

Decision 88 06 009 JUN 8 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 RED ARROW BONDED MESSENGER)
 CORPORATION for authority to)
 increase certain of its rates for)
 common carrier service, and to)
 implement tariff rule changes and)
 for authority to depart from the)
 provisions of PUC Code, Sections)
 452, 454 and 461.5.)

Application 88-03-067
(Filed March 30, 1988)

OPINION

Applicant, Red Arrow Bonded Messenger Corporation, a highway common carrier, requests authority to:

1. Establish a Zip Code Distance Table system to replace the Mile-O-Graf system currently in effect.
2. Incorporate 10% and 1.2% surcharges required by Decision 86-04-045 and the 1987 Truck Freight Cost Index applicable to non-exempt traffic into the base tariff rates.
3. Increase rates to a uniform level by raising base rates applicable to non-exempt traffic and applying the same rate levels to exempt traffic.
4. Modify tariff rules to provide for service innovations. Under General Order (GO) 147 which was replaced by GO 147-A, applicant was authorized to deviate from the Commission's Distance Table by establishing a Mile-O-Graf system for determining distance. The proposed Zip Code System with minor variations is essentially coincidental with the Metropolitan Los Angeles Area as described in the Commission's publication area "Commodities and Geographic Areas Exempt from Rate Regulation" (Exempt List).

Any variations are minor and caused by the overlapping of peripheral zip code areas beyond the boundaries of the exempt area.

Applicant estimates that 99% of its traffic is exempt; that any regulated rates which would be below the "Generally Applicable Common Carrier" rates as defined in GO 147-A would be few and technical in nature. By itself, the zip code system would have little impact on base rates as demonstrated by applicant's Exhibit F, which compares the existing Mile-O-Graf and resultant charges with the proposed Zip Code Mileage System and resultant charges for 183 shipments handled by the applicant on October 14, 1987.

For the year 1987, applicant's total operating revenue was \$1,498,048; and total operating expenditure was \$1,457,435; resulting in net operating revenue of \$40,613 and an operating ratio of 97.3%.

Under the proposed rates, rules and zip code system, the applicant's total operating revenue for 1987 would be \$1,589,789 and the total operating expenditure would be \$1,457,435, which would yield a net operating revenue of \$132,354 and an operating ratio of 91.7%.

	<u>Test Period Ending December 31, 1987</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$1,498,048	\$1,589,789
Current Expenses	<u>1,457,435</u>	<u>1,457,435</u>
Profit	40,613	132,354
Operating Ratio	97.3%	91.7%

The proposed tariff is designed to complement the carrier's service by the implementation of significant technological advances which will modernize the applicant's messenger delivery service. These advances include but are not

limited to the following innovations designed to improve service to the public:

- a. Vehicle Tracking - The applicant's delivery system will be equipped with Loran C Vehicle Tracking Devices which calculate a vehicle latitude and longitude. This will enable the dispatcher to pinpoint a vehicle's location at any time.
- b. Graphic Depiction of Service Territory - This will enable the dispatcher to locate messengers on a computerized map of the Greater Los Angeles Basin Area. The software utilizes a zip code based grid. The delivery control will be increased.

We will grant applicant's request for a rate increase, substitution of a zip code system in lieu of the current Mile-O-Graf and the redesign of its tariff to reflect innovations and improved service to the public. Because applicant's traffic is almost entirely exempt from the cost showing requirements of GO 147-A, no need exists to limit the duration of the zip code system or to impose a reporting burden on applicant to show its effects. Also, because of the remote possibility that one or more of the rates and charges resulting from the requested rate increase and zip code system may technically be below the "Generally Applicable Common Carrier" rates we will, to the extent necessary, grant an appropriate departure from GO 147-A.

Finally, in order to quickly provide the public with enhanced quality of service under the proposed tariff amendments, we will make this order effective immediately and grant applicant short notice for tariff publication under Public Utilities (PU) Code Section 491.

Findings of Fact

1. Applicant requests authority to increase rates and charges in its Local Freight Tariff No. Cal. P.U.C. No. 3 and to adopt a zip code system which, in combination, will produce an overall operating ratio of 91.7%.

2. The proposed rate increase is reasonable and justified.
3. Approximately 99% of the applicant's traffic is currently exempt from the rate reduction provisions of GO 147-A.
4. The zip code system proposed by applicant, except for minor variations related to overlaying zip code areas, is coincidental with the existing Mile-O-Graf system and the Los Angeles Metropolitan Area and will have no significant impact on the charges assessed the public.
5. No need exists to limit the duration of the proposed zip code system or to require applicant to report on the effects of its use.
6. The proposed rule changes will have a positive effect on applicant's service to the public.
7. Any reduction in rates below "Generally Applicable Common Carrier" rates as defined in GO 147-A resulting from the grant of the application are required to meet the needs of commerce and the public interest.
8. The filing of the application was noted on April 1, 1988 in the Commission's Transportation Calendar. There have been no protests or requests for hearing.

Conclusions of Law

1. The application should be granted.
2. Applicant should be granted authority under Section 491 of the PU Code to publish and make effective its proposed rates and tariff amendments on five days' notice.
3. Applicant should be granted authority to deviate from Distance Table No. 8 and GO 147-A to the extent necessary to adopt its proposed zip code system.
4. Applicant should be granted a departure from GO 147-A in the event the grant of the application will result in rates and charges below the "Generally Applicable Common Carrier" rates.
5. A public hearing is not necessary.

6. In order to make applicant's enhanced services available to the public at the earliest possible date, this order should be made effective immediately.

ORDER

IT IS ORDERED that:

1. Red Arrow Bonded Messenger Corporation is authorized to publish and file its proposed Zip Code Mileage System as it appears in Exhibit A of the application in lieu of its Mile-O-Graf.

2. Red Arrow Bonded Messenger Corporation is authorized to incorporate the 10% and 1.2% surcharges into its base rates as proposed in the application.

3. Red Arrow Bonded Messenger Corporation is authorized to increase its rates and charges above its base rates and surcharges as specifically proposed in the application.

4. 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.

5. Red Arrow Bonded Messenger Corporation 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.

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

7. The application is granted as set forth above.
This order is effective today.

Dated June 8, 1988, at Carson, 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.

William Weisner
William Weisner, Executive Director

A.88-03-067 ALJ/EGF/fs

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

7. The application is granted as set forth above.

This order is effective today.

Dated JUN 8 1988, at San Francisco, California.

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
C. MITCHELL WILK
JOHN B. O'NEALIAN
Commissioners