

**Testimony of James Campolongo
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Pittsburgh Transportation Group (Yellow Cab & Yellow Z)**

**PA House of Representatives Consumer Affairs Committee
Public Hearing Examining Transportation Network Companies
Harrisburg, Pennsylvania
October 9, 2014**

Chairman Godshall, Chairman Daley, and Members of the Committee,

Thank you for the opportunity to testify today regarding transportation network companies. My name is Jamie Campolongo and I am the President and CEO of the Pittsburgh Transportation Group and the President of the Pennsylvania Taxi and Paratransit Association.

Today I am going to provide the Committee with some information regarding how the development of new app based smartphone technology is impacting the taxi industry, and how Yellow Cab is responding to these technological changes by offering a new and innovative transportation service called Yellow Z. After my testimony is complete I would be happy to answer any questions the Committee may have.

Background

Pittsburgh Transportation Group is the largest transportation provider in the Southwestern PA region operating over 800 vehicles in seven divisions. Pittsburgh Transportation Group was the official transportation management company for Major League Baseball's 2006 All-Star Game, a partner in the US Open service at Oakmont in 2007, managed the International Transplant Games in 2008 and handled the US State Department during the G20 Summit in Pittsburgh. A subsidiary of the Pittsburgh Transportation Group, Yellow Cab Company operates over 300 taxicabs on "call and demand" service throughout Pittsburgh and surrounding communities. Yellow Cab is Pittsburgh's largest taxi company and is regulated by the Pennsylvania Public Utility Commission.

Due to technological advancements and the widespread use of smartphones and "Apps," transportation services may now be scheduled via personal devices. In response to the demand for app based transportation services, Yellow Cab applied to the PUC to amend its current operating authority in order to include experimental service for the transportation of persons within Allegheny County. Yellow Cab's application was filed in March. No protests were filed, and in May the PUC granted Yellow Cab the authority to operate Yellow Z in experimental service for two years.

Yellow Z Overview

This new Yellow Z service is what the PUC refers to as a “Transportation Network Company” or TNC, which is defined as a company that uses an online enabled platform to connect passengers with qualified drivers. The Yellow Z service utilizes the latest electronic forms of communication, including an App based hailing service. The primary vehicles used in the Yellow Z service are owned by the drivers and leased to Yellow Cab for specific periods of high transportation demand. We believe this service helps us to better serve the needs of the marketplace, which expands and contracts on a daily basis.

Yellow Cab executes short-term leases with the drivers whereby the drivers lease their privately-owned vehicles to Yellow Cab while in service. During this time Yellow Cab is legally and technically responsible for their operation while they are electronically hailing or transporting passengers. The vehicles are marked with a PUC number and a standard trade dress via magnetic stickers. The markings are unique to allow identification of the Yellow Z vehicles.

Additionally, Yellow Cab requires all Yellow Z drivers to attend its driver training classes. And Yellow Cab, as the certificated carrier, will have primary responsibility to deal with the Commission for any issues arising from the service.

Yellow Z Insurance Coverage

Yellow Cab insures each vehicle and insurance coverage limits comply with PUC regulations. Yellow Cab provides the drivers with an insurance identification card, and Yellow Cab currently self-insures its operations. Further, consistent with the lease agreement, Yellow Cab’s insurance attaches to the service from the time a driver logs onto the system as available to provide service, until that driver logs off or until the last passenger is discharged, whichever is later. Under the terms of the lease agreement between Yellow Cab and the driver, insurance is maintained by the driver for periods when the vehicle is not operated in certificated service.

Taxi TNC Concept

The taxi industry understands that there is a political will to update the law in order to allow TNC services to operate legally in Pennsylvania. But changes to the law which will allow these types of services to operate legally will not happen in a vacuum and the taxi industry would like to receive some consideration during the debate surrounding TNC’s. Just as companies such as Lyft & Uber claim that their business model does not conform to the current regulatory framework in PA, it is important to note that Lyft and Uber’s ideal regulatory framework will not allow a taxi company to operate their own TNC in the most effective and efficient way (i.e. Lyft & Uber’s business model doesn’t conform to a heavily regulated taxi business model).

In order to rectify this, we are proposing a new class of TNC called a "Taxi TNC". This new category of service would allow certificated common carriers to immediately begin to provide a TNC style service similar to that of Lyft & Uber so taxi companies have an opportunity to compete with this new less regulated TNC service. Ideally this new "Taxi TNC" category will allow taxi companies to more easily expand and contract their fleet of vehicles to respond to times of high and/or low demand without risking huge capital expenditures on the purchase of new vehicles.

The Taxi TNC amendment would allow a taxi companies to utilize both taxis and Taxi TNC's so that the closest available vehicle can be dispatched to pick up a passenger. For example, if a request was made by a customer for a taxi by phone, but the closest taxi was all the way across town, and a Taxi TNC vehicle was right around the corner, the taxi company could dispatch a Taxi TNC to pick up that passenger, and vice versa. This will allow taxi companies to provide service in the fastest and most efficient manner. While we understand that Lyft & Uber are likely here to stay, we also believe that the hundreds of Pennsylvania based taxi companies which have followed the law and played by the rules created by the Commonwealth throughout the years should at least be provided an opportunity to compete with Lyft & Uber.

Taxi Regulation Modernization

As you work to update the law in order to allow TNC services such as Lyft & Uber to operate legally in Pennsylvania we believe that the taxi industry should also have an opportunity to modernize some of the antiquated and outdated regulations which have oftentimes made taxi service inconvenient for both drivers and passengers. It would be patently unfair to force the taxi industry to go through a two year regulatory process to effectuate regulatory relief with the PUC while their competitors, including Lyft and Uber, are provided immediate legislative relief and authority to operate in statute with little or no regulatory oversight.

While we understand that Lyft & Uber are here to stay, we also believe that the hundreds of Pennsylvania based taxi companies which have followed the law and played by the rules created by the Commonwealth throughout the years should be provided with an opportunity to modernize so that they can compete in a vastly different market than any of us could have envisioned even one year ago. All we are asking for is a level playing field should the General Assembly pursue TNC legislation in the remaining days of the 2013-14 session.

Again, thank you for the opportunity to testify here today. I would be happy to answer any questions that the Committee may have.