PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA
505 VAN NESS AVENUE
SAN FRANCISCO, CALIFORNIA 94102

MICHAEL R. PEEVEY
PRESIDENT

TEL: (415) 703-3703
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June 10, 2014

Jahan Khanna
SideCar
360 Pine Street, Suite 600
San Francisco, CA 94105

RE: Transportation Network Companies Operating in California

Dear Mr. Khanna:

On September 19, 2013, the California Public Utilities Commission (CPUC) approved a decision to allow Transportation Network Companies to operate in California provided that certain requirements were adopted to ensure the safety of passengers, drivers, and pedestrians. We adopted a criminal background check, a driver training program, a car inspection, insurance, and having a driver's license, among other protections. These safety requirements should not hinder your creativity nor should they impede your innovation. These are safety measures to protect the very customers you are trying to serve, as well as drivers. However, since the issuance of the CPUC's decision we have heard numerous complaints that these safety rules are being ignored.

On June 4, 2014, seven members of the CPUC's staff, including our Executive Director, met with law enforcement personnel from five major California airports: Los Angeles International, Oakland International, San Diego International, San Francisco International, and San Jose International. Airport personnel described numerous contacts that airport police have had with your drivers over the past year at these airports. The airports have strong documentary evidence that your drivers have been operating at airports without an airport permit. In the CPUC's September decision we made clear that each TNC must abide by the airports rules.

Specifically we adopted this explicit rule:

> Operations at Airports: TNCs shall not conduct any operations on the property of or into any airport unless such operations are authorized by the airport authority involved.

San Francisco International Airport reported that out of approximately 300 contacts it has had with drivers for TNCs (the majority of whom were UberX drivers), 70 percent of the cars did not display proper "trade dress" on their vehicles. Moreover, none of your firms have obtained a permit from the airports to transport passengers to or from airport facilities. Decision 13-09-045 specifically requires TNCs to obtain such permits. In addition, numerous TNC drivers did not have proof of insurance on their persons, and TNC drivers have been repeatedly observed picking up passengers at various airports even though doing so violates local ordinances.

Officers at various airports have also observed individual TNC drivers transferring their "app" from one driver to another—both of whom are using the same vehicle. Further, two of the drivers that San Francisco airport officers had contact with did not have valid driver's licenses. Asked for an explanation of their behavior, many of the drivers stated they did not know what they were doing was illegal, or that a permit was required before a TNC could pick up a passenger at an airport.

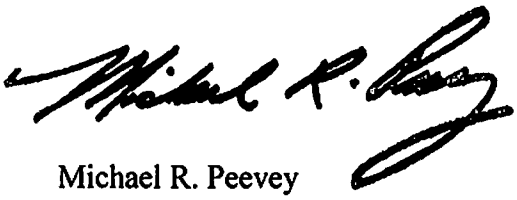
This letter is being sent to put you on notice that all of the above described behaviors violate Decision 13-09-045 and place the permit you have been granted to operate by the CPUC in jeopardy. If the CPUC determines that you have been out of compliance with D.13-09-045, or any of the express provisions of the permit itself, the CPUC may revoke your permit to operate.

I would like to express my personal disappointment and concern about this behavior. California is the first state that created rules for this industry to promote consumer choice, we will not, however, accept consumer choice at the expense of consumer safety.

If you believe these claims are unjust, please inform my office no later than June 17, 2014, in letter form.

If immediate action is not taken to bring your operation (and the actions of your contractors) into compliance with the express provisions of D.13-09-045, the CPUC will begin enforcement actions (including revocation of your permit) in the near future. I have directed the CPUC's investigative unit to begin random audits of your operations. Within two weeks of this letter I expect full compliance with each of the measures adopted in D.13-09-045. A copy of the rules is attached to this letter for your convenience.

Sincerely,



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