

ORIGINALDecision No. 70125

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of UNITED PARCEL SERVICE,)
 INC. for an in-lieu certificate of)
 public convenience and necessity)
 authorizing extension of service for)
 delivery of small packages and parcels)
 between points in California.)

Application No. 47874
 (Filed September 7, 1965)

Roger L. Ramsey and Irving R. Segal, for applicant.
George L. Hunt, for the Commission staff.

O P I N I O N

United Parcel Service, Inc., presently engaged as a highway common carrier for the transportation of small packages and parcels for manufacturers, manufacturers' agents, wholesalers, jobbers, and commercial distributors between points throughout a wide area in California requests authority to extend service to all points and places within the State. It further requests that its California intrastate operating authority be restated in the form of a new certificate for the purpose of conforming with its interstate authority. To achieve such uniformity and to eliminate possible competition with the existing highway common carriers engaged in the transportation of larger shipments it is proposed that said certificate contain the following restrictions:

- (a) No service shall be rendered in the transportation of any package or article weighing more than 50 pounds or exceeding 108 inches in length and girth combined, and each package or article shall be considered as a separate and distinct shipment.
- (b) No service shall be provided in the transportation of packages or articles weighing in the aggregate more than 100 pounds from one consignor at one location to one consignee at one location during a single day.

- (c) No service shall be rendered between retail stores and their branches or warehouses, or between retail stores and their branches or warehouses, on the one hand, and the premises of the customers of such stores, on the other hand.

A public hearing was held before Examiner Daly on November 15, 1965, at Los Angeles, and the matter was submitted upon the receipt of late-filed Exhibit 26, since filed and considered. There was no appearance in protest to the authority sought.

Applicant presently conducts two types of operations. The "wholesale" service is a common carrier parcel delivery service, specially designed to meet the needs of manufacturers, wholesalers, jobbers and commercial distributors. Its primary purpose is to attract packages which otherwise would have to be sent by United States Parcel Post. Said service is being provided to an area approximating 97 percent of the State's population pursuant to Decision No. 59619, dated February 1, 1960, in Application No. 41377. Applicant has recently been authorized to extend its interstate "wholesale" service to include service between all points in an area which embraces the entire states of California, Oregon and Washington, as well as adjoining portions of Nevada and Idaho, and to connect those with the area covered by the Arizona interstate authority. The service will be established on or about January 17, 1966, and it is requested that the service proposed pursuant to this application be authorized on or about the same date.

The second type of service being provided by applicant is a specialized retail store delivery service in Los Angeles, San Francisco, San Diego and the surrounding metropolitan areas, and in various smaller cities. The service is performed under contract with certain selected retail department stores and retail specialty shops, for transportation between the retail stores and their customers, or between the stores and their branches or warehouses.

Applicant presently handles approximately 180,000 packages a day in its "wholesale" common carrier service in California and serves approximately 20,000 California customers on a regular daily basis. If the authority herein sought is granted applicant estimates that it will result in an increase of approximately 3,000 packages per day, which for the most part would be diverted from parcel post.

Each day applicant's pickup driver calls automatically at the premises of the shipper to pick up packages. The charge for the daily call is \$2 per week regardless of where the premises may be located and irrespective of the volume or regularity of shipments. It is not necessary for a shipper to make out a separate bill of lading for each of his packages, he merely enters them on a pickup sheet, which is subsequently used for billing purposes. Applicant provides coverage against loss or damage up to \$100 per package, without additional charge. It is estimated that the average weight per package handled by applicant is 10-1/2 pounds.

Applicant owns and operates 7,000 vehicles. The basic delivery vehicle used is a specially constructed panel delivery car built to the design and specification of applicant's engineers and has a body capacity of approximately 380 cubic feet.

Applicant charges and proposes a basic rate of 19 cents per package from Northern California origin points, and 18 cents per package from Southern California origin points, plus 4 cents a pound in parcel post zones 1 and 2; and plus 5 cents, 7 cents and 9 cents a pound in parcel post zones 3, 4, and 5, respectively.

According to the record applicant is convinced that there is a need for a small package service in the parts of California which it is not now authorized to serve. It has assertedly received many requests to extend its service to the proposed areas. Another

reason for the proposed extension is the desire to have uniformity with applicant's interstate authority. Commencing in January of 1966 it will be bringing in packages to California from shippers in Arizona, Nevada, Oregon, Washington and Idaho for delivery to points in California to which it would not be able to deliver for California shippers.

It is also applicant's hope to eliminate the confusion and problems that arise because of the differing weight and size limits in different origin and destination areas. At the present time applicant's weight limit is 70 pounds per package for packages originating in part of its California territory and 50 pounds per package in the remainder. The size limit is 120 inches in length and girth combined in part of its California service area and 108 inches in the remainder. The proposed restrictions will make its California operations, interstate and intrastate, uniform both as to weight and size limits. The reduction will have little effect upon applicant's volume inasmuch as less than 1 percent of the volume falls within the 51-70 pound weight bracket or the 108-120 inch size bracket.

Applicant's proposed restriction limiting service to not more than 100 pounds in the aggregate from any one consignor to any one consignee on a single day was included not only for the purpose of establishing uniformity with applicant's new interstate authority, but also for the purpose of assuring the truck carriers, who otherwise might have appeared in protest, that the service will be confined to a specialized parcel delivery service and cannot later be converted to a freight operation by publication of rates for aggregate volumes in excess of 100 pounds from one consignor to one consignee in one day.

Applicant was prepared to introduce into evidence the testimony of 100 witnesses in support of the application. In the absence of protest, late-filed Exhibit 26 was received in evidence. Said exhibit contains the names of said individuals, their positions, the names of the companies represented, shipping locations and the commodities handled.

After consideration the Commission finds that public convenience and necessity require the proposed service and concludes that the application should be granted as set forth in the ensuing order.

United Parcel Service, Inc., is hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to United Parcel Service, Inc., a corporation, authorizing it to operate as a highway common carrier, as defined in Section 213 of the Public Utilities Code, between the points and over the routes particularly set forth in Appendix A attached hereto and made a part hereof.

2. 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. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to comply with and observe the safety rules of the California Highway Patrol and the insurance requirements of the Commission's General Order No. 100-D. Failure to comply with and observe the safety rules, or the provisions of General Order No. 100-D, may result in a cancellation of the operating authority granted by this decision.
- (b) Within one hundred twenty days after the effective date hereof, applicant shall establish the service herein authorized and file tariffs, in triplicate, in the Commission's office.
- (c) The tariff filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the establishment of the service herein authorized.
- (d) The tariff filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 80-A.
- (e) Applicant shall maintain its accounting records on a calendar year basis in conformance with the applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission and shall file with the Commission, on or before March 31 of each year, an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

3. The certificate of public convenience and necessity granted in paragraph 1 of this order shall supersede the certificate of public convenience and necessity granted by Decision No. 59619, dated February 1, 1960, in Application No. 41377, which certificate is hereby revoked, said revocation to become effective concurrently with the effective date of the tariff filings required by paragraph 2(b) hereof.

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

Dated at San Francisco, California, this 21st day of DECEMBER, 1965.

Frederick B. Holdrege
President

Richard L. [unclear]

George H. Weaver

Augusta

William B. [unclear]
Commissioners

United Parcel Service, Inc., by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to transport general commodities, except articles of unusual value, Class A and B explosives, household goods as defined by the Commission, commodities in bulk and those requiring temperature control or special equipment, between all points in California, via any and all available routes, subject to the following restrictions:

- (a) No service shall be rendered in the transportation of any package or article weighing more than 50 pounds or exceeding 108 inches in length and girth combined, and each package or article shall be considered as a separate and distinct shipment.
- (b) No service shall be provided in the transportation of packages or articles weighing in the aggregate more than 100 pounds from one consignor at one location to one consignee at one location during a single day.
- (c) No service shall be rendered between retail stores and their branches or warehouses, or between retail stores and their branches or warehouses, on the one hand, and the premises of the customers of such stores, on the other hand.

End of Appendix A

Issued by California Public Utilities Commission.
Decision No. 70125, Application No. 47874.