

Decision 88 01 027 JAN 26 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
UNITED PARCEL SERVICE, INC. for )  
authority to increase certain of )  
its rates for common carrier parcel )  
delivery service. )

Application 87-12-036  
(Filed December 18, 1987)

O P I N I O N

United Parcel Service, Inc., (UPS) seeks authority to increase the rates and charges in the following items of its Local Parcel Tariff No. 20:

A) Item 45-F - Correction of Wrong Address

Increase the rate from \$1.90 to \$2.20 per item.

B) Item 80-F - Charge for C.O.D. Collection

Increase the rate from \$1.90 to \$2.20 per item.

C) Item 86 - Electronic Call Return Service

Increase the rate per regular request from \$1.00 to \$1.15. Increase the rate per electronic data processing tape request from \$0.75 to \$0.85.

D) Item 100-D - Acknowledgment of Delivery (A.O.D.)

Increase the rate from \$0.30 to \$0.35 per each A.O.D. form.

E) Item 150-M - Package Charge and Service Charge

- 1) Increase package charges in each zone by varying percentages ranging from a low of 0.88% to a high of 9.87%.

- 2) Note 1: Increase service charge for automatic daily pickup from \$3.25 to \$3.75 per week.

F) Item 160 - Expedited Delivery Charges

Note 1: Increase service charge for automatic daily pickup from \$3.25 to \$3.75 per week.

Applicant's rates have not been increased since January 28, 1985. UPS was previously granted a departure from the Commission's rate regulation and is therefore not subject to General Order 147-A. Consequently, its rates were not increased by 10% in accordance with Decision 86-04-045, nor adjusted up 1.2% as mandated by the Truck Freight Cost Index. Additionally, UPS may not adjust its rates under the rate window authorized by Rule 7.3 of General Order 147-A.

Applicant states that its operating expenses have increased, the most significant being wages and fringe benefits.

Applicant has furnished financial data for the 12-month period ending June 30, 1987, setting forth actual revenue and expenses, as well as projected results under the proposed rates. From that data, the staff has prepared a comparison of applicant's financial position using current costs in conjunction with current and proposed revenue:

	<u>Test Period Ending June 30, 1988</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$296,066,320	\$317,099,268
Current Expenses	301,943,996	301,943,996
Profit (Loss)	(5,877,676)	15,155,272
Operating Ratio	102.0	95.2

The operating ratio of 95.2 is reasonable.

The application was listed on the Commission's Daily Calendar of December 23, 1987. No protest to the granting of the application has been received. The application was not filed under authority granted pursuant to Section 496 of the Public Utilities (PU) Code.

UPS made revisions to Application 87-12-036 to reflect proper revenue and expenses. The revisions are explained in a letter to the Commission dated January 15, 1988.

Findings of Fact

1. UPS has experienced an increase in operating expenses.
2. UPS is seeking increases for specific rate items that would amount to an average increase of 7.1% in its rates and charges.
3. UPS's rates were last increased January 28, 1985.
4. The increases mandated by Decision 86-04-045 and the truck freight cost index were not taken by UPS because the Commission granted UPS authority to depart from the provisions of General Order 147-A.
5. Application of the rate window is not available to UPS because of its authority to depart from the provisions of General Order 147-A.
6. The proposed rates would increase UPS's annual revenue by approximately \$21,032,948.
7. The increases resulting from this proposal are justified.
8. A public hearing is not necessary.

Conclusions of Law

1. The application should be granted.
2. This order should be made effective today, since there is an immediate need for rate relief.

O R D E R

IT IS ORDERED that:

1. United Parcel Service, Inc., is authorized to increase its rates and charges by 7.1% in its Local Parcel Tariff No. 20 as specifically provided in the body of the opinion.

2. Tariff publications authorized to be made as a result of this order shall be filed on or after the effective date of this order and may be made effective not earlier than 5 days after the effective date of this order on not less than 5 days' notice to the Commission and to the public.

3. United Parcel Service, Inc., in establishing and maintaining the rates authorized by this order, is authorized to depart from the provisions of PU Code Section 461.5 to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are modified only to the extent necessary to comply with this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

4. This authority shall expire if not exercised within 60 days from the effective date of this order.

5. The application is granted as set forth above.

6. This order is issued pursuant to Section 308 of the Public Utilities Code and Resolution TS-678.

This order is effective today.

Dated JAN 26 1988, at San Francisco, California.

  
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For Norman Kelley, Director  
Transportation Division

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Victor Weisner, Executive Director