

# Uber Reaches Deal With New York on Surge Pricing in Emergencies

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New York's attorney general said on Tuesday that he had reached an agreement with Uber, the car-summoning start-up, that would limit the cost of using the company's service during emergencies.

The start-up, which allows users to hail a private car service with a smartphone, relies on what it calls a surge-pricing model; the cost of rides increases during periods of high demand. Surge prices can often reach two to three times the normal cost of an Uber fare.

The new agreement, according to the attorney general's office, would cap Uber's surge prices during "abnormal disruptions of the market," typically citywide emergencies, in accordance with the City of New York's law against price gouging, passed in 1979.

"It provides consumers with critical protections to which they are entitled under the law — and it provides Uber with clarity from government about how the law will be applied to its innovative pricing model," the attorney general, Eric T. Schneiderman, said in a statement.

Uber said the agreement was part of the company's new nationwide policy of limiting surge pricing during emergencies. Fares may still rise higher than usual during an emergency, Uber said, but the increase will be restricted. Uber also said

it planned to donate 20 percent of elevated fares charged during emergencies to the American Red Cross.

Nearly two years ago, Uber faced a public outcry when it applied surge pricing during Hurricane Sandy, the storm that left thousands of people in New York and New Jersey without power or transportation for days. Many people accused the company of price gouging.

In an Op-Ed piece in The New York Times in April, Mr. Schneiderman wrote: “The ability to pay truly exorbitant prices shouldn’t determine someone’s ability to get critical goods and services when they’re in short supply in an emergency.”

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