

ORIGINAL

Decision No. 73879

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of United Parcel Service,)
Inc., for authority to change from)
its present method of determining)
rate zones, based on the old parcel)
post unit system, to the new zip)
code sectional center method now)
used by the U. S. Post Office, which)
change will result in both minor)
increases and decreases in rates;)
and for such further relief from the)
long-and-short-haul provisions of)
the California Constitution and)
the Public Utilities Code as may)
be required.)

Shortened Procedure
Tariff Docket
Application No. 50026
(Filed February 9, 1968)

OPINION AND ORDER

By this application, United Parcel Service, Inc., (UPS) seeks authority, in connection with its certificated operations, to substitute, for its present method of determining rate zones for parcel deliveries within California, the zip code sectional center method.¹ Applicant requests that the sought tariff publication be made effective April 1, 1968, on less-than-statutory notice to assure a common effective date throughout the entire country, and that it be granted relief from the long- and short-haul provisions of Section 460 of the Public Utilities Code in making such publication.²

Applicant states that its current and proposed methods of determining rate zones are respectively based on the past and present

¹ The proposed method is set forth in Exhibit B attached to the application.

² Applicant has made and is making similar applications to the Interstate Commerce Commission and the regulatory agencies of the various other states seeking similar authority for such publication to become effective April 1, 1968.

U. S. Post Office methods of determining rate zones for parcel post. Under the proposed method, applicant declares that the State of California is divided into sections which are greater in area and smaller in number than those used in the former parcel post method. Applicant avers that, while there will be changes in charges on certain movements, there will be no change in rates on movements now taking the local zone rates, which account for nearly 60 percent of all intrastate common carrier packages handled by applicant in California. Applicant alleges that there will also be no change in zones nor rates on movements of packages between the major cities.

According to the application, many shippers have indicated the proper zone, parcel post or UPS, for the shipping point and the location of each of their customers on their addressograph plates or electronic data processing cards which are then used to address labels, shipping documents and invoices, and, as a result thereof, shipping room personnel have been able to determine the proper zoning from such documents without reference to parcel post zone charts or applicant's territorial guides of points served. Unless the parcel post zoning method and applicant's zoning method are the same, applicant contends that the shippers will not be able to follow their present zoning procedure with the result that confusion will exist between the two zoning methods and zoning errors will occur. Applicant believes that it would be more convenient and preferable to the shippers involved to observe the same system of zoning for services by parcel post and UPS.

Applicant submitted revenue data indicating that increases resulting from the proposal herein would not increase its California intrastate gross revenue by as much as one percent.

The application shows that, on October 3, 1967, applicant notified by letter all of its regular customers throughout the country, including those in California, of its intention to convert to the new zip code sectional center zoning system. According to applicant, there was no adverse reaction received from any of its customers to the proposal. The application was listed on the Commission's Daily Calendar of February 19, 1968. No objection to the granting of the application has been received.

In the circumstances, it appears, and the Commission finds, that applicant's proposal is reasonable and, to the extent that increases are involved, such increases are justified. A public hearing is not necessary. The Commission concludes that the application should be granted to the extent hereinafter indicated.

In order to comply with applicant's request that the proposed tariff publication become effective on April 1, 1968, concurrently with the national effective date for similar tariff revisions covering transportation elsewhere, the order which follows will be made effective March 29, 1968, and applicant will be authorized to make the necessary tariff publication effective on three days' notice.

IT IS ORDERED that:

1. United Parcel Service, Inc., is hereby authorized to publish and file its Rate Basis Book No. 9, Cal.P.U.C. No. 19, as specifically proposed in the application.

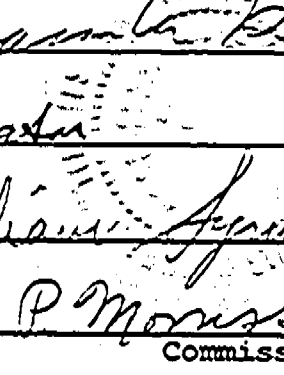
2. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than three days after the effective date of this order on not less than three days' notice to the Commission and to the public.

3. United Parcel Service, Inc., in establishing and maintaining the zones authorized hereinabove, is hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the zones published under this authority shall make reference to the prior orders authorizing the long- and short-haul departures and to this order.

4. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

This order shall become effective March 29, 1968.

Dated at San Francisco, California, this 19th day of March, 1968.


John E. Mitchell
President
William L. Bennett
Augustine
William J. Aguirre Jr.
Paul P. Morasse
Commissioners