

ORIGINALDecision No. 50439

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of UNITED PARCEL SERVICE)
 to extend service for delivery of small) Application No. 35121
 packages and parcels to San Joaquin)
 Valley points.)

Roger L. Ramsey and Preston W. Davis, for applicant.
Hudson B. Cox and George W. Tackabury, for Railway
Express Agency; E. L. H. Bissinger, William Meinhold
and Robert E. Phelan, for Southern Pacific Company
and Pacific Motor Trucking Company; Robert W. Walker,
Matthew H. Witteman and Henry M. Moffat, for The
Atchison, Topeka & Santa Fe Railway Company and
Santa Fe Transportation Company, protestants.

O P I N I O N

By its application filed February 3, 1954, United Parcel Service seeks authority to extend its service for the delivery of small packages and parcels to San Joaquin Valley points.

Hearings were held before Examiner Daly on May 11, 12, 13 and June 8, 9, 1954, at Los Angeles and on May 18 and June 17, 1954, at San Francisco. The matter was submitted upon briefs since received and considered.

Applicant is presently authorized to provide service for the delivery of small packages and parcels for manufacturers, manufacturers' agents, wholesalers, jobbers and commercial distributors between various points within the State including the San Francisco and Los Angeles areas. Service is confined to parcels weighing 70 pounds or less with the exception that service from Los Angeles, Long Beach and Pasadena to southern California points is limited to parcels weighing 100 pounds or less.

The proposed extension to the San Joaquin Valley would be restricted to packages not exceeding 70 pounds in weight, 120 inches in length and girth combined or 8 feet in length. The rate to be

charged would be 16 cents a package plus 4 cents a pound. This would include insurance up to \$100 per package. On C.O.D. collections there would be an additional charge of 20 cents for each \$100 or fraction thereof. Service would be overnight with next-day delivery. A five-dollar weekly minimum charge would be made.

Applicant has for many years engaged in a specialized transportation service for small packages. Its equipment, facilities and methods of operation are designed for the purpose of providing a complete and expeditious service at the least possible cost. More than 40 public witnesses testified on behalf of applicant and the testimony of many more was stipulated.

The witnesses stated that they use applicant to presently authorized points and are completely satisfied with its service. They have shipments moving to the proposed area. On light shipments they use parcel post and on heavier shipments they use the general freight carriers. The use of parcel post is unsatisfactory because of delays in transit, expense and time consumed in protective packing, necessity of delivering to the post office, poor claims experience, and inability to trace shipments. Such shipments would be diverted from parcel post to applicant. For the most part there would be little diversion from the general freight carriers on shipments over 40 pounds because applicant's proposed rates would be higher. The only exception would be in the case of a rush shipment where the general freight carriers had completed their pickups and applicant was yet to call, or in the case where Saturday delivery was desired.

Protestants introduced evidence relating to their respective operations. Each prepared exhibits in which they set forth the number of small shipments which they transported to the proposed area during specified periods. In addition Railway Express Agency

introduced the testimony of public witnesses. They testified that they are presently using Railway Express Agency to the proposed area, but because of the rate differential would divert or would consider diverting said traffic to applicant if certified.

Railway Express Agency also introduced an exhibit to show that since applicant was certificated between San Francisco and Los Angeles it suffered more of a decrease in revenue in the 1 to 70 pound bracket where applicant is competitive than in any other weight grouping. It introduced another exhibit which indicated that 89 per cent of its total traffic into the San Joaquin Valley falls within the 1 to 70 pound bracket and of this 41.35 per cent falls within the 1 to 15 pound bracket. Such traffic, it is claimed, would be diverted from Railway Express Agency to applicant. It is asserted that applicant is in the position of picking and choosing the cream of the traffic and is thereby able to provide service at cheaper rates. Were it not for its obligation to render a complete service to all shippers it is contended that Railway Express could also meet the cheaper rates.

Applicant, on the other hand, argues that a definite need exists for its service; that there will be no substantial diversion from the existing carriers and that the traffic loss experienced by Railway Express is more attributable to a recent rate increase than applicant's certification into the field.

The record demonstrates a need for applicant's service as proposed. The only issue raised is that of diversion. It is clear that applicant will attract and divert a substantial amount of traffic from parcel post which the existing carriers apparently have not been able to do. Because its rates on shipments of approximately forty pounds and over are higher than the general freight carriers applicant would divert little of such traffic.

On shipments of less than forty pounds there may be some diversion from the existing carriers but not enough to seriously jeopardize their operations nor to justify the denial of this application. The Commission therefore finds that public convenience and necessity require the granting of the authority sought.

O R D E R

Application having been filed, a public hearing having been held thereon and based upon the evidence adduced therein,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity is hereby granted to United Parcel Service authorizing the establishment and operation of a service as a highway common carrier, as defined in Section 213 of the Public Utilities Code, for the transportation of property from Los Angeles, Pasadena, and Long Beach and from San Francisco and the East Bay drayage area to all points along the following routes, including those within two miles of the main highway traveled:

(1) From San Fernando to the junction of State Highway 126 and U. S. Highway 99 through Nowhall and Saugus via U. S. Highway 6 and unnumbered county roads;

(2) From San Fernando to Stockton via U. S. Highway 99, excluding, however, the territory between the junction of State Highway 126 and U. S. Highway 99 and the junction of State Highway 126 and U. S. Highway 99;

(3) From the junction of U. S. Highway 99 and State Highway 166 to Greenfield through Maricopa and Taft via State Highway 166 and U. S. Highway 399;

(4) From Greenfield to Bakersfield through Wood Patch, Arvin and Edison via U. S. Highway 99, unnumbered county roads and

U. S. Highway 466;

(5) From Bakersfield to Famosa through Rosedale, Shafter and Wasco via State Highway 178, unnumbered county roads and U. S. Highway 466;

(6) From the junction of State Highway 190 and U. S. Highway 99 to Hanford through Porterville, Lindsay, Exeter and Visalia via State Highways 190, 65 and 198;

(7) From Hanford to Tulare through Guernsey and Corcoran via unnumbered county roads;

(8) From Fresno to Kingsburg through Clovis, Sangor, Parlier, Reedley and Dinuba via State Highway 41, 168 and 180 and unnumbered county roads;

(9) From Modesto to Oakdale through Riverbank via unnumbered county road.

(2) That said certificate is subject to the following restrictions:

(a) Service shall be provided for manufacturers, manufacturers' agents, wholesalers, jobbers and commercial distributors only.

(b) Return movements shall be limited to the return of previously delivered packages to the consignor.

(c) Packages shall not exceed 70 pounds in weight, 120 inches in length and girth combined or 8 feet in length.

(d) Rates shall be maintained on a "per package" basis as contrasted with the normal "per shipment" basis employed by general merchandise carriers.

(3) That, in providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations:

(a) Within thirty days after the effective date hereof

applicant shall file a written acceptance of the certificate herein granted.

(b) Within thirty days after the effective date hereof, and on not less than five days' notice to the Commission and the public, applicant shall establish the service herein described and authorized, and file in triplicate and concurrently make effective appropriate tariffs commensurate with the authority herein granted.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 17th day of August, 1954.

[Signature]
PRESIDENT

[Signature]

[Signature]

[Signature]

COMMISSIONERS