

T/LW/lw

Decision 90 01 061 JAN 30 1990

**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 89-12-017  
(Filed December 12, 1989)

O P I N I O N

United Parcel Service, Inc. (UPS) conducts intrastate parcel delivery service pursuant to a certificate of public convenience and necessity issued by this Commission. It also holds a permit to operate as a contract carrier. A certified copy of UPS's articles of incorporation has previously been filed with this Commission in Application 42372. UPS can be identified by its California T-No. 68,429.

UPS has applied for authority to increase the rates and charges in the following items of its Local Parcel Tariff No. 1:

- A) Amend Item 40 - Acknowledgement of Delivery (A.O.D.)  
Increase the rate from \$0.40 to \$0.45 per A.O.D. form.
- B) Amend Item 80 - Charge for C.O.D. Package  
Increase the rate from \$2.75 to \$3.30 per item.
- C) Amend Item 120 - Correction of Wrong Address  
Increase the rate from \$2.50 to \$2.75 per item.

- D) Amend Item 160 - Electronic Call Return Service  
Increase the rate for a regular request from \$1.25 to \$1.30 per request. If the requests are submitted on electronic data processing tape, the charge of \$.90 will increase to \$.95 per request.
- E) Amend Item 300 - Standard Delivery Charges and Service Charges
- 1) Increase each weight and zone increment. Refer to Appendix A, Exhibit 1, Page 2 for detail of changes.
  - 2) Note 1: Increase Service Charge for automatic daily pickup call from \$4.00 to \$4.50 per week.
- F) Amend Item 310 - Expedited Delivery Charges
- 1) Next Day Service  
Increase the rate for UPS Next Day Letter from \$8.50 to \$9.00 except where the Next Day Letter is tendered to specific carrier facilities. Rate for packages will remain the same.
  - 2) Second Day Service  
Increase the rate per package. Refer to Appendix A, Exhibit 1, Page 3 for detail of present and proposed changes.
  - 3) Note 1: Increase Service Charge for automatic daily pickup call from \$4.00 to \$4.50 per Week.
- UPS's rates have not been increased since February 13, 1989.

It is alleged that UPS's labor costs increased in 1989 under the terms of its contract with the Teamsters. It is requested that the augmented rates become effective on February 12, 1990 to conform with the terms of a petition to increase its interstate rates filed with the Interstate Commerce Commission under the "Zone of Rate Freedom" provisions of the Motor Carriers Act of 1980.

UPS has furnished financial data for the 12-month period ending June 30, 1989, setting forth actual revenue and expenses, as well as projected results under the proposed rates. The result of this effort can be summarized as follows:

	<u>Test Period Ending June 30, 1989</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$382,577,415	\$408,726,128
Current Expenses	388,484,726	388,484,726
Profit (Loss)	( 5,907,312)	2024140282
Operating Ratio	101.5	95

The proposed rates will increase UPS's annual revenue by approximately \$26,148,714.

The application was listed on the Commission's Daily Transportation Calendar of December 28, 1989. 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 Code.

Findings of Fact

1. UPS has experienced an increase in operating expenses.
2. UPS is seeking increases for specific rate items that would result in a 6.83% increase in its operating revenue.
3. UPS's rates were last increased February 13, 1989.

4. The proposed rates will increase UPS's annual revenue by approximately \$26,148,714.

5. The increases resulting from this proposal are justified.

6. UPS should be authorized to publish its tariff revisions immediately to confirm with corresponding rate increases throughout the United States, which will be made effective on or about February 12, 1990.

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.

3. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. United Parcel Service, Inc. (UPS) is authorized to increase its rates and charges in its Local Parcel 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 immediately.

3. UPS, in establishing and maintaining the rates authorized by this order, is authorized to depart from the provisions of PU Code 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 be made 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 PU Code and Resolution TS-678.

This order is effective today.

Dated JAN 30 1990, at San Francisco, California.

*William R. Schulte*  
William R. Schulte, Director  
Transportation Division

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

*Wesley Franklin*  
WESLEY FRANKLIN, Acting Executive Director

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