

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF  
COLORADO

PROCEEDING NO. 18G-0250TNC

Civil Penalty Assessment Notice: 121187

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PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO,

Petitioner,

v.

LYFT, Inc.

Respondent.

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PROCEEDING NO. 18G-0272TNC

Civil Penalty Assessment Notice: 121360

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PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO,

Petitioner,

v.

LYFT, Inc.

Respondent.

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### STIPULATION AND SETTLEMENT AGREEMENT

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Staff of the Public Utilities Commission (hereinafter Staff) and Respondent Lyft, Inc. (hereinafter Lyft) (collectively the Parties, and individually, Party) enter into this Stipulation and Settlement Agreement (hereinafter Settlement Agreement)

for the above-referenced proceedings as a complete and final resolution of all issues that were or could have been raised in any of the proceedings.

### **DEFINITIONS**

The Parties understand that the following terms in this Settlement Agreement have the meaning set out in this section and shall not be defined by the Commission's procedural rules or through the findings of law made in any other Commission order.

A. **Driver-Partner** shall mean individuals who have been approved by Lyft to accept ride requests from members of the public using Lyft's electronic application.

B. **Platform** shall mean Lyft's electronic application through which members of the public request rides and through which Driver-Partners accept ride requests.

C. **Substantial Compliance** shall be understood and defined under the common law definition provided in Colorado case law and shall not be defined using the Commission's procedural rules or through the findings of law made in Commission Decision C17-0261. For the purposes of this Settlement Agreement, Substantial Compliance shall mean that the Party has performed the major aspects of the contract but has deviated from it in insignificant ways that do not detract from the benefit which the other party would derive from literal performance. *Newcomb v. Schaeffler*, 131 Colo. 56, 62, 279 P.2d 409, 412 (1955). The performance element as discussed in this Settlement Agreement means substantial performance. *Western Distributing v. Diodosio*, 841 P.2d 1053, 1058 (Colo. 1992).

## **BACKGROUND OF THE PROCEEDINGS AND RECITALS**

1. This Settlement Agreement contemplates the full and final resolution and dismissal of all pending actions by Staff against Lyft. The Settlement Agreement resolves and includes one consolidated matter with a total of two Civil Penalty Assessment Notices (CPANs).

2. This Settlement Agreement includes, resolves, and settles the following proceedings and CPANs from which they arose:

- a. 18G-0250TNC (CPAN 121187). Staff originally issued CPAN Number 121187 on April 23, 2018 and served it the same day. The CPAN sought civil penalties in the amount of \$318,375.00 (or \$159,187.50 if paid within 10 days). The CPAN alleges 123 violations of 4 CCR 723-6-6708(a) based on Lyft allegedly permitting one TNC driver to log into its digital network who is not medically examined and certified. The Commission referred this case to an Administrative Law Judge on May 16, 2018. The CPAN was assigned docket number 18G-0250TNC. Proceeding Number 18G-0250TNC was consolidated with 18G-0272TNC.

b. 18G-0272TNC (CPAN 121360). Staff originally issued CPAN Number 121360 on May 4, 2018 and served it on Respondent the same day. The CPAN sought civil penalties in the amount of \$96,250.00 (or \$48,125.00 if paid within 10 days). The CPAN alleges 34 violations of 4 CCR 723-6-6708(a) based on Rule 6712 (criminal history background) related to one driver. The Commission referred the case to an Administrative Law Judge on May 23, 2018. The CPAN was assigned docket number 18G-0272TNC. Proceeding Number 18G-0272TNC was consolidated with 18G-0250TNC.

3. The Parties agree to settle the claims in the consolidated matter to eliminate future litigation costs and to avoid the uncertainties which could result at the hearing. This Settlement Agreement, as proposed by the Parties, promotes judicial efficiency and serves to further the public interest and to protect the public as a whole.

### **SETTLEMENT AGREEMENT**

In consideration of the following promises and agreement set out below in the Settlement Agreement and for other good and valuable consideration, the sufficiency and adequacy of which are acknowledged herein, the Parties represent to the Commission that they agree to the following terms and conditions:

4. Performance by Lyft.

- a. Driver-Partner and Motor Vehicle Background Checks. Lyft agrees that it has started, will continue, and will complete the implementation of the safety screening and other features described with greater specificity in **Exhibit 1** to this Settlement Agreement. The Parties incorporate the representations in this document into this Settlement Agreement as if fully set forth herein. Lyft represents and agrees that it is using, and that it will continue to use, the annual background screening process described in **Exhibit 1, ¶A** in the State of Colorado. Lyft further agrees that it will implement and continue to use the safety and background check improvements described in **Exhibit 1, ¶A**, in the State of Colorado. Lyft estimates that the total cost of the implementation of the improvements will cost approximately \$1,500,000.00 over the next five years. Lyft agrees to complete the implementation of the measures described in Exhibit 1, ¶A by August 1, 2019.

b. Continuous Monitoring Screening of Driver-Partner.

In addition to the requirements in Paragraph 4(a), Lyft agrees to implement a new system of continuous criminal monitoring for all Driver-Partners in the State of Colorado and as described in **Exhibit 1, ¶ C(2)**. This system shall provide notice to Lyft about any new criminal pleas of guilty, nolo contendere, and convictions for any disqualifying criminal offenses of a Driver-Partner. Lyft agrees to implement the continuous monitoring system by August 1, 2019.

c. Quality Assurance for Required Documents. Lyft

agrees that it will add additional quality assurance process for documents required for Driver-Partners, as more fully described in **Exhibit 1**. Lyft agrees to implement and supplement the quality control and quality assurance process by August 1, 2019.

d. Additional Lyft Safety Features. Lyft agrees to

continue to implement and to use the additional safety features described in **Exhibit 1, ¶ C(4)** in the State of Colorado when possible.

- e. Audit by Staff. After Lyft has added the criminal history and continuous monitoring systems into its platform, it agrees to participate in good faith with Staff in an audit process of the Driver-Partner screening processes described in Paragraphs 4(a) through 4(c). For the purposes of this Paragraph 4(e), Lyft will be deemed to have participated in good faith if it provides to Staff the Driver-Partner screening process results for a sample of 50 Driver-Partners selected by Staff from among those Driver-Partners who have been subjected to the new system of continuous monitoring and Driver-Partner checks described in Paragraph 4(a) and participates in discussions with Staff to identify and address any alleged errors that Staff identifies in those Driver-Partner screening process results.
- f. Written Confirmation of Performance. Lyft agrees that it shall provide written confirmation of performance to Staff, as well as the Commission, of its substantial compliance with the terms of Paragraphs 4(a) through 4(e) by the following dates:

- (i) By August 1, 2019, Lyft will provide confirmation that it is conducting criminal background checks on its Driver-Partners active on the Lyft application/platform on an annual basis, rather than every five years, as required by Colorado statute;
- (ii) By August 1, 2019, Lyft will provide written confirmation that it has enrolled all Driver-Partners active on the Lyft application/platform in Colorado in the continuous monitoring system described in Paragraph 4(b).
- (iii) By August 1, 2019, Lyft will provide written confirmation that it has implemented a new quality assurance process for documents required of Driver-Partners as described in Paragraph 4(c).
- (iv) Should Lyft not be able to meet the deadlines provided in Paragraph (4)(f), it agrees to notify Staff of the same and to work with Staff to create new deadlines for the performance of these obligations. Should the Parties agree to



any new deadlines, Lyft shall provide written confirmation of substantial compliance with any new deadlines.

5. Performance by Staff

- a. Staff agrees that in consideration of the promises and representations made by Lyft in Paragraph 4(a) of the Settlement Agreement, it will waive all civil penalties it has alleged in the above-referenced CPANs and identified with specificity in Paragraph 2 of this Settlement Agreement.
- b. Staff agrees that it will dismiss, without prejudice, the consolidated administrative action involving the above-referenced CPANs upon the final approval of the Settlement Agreement by the Administrative Law Judge.
- c. Upon receipt of written confirmation of Lyft's performance of the obligations provided in Paragraph 4(f), Staff shall provide written acknowledgement of the receipt of the written confirmation from Lyft, as well as confirmation that Lyft is in substantial compliance with the requirements in Paragraph 4(f). Staff shall provide

written confirmation to Lyft within two weeks after  
the date of the correspondence from Lyft.

6. The Parties agree that the Settlement Agreement serves the public interest, is just and reasonable, and should be approved. The Parties have resolved the allegations in the CPANs and have taken steps to improve public safety. These improvements and enhancements improve Driver-Partner and passenger safety with the following measures:

- a. The requirements in Paragraph 4(a) will improve public safety because Lyft will perform the criminal background check annually, as opposed to every five years, and will help Lyft to prevent ineligible drivers from driving on its platform.
- b. The requirements in Paragraph 4(b) will improve public safety because the continuous monitoring process will notify Lyft about new criminal pleas of guilty, nolo contendere, and convictions for disqualifying criminal offenses of a Driver-Partner.
- c. Lyft's new quality assurance process, as described in Paragraph 4(c), will enhance public safety by implementing an additional measure to help ensure that all Driver-Partners have met the minimum requirements provided in the pertinent statutes and regulations.

Lyft has agreed to implement and pay for these measures to attempt to provide a greater level of safety than is currently required by Colorado law and to attempt to resolve Staff's concerns when it issued the CPANs at issue in this case. Lyft will commit a dollar amount to these improvements greater than the amount alleged in the CPANs, and the funds it will expend will be spent productively and enhance public safety and will not be spent on litigation costs or paid into the State general fund.

7. The Parties agree to support this Settlement Agreement as being in the public interest in proceedings before the Commission and to advocate in good faith that the Commission approve this Settlement Agreement in its entirety.

8. By agreeing to and entering into this Settlement Agreement, Lyft does not admit to any liability, and Lyft denies any liability for the allegations in the CPANs.

9. Except as expressly provided in this Settlement Agreement, a decision by the Commission to approve this Settlement Agreement shall not have any binding precedential effect on the Parties in any other proceeding each may have before the Commission or on any other current or future proceeding. *Colorado Ute Elect. Ass'n., Inc. v. PUC*, 602 P.2d 861,865 (Colo. 1979).

10. This Settlement Agreement shall constitute the entire understanding and agreement between the Parties, shall be considered and construed in its entirety, not by its component parts, and shall supersede any prior negotiations, representations, or agreements. Any settlement discussions that led to the

negotiation, production, and execution of this Settlement Agreement are subject to the protections of C.R.E. 408.

11. Each Party shall pay its own attorney fees and costs.

12. This Settlement Agreement may not be modified, except in writing signed by an authorized representative of each Party.

13. This Settlement Agreement is in the public interest for the reasons set forth in this Settlement Agreement.

14. For the reasons set forth herein, neither the Parties nor the public interest will be prejudiced by a waiver to a response time pursuant to 4 CCR 723-1-1007. The Parties expressly waive their respective rights to a response time as provided under the procedural rule.

15. This Settlement Agreement may be executed in two or more identical counterparts, all of which constitute the same Settlement Agreement. Facsimile or other electronically reproduced or transmitted signatures on this Settlement Agreement are deemed to have the same force and effect as original signatures.

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DATED this 16<sup>th</sup> day of July, 2019.

*Colorado Public Utilities Commission*



Brian Chesher  
Director of Transportation  
Colorado Public Utilities Commission

*Lyft, Inc.*

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Alix Rosenthal  
Vice President of Compliance  
Lyft, Inc.

*Approved as to Form:*

PHILIP J. WEISER  
Attorney General



HEATHER WHITMAN, Reg. No. 31909  
Assistant Attorney General  
AARON NEPTUNE, Reg. No. 45162  
Assistant Attorney General

Colorado Department of Law

DATED this \_\_\_\_\_ day of July, 2019.

*Colorado Public Utilities Commission*

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Brian Chesher  
Director of Transportation  
Colorado Public Utilities Commission

*Lyft, Inc.*



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Alix Rosenthal  
Vice President of Compliance  
Lyft, Inc.

*Approved as to Form:*

PHILIP J. WEISER  
Attorney General

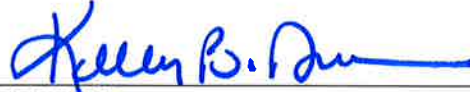
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LYFT, Inc.



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*Counsel for Lyft, Inc.*

## **EXHIBIT 1**

### **Lyft's Background Check Process and Safety Features**

Safety is Lyft, Inc.'s ("Lyft") top priority. Lyft's goal is to make every ride safe, comfortable, and reliable. Therefore, Lyft has incorporated safety into every part of its platform, from its driver onboarding requirements to its dedicated 24/7 Trust & Safety team.

Lyft appreciates the opportunity to share this summary of its safety policies and features with the Colorado Public Utilities Commission ("PUC"). In particular, Lyft has outlined below its comprehensive driver background check process, its existing safety features, and the safety features it offers in partnership with the PUC.

#### **A. Lyft's Comprehensive Driver Background Check Process**

Every prospective driver who applies to become a part of the Lyft community must undergo a comprehensive third-party background check to screen for criminal offenses and driving incidents. The background check process includes a criminal record check and a driving history check conducted by credit reporting agency (CRA) partners. Lyft reviews the results of these checks and disqualifies applicants who do not meet the standards set by Lyft and/or applicable Colorado laws and regulations. Lyft reserves the right to deactivate a driver's account at any time, in compliance with applicable law and Lyft's Terms of Service, should the driver's criminal record check or driving history check reveal any disqualifying offense or if Lyft believes that such action is necessary to protect the safety of the Lyft community or third parties.

##### **1. Lyft Criminal Record Check and Driving History Check Criteria**

Lyft, in conjunction with its CRA partners, evaluates drivers' criminal records and driving histories using standards set by Colorado law and its own internal safety criteria.

With regard to the criminal record check, drivers are disqualified if they do not meet the standards set by PUC rules and regulations and Section 40-10.1-605 of the Colorado Revised Statutes. This includes, but is not limited to, individuals who have ever been convicted of or pled guilty or nolo contendere to felony offenses involving fraud, unlawful sexual behavior, offenses against property, or crimes of violence. This also includes, but is not limited to, individuals who have been convicted of or pled guilty or nolo contendere to any felony within the immediately preceding five years.

With regard to the driving history check, drivers are disqualified if they do not meet the standards set by PUC rules and regulations and Section 40-10.1-605(4)(b) of the Colorado Revised Statutes. Specifically, drivers who have had more than three minor moving violations in the past three years or one major or severe moving violation within the past three years are disqualified to drive on the Lyft platform.

Finally, Lyft also disqualifies drivers based on its own criteria and safety measures, including its 2-way ratings system and zero-tolerance drug and alcohol policy (as described in greater detail below).

##### **2. Lyft Criminal Record Check and Driving History Check Process**

The Lyft criminal record check and driving history check processes consist of several steps.



a. First, prospective drivers must provide detailed information, including their full name, date of birth, Social Security number, a photo, proof of insurance, vehicle registration, and driver's license. Drivers also consent to their information being used for a third-party background check.

b. Once this information is received and reviewed, the individual's driving history records are retrieved by a CRA and evaluated.

c. If the individual's driving history check meets the safety standards set by Lyft and Colorado law, a criminal history check is initiated and performed by a CRA. The criminal check includes a series of national, state, and county databases including the US Department of Justice National Sex Offender Public Website, federal court records, and national and international watchlists used to flag suspected terrorists. Lyft agrees to comply with C.R.S. 40-10.1-605.

d. Upon identifying a potential criminal record, the CRA sends an individual to review the record in-person at the relevant courthouse or, if possible, pulls the record electronically.

e. Confirmed records that are reportable under applicable laws, such as the Fair Credit Reporting Act, are included in a background check report provided to Lyft. The reports that Lyft receives may include criminal records from throughout a person's adult life, unless a state or local law mandates otherwise. Drivers are also provided with a way to obtain and review the report.

## **B. Lyft's Existing Safety Features**

Lyft has worked hard to design policies and features that protect our community. Lyft is proud to offer a wide range of innovative features designed to keep both drivers and passengers feeling confident, informed, and accountable.

### **1. Lyft Safety Policies**

- ❖ **Age Requirement.** Unaccompanied minors are prohibited from traveling with Lyft. A passenger must be 18 to sign up for a Lyft account, but if a driver believes a passenger might be underage, the driver may ask the passenger to confirm their age, cancel the trip, or report the request by tapping 'Contact Support' in the app.
- ❖ **Weapons Policy.** Lyft has a strict "No Weapons" policy for drivers and passengers, and at all of Lyft's company locations including Lyft Hubs and service centers. A "weapon" includes, but is not limited to, firearms, explosives, knives, sling shots and tasers.
- ❖ **Zero Tolerance Policy.** Lyft maintains a zero-tolerance drug and alcohol policy for Lyft drivers. Lyft automatically monitors passenger feedback and complaints for keywords that may indicate a violation of the zero-tolerance policy. The Lyft Trust & Safety team reviews concerning comments. If a violation of the zero-tolerance policy is suspected, the driver is immediately suspended from driving on the Lyft platform while the Trust & Safety team investigates. If an investigation results in definitive evidence or a strong suspicion of a zero-tolerance policy violation, the driver will be permanently removed from the platform.
- ❖ **Lyft Insurance Protection Plan.** Our first-of-its-kind insurance plan provides drivers with additional coverages, from the moment they flip into driver mode until their last passenger of the day is dropped off. Our \$1M liability will apply as primary to a driver's personal automobile insurance policy when matched with a passenger.

## 2. Lyft Safety Features

- ❖ **Cashless Payments and Ride Summaries.** After each ride, passengers receive a receipt and ride summary via email that includes the total fare, date of the ride, driver first name and photo, pick up and drop off locations, and route. This provides transparency to the charging process and eliminates the challenges with cash-based payments.
- ❖ **2-way Ratings System.** After each completed ride, passengers and drivers are prompted to rate each other and provide feedback. Rides with low ratings and concerning feedback are reviewed by the Lyft Trust & Safety team, and drivers with low average ratings may be removed from the Lyft platform.
- ❖ **Secure Communication For Drivers and Passengers.** Lyft provides a secure method for drivers and passengers to contact each other before or immediately after a ride, such as to locate each other before a ride or to retrieve a lost item. Calls and text messages are routed through anonymous numbers so that drivers and passengers don't have access to each other's personal contact information.
- ❖ **Critical Response Line.** Lyft's Trust & Safety team is available around the clock to take care of the Lyft community. If any passenger or driver is involved in an incident that threatens his or her personal safety, he or she is instructed to first alert law enforcement authorities by dialing 911 or the local non-emergency assistance line. Then, he or she may contact our 24/7 Critical Response Line through the Lyft app.
- ❖ **GPS Tracking and Shareable Routes.** All rides are tracked via GPS from start to finish, and passengers can share their route and ETA with friends and family conveniently from their smartphone.
- ❖ **Transparent Information for Drivers and Passengers.** Once a driver accepts a ride request, passengers can view the driver's first name, photo, rating, car make and model, and license plate number. The driver can view the passenger's first name, rating, and photo (if available). This, along with the color-coded Lyft Amp vehicle emblem, helps ensure that passengers and drivers find each other safely.
- ❖ **Secure Ride Requests.** Passengers can request a ride from wherever they are. The Lyft app provides real-time arrival estimates and alerts, meaning that there is no difficult street hailing or uncertain wait times.

## C. **Safety Procedures in Partnership with the Colorado Public Utilities Commission**

In partnership with the Colorado Public Utilities Commission, Lyft agrees to offer additional safety procedures that go beyond what is required by Colorado law. These include:

1. Annual Reruns of Background Checks and Driving History Checks. Although Colorado law only requires criminal record checks to be conducted every five years, Lyft agrees to proactively conduct background checks (including criminal record checks and driving history checks) on an annual basis for all active drivers in Colorado.

2. Continuous Monitoring for New Convictions. Lyft agrees to go above and beyond the requirements of Colorado law by implementing "continuous criminal monitoring" for all active drivers in Colorado. Under this new program, Lyft will partner with a background check provider or consumer reporting agency to receive notifications when a driver has pled guilty to, nolo contendere to, or is convicted of a disqualifying criminal offense. Consistent with applicable law,

and Lyft's safety standards, Lyft will deactivate drivers with convictions surfaced through the continuous monitoring program.

3. Increased Communication with the PUC. Lyft agrees to create an open dialogue with the PUC to ensure that the PUC understands how Lyft's background check processes are completed. To that end, Lyft may facilitate direct communication between the PUC and Lyft's criminal record check and driving history check providers, as well as Lyft's internal background check team.

4. Additional Quality Assurance Processes. Lyft agrees to institute quality assurance measures to enhance its processes for reviewing documents required by PUC rules. This will include an audit of required documents on at least a monthly basis, based on available technology and company methodology.