8,776 a year, see:

My Reply Comments to the CPUC on Lyft, Sidecar & Willie Brown

<http://phantomcabdriverphites.blogspot.com/2013/03/my-reply-comments-to-cpuc-on-lyft.html>

It does appear that Tickengo belongs in a different category than Lyft and Sidecar. However, as far as I can tell its not a nonprofit, and they still advertise

that people who drive for them will make money. For a look at the difference between Tickengo and a true ridesharing service like Avego, make a comparison of the websites:

You have to go to the driver's page to find it, but Tickengo's drivers do get paid.

<https://tickengo.com/>

Unlike the fake rideshares, Avego's goal is to have "fewer cars on the road" not more.

<https://rtr.avego.com/rtr-desktop-web/>

Then to compare them both to massively bogus "ridesharing" services, see:

[Become A Lyft Driver - Lyft Drivers Make up to \\$35/hr - lyft.me](#) and <http://www.side.cr/drivers>

But for the best evidence that Lyft et al are not ridesharing services, why not look in the horse's mouth? Once again, Justine Sherrock:

"When a driver posed a question about taxes, Lyft directed the poster to a fellow driver who is also a tax accountant. 'Calling a voluntary payment for service received a 'donation' does not affect whether it's taxable unless the receiver is a tax-exempt organization,' she posted. 'So all of your Lyft income is taxable since you are not a tax-exempt organization. Hope this helps guys. This is considered self employment income, not a hobby.'"

Later in the article Sharrock writes:

"Toward the end of my shift, I was about to sign out when I figured I may as well accept one last request for my drive home across the city. But then I remembered that there was no way for me to tell if someone was going in my direction or, say, to the airport."

To refer to hosting a Lyft ride as carpooling is most assuredly wrong, according to any known definition of the word...."

“I later confronted Zimmer (John Zimmer CEO of Lyft) about this. ‘Ridesharing is where we are heading. Right now we are at page one of a 100-page book,’ he says. “You have to build up a base service that is reliable, be careful about the math of the supply and demand, and get people used to riding with each other, and then add incidental trips. Without that peer-to-peer base, real-time ridesharing has no chance.”

In sum, Lyft, Sidecar and the rest all fail both true ridesharing tests: their drivers don’t exclusively pick up riders that are going in the same direction as they are; and both the companies and their drivers work for money

Congestion and Pollution

John Zimmer’s fantasy of having one hundred thousand vehicles transporting passengers with his mustached cars may not be possible, but it appears to be a goal he’s striving toward. San Francisco is already over-saturated with bogus taxis, and both Lyft and Sidecar are still putting them out at a frenetic rate.

Dr. Dan Hara of Hara Associates (14) has estimated that San Francisco needs 800 more cab to handle the business. However, Lyft and Sidecar have already put somewhere between 2,000 to 2,500 illegal taxis on the street. According to classic deregulation theory, this would mean that a balance between the need for cabs and the number of cabs (legal and otherwise) available has not been reached.

But classic theory assumes that the owners of the vehicles would have to purchase the cars, maintain and pay for insurance along with the other expenses that it takes to run and work a cab. Lyft and Sidecar don’t have most of those costs, so they can keep on increasing their fleets without the same natural balance that deregulation theory projects. It’s sort of like a Ponzi scheme where individual drivers may make less but the overall number of rides is more so Zimmer, Sunil Paul (CEO of Sidecar) and their investors make more money. Easy enough to do in a down economy with a lot of people willing to work part time.

What evidence do I have for this?

1. The taxicab business is down by at least twenty-five percent because taxi customers have been stolen by Uber, Lyft, Sidecar and the host of other illegal vehicles.
2. This means that the fake rideshares, rather than fulfilling the need of picking up new customers like they claim, are picking up business that would be picked up by taxis anyway.
 - a. This is especially true at SFO, where Lyft justifies its right to go by claiming that there aren't enough taxis when a couple of hundred of them are waiting for flights to arrive almost every hour of every day.
3. Sidecar has a rule that a driver only has 20 seconds to respond to a dispatch or the hail will be given out to the five next closest cars. If there were a balance between the number of Sidecars and the number of orders, there wouldn't be five empty cars hanging around for a race.
4. Both Lyft and Sidecar are sending their drivers to the same areas that are already overpopulated with taxis and away from the neighborhoods that cabs currently underserve. Justine Sharrock(15):

“We were given strategies on how to maximize our ‘Lyft Loot,’ i.e., make more money, by driving during peak hours and waiting in optimal locations. We were shown a map of the city with Outer and Inner Richmond areas labeled as ‘No,’ and downtown, SOMA and the Marina as ‘Yes.’ In other words, follow the tech money. In the mornings, being closer to the edges of town works as well, since people take Lyft to work.”

“Hunters Point and the Bayview, low-income minority communities, didn’t even make it onto the map. Since the app connects drivers with rides nearest them, Lyft is essentially not available for people in those communities.”

5. I can add the anecdotal experiences of myself and numerous other drivers who have frequently turned up on dispatched orders only to find that a Lyft or a Sidecar has been hailed as well. I’ve also seen Lyft or Sidecar drivers picking up passengers in places like Market Street that I would have gotten on a flag if the fake rideshares had not been there.

What you have then is a duplication or triplication of effort that is already seriously congesting and polluting San Francisco, the negative effect of which will increase geometrically if the CPUC shows the bad judgment to legalize these bogus ridesharing services.

End Notes

1. TAXI DEREGULATION: INTERNATIONAL COMPARISON by Choong-Ho Kang, BS (English), MS (Engineering)

<http://www.taxi-library.org/kang0898.htm#c6>

2. **The failed policies of taxi/town car deregulation.**

<http://pdxfanatic.com/post/441593217/the-failed-policies-of-taxi-town-car-deregulation>

3. **Lyft gets \$60 million from Andreessen Horowitz et al.**

<http://www.bizjournals.com/sanfrancisco/blog/2013/05/lyft-gets-60-million-from-andreessen.html>

4. **Entry Controls in Taxi Regulation** by Schaller Consulting

<http://www.schallerconsult.com/taxi/entrycontrol.htm>

5. <http://www.schallerconsult.com/taxi/safercabs.pdf>

6. Anonymous comment by a Lyft Driver to my blog post **100,000 Uninsured Rides and Counting: Undercover at Lyft and Sidecar**

<http://phantomcabdriverphites.blogspot.com/2013/02/undercover-at-lyft-and-sidecar-100000.html> Note the Anonymous post following the comment.

7. Xuxu Blazer in another comment to the same post, “I work for Lyft. I make on average over \$20 an hour...”

8. **Life Behind The Wheel In The New Rideshare Economy, Justine Sharrock**

<http://www.buzzfeed.com/justinesharrock/life-behind-the-wheel-in-the-new-rideshare-economy>

“Lyft emailed me my “estimated earning” report, predicting I would get \$38 for two hours. The estimated earning, though, can be significantly lower than the “actual” earning deposited into Lyfters’ bank accounts. But I earned \$40. Not bad.”

9. **100,000 Uninsured Rides and Counting: Undercover at Lyft and Sidecar**

<http://phantomcabdriverphites.blogspot.com/2013/02/undercover-at-lyft-and-sidecar-100000.html> Thanks to the CPUC, I guess I should change to the title to “1,000,000 Uninsured Rides ...”

10. **Justine Sharrock**, ““If you could give a Lyft to anyone, living or dead, who would it be?”

It was the first question during my initial phone interview to become a Lyft driver.”

“The hardest question during the in-person interview was, ‘How will you make your car unique?’”

“Our training focused on using the app, signing up for work hours online, and being friendly. In teams of two, we sat in chairs side by side (Lyft riders are supposed to sit shotgun), acting out welcoming and fist-bumping the rider, making small talk during the mock drive, and using the app on tester phones. We never actually got in a car.”

“I got my driver’s license at 21, which I used in my twenties to get into bars, not to drive. I bought my first car last year. I know the city by bus and bike routes. The maze of one-way streets in downtown San Francisco is as much a mystery to me as it is to my prospective passengers. My driving history does not fit the profile of a cab driver.”

11. **Sharrock** <http://www.buzzfeed.com/justinesharrock/life-behind-the-wheel-in-the-new-rideshare-economy>

“Lyft’s vehicle safety inspection, which it claims is stricter than those of taxicab services, consisted of checking that my car was clean inside and out and having me demonstrate that my break lights, blinkers, and headlights worked. They copied my driver’s license and insurance card and photographed my license plate — there was no need, they explained, to see my registration as long as I had the sticker.

Unlike at a cab company, there was no driver safety test or quiz on city geography. They didn’t check references or ask for a résumé. I don’t think they even Googled me. “

12. **NYC Cabbies Less Crash Prone Than Other Drivers**, Schaller Consulting
<http://www.schallerconsult.com/taxi/crash06.htm>

13. **Sharrock** <http://www.buzzfeed.com/justinesharrock/life-behind-the-wheel-in-the-new-rideshare-economy>

14. **Best Practices Studies of Taxi Regulation: Managing Taxi Supply Draft Report by Hara Associates** http://www.sfmta.com/sites/default/files/agendaitems/4-16-13Board.medallions.13_0.pdf

15. **Sharrock** <http://www.buzzfeed.com/justinesharrock/life-behind-the-wheel-in-the-new-rideshare-economy>

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