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November 18, 2013

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Kenneth R. Stark, Esquire
Assistant Counsel
Law Bureau
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, Pennsylvania

Re: Proposed Rulemaking
Docket No. L-2013-2349042

Dear Mr. Stark:

Please be advised that I represent Executive Transportation Company, Inc., trading as Luxury Sedan Service ("Executive Transportation"), which holds a certificate of public convenience issued by the Commission, under Docket No. A-000109726, authorizing it to provide limousine service within the Commonwealth of Pennsylvania. Executive Transportation also holds a certificate of public convenience issued by the Philadelphia Parking Authority that authorizes it to provide limousine service within the City of Philadelphia. Please accept this letter as Executive Transportation's formal Comments to the proposed rulemaking initiated by the Commission on April 4, 2013 under the above rulemaking docket.

These comments relate only to the proposed changes to Section 29.333 of the Commission's regulation, 52 Pa. Code §29.333, pertaining to vehicle and equipment standards for limousine service. The proposed regulation replaces the eight year age requirement for limousines with a 200,000 mileage requirement and eliminates the waiver process, which involves the submission of applications requesting the use of older vehicles in good condition for limousine service. The eight year age requirement has been in effect since August 5, 2006.

Executive Transportation has no objection to the elimination of the waiver process; however, it does object to the switch from an age limitation to a mileage limitation because the change will prevent it from recovering the full cost of its fleet through depreciation due to the premature retirement of some vehicles as a consequence of the mileage limitation. Executive Transportation also believes the proposed 200,000 mile limitation is too low, especially in light of the Philadelphia Parking Authority's 350,000 mileage limitation. Executive believes that a 200,000 mileage limit will significantly increase the initial acquisition cost for vehicles because they will have to be purchased more frequently, which, by necessity, will require Executive to reduce the amount it pays for each vehicle, thereby reducing the quality and reliability of its fleet.

Currently, Executive depreciates the cost of its vehicles over four years. Under the current age requirement, full recovery of vehicles costs through depreciation is almost guaranteed because Executive is able to project the useful life of its vehicles with certainty. Executive is currently purchasing 2012 model vehicle for use in its limousine fleet. It knows that it will recover the full cost of the vehicle over the next four years and will still be able to use the vehicle for an additional two years if the vehicle remains suitable for limousine service. As a consequence of this certainty, Executive is willing to invest a significant amount in the initial acquisition of vehicles for its fleet.

If the proposed regulation is adopted, it will have an adverse impact on Executive's vehicle acquisition practices. Typically, the 2012 model vehicles Executive is purchasing have 35,000 to 40,000 miles on their odometers. Executive puts approximately 80,000 miles per year on the vehicles it uses in limousine service. Under the proposed regulation, most of the vehicles Executive purchases will have a useful life of two years, instead of six, which means that it will have to purchase vehicles more frequently, while only recovering about one half of the cost of the vehicle. The more frequent purchases and the inability to fully recover the cost through depreciation will, by necessity, require Executive to reduce the amount it invests in initial vehicle acquisition, thereby reducing the quality and reliability of its fleet.

In its proposed rulemaking order, the Commission cites the high volume of applications requesting a waiver to use an older vehicle in good condition in limousine service as a reason for eliminating the waiver process. But it also cites the elimination of the waiver process as a justification for switching to a mileage standard for limousines.

The proposed change to mileage limitations for limousines is premised on the Commission's claim that, "[u]nlike taxicabs that are subject to more constant use, limousines tend to accumulate mileage and incur wear and tear at a slower rate." The Commission reasons that it would be more fair to switch to a strict mileage limitation where there is no waiver process because mileage has a more direct relationship to vehicle safety and reliability than age.

But the Commission's reasoning is based on a false premise. It is certainly not Executive's experience that limousines accumulate mileage and incur wear and tear at a slower rate than taxicabs. On the contrary, Executive is part of a business model that provides both taxicab and limousine service through the use of advanced dispatch technology. As a consequence, Executive's limousines are utilized at a high rate and the differences between taxicab and limousine mileage and wear and tear is inconsequential. Thus, the Commission's desire to be more fair to limousine owners to compensate for the loss of the waiver process does not accomplish that end with regard to Executive.

It should be noted that Executive has never utilized the waiver process for vehicles that had aged out for limousine service and suffers no real impact from the elimination of the waiver process. Because Executive's limousines are utilized at a level similar to taxicabs, Executive employs an extensive inspection, maintenance and repair regimen that keeps its vehicles in exceptional condition until the end of their useful lives. Executive believes that the Commission's current age limitation is a reasonable, common sense basis for measuring the useful life of a vehicle used in limousine service and in recognition of that limit does not believe in the use of a waiver process to extend the useful life of its vehicles beyond the Commission's chosen age limit. But it will suffer a significant adverse impact from the switch from the vehicle age limitation to the mileage limitation for the reasons set forth above.

For all of the foregoing reasons, Executive objects to the adoption of the proposed regulation and urges the continued use of age limitations for vehicles employed in limousine service.

Respectfully,

Michael S. Henry

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