

ORIGINAL CA-5

Decision 88 10 009 OCT 14 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
ROADWAY PACKAGE SYSTEM, INC., for)
authority to depart, under Rule 2, from) Application 88-05-050
the provisions of General Order 147-A and) (Filed May 27, 1988;
from Sections 452, 454, 461.5 and 491 of) amended July 22, 1988)
Public Utilities Code as may be)
required.)
_____)

O P I N I O N

Roadway Package System, Inc. (RPS), seeks authority to publish a package tariff and adopt a Zip Code Rate Basis Tariff as a governing publication to the package tariff. RPS obtained authority to operate in California in March 1988.

RPS is an affiliate of the Roadway companies whose combined nationwide revenues in 1987 exceeded \$1 billion. RPS began operating in 1985, and currently operates in 30 states. By this application, RPS intends to expand its operations into California.

RPS seeks to achieve parity with the largest parcel carrier operating in California, United Parcel Service, Inc. (UPS), by the establishment of the proposed package rate tariff, Local Freight Tariff No. 1, Cal PUC 1, furnished in support of this application. According to the applicant, establishment of the proposed tariff would allow RPS to compete with and offer the shipping public an alternative to UPS.

In order to establish a parcel tariff at rate levels comparable to those of UPS, RPS seeks to depart from the requirements of General Order (G.O.) 147-A governing general freight carriers, in particular, from the requirement that rates below the level of Generally Applicable Common Carrier rates be

cost justified. Currently, UPS has authority to depart from Commission rate regulation and from G.O. 147-A, because the Commission has recognized in previous decisions that parcel carriage is a different class of transportation than typical general freight carriage. Therefore, UPS has not been required to make the same type of cost showing as other general freight carriers subject to G.O. 147-A in establishing its rates. RPS wishes to be similarly relieved from having to make a cost showing, since its proposed rates are substantially the same as those of UPS. RPS also seeks to utilize the same 3-digit zip code rate basis as UPS for determining the charges to be assessed.

Local Freight Tariff No. 1 proposed by RPS will apply to packages weighing up to 100 pounds. Although UPS has a weight limit of 70 pounds, several other competing parcel carriers have the 100-pound weight limit on their services. RPS states that the rates for packages weighing over 70 pounds are based on a linear projection of the rates for up to 70 pounds, as demonstrated in Exhibit B to the application, and that 99.4% of RPS' present traffic consists of packages weighing less than 70 pounds.

Publication of the proposed Local Freight Tariff 1 would allow RPS to duplicate the services and charges that apply to its current interstate and intrastate operations. The applicant states that providing uniformity in service nationwide would allow simplified operations, including shipping and billing procedures, and reduce both carrier and shipper expenses.

RPS states that it has made a substantial investment in designing and establishing a modern and efficient service to meet the special needs of small package shipments. According to the applicant, among the features of its parcel service are state of the art packaging and handling systems, and the use of barcode labels to rate, identify and track all packages.

The application and amendment were listed on the Commission's Daily Transportation Calendar of June 2, 1988 and July 27, 1988, respectively. No objection to the granting of the application, as amended, has been received. The application was not made pursuant to Section 496 of the Public Utilities (PU) Code.

Findings of Fact

1. Roadway Package System, Inc. obtained authority to operate as a common carrier in California in March 1988.
2. Roadway is seeking a departure from the requirements of G.O. 147-A in establishing its rates.
3. Roadway is seeking to publish Local Freight Tariff No. 1 containing package rates substantially the same as those published by United Parcel Service, Inc.
4. UPS is currently authorized to depart from G.O. 147-A in establishing its rates.
5. Roadway seeks to utilize the same 3-digit zip code rate basis as UPS for determining its charges.
6. Roadway's proposed Local Freight Tariff No. 1 would apply to packages weighing not over 100 pounds.
7. Establishment of the tariff proposed in this application is justified.
8. A public hearing is not necessary.

Conclusions of Law

1. The application, as amended, should be granted.
2. This order should be made effective today, in order for Roadway to timely satisfy its common carrier tariff filing requirement.

O R D E R

IT IS ORDERED that:

1. Roadway Package System, Inc. is authorized to depart from General Order 147-A in establishing the parcel rates in proposed Local Freight Tariff No. 1 furnished in support of this application.

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 30 days after the effective date of this order on not less than 30 days' notice to the Commission and to the public.

3. Roadway Package System, 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.

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

5. The application, as amended, is granted as set forth above.

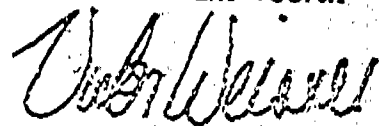
This order is effective today.

Dated OCT 14 1988, at 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 Weiss, Executive Director