



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

May 3, 2016

Pennsylvania Public Utility Commission
400 North Street
Keystone Building
Harrisburg, PA 17120

Dear PUC Commissioners:

We are writing today to address fairness in business regulation, and especially fairness toward one business -- Uber -- which is investing hundreds of millions of dollars in the Commonwealth of Pennsylvania and is poised to invest millions more. However, all this could be lost if we send the message that Pennsylvania is not a welcoming place for 21st century businesses and other job-creators looking to make our state a home.

Uber could have made such investment plans in any city in the world but chose Pittsburgh to be its hub for testing of self-driven vehicles and its worldwide headquarters for advanced technology research. The company has already hired several hundred employees to its Advanced Technology Center, invested millions just in the past year, and is a model for new and innovative cooperative efforts between government and business.

As you know, earlier this month the Commission issued an \$11.3 million fine against Uber. This was the highest fine the PUC had ever issued in its 79 year history and substantially higher than the fine negotiated with Lyft for similar violations.

Decisions like this unprecedented fine against Uber will make it difficult for Pittsburgh and other cities to attract technology companies to our state and have a chilling effect on the new economy we are trying to build in Pennsylvania. We hope that the PUC would use its considerable powers to encourage the sharing economy in Pennsylvania. Unfortunately, this substantial fine sends the wrong message about the business climate for innovation in the Commonwealth.

This is not to say Uber should not be penalized. Rather, it is to say that it should be treated like any other company, and the regulation of its business should be in line with that applied to all other businesses.

While the state cannot condone companies that do not comply with the Public Utility Code, which exists for the protection of consumers, the recent fine goes too far, and constitutes a penalty on innovation, threatening the company's ability to harness new technologies and create the jobs of tomorrow. Of all the cities in the world, Uber chose Pittsburgh as the home for its Advanced Technology Center, which will lead the self-driving vehicle revolution. If state regulators continue displaying such hostility in the face of technological change, Uber and other companies may be forced to reconsider whether Pennsylvania is the right place to build the future.

In making judgments about penalties to be imposed on emerging technologies that do not fit neatly into the existing regulatory regime, the PUC should consider the broader impact these penalties will have on Pennsylvania and our economy. When ridesharing companies Uber and Lyft began operating in Pennsylvania in 2014, they were welcomed here with open arms. Like so many of our constituents, we understood at the time that our state's future would depend on our willingness to embrace innovation and its potential to meaningfully improve people's lives.

In their dissent, the two commissioners who voted against the fine noted that Uber's services in Pennsylvania were actively sought by consumers, did not fit neatly into existing regulation, and caused no harm to the riding public. As Commissioner Witmer wrote, "the entrance of Uber into the marketplace provided an immediate and substantial benefit to customers as a competitive alternative." She went on to say that "there is little evidence to demonstrate that Uber's actions resulted in actual harm."

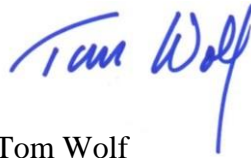
In fact, the introduction of ridesharing services brought widespread benefit to the entire Commonwealth in the form of improved transportation and new job opportunities for thousands. In recognition of this fact, the PUC granted Uber and Lyft emergency authority in August 2014 to offer rideshare services throughout Pennsylvania, followed by a two-year operating license issued in January 2015.

These decisions affirmed the positive impact of ridesharing services in Pennsylvania, allowing them room to operate and giving the state legislature time to enact a permanent regulatory framework. Since then, as the Commission noted in its decision, both Uber and Lyft have been model corporate citizens and helped reshape the way people travel throughout our state.

While the people of Pittsburgh and Allegheny County welcomed Uber and Lyft to the region, the PUC's action sends just the opposite message, going further than necessary to redress the violations the PUC is seeking to address. This overreach puts the company's investments in the 21st century economy in real jeopardy.

We intend to continue working with Uber and any company seeking to grow the economy and make our communities more livable. We trust and hope that the PUC will reconsider its decision and settle this issue once and for all in a fair manner, one that truly keeps the best interest of the Commonwealth in mind.

Sincerely,



Tom Wolf
Governor, Commonwealth of Pennsylvania



Rich Fitzgerald
Allegheny County Executive



William Peduto
Mayor, City of Pittsburgh