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

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

September 8, 2014

Sunil Paul
Sidecar
360 Pine Street, Suite 600
San Francisco, CA 94105

Dear Mr. Paul:

Sidecar recently announced its intent to offer a new transportation service known as Shared Rides. According to an August 6, 2014 on the Sidecar blog site[1]:

> "Introducing Shared Rides. It's like Sidecar but twice (or three or four times) as awesome. When you select Shared Rides within the Sidecar app we'll match you with someone who is going your way. If matched, the app will automatically split the price with other riders and everyone saves BIG – up to 50% big or more."

The blog site indicates that Sidecar began testing Shared Rides in San Francisco on May 15, and will "begin rolling out this service in all of our markets before the end of the year."

On August 8, 2014, the San Francisco Chronicle attributes a quote from CEO Sunil Paul: "[Sidecar] will do a bigger test during this weekend's Outside Lands music festival, and a broader rollout in coming weeks[2].

Sidecar has not yet approached the Commission regarding the Shared Rides 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 Sidecar's own blog site content, the Shared Rides 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.side.cr/2014/08/06/shared-rides-are-here-shareable-sidecars-for-50-less/
[2] http://www.sfgate.com/default/article/Uber-Lyft-Sidecar-try-carpool-service-5672983.php

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 schoolbus 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." A TNC is a charter party carrier.

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 Sidecar 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