

ORIGINAL

Decision 88 01 031 JAN 28 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
of United Parcel Service, Inc. for)
authority to amend its Certificate)
of Public Convenience and Necessity)
authorizing common carrier parcel)
delivery service and to revise)
certain tariff rules.)

Application 87-12-006
(Filed December 2, 1987)

OPINION

United Parcel Service, Inc. (UPS) requests that the Commission amend the UPS Certificate of Public Convenience and Necessity. The certificate currently is restricted as follows:

"No service shall be rendered in the transportation of any package or article weighing more than 70 pounds or exceeding 108 inches in length and girth combined, and each package or article shall be considered as a separate and distinct shipment."

UPS requests that this restriction be modified slightly to expand the length and girth limitations set forth in the restriction from 108 inches to 130 inches. More specifically, it is requested that the restriction be modified to read as follows:

"No service shall be rendered in the transportation of any package or article weighing more than 70 pounds or exceeding 130 inches in length and girth combined or exceeding 108 inches in length, and each package or article shall be considered as a separate and distinct shipment."

In addition, UPS requests authority to update five tariff rules, as more particularly set forth hereafter.

The application shows that copies of the application were served on California Trucking Association, California Manufacturers Association, California Retailers Association, Western Tariff

Conference, Traffic Managers Conference of California, and the Chambers of Commerce of Los Angeles, Pasadena, Long Beach, San Diego, San Francisco, and Oakland. Notice of the filing of the application appeared in the Commission's Daily Calendar of December 7, 1987. No protests to the application have been received.

UPS states that its purpose in filing the application is to secure certificated authority to handle slightly larger packages and articles as well as to update five of its general tariff rules in its Local Parcel Tariff No. 20. The application, if granted, will permit UPS to revise its California intrastate operations so that they comport with recent revisions in the interstate UPS service offering. UPS intrastate rates and basic service features will remain unchanged.

UPS contends that it currently provides a highly specialized parcel delivery service to and from all points in California specifically designed to meet the needs of shippers and receivers of small packages at a cost comparable to the parcel post service of the U.S. Postal Service. As such, UPS small package service features, rates and tariff rules are of a different type than those offered by the general freight carriers. Service provided by UPS is uniform on a nationwide basis, for both intrastate and interstate traffic. According to UPS the principal features of its service are as follows:

- "1. Full territorial coverage for pickup and delivery. No pickup or delivery limits. Pickups and deliveries made within the premises of the shipper or consignee, at any location no matter how remote from a populated area.
- "2. Automatic daily pickup stop, Monday through Friday.
- "3. Prompt, dependable delivery throughout the area served.

- "4. Simplified documentation, methods, and procedures.
- "5. Pickup and delivery not limited to tailgate or to any particular distance from sidewalk; pickups and deliveries made at any location within the premises, whether upstairs or downstairs.
- "6. Records permitting prompt answering of inquiries or requests for proof of delivery.
- "7. Automatic coverage against loss or damage up to \$100 per package; additional coverage available at low charge.
- "8. Three automatic attempts to deliver packages without extra charge.
- "9. Refused or undeliverable packages automatically returned without extra charge.
- "10. Simplified C.O.D. service; acceptance of checks in payment of C.O.D.'s; and uniform C.O.D. charges regardless of amount.
- "11. Correction of wrong addresses and notification to shipper.
- "12. Call-return service, to get packages back from consignee to shipper.
- "13. Neat, clean, and attractive appearance of drivers and vehicles.
- "14. Careful physical handling permitting minimum packaging.
- "15. Cost to shippers low enough to make use of the service practical in place of U.S. parcel post."

Identical service is available from UPS on an interstate basis and in all the states.

In connection with its service offering, UPS states that it has received multiple inquiries from both shippers and

consignees requesting that the 108-inch combined length and girth restriction be increased so that the small, lighter-weight packages which are over 108 inches in length and girth combined can be handled by UPS along with the rest of their small packages. Presently these shippers must contact a second carrier to handle these few oversize packages. It is costly (because of high minimum charges) and confusing to separate out the oversize packages for tender to another carrier. Further, many current UPS shippers inadvertently exceed the 108-inch dimensional limitation, necessitating the return of packages by UPS for redelivery by another mode.

The proposed modification of the package size restriction by increasing the maximum length and girth combination from 108 inches to 130 will solve this problem for most of the present shippers and consignees of UPS. In addition, it will dramatically reduce current operational difficulties encountered by UPS in returning oversize packages. Packages and articles will continue to be subject to a limitation of 108 inches in length because many UPS pickup and delivery vehicles cannot accommodate packages longer than 9 feet in the enclosed body of the vehicle. No change in the weight limitation of 70 pounds is proposed.

UPS states that it has received approval of its application to the Interstate Commerce Commission (ICC) requesting the same certificate modifications. Applications are presently being prepared for all the other states seeking approval of the same restriction modification.

UPS contends that the importance of having uniform package size and weight restrictions, as well as uniform rates and tariff rules applicable to both intrastate and interstate traffic, has been recognized many times by this Commission. Uniformity of service and rate elements for intrastate and interstate small packages is most important to the shippers because it allows them to streamline their shipping room procedures. For example, there

is no need to have a different set of procedures for preparing intrastate packages and interstate packages for shipment which causes rating errors and increased shipping room time and cost. Of course, it also adds costs to the carriers in the form of additional compliance auditing. The modification of the package size restriction will simplify the operations of UPS and contribute to more efficient and responsive service to the public. UPS contends there exists a need for the change in the restriction in California, and UPS is fit, willing and able to provide the proposed service.

The granting of this application will result in no change in rates assessed by UPS. Items 150-A and 160 Local Parcel Tariff No. 20 will apply to any additional packages tendered to UPS after the restriction in its certificate is modified. Further, it is anticipated that the number of additional California intrastate packages tendered to UPS which could not have been handled under its current authority will be approximately 20,000 packages or approximately 2/10ths of 1%. Finally, the intrastate revenues of UPS will be increased by approximately 3/10ths of 1% as a result of the additional traffic tendered under the expanded operations.

UPS also requests additional authority to update various tariff rules that appear in Local Parcel Tariff (LPT) CAL PUC No. 20. The revised items are reflected in the proposed Supplement No. 31 attached to the application. UPS sums up the effect of each change as follows:

"Item 5 - Application of Tariff - revises the description of UPS operating rights to reflect the increase in the package size restrictions from 108 inches to 130 inches.

"Item 36 - Right of Inspection - This is a new item whereby the carrier reserves the right to open the package so as to be able to inspect for unsafe or dangerous contents.

"Item 40 - Refusal of Unsafe Packages - Common fireworks as defined by the U.S. DOT have been added to this item as unsafe merchandise.

"Item 70 - C.O.D. Packages - The portion of this rule that pertains to the payment by check has been clarified.

"Item 110 - Firearms and Ammunition - This item has been updated to reflect the recent changes in the definition of licensed importers, manufacturers, dealers and collectors of firearms."

UPS submits that this Commission has previously found that the unique small parcel delivery service offering of UPS justifies departure from the Commission's rate regulations. Nothing in the granting of this application alters this situation. As a result, applicant requests that such departure be perpetuated. To the extent necessary, applicant requests a waiver of California Public Utilities Code Sections 452, 454, and 461.5; Distance Table 8; and General Order 147-A.

For the 12-months ended June 30, 1987 UPS had total inter- and intrastate revenue of approximately \$5-1/2 billion and as of that date had a net worth of approximately \$1 billion.

Findings of Fact

1. UPS requests that the 108" maximum combined length-girth restriction contained in its highway common carrier certificate be extended to 130" and that the certificate include a 108" maximum length restriction.

2. UPS has received many requests from prospective shippers to extend its 108" maximum combined length-girth restriction to 130" and to include a 108" maximum length restriction.

3. The ICC has approved the same certificate restrictions for inclusion in the UPS ICC certificate as UPS is requesting herein.

4. Authorizing the requested certificate amendments will not result in any change in rates assessed by UPS.

5. Authorizing the requested certificate amendments will result in UPS handling approximately 20,000 additional packages per year and the garnering of 3/10ths of 1% additional revenues.

6. UPS is financially fit to conduct the proposed operations.

7. Public convenience and necessity require the UPS certificate to be amended as requested.

8. UPS also requests that its LPT tariff be amended as set out in Exhibit 1 to the application.

9. The proposed tariff changes result in neither an increase nor a decrease in UPS rates and charges.

10. The proposed tariff changes are reasonable.

11. No protests have been received and hearings are not required.

Conclusions of Law

1. The certificate amendments should be authorized.

2. The tariff amendments should be authorized.

ORDER

IT IS ORDERED that:

1. The size and weight restriction appearing on First Revised Page 1 of the highway carrier certificate of public convenience and necessity issued to United Parcel Service, Inc. is canceled, and the following restriction as set forth in Appendix A is to serve in its place:

"No service shall be rendered in the transportation of any package or article weighing more than 70 pounds or exceeding 130 inches in length and girth combined or exceeding 108 inches in length, and each package or article shall be considered as a separate and distinct shipment."

2. The highway common carrier tariff Cal. P.U.C. 20 of United Parcel Service, Inc. may be amended by including Supplement No. 31 as set forth in Appendix B hereto.

3. The tariff publication authorized herein shall be filed on or after the effective date of this order and may be made effective not earlier than the 10th day after the effective date of this order, and may be made effective on not less than 10 days' notice to the Commission and to the public.

4. The application is granted.

This order is effective today.

Dated JAN 28 1988, San Francisco, California.

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

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


Victor Weisser, Executive Director

APPENDIX A
(D.60673)

UNITED PARCEL SERVICE, INC.
(an Ohio corporation)

Second Revised Page 1
Cancels
First Revised Page 1

United Parcel Service, Inc., by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to conduct operations as a highway common carrier as defined in Section 213 of the Public Utilities Code for the transportation of general commodities as follows:

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 70 pounds or exceeding 130 inches in length and girth combined or exceeding 108 inches in length, and each package or article shall be considered as a separate and distinct shipment.
- b. No service shall be rendered (1) in the delivery of furniture or other articles requiring the protection of quilts or pads or other special handling in order to be transported without danger of damage, or requiring unpacking or any other servicing by the carrier at point of delivery, between retail stores, their branches and warehouses, and the premises of the customers of such stores; (2) in the transfer of merchandise between retail stores and their branches and warehouses by vehicles and drivers assigned to the store on a time basis for its exclusive use.
- c. No service shall be rendered within the area comprising Los Angeles, Orange, San Bernardino, San Diego, and Ventura Counties in the transportation of packages or articles which are delivered or intended to be delivered on the same business day as tendered.

Issued by California Public Utilities Commission.

Decision 88 01 031, Application 87-12-006.

APPENDIX B
Page 1

Supplement No. 31
To
CAL. P.U.C. No. 20
Supplement Nos. 26, 28, 29, 30 and 31
contain all changes
from original Tariff

UNITED PARCEL SERVICE

--oOo--

Naming
RATES, RULES AND REGULATIONS
For The
TRANSPORTATION OF PROPERTY
BETWEEN POINTS IN CALIFORNIA

Issued:

Effective:

Issued by:

Joseph R. Moderow, Vice President
UNITED PARCEL SERVICE, INC.
51 Weaver Street
Greenwich Office Park 5
Greenwich, CT 06830

Issued pursuant to C.P.U.C. - Decision

APPENDIX B
Page 2

Page 2 - Supplement No. 31 to
Local Parcel Tariff P.U.C. No. 20
United Parcel Service, Inc.

ITEM NUMBER

SECTION I - GENERAL RULES AND REGULATIONS

APPLICATION OF TARIFF

Rates and provisions named in this tariff, or as amended, are limited in their application to the extent of the operating rights set forth below:

5-D
(Cancels 5-C)
(A)

General commodities, except articles of unusual value. Classes 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, subject to the following restrictions:

No service shall be rendered in the transportation of any package or article weighing more than 70 pounds or exceeding 130 inches in length and girth combined, or exceeding 108 inches in length, and each package or article shall be considered as a separate and distinct shipment;

No service shall be rendered (1) in the delivery of furniture or other articles requiring the protection of quilts or pads or other special handling in order to be transported without the danger of damage, or requiring unpacking or any other servicing by the carrier at point of delivery, between retail stores, their branches and warehouses, and the premises of the customers of such stores; (2) in the transfer of merchandise between retail stores and their branches and warehouses by vehicles and drivers assigned to the store on a time basis for its exclusive use.

No service shall be rendered within the area comprising Los Angeles, Orange, San Bernardino, San Diego, and Ventura Counties in the transportation of packages or articles which are delivered or intended to be delivered on the same business day as tendered.

(A) - Issued to become effective , pursuant to Decision
in Application 87-12-006.

See Item 1 for explanation of symbols and abbreviations.

APPENDIX B
Page 3

Page 3 -- Supplement No. 31
Local Parcel Tariff No. 20
United Parcel Service, Inc.

ITEM NUMBER

SECTION I - GENERAL RULES AND REGULATIONS

RIGHT OF INSPECTION

36 The carrier reserves the right to open and inspect any
(N) package tendered to it for transportation.

REFUSAL OF UNSAFE PACKAGES

40-A The carrier reserves the right to refuse any package
Cancels which by reason of the dangerous or other character of
40 its contents is liable, in the judgment of the carrier
(C) to soil, taint, or otherwise damage other merchandise
 or the carrier's equipment or which is improperly or
 insecurely packed or wrapped. Common fireworks as
 defined in Department of Transportation Hazardous
 Materials Regulations, 49 C.F.R. 173.100(r), will not
 be accepted by the carrier for transportation.

C.O.D. PACKAGES

70-A Preparation and Listing of C.O.D. Packages: The
Cancels shipper will prepare and attach to each C.O.D. package
70 a C.O.D. tag showing the amount to be collected, and
(C) will enter such amount on the pickup sheet of the
 carrier in the space provided for that purpose.

Responsibility for C.O.D.'s: The Carrier will collect
for C.O.D. merchandise the sum of money shown on the
C.O.D. tag attached to the package and be responsible
for and promptly transmit to the shipper the money so
collected, or, if collection cannot be made, will
return the merchandise to the shipper. The shipper
should notify the carrier within 45 days from date of
shipment of C.O.D. shipments if the shipper has not
received the C.O.D. collections therefor.

Consignee's Checks in Payment of C.O.D.s: Unless
instructions to collect cash only are written on the
C.O.D. tag, the carrier will accept a check issued by
or on behalf of the consignee. When instructions to
collect cash are written on the C.O.D. tag, the carrier
reserves the right to accept cash, cashier's check,
certified check, money order or other similar instru-
ment issued by or on behalf of the consignee. All

APPENDIX B
Page 4

Page 4 -- Supplement No. 31
Local Parcel Tariff No. 20
United Parcel Service, Inc.

ITEM NUMBER

SECTION I - GENERAL RULES AND REGULATIONS

checks (including cashier's checks and certified checks) and money orders tendered in payment of C.O.D.s will be accepted by the carrier at shipper's risk including, but not limited to, risk of nonpayment and forgery, and carrier shall not be liable upon any such instrument. All checks and money orders will be transmitted to the shipper together with the carrier's own check for amounts collected in cash.

110-B
Cancels
110-A
(C)

FIREARMS AND AMMUNITION

Firearms will be transported only between licensed importers, licensed manufacturers, licensed dealers and licensed collectors, as defined in the United States Gun Control Act of 1968 (Public Law 90-618, enacted October 22, 1968), as amended by the Firearms Owners' Protection Act (P.L. 99-308, approved May 19, 1986 and a subsequent amendment thereto, P.L. 99-360, approved July 8, 1986), law enforcement agencies of the United States or of any department or agency thereof, and law enforcement agencies of any State or any department or agency thereof, and from a person not otherwise prohibited by Federal, State, or local law to a licensed importer, licensed manufacturer or licensed dealer for the sole purpose of repair or customizing, and the repaired firearm or a replacement firearm of the same kind or type on return from the licensed importer, licensed manufacturer, or licensed dealer to that person. Small arms ammunition, as defined in 49 C.F.R. Section 173.100, will be transported when packed and labeled in compliance with 49 C.F.R. Section 173.101.

See Item 1 for explanation of symbols and abbreviations.

(END OF APPENDIX B)