STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

September 8, 2014

John Zimmer
Lyft
548 Market St. #68513
San Francisco, CA 94104

Dear Mr. Zimmer:

Lyft recently announced its intent to offer a new transportation service known as Lyft Line. According to the Lyft blog site[1]:

> "Every day, 90% of Lyft rides have someone else taking the same trip within five minutes. So we wondered: What if we connected them? And created a new way to ride. Today, we're excited to announce the launch of Lyft Line — shared rides along shared routes, priced for daily use. Simply set your destination, and we'll connect you with a ride already going the same way for up to 60% less than an original Lyft ride. Lyft Line will roll out first in San Francisco on iOS, with Android and other cities to follow."

A recent news article at TechCrunch.com reports[2]:

> "On-demand ride-sharing startup Lyft is launching a new product in San Francisco today that it hopes will get more people using its service. Called Lyft Line, the product is designed to lower costs for passengers by having multiple people ride together when they share a common route."

Lyft has not yet approached the Commission regarding the Lyft Line service, nor submitted a request to modify its existing permit as a Transportation Network Company (TNC) to provide service under a different business model. However, based on media reports and Lyft's own blog site content, Lyft's proposed transportation service violates existing California law, specifically Public Utilities (PU) Code Section 5401.

PU Code §5401 states:

> "Charges for the transportation to be offered or afforded by a charter-party carrier of passengers shall be computed and assessed on a vehicle mileage or time of use basis, or on a combination thereof. These charges may vary in accordance with the passenger capacity of the vehicle, or the size of the group to be transported. However, no charter-party carrier of passengers shall, directly or through an agent or otherwise, nor shall any

[1] http://blog.lyft.com/posts/introducing-lyft-line
[2] http://techcrunch.com/2014/08/06/lyft-line/

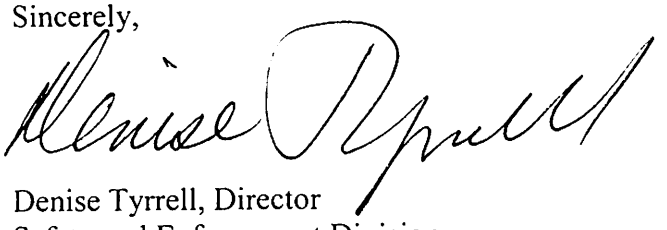
broker, contract, agree, or arrange to charge, or demand or receive compensation, for the transportation offered or afforded that shall be computed, charged, or assessed on an individual-fare basis, except school bus contractors who are compensated by parents of children attending public, private, or parochial schools and except operators of round-trip sightseeing tour services conducted under a certificate subject to Section 5371.1, or a permit issued pursuant to subdivision (c) of Section 5384."

The section strictly prohibits a charter party carrier from charging passengers on an "individual-fare basis."

In accordance with §5401, the Commission has consistently found that charter party carriers cannot charge an individual fare when carrying multiple persons in a vehicle, and therefore, a person chartering a charter party carrier vehicle must have exclusive use of the vehicle.

The Commission lacks the flexibility to allow a transportation service that is contrary to the statute as approved by the Legislature. If Lyft believes the PU Code is outdated, it may petition the Legislature for a modification. Unless and until the Legislature modifies §5401, the Commission must enforce state law.

Sincerely,



Denise Tyrrell, Director
Safety and Enforcement Division

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