

February 26, 2019

VIA EXPRESS MAIL

Judge John A. Garner
Chief Administrative Law Judge and Executive Director
State of Alabama Public Service Commission
100 N. Union Street
Montgomery, AL 36104



Re: Rasier, LLC's Request for Temporary Exemption pursuant to Rule TNC-1(2)

Dear Judge Garner:

Pursuant to our discussion on February 14, 2019, Rasier, LLC submits the enclosed request for a temporary exemption from Rule TNC-7 pursuant to Rule TNC-1(2).

Thank you for your time and consideration in this matter. Please don't hesitate to contact me if you have any questions.

Sincerely,

Andrew Collins



Rasier, LLC's Request for Temporary Exemption from Rule TNC-7

Rasier, LLC ("Rasier") hereby submits this request for temporary exemption from certain requirements of a Rule promulgated by the Alabama Public Service Commission ("PSC" or "Commission") applicable to transportation network companies ("TNCs"). Specifically, Rasier requests a temporary exemption from Rule TNC-7 for a specified category of TNC drivers ("drivers").

Rasier took numerous steps to implement Rule TNC-7 prior to July 1, 2018 and again prior to the expiration of Rasier's temporary exemption from Rule TNC-7 for certain drivers until January 1, 2019. Nevertheless, Rasier has discovered errors that led to certain vehicle inspection forms being approved that lacked verification that heat and air conditioning were inspected and/or lacked a line for the signature of the National Institute for Automotive Service Excellence ("ASE") or American Advanced Technicians Institute ("AATI") certified mechanic that conducted or supervised the safety inspection. To be clear, all TNC vehicles ("vehicles") approved to operate on Rasier's digital network as of and since July 1, 2018 have had safety inspections performed and proof of such inspections uploaded to Rasier's systems -- certain inspections or the resulting forms lacked, however, one or both of the specific requirements of Rule TNC-7 described above.

Rasier raises this issue with the Commission in the interest of transparency. Rasier describes herein the steps taken to implement Rule TNC-7, its audit that led to the discovery of the error, the sources of the error, the steps that Rasier immediately took upon discovery of the error, and Rasier's proposed remediation plan. Because Rasier can confirm that all vehicles approved to operate on Rasier's digital network as of and since July 1, 2018 have had safety inspections performed, Rasier does not believe that the error it has identified poses a safety risk.

I. Background

Rule TNC-7 requires that, prior to providing TNC services, vehicles must obtain a 20-point inspection, including a check for functioning heat and air conditioning. Rule TNC-7 also requires that these inspections be conducted or supervised by an ASE- or AATI-certified mechanic.

In its Order granting approval of Rasier's permit to operate in the State of Alabama, the Commission granted a temporary exemption to Rule TNC-7 prior to the Rule going into effect on July 1, 2018. In doing so, the Commission recognized that, prior to Rule TNC-7's effective date, many Alabama drivers had obtained 19-point vehicle inspections in compliance with certain municipal ordinances, and that the main difference between those preexisting inspections and the inspections required by Rule TNC-7 was a check for functioning heat and air conditioning. The Commission therefore granted these affected drivers a temporary exemption from the new vehicle inspection rule through January 1, 2019.

II. Steps That Rasier Took to Comply with Rule TNC-7 Prior to Expiration of the Exemption

Prior to July 1, 2018, Rasier updated its Alabama vehicle inspection form to require the proper 20-point inspection pursuant to Rule TNC-7. This form was submitted with Rasier's application for a permit. Specifically, Rasier's Alabama vehicle inspection form required verification of functioning heat and air conditioning as well as verification that the inspection was conducted or supervised by an ASE- or AATI-certified mechanic. Prior to July 1, 2018, Rasier ensured that this Alabama vehicle inspection form was available on each of Rasier's Alabama city websites¹.

Prior to the expiration of the exemption, Rasier implemented an extensive communications campaign in 2018 with the impacted drivers to notify them of the need to obtain the new 20-point vehicle inspection by January 1, 2019. These communications included emails, text messages, phone calls, and in-app notifications.

On the expiration date of the Commission's exemption from Rule TNC-7, Rasier deactivated the vehicle inspection documents of a number of drivers who had been operating pursuant to the exemption and had not uploaded new Alabama inspection forms prior to January 1.

III. Rasier's Internal Statewide Audit and Investigation of Error

Shortly after January 1, Rasier began auditing inspection documents submitted by drivers from across the State as part of a routine compliance check, and had indications that a number of vehicles with non-compliant vehicle inspection documents may have remained on the digital network despite Rasier's preventative efforts outlined above. Rasier then initiated a full-scale audit of all active inspection documents across the State. To accomplish this, Rasier had a specialized team carefully review the current inspection form for each active driver, and was able to complete the statewide audit on February 4. Through this audit, Rasier learned that approximately 4,700 active documents (a) did not have *verification* that inspections were conducted or supervised by an ASE- or AATI-certified mechanic and/or (b) lacked *verification* that a check was performed for functioning heat and air conditioning.

Following its identification of the error, Rasier took immediate steps to understand how the error occurred in order to begin correcting it. At bottom, the source of the error was that drivers submitted inspection forms other than the Rasier Alabama inspection form that was attached to Rasier's permit application to the Commission and is available on each of Rasier's Alabama city websites. There are several potential causes of this: first, certain mechanic shops may have had older or otherwise improper inspection forms on file and provided those to drivers, even if the driver had brought the correct Rasier Alabama vehicle inspection form. Second, drivers or

¹ See, e.g., <https://www.uber.com/drive/birmingham-al/inspections/>

mechanic shops may have used forms that do not comply with Rule TNC-7 because they were supplied by other permit holders. Finally, Rasier is aware that other vehicle inspection forms are generally available on the internet. Drivers seeking to obtain a vehicle inspection may have simply searched online for “Uber inspection form,” or the like, and found the widely-available, standard 19-point inspection form rather than the 20-point Alabama inspection form that is on Rasier’s Alabama city websites. Rasier continues to try to determine all sources of improper vehicle inspection forms in order to improve this process moving forward, as described further below.

Rasier has controls in place that are designed to make sure that only compliant driver documents are approved. For these purposes, the primary process at issue is Rasier’s “Doc Approver” process. The Doc Approver team manually reviews submitted driver documents, including vehicle inspections, before the driver and/or vehicle are approved to operate on the digital network. This team reviews driver documents across every state and country in which Rasier or its affiliates operate with the aid of instructions that have been carefully tailored to the nuances of each jurisdiction’s regulatory requirements. The scale and manual nature of the Doc Approver process naturally results in a degree of human error. In this case, it is also clear that the instructions provided to Doc Approvers for Alabama vehicle inspection forms were not sufficiently specific. For example, the original instructions provided to Doc Approvers regarding Alabama vehicle inspections specified that it must be a 20-point inspection but did not make clear enough that the added point beyond the standard 19-point inspection is the inspection for functioning heat and air conditioning. As a result, although Rasier developed and made available a compliant inspection form (*i.e.*, the one attached to Rasier’s permit application) and developed instructions for Doc Approvers to follow, the subtle differences in the requirements for Alabama compared to Rasier’s standard form or another state’s form made it challenging for Doc Approvers to ensure compliance.

IV. Rasier Took Immediate Steps to Remedy the Issue

Even before completing the audit of all active vehicle inspection documents on February 4, Rasier took steps to improve the vehicle inspection process for new and existing drivers. For example, several teams came together to improve the instructions Doc Approvers rely on when reviewing Alabama vehicle inspection documents. These new instructions will help ensure that Doc Approvers have a better understanding regarding which Alabama inspection forms to approve and which forms to reject.

In addition, Rasier is working to better educate drivers and mechanic shops alike regarding the requirements of Rule TNC-7 and the need to use the proper vehicle inspection form. Rasier updated its Alabama city websites to make it clearer to drivers that they are required to use the specific form for Alabama vehicle inspections that is and has been available on Rasier’s

Alabama city websites.

Rasier is also investigating ways to work with high-volume mechanic shops. Rasier will contact those Alabama shops that are more commonly used by drivers in an effort to ensure these shops possess the appropriate Rasier Alabama vehicle inspection form. Rasier plans to direct these mechanic shops to obtain the proper forms on Rasier's Alabama city websites and is also considering sending physical copies of the proper form to these shops.

Because of the remedies Rasier immediately implemented following discovery of the issue, as well as those it plans to pursue moving forward, Rasier will be better equipped to be reasonably sure that new inspections that are approved will be compliant with Rule TNC-7.

V. Remediation Proposal

As explained above, Rasier ultimately identified that approximately 4,700 vehicle inspection forms did not include verification that inspections were conducted or supervised by an ASE- or AATI-certified mechanic and/or lacked verification that a check was performed for functioning heat and air conditioning. Of the approximately 4,700 impacted vehicles, approximately 1,700 were used to conduct trips in 2019. These approximately 1,700 vehicles represent approximately 1,700 unique drivers. The remaining approximately 3,000 impacted drivers have not conducted trips in 2019. Rasier presently considers this group of 3,000 impacted drivers to be inactive.

For the Commission's consideration, Rasier proposes the below remediation plan to address all approximately 4,700 vehicle inspection forms that currently do not conform to Rule TNC-7.

A. ~1,700 Active Impacted Drivers

Because Rule TNC-7 requires annual safety inspections of vehicles, each vehicle inspection expires after one year and drivers are required to obtain new safety inspections of their vehicles in order to continue accessing trip requests. Rasier utilizes a system that codes the expiration date of the current vehicle inspection and automatically triggers reminders for active drivers to re-inspect their vehicle and, further, automatically prevents the driver from accessing trip requests if they fail to upload a new vehicle inspection prior to the expiration date.

Focusing first on the approximately 1,700 impacted drivers who have taken a trip in 2019, this subset of drivers represents the most active impacted drivers on Rasier's digital network. Many of these Alabama drivers rely on providing TNC services through Rasier's digital network as an important and necessary source of income. Many of these drivers also recently obtained vehicle inspections in the past few months leading up to the January expiration of the Commission's exemption from Rule TNC-7. Requiring these active drivers to return to

inspection locations and pay to complete a new inspection because their vehicle inspection form lacks verification of a check for functioning heat and air conditioning and/or lacks verification that inspections were conducted or supervised by an ASE- or AATI-certified mechanic would be burdensome on these Alabama drivers who are currently relying on TNC services for earnings.

As described above, Rasier has taken and will continue to take steps to improve its processes leading up to the approval of new vehicles to take trips in Alabama in order to achieve compliance with Rule TNC-7 for vehicle inspections being uploaded to Rasier's systems going forward. Because vehicle inspections are conducted annually, Rasier believes it will be able to bring all approximately 1,700 active drivers into compliance with Rule TNC-7 by no later than February 14, 2020. Accordingly, Rasier proposes allowing the approximately 1,700 active drivers who were impacted to continue to operate on Rasier's digital network with their current inspection documents until those documents expire no later than February 14, 2020, due to the potential hardship that active drivers may face in obtaining a new inspection.

B. ~3,000 Inactive Impacted Drivers

Of the approximately 4,700 impacted drivers, approximately 3,000 drivers have not conducted trips in 2019. Rasier agrees to deactivate the vehicle inspection documents for each of these inactive drivers on February 28, 2019. In order to become eligible to accept trip requests through Rasier's digital network after that point, these drivers will be required to obtain new safety inspections compliant with Rule TNC-7.

C. Request

Because there would be an undue burden on active drivers and because there is no anticipated safety impact, Rasier hereby requests an exemption from the application of Rule TNC-7 until February 14, 2020 for the approximately 1,700 active impacted drivers with vehicle inspection forms that do not include verification that inspections were conducted or supervised by an ASE- or AATI-certified mechanic and/or lack verification that a check was performed for functioning heat and air conditioning. Rasier is not requesting a temporary exemption for drivers with vehicle inspection documents uploaded after February 14, 2019.

Thank you for your consideration in this matter.

Respectfully submitted on this 26th day of February, 2019,

A handwritten signature in black ink, appearing to read 'ACM', is written over a horizontal line.

Andrew Collins

Counsel for Rasier, LLC