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Decision 89 04 024 APR 12 1989**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 ROADWAY PACKAGE SYSTEM, INC., for )  
 authority to increase certain of its )  
 common carrier parcel delivery rates )  
 and to depart from the provisions of )  
 General Order 147-A and from Sections )  
 452, 454, 461.5 and 491 of the Public )  
 Utilities Code as may be required. )

Application 89-01-027  
 (Filed January 20, 1989)

OPINION

Roadway Package System, Inc. (RPS), seeks authority to increase certain rates in its parcel tariff Local Freight Tariff No. 1, CA PUC 1. The increases sought by RPS are in the following items of its tariff:

- (a) Item 280 - Pick Up Service  
Increase charge for daily pickup service from \$3.75 to \$4.00 per week.
- (b) Item 340 - Address Correction  
Increase rate from \$2.20 to \$2.50 for each address correction.
- (c) Item 400 - Acknowledgement of Delivery  
Increase rate from \$0.35 to \$0.40 for each AOD form.
- (d) Item 440 - Recalls for Prior Deliveries  
Increase rate from \$1.15 to \$1.25 per Call Tag.
- (e) Item 480 - C.O.D. Charges  
Increase rate from \$2.20 to \$2.75.
- (f) Item 1100 - Rates for Delivery of Packages  
Increases in schedule of package delivery rates as set forth in Exhibit "A" of the application.

RPS obtained authority to operate as a common carrier in California in March 1988. In Application 88-05-050, RPS indicated that it sought to operate solely as a parcel carrier. Decision

88-10-009 granted RPS authority to depart from General Order 147-A in establishing a parcel tariff with rates substantially the same as those of United Parcel Service (UPS), the dominant parcel carrier operating in California. The above increases RPS seeks are identical to the increases recently granted to UPS in Decision 89-02-033, effective February 8, 1989.

The justification RPS gives in the application for continued parity of its rates with those of UPS is that RPS's package service was designed to provide the public with an alternative to UPS. As the industry leader, UPS serves as a model for other parcel carriers. UPS's rates could be considered the equivalent of "generally applicable common carrier rates", which are the source for newly authorized carriers' rates. Since RPS is a new entrant in parcel carriage without sufficient operational experience to develop its costs, it must base its rates on UPS's for the time being. RPS further states that the increases would allow it to publish and assess uniform interstate and intrastate rates which promotes convenience, efficiency and cost savings for both shippers and carriers.

Although RPS obtained authority to operate in California in March 1988, and published a tariff that became effective in December 1988, commencement of its California intrastate operations has been delayed. The delay is caused by the unexpectedly high volume of packages RPS has had to handle since beginning operations in other parts of the United States. Therefore, development of new service areas such as California has proceeded more slowly than initially expected. RPS states that it is necessary to maintain its rates at the same level as UPS' when establishing California operations.

Roadway seeks to continue its authority to transport packages weighing up to 100 pounds granted in Decision 88-10-009. Other package carriers in California have a similar 100 pound limit on their services, although UPS has a 70 pound limit. According to

RPS, their current and proposed rates for parcels over 70 pounds are based on a linear relationship projection of the under 70 pound RPS and UPS rates. Based on current experience, RPS expects approximately 99.4% of its shipments to be below 70 pounds.

RPS has provided financial information from its parent company, Roadway Services, Inc. RPS asserts that the financial condition of its parent company, which had over \$60 million in operating income for the first three quarters of 1988, demonstrates its ability to provide California intrastate service.

The application was listed on the Commission's Daily Transportation Calendar of January 30, 1989. No objection to the granting of the application has been received.

Findings of Fact

1. Roadway Package System, Inc. is authorized to operate as a parcel carrier in California.
2. UPS is the largest parcel carrier operation in California.
3. RPS seeks to maintain parity between its rates and those of UPS.
4. Decision 89-02-033 granted UPS increases in certain of its rates and charges effective February 8, 1989.
5. RPS seeks the same increases as UPS in identical items of its parcel tariff, and authority to increase its rates for packages weighing over 70 pounds.
6. Decision 88-10-009 effective October 14, 1988 granted RPS authority to transport packages weighing up to 100 pounds.
7. The proposed increases would allow RPS to maintain uniform rates and charges in its interstate and intrastate operations.
8. Commencement of RPS' California intrastate operations has been delayed, and the carrier lacks sufficient operational experience to develop its costs.
9. The increases resulting from this proposal are justified.

Conclusions of Law

1. The application should be granted.
2. A public hearing is not necessary.
3. This order should be made effective today, so that RPS can maintain rate parity with UPS.

ORDER

IT IS ORDERED that:

1. Roadway Package System, Inc. is authorized to increase its rates and charges in its Local Freight Tariff No. 1 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 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.

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

5. The application is granted as set forth above.

This order is effective today.

Dated DEC 12 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

Commissioner Frederick R. Duda  
being necessarily absent, did  
not participate.

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

*Victor Weiss*  
Victor Weiss, Executive Director