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

Rulemaking 12-12-011 (Filed December 20, 2012)

COMMENTS OF ENGINE

Evan Engstrom
Executive Director
44 Tehama St.
San Francisco, CA 94105
Tel: 415.570.4455
Email: evan@engine.is

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BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA

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I. Introduction.
In Rulemaking 12-12-011, the Commission established a regulatory framework for ride services
provided by transportation network companies (“TNCs”) outlining specific requirements for
collecting data from TNCs. In the Amended Phase III.B. Scoping Memo and Ruling, dated June
12, 2017, the Commission indicated it would examine the issue of TNC data sharing. The Memo
and Ruling invite parties to submit comments on certain questions posed in the Ruling, including
whether the Commission should “establish a website portal for TNC data” and “share TNC trip
data with interested California government entities.” Engine is pleased to submit the following
comments.

Engine, www.engine.is, is a San Francisco-based technology policy, research, and advocacy
organization that bridges the gap between policy makers and startups, working with government
and a community of high-technology, growth-oriented startups across the nation to support the
development of technology entrepreneurship. Engine works to create an environment where
technological innovation and entrepreneurship thrive by providing knowledge about the startup
economy and constructing smarter public policy. To that end, Engine conducts research,
organizes events, and spearheads campaigns to educate elected officials, the entrepreneur
community, and the general public on issues vital to fostering technological innovation. Engine
has worked with the White House, Congress, federal agencies, and state and local governments
to discuss policy issues, write legislation, and introduce the tech community to key leaders.
II. Sharing confidential TNC pick-up and drop-off location data unnecessarily erodes competition in the market, may put riders and drivers at risk, and discourages innovation.

Engine has serious concerns about the safety and reasonableness of sharing TNC data over a website or with local government entities, as well as its implications for ridesharing companies, drivers, and consumers. Requiring TNCs to share sensitive data would likely raise costs for TNCs and their users and erect potentially prohibitive barriers to entry for startups in the rideshare space – damaging competition in the market while simultaneously securing an upper-hand for larger firms. With millions of rides per day, maintaining public rideshare databases, while protecting driver and rider privacy, would require a great degree of manpower and technical expertise not readily available to smaller firms or startups.

In addition, there is no guarantee that, once shared, rideshare data of pick-up and drop-off locations will remain anonymous, as recent well-intentioned efforts in other jurisdictions have already shown. For example, one MIT study found that anonymized medical data, when shared, can “be used to re-identify individuals by linking or matching the data to other databases…”¹

Similarly, researchers at the University of Texas at Austin used the anonymous movie ratings of 500,000 Netflix subscribers hosted on an open database to “demonstrate that an adversary who knows only a little bit about an individual subscriber can easily identify this subscriber’s record in the dataset… uncovering their political preferences and other potentially sensitive information.”²

Throughout the TNC rulemaking, the Commission’s careful cost-benefit analyses have allowed for continued innovation in the TNC marketplace while safely connecting millions of Californians with reliable transportation. In doing so, the Commission has developed a framework that reduces pollution and traffic congestion caused by solo trips in personal vehicles, lowers drunk driving and helps solve the “last mile” problem by connecting riders to public transit stops. At the same time, TNCs are creating economic opportunities for thousands

of Californians, many of them working to supplement their income. The benefits created by ridesharing are possible because of uniform and thoughtful regulations that protect consumers, promote innovation, and encourage competition. Policies requiring TNCs to publicly share rider and driver data would undermine this important foundation for the success of ridesharing in California.

III. Sharing TNC trip data with California governmental entities makes sensitive rider and driver information vulnerable and lacks a legitimate governmental purpose.

Engine strongly opposes sharing TNC trip data with local government agencies and recommends the Commission stay the current course. TNCs already provide sufficient rideshare data to the PUC at considerable cost of time and resources. Preparing city-by-city or county-by-county reporting for release to local government entities would substantially increase costs on TNCs and negatively impact startups that lack this capacity.

In addition, as a number of examples have shown, consumer data is not immune to hacks, leaks, and general misuse. Each additional entity with access to TNC data increases vulnerability to cyberattacks. Local government entities cannot ensure data will be protected and secure from leaks and mismanagement. Consumers’ and drivers’ privacy interests are at stake with any security breach. It is unlikely that the benefits associated with publicly available, detailed trip data would outweigh the massive costs associated with these security concerns. This is especially true considering the substantial improvements that TNCs have made to public transit, in cooperation with local governments, without furnishing overly fine-grained data.

It is not clear that local government entities have a legitimate and demonstrated need for access to the information at issue. Making such data publicly available would potentially invite security breaches, risk the de-anonymization of data, and dampen innovation and competition in this space without providing commensurate benefits to state or local policymakers. TNCs are appropriately regulated by the PUC. Without sharing sensitive rider and driver data, TNCs already work closely with local jurisdictions to solve shared challenges, promote access to public transit, and increase the efficiency of transportation flows. This is made clear by
numerous successful partnerships with local governments and regional transportation agencies throughout the state. Further, local governments have long been able to rely on the data currently available to them to make effective transportation planning decisions. Engine is not aware of any evidence that access to TNC data would improve decision making. Therefore, policies requiring data sharing with local government entities would be overly broad without due cause.

IV. Conclusion.

Requiring TNCs to share intellectual property online and with local government entities would stunt innovation and economic growth, increase costs, discourage startups, and may put rider and driver information at risk. As a result, Engine urges the Commission to reject mandatory data sharing for TNCs.

Sincerely,

Evan Engstrom
Executive Director
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