

**House Consumer Affairs Committee
Pennsylvania House of Representatives
Room 140, Main Capitol
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**Testimony of Nick Zabriskie
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Good morning Chairman Godshall, Ranking Member Daly, and the other distinguished members of the Committee. Thank you for the invitation to testify today on the need for new legislation in light of rapid changes occurring in the transportation industry as a result of technology advances.

My name is Nick Zabriskie and I am the Public Policy Associate, East Coast for Uber Technologies, Inc. (“Uber”). My remarks today will focus on the growing need for transportation alternatives throughout Pennsylvania and how establishing modern-day rules for Transportation Network Companies that promote competition and customer choice can help meet these needs while ensuring driver integrity, vehicle safety, and increased consumer protection.

Uber is a technology company that, among other things, matches those in search of rides with those willing to provide them. Our products, like UberBLACK, UberTaxi, and uberX are available in 216 cities in 45 countries worldwide, providing millions of rides thanks to the hundreds of thousands of driver-partners who use our technology to become small business entrepreneurs. Collectively, 50,000 driver jobs are being generated by the Uber platform every month. We are in a position today to provide services to 55% of the U.S. population, including the citizens of Pittsburgh, where we are operating with Emergency Temporary Authority from the PUC, and Philadelphia, where we are restricted to only our high-end product, UberBLACK.

My testimony today pertains to uberX, our version of a product that has commonly been referred to as “ridesharing.” There is huge demand for uberX, our low-cost product, in Pennsylvania, and the Legislature is uniquely positioned to pass legislation that will permanently allow this new and innovative service.

Pennsylvanians Need Transportation Alternatives:

There is tremendous unmet need for increased transportation options in Pennsylvania. Whether it is stepping out to run errands, finding a safe way home after an evening out, or searching for a reliable way to get to the doctor's office, Pennsylvanians are demanding safe, reliable, and affordable alternatives to their current options for getting from point A to point B.

On the part of Uber, we have received tens of thousands of requests for alternatives from consumers in localities as diverse as Philadelphia, the Lehigh Valley, Scranton, State College, and Erie and right here in Harrisburg. These consumers complain about the insufficiency of public transportation options, the long wait times and low reliability of services like taxis that

ultimately require them to build untold hours and contingencies into their plans in case the cab they ordered never shows up.

And even more troubling, Pennsylvania is the fourth-highest state for DUI fatalities even though its population is only sixth-highest in the country. In Pennsylvania, alcohol-related motor vehicle deaths exceed the national average by 24%, and alcohol is responsible for 38% of all motor vehicle fatalities—one of the highest rates in the nation¹.

Data suggests that when Uber enters a market, DUIs actually decrease. We tested this theory in Seattle and found a causal relationship between the arrival of Uber and a roughly 10 percent decline in DUI rates. In Philadelphia and even more so in Pittsburgh, a huge percentage of Uber's requests come late on weekend nights, when DUIs peak. In addition, there is a predictable spike in requests just after the 2 a.m. closing time, suggesting that bar-goers are trying to use Uber as a safe, reliable way to get home after drinking. This is also the time when we have heard from taxi companies that they do not have enough supply to meet demand. While analysis on the Philadelphia data so far has only shown correlation, not causation, the stories we have heard from consumers in the Commonwealth and plain common sense suggest that if you give people a safe, affordable, and convenient alternative to drinking and driving, fewer people will drive drunk.

Countless riders in Pennsylvania have given examples of how beneficial Uber service would be to them after enjoying a night out. For instance, they tell us that they do not have to worry about getting designated drivers. Riders also say they often stay at home rather than going to dinner for drinks, which hinders local restaurant and bar growth.

A competitive 21st-century society is an efficient one that uses technology to tackle its problems. When it comes to personal transportation, that means allowing people access to tools that integrate into their lives and help make them better. Riders are supportive of using technology to enhance transportation options, noting that Pennsylvania has always prided itself as a place that is friendly to innovation and technology as catalysts for change.

At Uber, we took a simple idea – press a button on your phone and get a ride when you need it – and leveraged technology advances to make it a reality.

App-based on demand matching of riders and drivers is making cities more accessible, opening up more possibilities for riders and providing more business for drivers. This is especially true of our uberX product, which connects riders to entrepreneurial drivers operating private vehicles. The services provided through products like uberX have rightly been recognized as distinct from traditional transportation options in states like California, Colorado, and Virginia and cities like Washington, DC, Minneapolis, Houston and others. In the markets where we operate, the benefits to riders, drivers and society as a whole have been remarkable.

Take reliability as an example. In every market that uberX has entered, the response time—the time it takes for a driver to arrive once a ride has been requested—has quickly fallen. For example, in the past year the amount of time one would have to wait for an uberX in Denver has

¹ <http://www.alcoholalert.com/drunk-driving-statistics.html>

fallen to 4.2 minutes, less than half the original wait time of 9.5 minutes. Wait times in cities like Boston, Chicago, and D.C., where uberX has been operating for more than a year, are around the three-minute range. These wait times contrast strongly with the stories we have heard from Pennsylvanians about waiting for an hour or more for taxis they are not even sure are coming. In places like Boston, taxi estimated time of arrival data clearly shows that uberX outperforms taxi wait times in every neighborhood, and by particularly large margins in traditionally underserved neighborhoods (for example, 99% of Uber trips are started within 20 minutes of request in South Dorchester compared to 65% for taxi).²

Drivers come from all walks of life and are active members of various communities in which they live. With our technology, even a trip to the grocery store is an opportunity to meet the transportation needs of their neighbors. Outside of their neighborhood, we use pricing incentives so that riders can access transportation when they need it.

In terms of Uber's ability to provide services in underserved neighborhoods, Boston again offers a good example with 25% of trips occurring in areas where households earn less than the city's median income. Estimated time of arrival (ETA) and completion rates do not differ statistically significantly between neighborhoods where households make below or above the median income, indicating that Boston residents enjoy a consistent level of service quality. In the city of Dallas, average trips per week in historically underserved neighborhoods grew 112% from 2013 to 2014. We cover over 1900 miles in the area, far beyond the 385 miles of the city itself.

Finally, as mentioned above, the uberX platform is creating entrepreneurial opportunities for thousands of driver partners who use it to create their own small businesses...from stay-at-home parents, to graduate students, people between jobs, underemployed people, people with low-paying jobs, or people looking for the flexibility of making their own schedule have partnered with us to realize the tremendous economic potential that our technology can help them unlock.

Updating the Rules for "Transportation Network Companies":

As a new service model, uberX or ridesharing was not previously contemplated by Pennsylvania regulations and likewise is not cleanly captured under the current regulatory framework. Though we have worked diligently with the Public Utility Commission ("PUC") and the Philadelphia Parking Authority ("PPA") on an administrative path forward for uberX and ridesharing services, these efforts have been complicated by the limited statutory authority both bodies have to allow for innovative new product offerings. This is clearly demonstrated by the recent recommendation from two Administrative Law Judges at the PUC that an experimental license that would allow uberX throughout the Commonwealth be rejected on the grounds that existing statutory hurdles could not be met.

As previously stated, ridesharing has been eagerly embraced by riders and drivers across the country, and as a result many other jurisdictions have updated their regulations accordingly, or they find themselves in that process.

² <http://blog.uber.com/reliabilityBOS>

Uber supports new legislation authorizing the PUC and PPA to responsibly regulate ridesharing, promoting consumer choice, innovation, and increased economic opportunities. We also suggest that allowing existing carriers to resist the introduction of these services interferes with free market and is not beneficial to the public.

Uber's promise to our customers is a safe, reliable, and seamless transportation experience. To that end, all drivers that partner with Uber undergo rigorous background checks, vehicles that operate on our platform in Pennsylvania are inspected, and trips are covered by commercial liability insurance. And uberX trips set the standard for consumer protection with transparent prices, comprehensive trip receipts, and the highest level of accountability between riders and drivers thanks to feedback surveys requested at the end of every trip.

We believe it is appropriate to formally incorporate these types of standards into statute to satisfy public safety concerns. In our experience, an effective way to address these concerns while still promoting consumer choice and opportunity is by way of a transportation network company ("TNC") model.

Under such a model, a TNC is defined as a company that contracts with individuals who provide transportation services using their personal vehicles and that licenses or utilizes software for the purpose of enabling TNC Partners to connect with prospective passengers. The TNC then applies for appropriate licenses with the State and certifies and demonstrates that it and its partners are in compliance with state requirements establishing minimum protection thresholds.

Should the legislature decide to pursue legislation that adopts the TNC-style regulatory model for ridesharing, Uber would suggest it consider the following as four "best practice" areas that Uber uses to ensure safety as the industry ridesharing leader:

- **Driver Integrity Regulations:** For its part, Uber maintains industry-leading standards for background checks. Before accessing the platform, ridesharing partners are required to pass multi-state, county, and federal background checks at least seven years back. In addition, Uber requires ongoing reviews of drivers' motor vehicle records.
- **Vehicle Safety Regulations:** Uber partners only with drivers whose Pennsylvania vehicles are state-inspected, safe, high quality, and in exceptional condition. If at any time car quality falls below riders' high standards, the car is deactivated from the system.
- **Insurance:** Uber provides end-to-end insurance coverage so that riders are protected from the moment an operator is soliciting rides until the moment they safely exit a vehicle.
- **Consumer Safeguards:** Before your driver arrives, the rider app displays his or her name, vehicle make and model, license plate number, photo, and rating, so that riders knows who is picking them up ahead of time. The fare is always known ahead of time. Phone calls between riders and drivers take place over an anonymized connection that protects privacy for both parties. The rider receipt is delivered via email immediately following the ride, providing a detailed guide to the trip. Feedback is requested after every ride, bringing an unprecedented level of accountability to the transportation industry. And

finally, the Uber team reviews all feedback and is available 24 hours a day to address any concerns.

These unprecedented safety and consumer protection policies, plus our reliability and transparency are the reasons demand for the Uber platform has grown so quickly.

Conclusion:

In summary, ridesharing is a much demanded and much needed transportation alternative in the Commonwealth of Pennsylvania. Increasing transportation options will have tremendous positive impacts for Pennsylvanians, both in terms of increased ease in getting from point A to B but also in the economic freedom and flexibility that it will unlock for prospective drivers and local business owners. Uber believes that updates to the current regulatory structure are needed to provide a safe home for ridesharing in Pennsylvania, and we are confident that it is possible to create a regulatory environment that can achieve public safety concerns while still promoting consumer choice and economic opportunities.