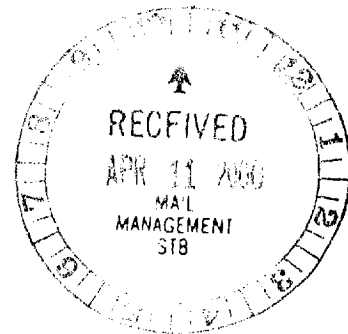


ORIGINAL

Before The
Surface Transportation Board

Section 5a Application No. 118 (Sub-No. 2), et al.
EC-MAC Motor Carriers Service Association, Inc., et al.

198039



Southern Motor Carriers Rate Conference, Inc.
Section 5a Application No. 46 (Sub-No. 21)

198038

Opening Comments
Of
Southern Motor Carriers Rate Conference, Inc.

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Conference, Inc.

Due and Dated: April 11, 2000

Before The
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Opening Comments
Of
Southern Motor Carriers Rate Conference, Inc.

Southern Motor Carrier Rate Conference, Inc. (SMC) respectfully submits these opening comments in response to the Surface Transportation Board's (STB) Decisions served on February 11, 2000 in these consolidated proceedings. Following are the statements of Jack E. Middleton, SMC's President; James Ridley, SMC's Senior Data Analyst in the Production Department; and Daniel M. Acker, SMC's Vice President of Operations and in-house motor carrier cost expert. Those statements specifically address the STB's request for comments regarding any required adjustment to SMC's class rates which may be necessitated by the prevailing levels of market based rates.

I.

Statement of

Jack E. Middleton

President and Chief Executive Officer

I.

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Jack E. Middleton

My name is Jack E. Middleton. I am employed as the President and Chief Executive Officer of Southern Motor Carriers Rate Conference, Inc. (SMC). SMC is now located at its new corporate headquarters at 500 Westpark Drive, Suite 300, P.O. Box 2040, Peachtree City, GA 30269. My telephone number is (770) 486-5800. I have been employed by SMC for over 30 years in various capacities, including Corporate Secretary, Assistant Treasurer, General Manager and Executive Vice President. I have been directed by SMC's Board of Directors, on behalf of the member motor carriers, to file these comments in response to the Surface Transportation Board's (STB) February 11, 2000, Decision in Section 5a Application No. 118 (Sub-No. 2), et. al., EC-MAC Motor Carriers Service Association, Inc., Et. Al., requesting suggested methodologies to adjust the collective rates established by the rate bureaus to the prevailing levels of market based rates.

Background of SMC's Efforts to Comply with
STB's 12/18/98 Decision

Shortly after receipt of the STB's Decision served on December 18, 1998, a copy was distributed to SMC's Board of Directors, and the matter was noted for discussion at both the SMC's Board of Directors' meeting and the General Rate Committee meeting scheduled for January 20, 1999. As pertinent, attention was focused on the agency's conclusion that any bureau seeking continued antitrust immunity would be required to reduce its "benchmark," i.e. the class rates. Because of the importance of the issue raised, the General Rate Committee appointed from its members a Steering Committee

which was to work with SMC staff. The members of the Steering Committee included: Mark Davis, Vice President, Pricing & Traffic, Averitt Express, Inc.; Paul J. Dugent, Vice President, Pricing & Traffic, Estes Express Lines; Russell L. Garrett, Vice President, Traffic, Southeastern Freight Lines, Inc.; Edward L. Guffey, Vice President, Traffic, Wilson Trucking Corporation; Richard F. Keeler, Vice President, Corporate Services, Old Dominion Freight Line, Inc.; Richard Muzidal, Director, Pricing, Watkins Motor Lines, Inc.; and Fred Pearce, Vice President, Pricing & Marketing, AAA Cooper Transportation. It was believed that those representatives presented a good cross-section of SMC's member motor carriers and those serving on the General Rate Committee. Staff members directed to assist the Steering Committee included Daniel M. Acker, SMC's Vice President of Operations and in-house motor carrier cost expert; James Ridley, SMC's Senior Data Analyst in Product Services, and myself.

The first of three conference calls with the Steering Committee was held on February 4, 1999. The focus of the Steering Committee's discussion was identifying those issues which had been raised by the STB. Specifically, the proposition that class rates should somehow reflect market-based rates was reviewed in light of the STB's suggestion, as one possible approach, of the utilization of statistically valid samples to reduce the class rates to reflect the actual rates charged for each classification level. Another of the STB suggested methods discussed was the reduction of rates by a uniform percentage level reflecting average discounts throughout the industry. Alternatively, the classification was reviewed to determine if or how it could be broken down more finely to distinguish among different types of shipments with a particular classification. All

were cognizant that a special area of STB concern involved those shippers who might be paying undiscounted class rates.

The Steering Committee directed the staff to investigate various methods and gather information which would enable the Steering Committee to formulate a program of compliance with the STB's directives including: (1) conduct a survey of General Rate Committee member carriers to determine to what extent undiscounted class rates are being paid by shippers under the SMC class rates (that carrier group was chosen because it was recognized that they probably handle in excess of 70 percent of the traffic moving under SMC's class rates); (2) based on the results of that survey, explore various methodologies by which the SMC class rates could be adjusted to provide an across-the-board rollback for shippers not having any discounts; (3) explore any method by which the SMC class rates feasibly and reasonably could be adjusted on a broad basis to give effect to the statements made by the STB in its December 18 Decision; and (4) consider and recommend an approach for the calculation of a cost-related General Rate Increase in response to concerns expressed by the STB regarding the class rate levels.

On March 18, 1999, the Steering Committee held its second conference call. The survey conducted by the staff, then not completed, initially showed that a limited amount of traffic does move under undiscounted SMC class rates. The Steering Committee directed the staff to complete the survey and to continue to obtain data on the average discounts applied by the carriers. April 8 was set as the date on which all studies were to be completed and the Steering Committee would consider, at that time, the recommendation of an across-the-board discount on all SMC class rates for shippers not having any discounted class rates negotiated on their traffic.

An analysis of the suggestions which the STB had posed for the purpose of effectuating an across-the-board reduction in class rates was discussed by the Steering Committee and the staff. With the demise of the Continuing Traffic Study and the discontinuation of much of the data formerly maintained by the Interstate Commerce Commission, coupled with the general inaccessibility of any such data from the carriers, it was determined that any attempt to compute the actual rates charged for each classification level would not be feasible. Within any classification level literally thousands of different commodities are embraced. Because of the differing transportation characteristics of the commodities, and the different pricing considerations and methodologies used by the individual carriers, it would not be possible to establish a bona fide “actual rate” that is charged for a classification level.

So too, the Steering Committee and SMC staff recognized that the practices of the carriers are diverse in terms of the range of discounts provided on similar traffic. Those differences are driven by the characteristics of the haul, which differ substantially from carrier to carrier and from movement to movement and, which, because of other competitive considerations, result in considerably dissimilar pricing practices. Therefore, the Steering Committee concluded that overall mathematical average discounts have little or no relevance with respect to individual carriers and their pricing practices or needs. It was recognized that any overall reduction of class rates by a uniform percentage, in addition to being nonresponsive to individual carrier pricing needs, would be ineffective and seriously distort and disrupt the entire pricing system which has evolved over the past two decades. Any such reduction would necessitate the renegotiation of the entire motor carrier/shipper pricing mechanism because the decrease in the baseline of rates upon

which the discounts are predicated would require an adjustment in all negotiated discounts to offset the resulting revenue reductions. Similarly, the Steering Committee recognized that numerous contracts executed by them with their customers, as is the case with other carriers, also are based on discounts off SMC baseline class rates and, likewise, would have to be renegotiated. Moreover, because of the vast array of commodities embraced within broad classification descriptions, and the diverse manner in which those articles are shipped, it would not be possible to distinguish among the universe of shipments within a particular classification.

The staff was then directed to review the STB's comments regarding shippers paying undiscounted rates and to report back to the Steering Committee the range of discounts provided by the surveyed General Rate Committee carriers.

In further response to the Steering Committee's February 4, 1999 directive, the staff reviewed a methodology for the calculation of a maximum allowable revenue increase, i.e. a cost-related General Rate Increase. The use of that methodology was to be considered as a means to effectuate an adjustment to SMC's class rates in 1999 which would be responsive to STB concerns about the level of the class rates. Various exhibits were reviewed which were to be used to calculate labor and non-labor costs which were to be recouped by the carriers. The Steering Committee directed the staff to continue the refinement of that approach.

On March 19, 1999, a special meeting of the General Rate Committee was set for Wednesday, April 21, 1999, in Atlanta, GA. It was indicated that, among other matters, possible and specific methodologies to respond to the STB's Decision served on December 18, 1998 would be considered.

On April 8, 1999, the final conference call of the Steering Committee was held. The survey data compiled by staff demonstrated that SMC carrier discounts off the SMC class rates range from 21.2 to 73.3 percent. The Steering Committee discussed the numerous factors affecting the characteristics of the haul involved in transporting the traffic of small or occasional shippers which warranted the assessment of higher charges on their shipments. Recognizing those less desirable characteristics, the Steering Committee determined that a 20% across-the-board decrease in the SMC class rates for shippers having no negotiated discounts would be fair to those shippers, and would continue to recognize the determined characteristics of the traffic of those shippers now receiving higher discounts. The Steering Committee voted unanimously to make the 20% discount recommendation to the General Rate Committee.

The Steering Committee also considered in detail the exhibits which had been developed for establishing labor and non-labor costs. They believed that the recoupment of those costs, coupled with revenue adequate to produce approximately a 93% operating ratio, which is recognized as the minimum operating ratio necessary to sustain viable operations by a carrier, would produce a reasonable, cost-based General Rate Increase. The Steering Committee unanimously voted to recommend that methodology for consideration by the General Rate Committee as the means to make future adjustments in SMC's class rates which would be responsive to STB concerns regarding class rate levels.

On April 21, 1999, the special meeting of the General Rate Committee was conducted. Both an across-the-board reduction in SMC's class rates for shippers without a negotiated discount in place, and the implementation of a cost-based methodology for

instituting general rate increases, were addressed by the Steering Committee members and staff. After further discussion, the members of the General Rate Committee voted unanimously to consider an across-the-board reduction in SMC class rates for any shipper without a negotiated discount. That recommendation was to be considered at the General Rate Committee's scheduled meeting, which was to be held on June 23, 1999. Also at that scheduled meeting the General Rate Committee would consider the recommended methodology for implementing a General Rate Increase based on the consideration of labor and non-labor costs, and the production of an operating ratio of about 93%.

Considerable publicity was given to the June 23 meeting to encourage participation by all interested persons. During the course of that meeting, and after the consideration of comments, the carrier members of the General Rate Committee voted unanimously to docket a proposal for a reduction in SMC class rates of 20% for those shippers not having a discount, and to increase the SMC class rates by approximately 4.35% to reflect increased labor and non-labor expenses, and to produce an operating ratio of about 93%.

Those proposals were considered at the July 29, 1999 meeting of the SMC General Rate Committee. By unanimous vote, the carrier members approved a 20% minimum discount on all SMC class rates for all shippers not currently having any negotiated discount on traffic moving under SMC tariffs. That methodology was believed to satisfy STB's expressed concerns regarding shippers paying full class rates, and was seen as providing a process for the instantaneous, uncomplicated and inexpensive implementation of an adjustment to the class rates. Further, the carrier

members voted unanimously to implement the process whereby the financial reports of the SMC member carriers, comprehensive labor surveys from those carriers, and other sources of information would be used to determine the cost increases in labor and non-labor expenses. Based on their consideration of that data, and in an effort to maintain an operating ratio slightly in excess of 93%, a 3.57% overall increase in SMC class rates ultimately was approved. Both the class reduction and General Rate Increase went into effect on October 1, 1999.

SMC publicized the background and basis for its proposals in various publications, and individually mailed copies of that justification to various shipper associations. While the general rate increases proposed by certain other bureaus were protested and subsequently suspended and placed under investigation, SMC's proposals were neither protested nor suspended or investigated, and became effective on October 1 as scheduled.

The Level of SMC's Class Rates

The STB's December 18, 1998 Decision speaks in terms of reducing the baseline class rates to competitive levels. In addressing that issue the Steering Committee and the General Rate Committee spent considerable time attempting to identify what "market rates" could form the proper basis for comparison with SMC's class rates. As discussed in detail in the accompanying statement of Daniel M. Acker, SMC's Vice President of Operations, any comparison or measure of the reasonableness of SMC's class rates by the discounted rates available in the market would be inappropriate. As was observed in Georgia-Pacific Corp. Pet. For Declar. Order, 9 I.C.C.2d 796, 797 fn. 4 (1993), market-based rates refers "to rate levels at which a shipper is willing to ship and a carrier is

willing to transport that shipper's goods." Importantly, it was also recognized that the factors considered in general rate increase proceedings to assess reasonableness are quite different from that considered with respect to the so-called "market-based" rates. (9 I.C.C.2d at 810-815.)

Discounted class rates are, in many instances, the so-called "market-based" rates. However, as recognized in Georgia-Pacific Corp.—Pet. For Declar. Order, 9 I.C.C.2d 103, 159 (1992), many different factors affect the discounted class rate a carrier will offer for any given service. Those elements include:

- Perception of competition for the move (both intra- and inter-modal competition)
- Level of competitive pressure (existing market rate structure)
- Availability of capacity (both equipment and drivers)
- Timing (peak or off-peak pricing)
- The carrier's current operations within the traffic lane (presence of complementary movements, i.e., front hauls or backhauls)
- Expectations with regard to longevity of the business relationship with a shipper
- Need for special equipment
- Cash flow requirements
- The existing cost structure of the carrier
- Express versus standard service
- Density of the shipment

- System load matching (operationally fitting a new movement together with other current movements)

Those are not the critical components of the increases which SMC considers in effectuating changes in its class rates. Therefore, in SMC's view, comparisons of discounted SMC class rates with the undiscounted level of SMC class rates is not a valid measure of the reasonableness of the SMC class rates. Rather, because SMC's class rates are a baseline for pricing utilized in SMC's ratemaking territories, it is submitted that a valid and relevant comparison of SMC's undiscounted class rates would be with the undiscounted class rates of other motor carriers utilized as baselines for pricing purposes within SMC's ratemaking territories.

The accompanying statement of James Ridley, SMC's Senior Data Analyst in Product Services, demonstrates a comparison of the applicable SMC class rates with the baseline class rates applicable under the tariffs of eight major less-than-truckload motor carriers from various major and minor shipping points within SMC's ratemaking territories to some 21 destination points. A total of 205 market comparisons was made involving a total of 1,845 unique rates. The results of those comparisons unequivocally demonstrate the reasonableness of the current SMC class rate baseline.

Of the 205 market comparisons SMC class rates are the lowest in 121 occurrences, i.e. in 59.02% of the comparisons. Out of 205 market comparisons, SMC class rates are among the three lowest levels in 195 occurrences, i.e. 95.12% of the total. Of the total 1,845 unique rates shown, only 123, or 6.67%, showed baseline rates published by individual carriers that are lower than the SMC class rates.

In those limited instances where SMC class rates were higher than the lowest class rate between any market price, the difference was from a low of .0002% to a high of 7.7%. The overall average difference is 1.68%. Conversely, a review of the individually-established baseline class rates which are higher than SMC's class rates show a range of from 0.1% to 113.8%. In 341 of the occurrences of higher individually-determined baseline class rates, they are in excess of 20% higher than SMC's class rates.

As Mr. Ridley also points out, SMC's class rates are based on distances; namely, the distances prescribed between two three-digit U.S. Postal Zip Code Areas in the applicable SMC class rate tariffs. Hence, when general rate increases are implemented by SMC, those increases must be applied uniformly across-the-board without regard to individual markets. Individually-determined carrier rates, on the other hand, can be adjusted in recognition of operational differences and reflect service benefits or liabilities for the carrier between any given set of market points.

As the record in the recent past proceedings before the Surface Transportation Board regarding SMC's Section 5a Application No. 46 shows, a very large segment of the carrier and shipper community rely on SMC's class rates as the baseline for their pricing purposes. Given the very favorable comparison of SMC's class rate structure with other baselines in the same markets, the widespread use of SMC's class rate structure is not surprising. Given the role of SMC's class rates as a pricing mechanism, and its very favorable relationship to other market baselines, there does not appear to be any reasonable basis for distorting its usefulness as a baseline by arbitrary and unnecessary reductions or roll-backs. The resulting discounted SMC class rates do result in market-based rates, i.e. rate levels at which a shipper is willing to ship and a carrier is

willing to transport that shipper's goods. To distort SMC's baseline rates by some artificial discount rollback is unwarranted because that pricing mechanism more than fairly compares with other individually-determined, currently effective carrier baselines. Additionally, such a modification of SMC's baseline class rates would seriously disrupt the pricing mechanism the transportation community has embraced over the past two decades.

Clearly, SMC's comparisons establish that the SMC class rates do, in fact, very favorably reflect the going baseline rate levels which carriers have independently established in the competitive market for pricing purposes. Equally plain from those comparisons is the fact that SMC's class rates are unequivocally competitive with the baselines of the individual carriers. In actuality, in the vast majority of cases SMC's baseline class rates are significantly lower. Hence, to reduce the SMC baseline class rates further would only serve to destroy the value to the carriers of that competitive pricing mechanism which is now serving successfully the pricing needs of many carriers and shippers in the SMC's ratemaking territories.

Further, as demonstrated by Mr. Acker, in SMC Class Tariff 585, there are 32,724 rates and 77,100 rate basis members. The rates are grouped by classification and weight groups within each rate basis number resulting in 12,490,200 possible combinations of charges within that tariff, not accounting for the inclusion of the multiple carrier-initiated discounts which occur within those combinations. Those discounted class rates, by and large, are the "market levels" of rates by which the carriers price their services.

It would not be feasible, along the lines discussed in the ICC's Georgia-Pacific Corp. decision, supra, to derive "market level" rates through the "cluster" of rates

available from carriers that could or might be available to provide the service. As Mr. Acker points out, in Georgia-Pacific Corp. all 226 shipments at issue had one origin, Gellman, VT and 15 destinations, providing a feasible number of combinations for determining the “market level” of the rate. By contrast, in SMC Class Tariff 585 there are 114,720 unique possible origin and destination Zip Code pairs and 32,724 rates, which would produce 12,490,200 possible combinations. As indicated, those possible combinations would be increased dramatically if effect is given to the multitude of discount levels published by the carriers using those class rates as their baselines. The literally billions of possible combinations of origins, destinations and rates would render any attempt to pinpoint any particular market rate as the proper indicator of “the market rate level” unrealistic and inappropriate given the actual universe of available rates. Moreover, any attempt, statistically or otherwise, even if feasible or resulting in a valid sampling, would produce an “average reduction” in the overall rate level which would be inappropriate or wrong billions of times more than it would be correct because of the many combinations and discounts actually available in the marketplace.

Present Discount Pricing from SMC Class Rate
Has Simplified and Rationalized Ratemaking

Under the market pricing system whereby rates are not filed with an administrative agency, and with the concomitant demise of the filed-rate doctrine, SMC’s class rates have proven an invaluable tool acting as a baseline for achieving rational and readily comparable discounts. Both carriers and shippers have benefited from that pricing mechanism. As shown above, the SMC baseline of class rates compares very favorably with the baselines independently established by other motor carriers competing within SMC’s ratemaking territories. So too, present pricing practices have simplified

the publication of tariffs. As Daniel Acker shows, whereas in 1982 SMC had to publish 40 class, commodity and commodity column tariffs, as of 1999 only 4 SMC tariffs were required to meet those pricing needs.

To distort the present pricing mechanism by requiring any change to the SMC class rates baseline would not advance or enhance pricing practices in today's competitive truck transportation market. To the contrary, restructuring SMC's competitive class rate baseline would only serve to further reduce carrier revenue and require the renegotiation of virtually all presently discounted and contract rates relying on SMC's class rate structure. Because of the very slim margins of profit which exist in the trucking industry due to the very competitive market in which transportation services are provided, that lost revenue and additional carrier costs would have to be recaptured through a general rate increase. Shippers, too, would incur substantial administrative costs in having to renegotiate their discounted rates and, given the economic conditions which would then confront the motor carriers should revenue be lost, pricing concessions and rate levels might have to be adjusted upward. It does not appear that any legitimate benefits would result from artificially changing SMC's class rate structure, or that any such revision is necessary.

To the extent that some occasional shippers were paying undiscounted SMC class rates it could be argued that such pricing is the product of the market. Namely, any such undiscounted SMC class rates represent the levels at which a carrier was willing to transport and a shipper was willing to ship its goods. Moreover, giving full consideration to the characteristics of a haul which drives a carrier's pricing, as identified in detail in Mr. Acker's statement, it is entirely possible that the undiscounted SMC class rates could

be reasonable given the particular shipments which were being transported.

Nevertheless, SMC did react to the STB's concerns regarding those shippers paying undiscounted SMC class rates and, as indicated above, has provided an across-the-board 20% discount, which discount is fairly and reasonably related to the lowest discount negotiated at arms length bargaining between carriers and shippers in SMC's ratemaking territories.

In its February 11 Decision, the STB expressed concern that the minimum discounts from the class rates provided by the rate bureaus may not be automatic. The agency stated that "it appears that the 'default' discounts would not apply if a shipper is given any other discount, no matter how small..." (Decision, p. 7, fn. 17.) That is not the case with SMC's minimum discount. The range of SMC carrier discounts under SMC's class rates was from 21.2 to 73.3%. The SMC 20% discount is below the lowest discount provided and is truly a minimum which automatically has been applied since October 1, 1999.¹

SMC's Cost-Based Methodology
Will Resolve STB Concerns Regarding
SMC's Class Rate Levels

SMC is very aware of the STB's concerns regarding the levels of the class rate structures. As noted, dealing with that issue was a principal focus of SMC's Steering Committee and led to SMC's adoption of its cost-based approach to general rate increases.

¹ The STB also expressed concern that a minimum discount could be revoked if a carrier or a bankrupt carrier's estate considered payment to be untimely. (Decision, p. 7, fn. 17.) That probably would occur, if at all, pursuant to a carrier's individually determined tariff over which SMC has no control. In any event, such loss of discount most likely would be an exception rather than the rule because it is tied to a failure to timely pay freight charges. Additionally, that loss of discount provision for untimely payments would apply to any discount and not solely the minimum discount applied for shippers not having any negotiated discount.

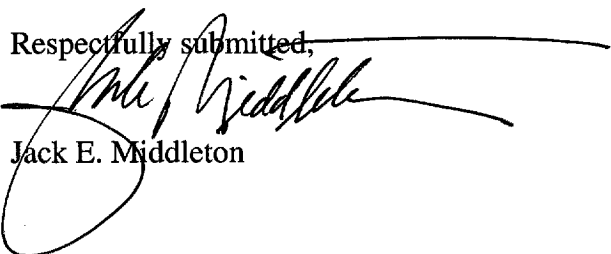
SMC believes that the comparison of its class rates with the class rates of competing carriers available in SMC's ratemaking territories shows that the SMC baseline is reasonably established at levels generally below those individually-determined baselines. In order to maintain that "market level" baseline of class rates, and to combat escalating discount tactics and allow SMC carriers to maintain needed revenue levels while reducing or eliminating the need continuously to adjust discounts, SMC developed its cost-based approach. That methodology is intended to enable carriers to recover their actual increased costs of doing business without engaging in reactive discounting practices.

As Mr. Acker explains, trucking industry costs are divided into two major categories, labor-related costs and non-labor costs. Labor costs account for about 55 to 65% of the carriers' total expenses. Due to the absence of responsive indices to assess the increases in motor carrier expenses, SMC developed its own Carrier Cost Index (CCI). That model is predicated on the specific cost characteristics of SMC carrier operations and the services provided. The actual expenses are updated with detailed labor surveys from SMC's member carriers. In addition, select individual indexes from the Consumer Price Index (CPI) and the Producer Price Index (PPI) are used to calculate the actual non-labor cost increases on the SMC carriers. A target operating ratio of 93%, i.e. the ratio of expenses to revenues, is used. That operating ratio is well recognized as the standard necessary to yield rates of return on motor carrier investment that would maintain financial stability and enable the carriers to provide the capacity necessary to render responsive services to the public. As indicated, that methodology was used by the SMC General Rate Committee in constructing the overall 3.57% increase in the SMC

class rates which became effective in October 1999, and would be used for all future general rate reviews.

Prior to the publication of the 3.57% general rate increase, which was the lowest established by any of the rate bureaus, SMC expended considerable efforts to advise the shipping public and shipper trade associations of the general rate increase which was to be taken. Through press releases and a justification statement the cost-based methodology was explained, as was its purpose to curtail unbridled discounting and the escalating revenue need created by such discounting which had to be recaptured through general rate increases. Significantly, SMC's October 1, 1999 general rate increase was not protested, as were those of other bureaus which ranged around 5% and higher and were placed under suspension and investigation, and became effective as scheduled. SMC carrier members have reported to me that shippers, apprised of the cost-based approach that underpinned the October 1 increase, did not look for offsetting discounts to reduce that needed increase. SMC's General Rate Committee has directed staff that all future general rate actions will be based on that cost-based methodology and the maintenance of a target operating ratio of about 93%. As was the case with the October 1 increase, SMC will advise the public fully of any proposed general rate action and will provide information as to the basis for any such proposal. Through such communication SMC believes that confidence will be restored to the general rate increase process, and the shipping public and SMC's motor carriers will benefit from an economically healthy and responsive motor carrier industry.

Respectfully submitted,



Jack E. Middleton

II.

Statement of

James Ridley

Senior Data Analyst

II.

Statement of

James Ridley

Senior Data Analyst

II.

Statement of James Ridley

My name is James (Jim) Ridley and I have been employed at Southern Motor Carriers Rate Conference, Inc. (SMC) for approximately 29 years. I am presently employed as a Senior Data Analyst in the Production Department of SMC, and currently serve as the Secretary of the SMC General Rate Committee. Except for about 1.5 years that I was employed as a compiler of tariff publications, the remainder of my years at SMC have been involved in rate or docket analysis in various departments within the company. During this time I have dealt with all of the tariffs formerly and presently produced by SMC, including rules and rates tariffs. I am familiar with the form and structure used in developing rates in regard to their relationships by classification rating, weight and distance. As an analyst for the SMC General Rate Committee I worked with the committee in the development of the present SMC zip code based class rate structures.

For a period of about 2 years, I served as the Assistant Manager in the SMC Rate and Research Department, where along with the many analytical duties required by that position, I also served as the Secretary to both the Georgia Intrastate Rate Committee and the Mississippi Intrastate Rate Committee. The Rate and Research Department was assigned the duties of handling the analysis work, other than cost analysis, for the General Rate Committee, its ad hoc sub-committees, and the numerous intrastate committees.

For approximately 8 years prior to my employment by SMC, I was employed in the Operations Departments of three heavy and specialized carriers. For a brief period of

time I worked in customer service, but by far the majority of my work experience was gained in dealing with customers, state agencies and drivers in the planning, routing and movement of over-sized and over-weight shipments.

Jack E. Middleton, SMC's President, requested that I prepare the following marketplace rate comparison of SMC's class rates with those applicable by major LTL carriers doing business within SMC's ratemaking territories.

In preparing a marketplace rate comparison, I selected 5 major shipping points within Southern Territory. Then I also chose major markets within each of the other 4 SMC rate-making territories, i.e. Eastern, Central, Middlewestern and Southwestern Territories. Generally, these were cities located in major traffic lanes and also on the U.S. Interstate highway system. Additionally, I selected 5 smaller cities within Southern Territory, none of which are located on the U.S. Interstate highway system as additional origin points. For comparison purposes I was able to secure rates for 8 individual carriers. The carriers and involved tariffs are identified in Appendix B to my statement. Individual carrier Rates were compared to Class rates published in SMC Tariffs 500, 501 and 585. Classes and weights were selected on a random basis using only the Less-than-truckload (LTL) rates.

The general principle is to show how the SMC bureau rate-making process of establishing base rates compares with individual motor carrier class rates, even though individual motor carriers have the ability to manipulate their individual motor carrier rates between given markets depending on their company's operational requirements.

Only undiscounted class rates were considered in making the comparisons. The carriers, in accordance with agreements or contracts, apply discounts with individual

customers and there is no way to determine what is actually applied between any 2 given points. Today, a discount of 70 percent may be applied to customer “A,” while customer “B” located within the same building complex may receive only a 50 percent discount. Such differential is the product of a marketplace economy driven mainly by competition.

Of the 205 market comparisons shown in the analysis set forth as Appendix A, SMC bureau rates compare with the individual carrier rates as follows:

- SMC bureau rates are the lowest in 121 occurrences, equating to 59.02% of the total;
- SMC bureau rates are the 2nd lowest in 56 occurrences, equating to 27.32% of the total;
- SMC bureau rates are the 3rd lowest in 18 occurrences, equating to 8.78% of the total.

This means that out of the 205 market comparisons SMC Class rates are within the category of the 3 lowest levels of rates on 195 occurrences, or 95.12% of the total.

Within the comparison there are a total of 1,845 unique rates. Of the 1,845 unique rates shown in the comparison, there are only 123 (6.67%) rates published by individual carriers that are lower than the SMC bureau rates.

Where SMC rates are higher than the lowest of any rate published by an individual carrier between any market pair, the difference is from a low of .0002% (1 cent) to a high of 7.7%. The overall average is 1.68%.

Review of the rates that are higher than the SMC bureau rate show a range from a low of 0.1% to a high of 113.8%. Of the individual carrier rates higher than SMC rates, there are 341 occurrences where they are in excess of 20% higher than SMC rates.

Of the 8 individual carriers compared, 6 carriers have rates lower than SMC on at least 1 occasion. Where Individual carrier's rates are lower than SMC rates it generally occurred in either the lower weight (L5C line of rates), or in the higher weight categories (M5M and M10M lines of rates). This is merely another example of carriers adjusting their individual level of rates to attract what is to them the more desirable traffic.

Although SMC rates are developed for joint-line movements, which could generally necessitate a higher level of thru-rates, I believe that the comparison shows clearly the fact that SMC rates are indeed comparable to the individual motor carrier rates prevailing in the market today. The comparison also shows that in those limited instances when an individual carrier's rates in the comparisons are lower than the SMC level of rate between 2 particular points, other carriers still maintain rates that are higher than bureau rates published between the same points.

Another point that is well to keep in mind is the fact that SMC rates are based on distances. For SMC this means the distances prescribed between 2 three-digit U.S. Postal Zip Code Areas in the applicable SMC Class rate tariffs. When general rate increases are acted on at the bureau level, such increases must be applied uniformly across the board without regard to individual markets.

On the other hand, individual carrier rates may be adjusted to allow for operational differences, and a broad array of service benefits or liabilities, as the case may be, for providing service between any given set of markets. The comparison again clearly points out these differences. Individual carrier rates tend to be "niche-driven", while SMC rate levels must be appropriate and provide equal treatment to all customers.

Additionally, many small and medium size carriers do not develop and maintain their own individual motor carrier rates, but are dependent on SMC to provide them with a viable marketplace base level of rates within SMC's ratemaking territories. Although bureau rates are developed for joint-line traffic, there is nothing to preclude an individual carrier from adopting such rates for its own single-line application, as well as for joint-line transportation purposes.

Respectfully submitted,



James Ridley

APPENDIX A

MARKETPLACE RATE COMPARISON

FROM ATLANTA, GA - 30301		WEIGHT				RATE IN DOLLARS AND CENTS PER 100 POUNDS							
TO [IN ZIP ORDER]	ZIP	TERR	CLASS	GROUP	SMC	1	2	3	4	5	6	7	8
BOSTON, MA	02101	E	65	M5C	54.41	55.45	58.32	59.90	60.24	58.42	56.46	56.08	59.52
PERCENTAGE TO SMC					0.0%	1.9%	7.2%	10.1%	10.7%	7.4%	3.8%	3.1%	9.4%
NEWARK, NJ	07101	E	92.5	L5C	74.27	75.40	89.00	92.52	84.54	87.17	99.64	87.83	82.04
PERCENTAGE TO SMC					0.0%	1.5%	19.8%	24.6%	13.8%	17.4%	34.2%	18.3%	10.5%
PITTSBURGH, PA	15201	E	55	M10M	17.12	17.44	18.03	21.96	20.25	17.58	21.86	19.45	18.22
PERCENTAGE TO SMC					0.0%	1.9%	5.3%	28.3%	18.3%	2.7%	27.7%	13.6%	6.4%
BALTIMORE, MD	21201	E	77.5	M1M	38.89	39.27	41.65	46.79	49.84	42.66	40.99	43.40	39.43
PERCENTAGE TO SMC					0.0%	1.0%	7.1%	20.3%	28.2%	9.7%	5.4%	11.6%	1.4%
GREENSBORO, NC	27401	S	85	L5C	44.92	48.90	45.03	49.22	45.78	45.70	50.90	50.22	45.51
PERCENTAGE TO SMC					0.0%	8.9%	0.2%	9.6%	1.9%	1.7%	13.3%	11.8%	1.3%
ATLANTA, GA	30301	S	100	M5C	...	...	...	...	...	...	...	...	...
PERCENTAGE TO SMC					...	...	...	...	...	...	...	...	...
JACKSONVILLE, FL	32201	S	55	L5C	36.12	43.09	35.67	37.49	48.50	41.93	52.54	45.58	37.84
PERCENTAGE TO SMC					0.0%	19.3%	-1.2%	3.8%	34.3%	16.1%	45.5%	26.2%	4.8%
BIRMINGHAM, AL	35201	S	50	M1M	15.10	17.78	14.89	15.74	17.95	15.24	19.71	20.71	15.16
PERCENTAGE TO SMC					0.0%	17.7%	-1.4%	4.2%	18.9%	0.9%	30.5%	37.2%	0.4%
NASHVILLE, TN	37201	S	100	M2M	24.61	26.03	24.99	29.33	29.72	25.06	27.08	33.51	24.93
PERCENTAGE TO SMC					0.0%	5.8%	1.5%	19.2%	20.8%	1.8%	10.0%	36.2%	1.3%
COLUMBUS, OH	43201	C	70	M10M	15.05	15.91	16.07	24.28	15.89	16.05	16.60	18.24	15.26
PERCENTAGE TO SMC					0.0%	5.7%	6.8%	61.3%	5.6%	6.6%	10.3%	21.2%	1.4%
INDIANAPOLIS, IN	46201	C	60	L5C	51.60	54.36	53.82	51.39	55.32	51.46	53.13	52.18	51.84
PERCENTAGE TO SMC					0.0%	5.3%	4.3%	-0.4%	7.2%	-0.3%	3.0%	1.1%	0.5%
DETROIT, MI	48201	C	77.5	M1M	40.91	52.36	44.30	48.58	48.42	41.16	41.24	48.33	48.93
PERCENTAGE TO SMC					0.0%	28.0%	8.3%	18.7%	18.4%	0.6%	0.8%	18.1%	19.6%
MILWAUKEE, WI	53201	MW	85	M10M	22.69	22.39	24.02	37.53	29.09	24.16	25.30	22.62	22.98
PERCENTAGE TO SMC					0.0%	-1.3%	5.9%	65.4%	28.2%	6.5%	11.5%	-0.3%	1.3%
MINNEAPOLIS, MN	55401	MW	92.5	M5C	68.92	69.91	76.39	86.28	72.87	69.36	70.60	69.40	78.25
PERCENTAGE TO SMC					0.0%	1.4%	10.8%	25.2%	5.7%	0.6%	2.4%	0.7%	13.5%
CHICAGO, IL	60601	C	100	M2M	40.61	51.30	48.57	55.05	53.96	40.89	57.90	57.95	43.22
PERCENTAGE TO SMC					0.0%	26.3%	19.6%	35.6%	32.9%	0.7%	42.6%	42.7%	6.4%
ST. LOUIS, MO	63101	MW	70	M2M	29.40	29.54	30.91	33.66	30.54	29.59	29.21	32.03	29.79
PERCENTAGE TO SMC					0.0%	0.5%	5.1%	14.5%	3.9%	0.6%	-0.6%	8.9%	1.3%
OMAHA, NE	68101	MW	60	M5M	25.52	23.89	25.17	34.56	25.15	25.80	25.46	24.58	28.68
PERCENTAGE TO SMC					0.0%	-6.4%	-1.4%	35.4%	-1.4%	1.1%	-0.2%	-3.7%	12.4%
OKLAHOMA CITY, OK	73101	SW	85	M1M	47.50	47.47	48.91	54.88	49.95	47.81	50.60	49.81	51.05
PERCENTAGE TO SMC					0.0%	-0.1%	3.0%	15.5%	5.2%	0.7%	6.5%	4.9%	7.5%
DALLAS, TX	75201	SW	65	M5M	24.12	24.46	25.54	25.99	26.57	24.01	27.22	27.25	25.66
PERCENTAGE TO SMC					0.0%	1.4%	5.9%	7.8%	10.2%	-0.5%	12.9%	13.0%	6.4%
HOUSTON, TX	77001	SW	92.5	M5C	60.11	61.44	64.07	67.90	64.19	60.46	65.50	63.66	64.58
PERCENTAGE TO SMC					0.0%	2.2%	6.6%	13.0%	6.8%	0.6%	9.0%	5.9%	7.4%
ALBUQUERQUE, NM	87101	SW	50	M5M	28.24	27.46	31.33	37.67	29.62	30.40	28.69	28.53	36.00
PERCENTAGE TO SMC					0.0%	-2.8%	10.9%	33.4%	4.9%	7.6%	1.6%	1.0%	27.5%

EXPLANATION OF WEIGHTS:

- L5C . . . Applies on shipments weighing less than 500 pounds.
- M5C . . . Applies on shipments weighing 500 pounds or more, but less than 1,000 pounds.
- M1M . . . Applies on shipments weighing 1,000 pounds or more, but less than 2,000 pounds.
- M2M . . . Applies on shipments weighing 2,000 pounds or more, but less than 5,000 pounds.
- M5M . . . Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
- M10M . . . Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

- C Central
- E Eastern
- MW Middlewestern
- S Southern
- SW Southwestern

MARKETPLACE RATE COMPARISON

FROM BIRMINGHAM, AL - 35201					WEIGHT		RATE IN DOLLARS AND CENTS PER 100 POUNDS							
TO [IN ZIP ORDER]	ZIP	TERR	CLASS	GROUP	SMC	1	2	3	4	5	6	7	8	
BOSTON, MA	02101	E	65	M5C	58.57	61.90	62.75	63.64	66.75	62.95	61.17	60.94	67.62	
PERCENTAGE TO SMC					0.0%	5.7%	7.1%	8.7%	14.0%	7.5%	4.4%	4.0%	15.5%	
NEWARK, NJ	07101	E	92.5	L5C	77.61	83.05	92.96	98.05	94.23	94.61	104.97	90.52	85.73	
PERCENTAGE TO SMC					0.0%	7.0%	19.8%	26.3%	21.4%	21.9%	35.3%	16.6%	10.5%	
PITTSBURGH, PA	15201	E	55	M10M	17.35	17.76	18.04	23.71	22.14	17.48	22.59	19.25	18.47	
PERCENTAGE TO SMC					0.0%	2.4%	4.0%	36.7%	27.6%	0.7%	30.2%	11.0%	6.5%	
BALTIMORE, MD	21201	E	77.5	M1M	43.43	45.65	45.63	51.27	58.15	52.82	45.18	44.78	46.65	
PERCENTAGE TO SMC					0.0%	5.1%	5.1%	18.1%	33.9%	21.6%	4.0%	3.1%	7.4%	
GREENSBORO, NC	27401	S	85	L5C	50.29	59.12	50.36	54.99	59.77	51.21	60.31	52.79	50.95	
PERCENTAGE TO SMC					0.0%	17.6%	0.1%	9.3%	18.9%	1.8%	19.9%	5.0%	1.3%	
ATLANTA, GA	30301	S	100	M5C	34.49	41.65	35.27	41.80	41.41	35.14	46.68	49.46	34.98	
PERCENTAGE TO SMC					0.0%	20.8%	2.3%	21.2%	20.1%	1.9%	35.3%	43.4%	1.4%	
JACKSONVILLE, FL	32201	S	55	L5C	39.96	48.91	39.48	41.88	56.52	46.41	56.45	51.02	41.86	
PERCENTAGE TO SMC					0.0%	22.4%	-1.2%	4.8%	41.4%	16.1%	41.3%	27.7%	4.8%	
BIRMINGHAM, AL	35201	S	50	M1M	...	...	...	...	...	...	...	...	...	
PERCENTAGE TO SMC					...	...	...	...	...	...	...	...	...	
NASHVILLE, TN	37201	S	100	M2M	21.78	25.17	22.10	27.46	31.75	22.18	30.11	29.12	22.06	
PERCENTAGE TO SMC					0.0%	15.6%	1.5%	26.1%	45.8%	1.8%	38.2%	33.7%	1.3%	
COLUMBUS, OH	43201	C	70	M10M	15.05	15.91	16.07	25.02	17.74	16.05	16.91	17.10	15.26	
PERCENTAGE TO SMC					0.0%	5.7%	6.8%	66.2%	17.9%	6.6%	12.4%	13.6%	1.4%	
INDIANAPOLIS, IN	46201	C	60	L5C	50.30	56.20	52.79	49.99	59.14	50.15	53.53	54.74	50.52	
PERCENTAGE TO SMC					0.0%	11.7%	5.0%	-0.6%	17.6%	-0.3%	6.4%	8.8%	0.4%	
DETROIT, MI	48201	C	77.5	M1M	40.91	54.82	44.30	49.47	53.25	41.16	41.95	47.86	48.93	
PERCENTAGE TO SMC					0.0%	34.0%	8.3%	20.9%	30.2%	0.6%	2.5%	17.0%	19.6%	
MILWAUKEE, WI	53201	MW	85	M10M	18.68	21.60	19.81	35.77	30.83	19.90	23.52	22.23	18.94	
PERCENTAGE TO SMC					0.0%	15.6%	6.0%	91.5%	65.0%	6.5%	25.9%	19.0%	1.4%	
MINNEAPOLIS, MN	55401	MW	92.5	M5C	65.39	70.09	72.45	84.18	72.79	65.80	68.14	68.24	70.26	
PERCENTAGE TO SMC					0.0%	7.2%	10.8%	28.7%	11.3%	0.6%	4.2%	4.4%	7.4%	
CHICAGO, IL	60601	C	100	M2M	39.20	51.19	47.49	52.69	53.68	39.41	56.25	54.81	41.72	
PERCENTAGE TO SMC					0.0%	30.6%	21.1%	34.4%	36.9%	0.5%	43.5%	39.8%	6.4%	
ST. LOUIS, MO	63101	MW	70	M2M	27.19	28.28	28.83	32.08	28.47	27.36	26.71	29.96	27.57	
PERCENTAGE TO SMC					0.0%	4.0%	6.0%	18.0%	4.7%	0.6%	-1.8%	10.2%	1.4%	
OMAHA, NE	68101	MW	60	M5M	23.50	23.16	23.22	32.56	25.45	23.78	23.36	23.44	25.01	
PERCENTAGE TO SMC					0.0%	-1.4%	-1.2%	38.6%	8.3%	1.2%	-0.6%	-0.3%	6.4%	
OKLAHOMA CITY, OK	73101	SW	85	M1M	41.32	44.72	42.82	47.51	49.28	41.60	43.89	46.63	44.41	
PERCENTAGE TO SMC					0.0%	8.2%	3.6%	15.0%	19.3%	0.7%	6.2%	12.9%	7.5%	
DALLAS, TX	75201	SW	65	M5M	20.83	23.46	22.40	23.61	26.53	20.78	25.28	24.60	20.92	
PERCENTAGE TO SMC					0.0%	12.6%	7.5%	13.3%	27.4%	-0.2%	21.4%	18.1%	0.4%	
HOUSTON, TX	77001	SW	92.5	M5C	55.31	59.48	59.94	61.70	64.75	55.68	60.93	58.43	56.07	
PERCENTAGE TO SMC					0.0%	7.5%	8.4%	11.6%	17.1%	0.7%	10.2%	5.6%	1.4%	
ALBUQUERQUE, NM	87101	SW	50	M5M	26.47	26.84	29.37	34.92	28.23	28.51	26.88	25.87	33.74	
PERCENTAGE TO SMC					0.0%	1.4%	11.0%	31.9%	6.6%	7.7%	1.5%	-2.3%	27.5%	

EXPLANATION OF WEIGHTS:

L5C ... Applies on shipments weighing less than 500 pounds.
M5C ... Applies on shipments weighing 500 pounds or more, but less than 1,000 pounds.
M1M ... Applies on shipments weighing 1,000 pounds or more, but less than 2,000 pounds.
M2M ... Applies on shipments weighing 2,000 pounds or more, but less than 5,000 pounds.
M5M ... Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
M10M ... Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

C Central
E Eastern
MW Middlewestern
S Southern
SW Southwestern

MARKETPLACE RATE COMPARISON

FROM					RATE IN DOLLARS AND CENTS PER 100 POUNDS									
CHARLESTON, SC - 29401														
TO [IN ZIP ORDER]	ZIP	TERR	CLASS	GROUP	SMC	1	2	3	4	5	6	7	8	
BOSTON, MA	02101	E	65	M5C	51.61	54.05	55.32	56.18	61.13	55.69	55.23	53.58	56.46	
PERCENTAGE TO SMC					0.0%	4.7%	7.2%	8.9%	18.4%	7.9%	7.0%	3.8%	9.4%	
NEWARK, NJ	07101	E	92.5	L5C	68.79	71.38	82.43	87.01	86.73	81.21	95.46	84.94	75.99	
PERCENTAGE TO SMC					0.0%	3.8%	19.8%	26.5%	26.1%	18.1%	38.8%	23.5%	10.5%	
PITTSBURGH, PA	15201	E	55	M10M	17.35	18.16	18.04	20.81	23.34	17.82	22.77	20.64	18.47	
PERCENTAGE TO SMC					0.0%	4.7%	4.0%	19.9%	34.5%	2.7%	31.2%	19.0%	6.5%	
BALTIMORE, MD	21201	E	77.5	M1M	36.13	36.65	38.82	45.90	49.58	39.01	37.82	51.39	36.60	
PERCENTAGE TO SMC					0.0%	1.4%	7.4%	27.0%	37.2%	8.0%	4.7%	42.2%	1.3%	
GREENSBORO, NC	27401	S	85	L5C	38.70	44.21	38.79	48.12	48.94	39.43	57.81	54.04	39.24	
PERCENTAGE TO SMC					0.0%	14.2%	0.2%	24.3%	26.5%	1.9%	49.4%	39.6%	1.4%	
ATLANTA, GA	30301	S	100	M5C	44.37	47.84	45.33	53.85	53.85	45.20	58.23	61.33	45.00	
PERCENTAGE TO SMC					0.0%	7.8%	2.2%	21.4%	21.4%	1.9%	31.2%	38.2%	1.4%	
JACKSONVILLE, FL	32201	S	55	L5C	30.96	39.43	30.58	34.86	49.15	35.95	47.80	33.03	32.44	
PERCENTAGE TO SMC					0.0%	27.4%	-1.2%	12.6%	58.8%	16.1%	54.4%	6.7%	4.8%	
BIRMINGHAM, AL	35201	S	50	M1M	23.62	25.98	23.00	22.65	29.73	23.79	29.90	24.09	23.70	
PERCENTAGE TO SMC					0.0%	10.0%	-2.6%	-4.1%	25.9%	0.7%	26.6%	2.0%	0.3%	
NASHVILLE, TN	37201	S	100	M2M	35.87	36.60	35.38	37.94	46.00	36.53	37.96	41.02	36.37	
PERCENTAGE TO SMC					0.0%	2.0%	-1.4%	5.8%	28.2%	1.8%	5.8%	14.4%	1.4%	
COLUMBUS, OH	43201	C	70	M10M	16.39	18.84	17.22	26.48	21.39	17.45	19.32	20.61	16.61	
PERCENTAGE TO SMC					0.0%	14.9%	5.1%	61.6%	30.5%	6.5%	17.9%	25.7%	1.3%	
INDIANAPOLIS, IN	46201	C	60	L5C	57.58	59.63	58.72	56.44	65.97	57.45	58.69	59.66	57.84	
PERCENTAGE TO SMC					0.0%	3.6%	2.0%	-2.0%	14.6%	-0.2%	1.9%	3.6%	0.5%	
DETROIT, MI	48201	C	77.5	M1M	48.53	58.38	53.02	52.16	59.15	48.84	48.21	54.47	58.03	
PERCENTAGE TO SMC					0.0%	20.3%	9.3%	7.5%	21.9%	0.6%	-0.7%	12.2%	19.6%	
MILWAUKEE, WI	53201	MW	85	M10M	24.91	26.18	26.35	43.80	35.87	26.53	28.36	28.19	25.24	
PERCENTAGE TO SMC					0.0%	5.1%	5.8%	75.8%	44.0%	6.5%	13.8%	13.2%	1.3%	
MINNEAPOLIS, MN	55401	MW	92.5	M5C	79.49	81.91	87.98	94.84	89.37	80.01	83.12	82.98	90.25	
PERCENTAGE TO SMC					0.0%	3.0%	10.7%	19.3%	12.4%	0.7%	4.6%	4.4%	13.5%	
CHICAGO, IL	60601	C	100	M2M	50.97	59.63	61.23	63.06	69.05	51.30	67.00	66.88	54.26	
PERCENTAGE TO SMC					0.0%	17.0%	20.1%	23.7%	35.5%	0.6%	31.4%	31.2%	6.5%	
ST. LOUIS, MO	63101	MW	70	M2M	38.48	36.90	39.84	42.54	39.94	38.73	38.26	40.03	39.00	
PERCENTAGE TO SMC					0.0%	-4.1%	3.5%	10.6%	3.8%	0.6%	-0.6%	4.0%	1.4%	
OMAHA, NE	68101	MW	60	M5M	29.52	28.51	29.13	41.90	31.78	29.88	30.36	30.13	31.43	
PERCENTAGE TO SMC					0.0%	-3.4%	-1.3%	41.9%	7.7%	1.2%	2.8%	2.1%	6.5%	
OKLAHOMA CITY, OK	73101	SW	85	M1M	55.42	56.52	57.00	67.74	63.90	55.76	60.13	58.59	59.54	
PERCENTAGE TO SMC					0.0%	2.0%	2.9%	22.2%	15.3%	0.6%	8.5%	5.7%	7.4%	
DALLAS, TX	75201	SW	65	M5M	28.35	29.74	30.01	32.16	33.94	28.26	31.32	31.60	30.16	
PERCENTAGE TO SMC					0.0%	4.9%	5.9%	13.4%	19.7%	-0.3%	10.5%	11.5%	6.4%	
HOUSTON, TX	77001	SW	92.5	M5C	68.92	71.51	73.46	85.29	79.92	69.36	73.95	70.07	74.06	
PERCENTAGE TO SMC					0.0%	3.8%	6.6%	23.8%	16.0%	0.6%	7.3%	1.7%	7.5%	
ALBUQUERQUE, NM	87101	SW	50	M5M	31.75	32.08	35.20	43.72	34.90	34.19	32.78	32.60	40.49	
PERCENTAGE TO SMC					0.0%	1.0%	10.9%	37.7%	9.9%	7.7%	3.2%	2.7%	27.5%	

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- M5M ... Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
- M10M ... Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

- C Central
- E Eastern
- MW Middlewestern
- S Southern
- SW Southwestern

MARKETPLACE RATE COMPARISON

FROM					RATE IN DOLLARS AND CENTS PER 100 POUNDS									
DOTHAN, AL - 36301														
TO [IN ZIP ORDER]	ZIP	TERR	CLASS	GROUP	SMC	1	2	3	4	5	6	7	8	
BOSTON, MA	02101	E	65	M5C	61.36	65.77	65.70	65.89	68.05	65.96	64.72	64.84	70.83	
PERCENTAGE TO SMC					0.0%	7.2%	7.1%	7.4%	10.9%	7.5%	5.5%	5.7%	15.4%	
NEWARK, NJ	07101	E	92.5	L5C	80.97	88.61	97.40	101.34	94.70	98.68	110.54	99.36	89.45	
PERCENTAGE TO SMC					0.0%	9.4%	20.3%	25.2%	17.0%	21.9%	36.5%	22.7%	10.5%	
PITTSBURGH, PA	15201	E	55	M10M	20.83	20.55	21.80	21.80	23.23	20.98	25.46	21.75	22.16	
PERCENTAGE TO SMC					0.0%	-1.3%	4.7%	4.7%	11.5%	0.7%	22.2%	4.4%	6.4%	
BALTIMORE, MD	21201	E	77.5	M1M	45.96	49.13	48.25	53.92	59.26	55.94	48.88	47.35	49.37	
PERCENTAGE TO SMC					0.0%	6.9%	5.0%	17.3%	28.9%	21.7%	6.4%	3.0%	7.4%	
GREENSBORO, NC	27401	S	85	L5C	52.69	63.66	52.66	56.74	58.49	53.65	64.28	55.63	53.40	
PERCENTAGE TO SMC					0.0%	20.8%	-0.1%	7.7%	11.0%	1.8%	22.0%	5.6%	1.3%	
ATLANTA, GA	30301	S	100	M5C	41.08	48.83	41.97	47.21	42.96	41.85	54.36	56.73	41.63	
PERCENTAGE TO SMC					0.0%	18.9%	2.2%	14.9%	4.6%	1.9%	32.3%	38.1%	1.3%	
JACKSONVILLE, FL	32201	S	55	L5C	30.96	42.41	30.58	34.86	47.79	35.95	40.64	41.66	32.44	
PERCENTAGE TO SMC					0.0%	37.0%	-1.2%	12.6%	54.4%	16.1%	31.3%	34.6%	4.8%	
BIRMINGHAM, AL	35201	S	50	M1M	16.55	19.94	16.29	17.16	19.68	16.69	22.07	23.61	16.60	
PERCENTAGE TO SMC					0.0%	20.5%	-1.6%	3.7%	18.9%	0.8%	33.4%	42.7%	0.3%	
NASHVILLE, TN	37201	S	100	M2M	32.09	33.82	31.82	33.76	36.87	32.69	40.49	41.41	32.52	
PERCENTAGE TO SMC					0.0%	5.4%	-0.8%	5.2%	14.9%	1.9%	26.2%	29.0%	1.3%	
COLUMBUS, OH	43201	C	70	M10M	19.90	19.78	20.72	30.17	20.36	21.19	20.90	20.95	20.16	
PERCENTAGE TO SMC					0.0%	-0.6%	4.1%	51.6%	2.3%	6.5%	5.0%	5.3%	1.3%	
INDIANAPOLIS, IN	46201	C	60	L5C	55.59	60.93	57.21	54.99	58.95	55.45	56.29	54.88	55.86	
PERCENTAGE TO SMC					0.0%	9.6%	2.9%	-1.1%	6.0%	-0.3%	1.3%	-1.3%	0.5%	
DETROIT, MI	48201	C	77.5	M1M	49.45	62.56	54.03	55.71	55.31	49.78	49.15	56.76	59.14	
PERCENTAGE TO SMC					0.0%	26.5%	9.3%	12.7%	11.9%	0.7%	-0.6%	14.8%	19.6%	
MILWAUKEE, WI	53201	MW	85	M10M	24.02	24.96	24.94	42.03	31.39	25.60	27.66	25.98	24.35	
PERCENTAGE TO SMC					0.0%	3.9%	3.8%	75.0%	30.7%	6.6%	15.2%	8.2%	1.4%	
MINNEAPOLIS, MN	55401	MW	92.5	M5C	74.20	80.36	82.18	91.66	80.29	74.68	77.81	77.44	79.72	
PERCENTAGE TO SMC					0.0%	8.3%	10.8%	23.5%	8.2%	0.6%	4.9%	4.4%	7.4%	
CHICAGO, IL	60601	C	100	M2M	49.08	58.96	58.99	60.77	60.78	49.38	63.32	62.90	52.23	
PERCENTAGE TO SMC					0.0%	20.1%	20.2%	23.8%	23.8%	0.6%	29.0%	28.2%	6.4%	
ST. LOUIS, MO	63101	MW	70	M2M	30.52	32.93	31.78	37.74	31.67	30.70	31.24	33.51	30.94	
PERCENTAGE TO SMC					0.0%	7.9%	4.1%	23.7%	3.8%	0.6%	2.4%	9.8%	1.4%	
OMAHA, NE	68101	MW	60	M5M	26.84	27.13	26.65	37.22	26.86	27.17	27.45	27.24	28.56	
PERCENTAGE TO SMC					0.0%	1.1%	-0.7%	38.7%	0.1%	1.2%	2.3%	1.5%	6.4%	
OKLAHOMA CITY, OK	73101	SW	85	M1M	47.50	51.24	48.91	54.88	52.45	47.81	51.66	52.55	51.05	
PERCENTAGE TO SMC					0.0%	7.9%	3.0%	15.5%	10.4%	0.7%	8.8%	10.6%	7.5%	
DALLAS, TX	75201	SW	65	M5M	24.12	26.53	25.54	25.04	27.76	24.01	27.87	27.48	24.21	
PERCENTAGE TO SMC					0.0%	10.0%	5.9%	3.8%	15.1%	-0.5%	15.5%	13.9%	0.4%	
HOUSTON, TX	77001	SW	92.5	M5C	56.88	62.84	60.75	61.70	63.60	57.25	63.50	60.61	57.63	
PERCENTAGE TO SMC					0.0%	10.5%	6.8%	8.5%	11.8%	0.7%	11.6%	6.6%	1.3%	
ALBUQUERQUE, NM	87101	SW	50	M5M	28.24	29.54	31.65	37.13	29.00	30.40	29.04	29.77	36.00	
PERCENTAGE TO SMC					0.0%	4.6%	12.1%	31.5%	2.7%	7.6%	2.8%	5.4%	27.5%	

EXPLANATION OF WEIGHTS:

- L5C ... Applies on shipments weighing less than 500 pounds.
- M5C ... Applies on shipments weighing 500 pounds or more, but less than 1,000 pounds.
- M1M ... Applies on shipments weighing 1,000 pounds or more, but less than 2,000 pounds.
- M2M ... Applies on shipments weighing 2,000 pounds or more, but less than 5,000 pounds.
- M5M ... Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
- M10M ... Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

- C Central
- E Eastern
- MW Middlewestern
- S Southern
- SW Southwestern

MARKETPLACE RATE COMPARISON

FROM GREENSBORO, NC - 27401					RATE IN DOLLARS AND CENTS PER 100 POUNDS								
TO [IN ZIP ORDER]	ZIP	TERR	CLASS	GROUP	SMC	1	2	3	4	5	6	7	8
BOSTON, MA	02101	E	65	M5C	44.90	46.48	48.25	50.16	50.67	48.60	47.09	49.73	49.10
PERCENTAGE TO SMC					0.0%	3.5%	7.5%	11.7%	12.9%	8.2%	4.9%	10.8%	9.4%
NEWARK, NJ	07101	E	92.5	L5C	58.56	60.95	71.55	78.15	68.83	70.65	83.06	92.34	64.69
PERCENTAGE TO SMC					0.0%	4.1%	22.2%	33.5%	17.5%	20.6%	41.8%	57.7%	10.5%
PITTSBURGH, PA	15201	E	55	M10M	15.02	14.46	16.10	16.75	17.23	15.45	18.51	22.31	15.98
PERCENTAGE TO SMC					0.0%	-3.7%	7.2%	11.5%	14.7%	2.9%	23.2%	48.5%	6.4%
BALTIMORE, MD	21201	E	77.5	M1M	28.93	29.76	31.50	35.18	38.17	31.11	30.41	39.05	29.33
PERCENTAGE TO SMC					0.0%	2.9%	8.9%	21.6%	31.9%	7.5%	5.1%	35.0%	1.4%
GREENSBORO, NC	27401	S	85	L5C	...	...	...	...	...	...	...	...	...
PERCENTAGE TO SMC					...	...	...	...	...	...	...	...	...
ATLANTA, GA	30301	S	100	M5C	47.68	49.45	48.70	53.85	51.21	48.55	47.79	53.94	48.32
PERCENTAGE TO SMC					0.0%	3.7%	2.1%	12.9%	7.4%	1.8%	0.2%	13.1%	1.3%
JACKSONVILLE, FL	32201	S	55	L5C	41.27	47.49	40.74	41.20	49.51	47.93	48.18	41.42	43.24
PERCENTAGE TO SMC					0.0%	15.1%	-1.3%	-0.2%	20.0%	16.1%	16.7%	0.4%	4.8%
BIRMINGHAM, AL	35201	S	50	M1M	24.39	26.44	23.75	22.65	28.56	24.58	25.07	24.89	24.48
PERCENTAGE TO SMC					0.0%	8.4%	-2.6%	-7.1%	17.1%	0.8%	2.8%	2.1%	0.4%
NASHVILLE, TN	37201	S	100	M2M	35.87	35.79	35.38	35.64	40.50	36.53	36.96	37.56	36.37
PERCENTAGE TO SMC					0.0%	-0.2%	-1.4%	-0.6%	12.9%	1.8%	3.0%	4.7%	1.4%
COLUMBUS, OH	43201	C	70	M10M	14.67	15.36	15.77	20.58	16.12	15.63	15.90	17.07	14.86
PERCENTAGE TO SMC					0.0%	4.7%	7.5%	40.3%	9.9%	6.5%	8.4%	16.4%	1.3%
INDIANAPOLIS, IN	46201	C	60	L5C	54.26	55.18	56.45	52.85	58.84	54.13	54.60	57.09	54.52
PERCENTAGE TO SMC					0.0%	1.7%	4.0%	-2.6%	8.4%	-0.2%	0.6%	5.2%	0.5%
DETROIT, MI	48201	C	77.5	M1M	40.44	51.66	43.86	44.99	49.65	40.68	40.76	46.58	48.36
PERCENTAGE TO SMC					0.0%	27.7%	8.5%	11.3%	22.8%	0.6%	0.8%	15.2%	19.6%
MILWAUKEE, WI	53201	MW	85	M10M	23.56	23.55	24.46	38.44	31.02	25.11	26.64	24.85	23.88
PERCENTAGE TO SMC					0.0%	0.0%	3.8%	63.2%	31.7%	6.6%	13.1%	5.5%	1.4%
MINNEAPOLIS, MN	55401	MW	92.5	M5C	74.20	75.00	82.18	88.44	77.74	74.68	75.69	76.74	84.24
PERCENTAGE TO SMC					0.0%	1.1%	10.8%	5.0%	4.8%	0.6%	2.0%	3.4%	13.5%
CHICAGO, IL	60601	C	100	M2M	48.14	54.21	57.88	56.15	58.86	48.41	60.38	62.00	51.23
PERCENTAGE TO SMC					0.0%	12.6%	20.2%	9.6%	22.3%	0.6%	25.4%	28.8%	6.4%
ST. LOUIS, MO	63101	MW	70	M2M	37.03	34.18	38.34	40.12	35.50	37.24	36.02	38.30	37.53
PERCENTAGE TO SMC					0.0%	-7.7%	3.5%	6.9%	-4.1%	0.6%	-2.7%	3.4%	1.4%
OMAHA, NE	68101	MW	60	M5M	28.19	26.57	27.79	39.22	28.01	28.51	28.33	27.90	30.00
PERCENTAGE TO SMC					0.0%	-5.7%	-1.4%	30.7%	-0.6%	1.1%	0.5%	-1.0%	6.4%
OKLAHOMA CITY, OK	73101	SW	85	M1M	55.42	55.27	57.00	63.15	58.66	55.76	58.89	57.74	59.54
PERCENTAGE TO SMC					0.0%	-0.3%	2.9%	6.1%	5.8%	0.6%	6.3%	4.2%	7.4%
DALLAS, TX	75201	SW	65	M5M	29.06	29.85	30.72	32.16	32.10	28.98	31.28	31.87	30.92
PERCENTAGE TO SMC					0.0%	2.7%	5.7%	4.0%	10.5%	-0.3%	7.6%	9.7%	6.4%
HOUSTON, TX	77001	SW	92.5	M5C	72.46	73.31	77.15	85.29	78.50	72.93	75.82	76.12	77.84
PERCENTAGE TO SMC					0.0%	1.2%	6.5%	9.6%	8.3%	0.6%	4.6%	5.1%	7.4%
ALBUQUERQUE, NM	87101	SW	50	M5M	32.35	31.66	35.87	43.72	33.05	34.84	32.51	32.60	41.22
PERCENTAGE TO SMC					0.0%	-2.1%	10.9%	6.1%	2.2%	7.7%	0.5%	0.8%	27.4%

EXPLANATION OF WEIGHTS:

L5C ... Applies on shipments weighing less than 500 pounds.
M5C ... Applies on shipments weighing 500 pounds or more, but less than 1,000 pounds.
M1M ... Applies on shipments weighing 1,000 pounds or more, but less than 2,000 pounds.
M2M ... Applies on shipments weighing 2,000 pounds or more, but less than 5,000 pounds.
M5M ... Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
M10M ... Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

C Central
E Eastern
MW Middlewestern
S Southern
SW Southwestern

MARKETPLACE RATE COMPARISON

FROM
JACKSONVILLE, FL - 32201

TO [IN ZIP ORDER]	ZIP	TERR	CLASS	WEIGHT GROUP	RATE IN DOLLARS AND CENTS PER 100 POUNDS								
					SMC	1	2	3	4	5	6	7	8
BOSTON, MA	02101	E	65	M5C	57.19	57.98	61.25	77.00	68.93	62.03	59.08	58.01	62.57
PERCENTAGE TO SMC					0.0%	1.4%	7.1%	34.6%	20.5%	8.5%	3.3%	1.4%	9.4%
NEWARK, NJ	07101	E	92.5	L5C	77.61	79.01	92.96	118.69	94.48	85.28	90.42	88.50	85.73
PERCENTAGE TO SMC					0.0%	1.8%	19.8%	52.9%	21.7%	9.9%	16.5%	14.0%	10.5%
PITTSBURGH, PA	15201	E	55	M10M	21.40	20.65	22.26	28.54	24.78	23.00	25.43	21.29	22.75
PERCENTAGE TO SMC					0.0%	-3.5%	4.0%	33.4%	15.8%	7.5%	18.8%	-0.5%	6.3%
BALTIMORE, MD	21201	E	77.5	M1M	41.09	42.05	42.88	61.63	57.20	48.30	41.78	41.83	44.14
PERCENTAGE TO SMC					0.0%	2.3%	4.4%	50.0%	39.2%	17.5%	1.7%	1.8%	7.4%
GREENSBORO, NC	27401	S	85	L5C	49.51	54.03	49.64	55.17	55.23	50.41	56.29	50.21	50.18
PERCENTAGE TO SMC					0.0%	9.1%	0.3%	11.4%	11.6%	1.8%	13.7%	1.4%	1.4%
ATLANTA, GA	30301	S	100	M5C	46.01	48.34	47.00	54.93	54.15	46.84	46.73	44.93	46.63
PERCENTAGE TO SMC					0.0%	5.1%	2.2%	19.4%	17.7%	1.8%	1.6%	-2.3%	1.3%
JACKSONVILLE, FL	32201	S	55	L5C	...	...	...	...	...	...	...	...	...
PERCENTAGE TO SMC					...	...	...	...	...	...	...	...	...
BIRMINGHAM, AL	35201	S	50	M1M	23.25	24.86	22.67	23.10	28.86	23.43	28.46	28.69	23.33
PERCENTAGE TO SMC					0.0%	6.9%	-2.5%	-0.6%	24.1%	0.8%	22.4%	23.4%	0.3%
NASHVILLE, TN	37201	S	100	M2M	36.41	36.55	35.93	41.42	47.89	37.06	37.04	37.29	36.91
PERCENTAGE TO SMC					0.0%	0.4%	-1.3%	13.8%	31.5%	1.8%	1.7%	2.4%	1.4%
COLUMBUS, OH	43201	C	70	M10M	20.67	20.37	21.52	35.51	22.14	22.03	21.90	21.01	20.95
PERCENTAGE TO SMC					0.0%	-1.5%	4.1%	71.8%	7.1%	6.6%	6.0%	1.6%	1.4%
INDIANAPOLIS, IN	46201	C	60	L5C	59.75	60.23	61.08	74.31	66.70	59.60	61.37	57.38	60.03
PERCENTAGE TO SMC					0.0%	0.8%	2.2%	24.4%	11.6%	-0.3%	2.7%	-4.0%	0.5%
DETROIT, MI	48201	C	77.5	M1M	51.28	61.14	56.01	71.49	60.66	52.82	50.22	54.43	61.32
PERCENTAGE TO SMC					0.0%	19.2%	9.2%	39.4%	18.3%	3.0%	-2.1%	6.1%	19.6%
MILWAUKEE, WI	53201	MW	85	M10M	25.80	27.25	26.81	55.17	36.47	28.06	28.95	27.51	26.14
PERCENTAGE TO SMC					0.0%	5.6%	3.9%	113.8%	41.4%	8.8%	12.2%	6.6%	1.3%
MINNEAPOLIS, MN	55401	MW	92.5	M5C	81.27	81.81	89.95	122.60	88.27	81.79	82.54	80.69	92.25
PERCENTAGE TO SMC					0.0%	0.7%	10.7%	50.9%	8.6%	0.6%	1.6%	-0.7%	13.5%
CHICAGO, IL	60601	C	100	M2M	52.86	61.04	63.55	84.21	69.69	53.18	67.42	66.29	56.27
PERCENTAGE TO SMC					0.0%	15.5%	20.2%	59.3%	31.8%	0.6%	27.5%	25.4%	6.5%
ST. LOUIS, MO	63101	MW	70	M2M	38.48	36.08	39.84	54.04	39.33	38.73	37.22	36.28	39.00
PERCENTAGE TO SMC					0.0%	-6.2%	3.5%	40.4%	2.2%	0.6%	-3.3%	-5.7%	1.4%
OMAHA, NE	68101	MW	60	M5M	29.52	27.88	29.13	48.53	31.01	29.88	28.88	28.55	31.43
PERCENTAGE TO SMC					0.0%	-5.6%	-1.3%	64.4%	5.0%	1.2%	-2.2%	-3.3%	6.5%
OKLAHOMA CITY, OK	73101	SW	85	M1M	54.12	53.92	55.69	70.95	63.06	54.44	55.26	55.13	58.14
PERCENTAGE TO SMC					0.0%	-0.4%	2.9%	31.1%	16.5%	0.6%	2.1%	1.9%	7.4%
DALLAS, TX	75201	SW	65	M5M	26.95	27.56	28.50	31.85	31.44	26.84	29.07	28.47	28.66
PERCENTAGE TO SMC					0.0%	2.3%	5.8%	18.2%	16.7%	-0.4%	7.9%	5.6%	6.3%
HOUSTON, TX	77001	SW	92.5	M5C	65.39	66.51	69.67	75.60	74.18	65.80	67.72	66.27	70.26
PERCENTAGE TO SMC					0.0%	1.7%	6.5%	15.6%	13.4%	0.6%	3.6%	1.3%	7.4%
ALBUQUERQUE, NM	87101	SW	50	M5M	30.58	29.87	33.90	43.47	34.25	32.92	30.17	29.80	38.99
PERCENTAGE TO SMC					0.0%	-2.3%	10.9%	42.2%	12.0%	7.7%	-1.3%	-2.6%	27.5%

EXPLANATION OF WEIGHTS:

- L5C ... Applies on shipments weighing less than 500 pounds.
- M5C ... Applies on shipments weighing 500 pounds or more, but less than 1,000 pounds.
- M1M ... Applies on shipments weighing 1,000 pounds or more, but less than 2,000 pounds.
- M2M ... Applies on shipments weighing 2,000 pounds or more, but less than 5,000 pounds.
- M5M ... Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
- M10M ... Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

- C Central
- E Eastern
- MW Middlewestern
- S Southern
- SW Southwestern

MARKETPLACE RATE COMPARISON

FROM					WEIGHT		RATE IN DOLLARS AND CENTS PER 100 POUNDS							
KINSTON, NC - 28501		ZIP	TERR	CLASS	GROUP	SMC	1	2	3	4	5	6	7	8
TO [IN ZIP ORDER]														
BOSTON, MA		02101	E	65	M5C	45.52	48.62	48.90	50.91	58.23	49.26	49.08	52.99	49.80
PERCENTAGE TO SMC						0.0%	6.8%	7.4%	11.8%	27.9%	8.2%	7.8%	16.4%	9.4%
NEWARK, NJ		07101	E	92.5	L5C	59.64	63.94	73.25	79.23	77.94	71.98	86.20	96.46	65.88
PERCENTAGE TO SMC						0.0%	7.2%	22.8%	32.8%	30.7%	20.7%	44.5%	61.7%	10.5%
PITTSBURGH, PA		15201	E	55	M10M	15.95	16.25	17.12	18.49	21.85	16.40	20.50	24.85	16.99
PERCENTAGE TO SMC						0.0%	1.9%	7.3%	15.9%	37.0%	2.8%	28.5%	55.8%	6.5%
BALTIMORE, MD		21201	E	77.5	M1M	31.02	32.06	33.73	36.11	44.91	33.35	32.73	42.55	31.44
PERCENTAGE TO SMC						0.0%	3.4%	8.7%	16.4%	44.8%	7.5%	5.5%	37.2%	1.4%
GREENSBORO, NC		27401	S	85	L5C	34.04	45.70	34.17	44.51	53.50	34.67	51.71	52.29	34.52
PERCENTAGE TO SMC						0.0%	34.3%	0.4%	30.8%	57.2%	1.9%	51.9%	53.6%	1.4%
ATLANTA, GA		30301	S	100	M5C	53.38	57.67	54.17	63.00	69.66	54.37	57.41	60.70	54.09
PERCENTAGE TO SMC						0.0%	8.0%	1.5%	18.0%	30.5%	1.9%	7.5%	13.7%	1.3%
JACKSONVILLE, FL		32201	S	55	L5C	42.57	50.25	41.96	43.86	56.24	49.45	50.92	44.42	44.59
PERCENTAGE TO SMC						0.0%	18.0%	-1.4%	3.0%	32.1%	16.2%	19.6%	4.3%	4.7%
BIRMINGHAM, AL		35201	S	50	M1M	27.08	30.99	26.27	25.70	36.14	27.29	28.59	29.31	27.17
PERCENTAGE TO SMC						0.0%	14.4%	-3.0%	-5.1%	33.5%	0.8%	5.6%	8.2%	0.3%
NASHVILLE, TN		37201	S	100	M2M	39.64	42.43	39.02	40.61	52.11	40.37	43.48	43.22	40.16
PERCENTAGE TO SMC						0.0%	7.0%	-1.6%	2.4%	31.5%	1.8%	9.7%	9.0%	1.3%
COLUMBUS, OH		43201	C	70	M10M	16.01	18.32	16.93	25.73	21.98	17.05	18.57	19.56	16.22
PERCENTAGE TO SMC						0.0%	14.4%	5.7%	60.7%	37.3%	6.5%	16.0%	22.2%	1.3%
INDIANAPOLIS, IN		46201	C	60	L5C	58.61	61.13	59.92	57.87	70.07	58.45	61.59	60.58	58.89
PERCENTAGE TO SMC						0.0%	4.3%	2.2%	-1.3%	19.6%	-0.3%	5.1%	3.4%	0.5%
DETROIT, MI		48201	C	77.5	M1M	47.60	57.81	52.07	52.16	60.81	47.89	47.12	51.86	56.92
PERCENTAGE TO SMC						0.0%	21.4%	9.4%	9.6%	27.8%	0.6%	-1.0%	8.9%	19.6%
MILWAUKEE, WI		53201	MW	85	M10M	24.91	26.44	26.35	45.59	37.50	26.53	28.36	28.09	25.24
PERCENTAGE TO SMC						0.0%	6.1%	5.8%	83.0%	50.5%	6.5%	13.8%	12.8%	1.3%
MINNEAPOLIS, MN		55401	MW	92.5	M5C	79.49	82.73	87.98	95.89	93.44	80.01	83.12	83.90	90.25
PERCENTAGE TO SMC						0.0%	4.1%	10.7%	20.6%	17.5%	0.7%	4.6%	5.5%	13.5%
CHICAGO, IL		60601	C	100	M2M	50.97	60.13	61.23	64.20	71.38	51.30	66.10	65.88	54.26
PERCENTAGE TO SMC						0.0%	18.0%	20.1%	26.0%	40.0%	0.6%	29.7%	29.3%	6.5%
ST. LOUIS, MO		63101	MW	70	M2M	39.93	39.54	42.10	45.74	42.71	40.19	40.46	42.12	40.48
PERCENTAGE TO SMC						0.0%	-1.0%	5.4%	14.6%	7.0%	0.7%	1.3%	5.5%	1.4%
OMAHA, NE		68101	MW	60	M5M	30.87	30.21	30.58	44.57	34.74	31.24	31.82	31.87	32.85
PERCENTAGE TO SMC						0.0%	-2.1%	-0.9%	44.4%	12.5%	1.2%	3.1%	3.2%	6.4%
OKLAHOMA CITY, OK		73101	SW	85	M1M	60.70	62.37	62.42	72.31	72.70	61.09	65.82	65.32	65.22
PERCENTAGE TO SMC						0.0%	2.8%	2.8%	19.1%	19.8%	0.6%	8.4%	7.6%	7.4%
DALLAS, TX		75201	SW	65	M5M	31.89	34.05	33.71	36.92	39.82	31.79	35.10	36.12	33.94
PERCENTAGE TO SMC						0.0%	6.8%	5.7%	15.8%	24.9%	-0.3%	10.1%	13.3%	6.4%
HOUSTON, TX		77001	SW	92.5	M5C	79.49	82.73	84.59	96.46	96.19	80.01	84.72	85.47	85.41
PERCENTAGE TO SMC						0.0%	4.1%	6.4%	21.3%	21.0%	0.7%	6.6%	7.5%	7.4%
ALBUQUERQUE, NM		87101	SW	50	M5M	34.10	34.92	38.17	47.62	39.21	36.73	35.29	35.68	43.47
PERCENTAGE TO SMC						0.0%	2.4%	11.9%	39.6%	15.0%	7.7%	3.5%	4.6%	27.5%

EXPLANATION OF WEIGHTS:

L5C . . . Applies on shipments weighing less than 500 pounds.
M5C . . . Applies on shipments weighing 500 pounds or more, but less than 1,000 pounds.
M1M . . . Applies on shipments weighing 1,000 pounds or more, but less than 2,000 pounds.
M2M . . . Applies on shipments weighing 2,000 pounds or more, but less than 5,000 pounds.
M5M . . . Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
M10M . . . Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

C Central
E Eastern
MW Middlewestern
S Southern
SW Southwestern

MARKETPLACE RATE COMPARISON

FROM					RATE IN DOLLARS AND CENTS PER 100 POUNDS									
NASHVILLE, TN - 37201														
TO [IN ZIP ORDER]	ZIP	TERR	CLASS	WEIGHT GROUP	SMC	1	2	3	4	5	6	7	8	
BOSTON, MA	02101	E	65	M5C	57.19	57.98	61.25	61.42	65.96	64.25	59.87	59.46	62.57	
PERCENTAGE TO SMC					0.0%	1.4%	7.1%	7.4%	15.3%	12.3%	4.7%	4.0%	9.4%	
NEWARK, NJ	07101	E	92.5	L5C	77.61	79.01	92.96	94.72	95.52	99.00	104.97	90.30	85.73	
PERCENTAGE TO SMC					0.0%	1.8%	19.8%	22.0%	23.1%	27.6%	35.3%	16.4%	10.5%	
PITTSBURGH, PA	15201	E	55	M10M	15.49	15.10	16.58	19.66	18.68	15.60	19.61	17.49	16.48	
PERCENTAGE TO SMC					0.0%	-2.5%	7.0%	26.9%	20.6%	0.7%	26.6%	12.9%	6.4%	
BALTIMORE, MD	21201	E	77.5	M1M	43.43	43.20	45.63	48.58	58.15	53.27	45.18	44.40	46.65	
PERCENTAGE TO SMC					0.0%	-0.5%	5.1%	11.9%	33.9%	22.7%	4.0%	2.2%	7.4%	
GREENSBORO, NC	27401	S	85	L5C	52.69	58.14	52.66	54.09	58.45	53.65	61.64	57.42	53.40	
PERCENTAGE TO SMC					0.0%	10.3%	-0.1%	2.7%	10.9%	1.8%	17.0%	9.0%	1.3%	
ATLANTA, GA	30301	S	100	M5C	42.73	45.26	43.66	48.71	48.66	43.50	55.82	58.16	43.28	
PERCENTAGE TO SMC					0.0%	5.9%	2.2%	14.0%	13.9%	1.8%	30.6%	36.1%	1.3%	
JACKSONVILLE, FL	32201	S	55	L5C	44.57	51.13	43.84	46.94	55.92	51.72	55.66	44.56	46.69	
PERCENTAGE TO SMC					0.0%	14.7%	-1.6%	5.3%	25.5%	16.0%	24.9%	0.0%	4.8%	
BIRMINGHAM, AL	35201	S	50	M1M	16.55	19.20	16.29	17.16	22.55	16.69	21.98	22.18	16.60	
PERCENTAGE TO SMC					0.0%	16.0%	-1.6%	3.7%	36.3%	0.8%	32.8%	34.0%	0.3%	
NASHVILLE, TN	37201	S	100	M2M	...	...	...	...	...	...	...	...	...	
PERCENTAGE TO SMC					...	...	...	...	...	...	...	...	...	
COLUMBUS, OH	43201	C	70	M10M	13.72	14.03	14.87	19.82	16.15	14.61	14.98	16.87	13.89	
PERCENTAGE TO SMC					0.0%	2.3%	8.4%	44.5%	17.7%	6.5%	9.2%	23.0%	1.2%	
INDIANAPOLIS, IN	46201	C	60	L5C	43.59	46.03	45.70	44.97	51.04	43.49	46.03	48.81	43.80	
PERCENTAGE TO SMC					0.0%	5.6%	4.8%	3.2%	17.1%	-0.2%	5.6%	12.0%	0.5%	
DETROIT, MI	48201	C	77.5	M1M	37.53	48.33	41.28	43.20	46.34	37.78	37.88	47.12	44.89	
PERCENTAGE TO SMC					0.0%	28.8%	10.0%	15.1%	23.5%	0.7%	0.9%	25.6%	19.6%	
MILWAUKEE, WI	53201	MW	85	M10M	16.94	18.11	18.29	29.48	25.75	18.05	19.74	19.98	17.17	
PERCENTAGE TO SMC					0.0%	6.9%	8.0%	74.0%	52.0%	6.6%	16.5%	17.9%	1.4%	
MINNEAPOLIS, MN	55401	MW	92.5	M5C	60.11	61.44	66.62	76.71	68.96	60.46	63.04	62.31	64.58	
PERCENTAGE TO SMC					0.0%	2.2%	10.8%	27.6%	14.7%	0.6%	4.9%	3.7%	7.4%	
CHICAGO, IL	60601	C	100	M2M	34.87	43.21	42.65	43.50	49.58	35.06	50.62	52.90	37.12	
PERCENTAGE TO SMC					0.0%	23.9%	22.3%	24.7%	42.2%	0.5%	45.2%	51.7%	6.5%	
ST. LOUIS, MO	63101	MW	70	M2M	21.31	23.79	23.10	26.44	25.00	21.44	23.77	32.77	21.60	
PERCENTAGE TO SMC					0.0%	11.6%	8.4%	24.1%	17.3%	0.6%	11.5%	53.8%	1.4%	
OMAHA, NE	68101	MW	60	M5M	20.27	19.78	20.11	28.49	23.66	20.52	20.73	22.77	20.36	
PERCENTAGE TO SMC					0.0%	-2.4%	-0.8%	40.6%	16.7%	1.2%	2.3%	12.3%	0.4%	
OKLAHOMA CITY, OK	73101	SW	85	M1M	40.79	41.35	42.21	46.59	48.58	41.06	43.12	45.69	41.35	
PERCENTAGE TO SMC					0.0%	1.4%	3.5%	14.2%	19.1%	0.7%	5.7%	12.0%	1.4%	
DALLAS, TX	75201	SW	65	M5M	21.14	22.38	22.40	23.61	27.46	21.06	24.62	27.43	21.22	
PERCENTAGE TO SMC					0.0%	5.9%	6.0%	11.7%	29.9%	-0.4%	16.5%	29.8%	0.4%	
HOUSTON, TX	77001	SW	92.5	M5C	58.46	59.75	61.74	71.64	69.81	58.85	61.91	69.41	59.25	
PERCENTAGE TO SMC					0.0%	2.2%	5.6%	22.5%	19.4%	0.7%	5.9%	18.7%	1.4%	
ALBUQUERQUE, NM	87101	SW	50	M5M	25.87	25.03	28.74	33.81	28.21	27.88	26.25	24.89	33.01	
PERCENTAGE TO SMC					0.0%	-3.2%	11.1%	30.7%	9.0%	7.8%	1.5%	-3.8%	27.6%	

EXPLANATION OF WEIGHTS:

- L5C ... Applies on shipments weighing less than 500 pounds.
- M5C ... Applies on shipments weighing 500 pounds or more, but less than 1,000 pounds.
- M1M ... Applies on shipments weighing 1,000 pounds or more, but less than 2,000 pounds.
- M2M ... Applies on shipments weighing 2,000 pounds or more, but less than 5,000 pounds.
- M5M ... Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
- M10M ... Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

- C Central
- E Eastern
- MW Middlewestern
- S Southern
- SW Southwestern

MARKETPLACE RATE COMPARISON

FROM TUPELO, MS - 38801					WEIGHT		RATE IN DOLLARS AND CENTS PER 100 POUNDS							
TO [IN ZIP ORDER]	ZIP	TERR	CLASS	GROUP	SMC	1	2	3	4	5	6	7	8	
BOSTON, MA	02101	E	65	M5C	61.36	67.02	65.70	63.31	73.57	65.90	64.72	67.50	70.83	
PERCENTAGE TO SMC					0.0%	9.2%	7.1%	3.2%	19.9%	7.4%	5.5%	10.0%	15.4%	
NEWARK, NJ	07101	E	92.5	L5C	82.64	92.29	99.40	102.43	102.20	100.75	112.70	101.05	91.28	
PERCENTAGE TO SMC					0.0%	11.7%	20.3%	23.9%	23.7%	21.9%	36.4%	22.3%	10.5%	
PITTSBURGH, PA	15201	E	55	M10M	19.15	19.16	20.04	24.28	23.57	19.29	23.68	20.25	20.38	
PERCENTAGE TO SMC					0.0%	0.1%	4.6%	26.8%	23.1%	0.7%	23.7%	5.7%	6.4%	
BALTIMORE, MD	21201	E	77.5	M1M	45.96	50.08	48.25	52.07	63.46	54.69	46.81	49.60	49.37	
PERCENTAGE TO SMC					0.0%	9.0%	5.0%	13.3%	38.1%	19.0%	1.8%	7.9%	7.4%	
GREENSBORO, NC	27401	S	85	L5C	55.05	68.16	54.95	59.69	65.42	56.05	66.59	61.64	55.80	
PERCENTAGE TO SMC					0.0%	23.8%	-0.2%	8.4%	18.8%	1.8%	21.0%	12.0%	1.4%	
ATLANTA, GA	30301	S	100	M5C	44.37	52.98	45.33	46.41	52.00	45.20	46.59	52.29	45.00	
PERCENTAGE TO SMC					0.0%	19.4%	2.2%	4.6%	17.2%	1.9%	5.0%	17.8%	1.4%	
JACKSONVILLE, FL	32201	S	55	L5C	43.23	54.48	42.57	51.19	54.98	50.21	55.27	45.99	45.29	
PERCENTAGE TO SMC					0.0%	26.0%	-1.5%	18.4%	27.2%	16.1%	27.9%	6.4%	4.8%	
BIRMINGHAM, AL	35201	S	50	M1M	14.39	19.69	14.18	15.39	19.93	14.48	19.34	21.32	14.43	
PERCENTAGE TO SMC					0.0%	36.8%	-1.5%	6.9%	38.5%	0.6%	34.4%	48.2%	0.3%	
NASHVILLE, TN	37201	S	100	M2M	22.71	27.41	23.07	30.15	33.67	23.10	31.64	33.13	23.02	
PERCENTAGE TO SMC					0.0%	20.7%	1.6%	32.8%	48.3%	1.7%	39.3%	45.9%	1.4%	
COLUMBUS, OH	43201	C	70	M10M	15.44	17.18	16.55	25.73	17.87	16.45	17.44	18.04	15.65	
PERCENTAGE TO SMC					0.0%	11.3%	7.2%	66.6%	15.7%	6.5%	13.0%	16.8%	1.4%	
INDIANAPOLIS, IN	46201	C	60	L5C	49.62	57.35	51.73	55.76	59.31	49.49	53.13	57.94	49.84	
PERCENTAGE TO SMC					0.0%	15.6%	4.3%	12.4%	19.5%	-0.3%	7.1%	16.8%	0.4%	
DETROIT, MI	48201	C	77.5	M1M	40.91	56.74	44.30	52.87	56.42	41.16	42.39	50.28	48.93	
PERCENTAGE TO SMC					0.0%	38.7%	8.3%	29.2%	37.9%	0.6%	3.6%	22.9%	19.6%	
MILWAUKEE, WI	53201	MW	85	M10M	18.03	20.53	19.36	30.53	28.28	19.60	21.83	21.74	18.30	
PERCENTAGE TO SMC					0.0%	13.9%	7.4%	69.3%	56.8%	8.7%	21.1%	20.6%	1.5%	
MINNEAPOLIS, MN	55401	MW	92.5	M5C	61.87	69.59	68.61	78.91	70.84	62.26	65.51	68.08	66.43	
PERCENTAGE TO SMC					0.0%	12.5%	10.9%	27.5%	14.5%	0.6%	5.9%	10.0%	7.4%	
CHICAGO, IL	60601	C	100	M2M	37.27	50.77	45.31	55.45	52.74	37.50	54.09	57.76	39.67	
PERCENTAGE TO SMC					0.0%	36.2%	21.6%	48.8%	41.5%	0.6%	45.1%	55.0%	6.4%	
ST. LOUIS, MO	63101	MW	70	M2M	22.15	28.07	24.09	30.86	26.14	22.29	25.29	27.57	22.45	
PERCENTAGE TO SMC					0.0%	26.7%	8.8%	39.3%	18.0%	0.6%	14.2%	24.5%	1.4%	
OMAHA, NE	68101	MW	60	M5M	20.57	22.40	20.44	28.49	24.40	20.80	21.28	22.77	20.64	
PERCENTAGE TO SMC					0.0%	8.9%	-0.6%	38.5%	18.6%	1.1%	3.5%	10.7%	0.3%	
OKLAHOMA CITY, OK	73101	SW	85	M1M	37.93	41.97	39.94	43.21	45.64	38.18	40.95	45.25	38.46	
PERCENTAGE TO SMC					0.0%	10.7%	5.3%	13.9%	20.3%	0.7%	8.0%	19.3%	1.4%	
DALLAS, TX	75201	SW	65	M5M	19.66	22.66	21.21	22.79	26.87	19.60	24.59	25.51	19.73	
PERCENTAGE TO SMC					0.0%	15.3%	7.9%	15.9%	36.7%	-0.3%	25.1%	29.8%	0.4%	
HOUSTON, TX	77001	SW	92.5	M5C	52.98	59.21	57.50	60.57	65.35	53.31	60.80	59.98	53.70	
PERCENTAGE TO SMC					0.0%	11.8%	8.5%	14.3%	23.3%	0.6%	14.8%	13.2%	1.4%	
ALBUQUERQUE, NM	87101	SW	50	M5M	24.70	26.33	27.70	30.91	26.55	26.60	25.56	26.04	31.50	
PERCENTAGE TO SMC					0.0%	6.6%	12.1%	25.1%	7.5%	7.7%	3.5%	5.4%	27.5%	

EXPLANATION OF WEIGHTS:

- L5C . . . Applies on shipments weighing less than 500 pounds.
- M5C . . . Applies on shipments weighing 500 pounds or more, but less than 1,000 pounds.
- M1M . . . Applies on shipments weighing 1,000 pounds or more, but less than 2,000 pounds.
- M2M . . . Applies on shipments weighing 2,000 pounds or more, but less than 5,000 pounds.
- M5M . . . Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
- M10M . . . Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

- C Central
- E Eastern
- MW Middlewestern
- S Southern
- SW Southwestern

MARKETPLACE RATE COMPARISON

FROM					RATE IN DOLLARS AND CENTS PER 100 POUNDS									
WAYCROSS, GA - 31501	WEIGHT													
TO [IN ZIP ORDER]	ZIP	TERR	CLASS	GROUP	SMC	1	2	3	4	5	6	7	8	
BOSTON, MA	02101	E	65	M5C	57.19	63.68	63.04	61.42	74.77	61.40	60.67	66.04	62.57	
PERCENTAGE TO SMC					0.0%	11.3%	10.2%	7.4%	30.7%	7.4%	6.1%	15.5%	9.4%	
NEWARK, NJ	07101	E	92.5	L5C	75.96	85.24	94.00	94.72	105.13	89.14	104.13	97.76	83.91	
PERCENTAGE TO SMC					0.0%	12.2%	23.7%	24.7%	38.4%	17.4%	37.1%	28.7%	10.5%	
PITTSBURGH, PA	15201	E	55	M10M	20.83	22.20	22.45	23.71	26.92	21.39	25.46	23.85	22.16	
PERCENTAGE TO SMC					0.0%	6.6%	7.8%	13.8%	29.2%	2.7%	22.2%	14.5%	6.4%	
BALTIMORE, MD	21201	E	77.5	M1M	39.98	44.76	43.51	48.58	61.17	43.89	41.47	46.39	40.52	
PERCENTAGE TO SMC					0.0%	12.0%	8.8%	21.5%	53.0%	9.8%	3.7%	16.0%	1.4%	
GREENSBORO, NC	27401	S	85	L5C	47.95	57.37	49.55	53.18	60.28	48.84	56.96	54.75	48.58	
PERCENTAGE TO SMC					0.0%	19.6%	3.3%	10.9%	25.7%	1.9%	18.8%	14.2%	1.3%	
ATLANTA, GA	30301	S	100	M5C	41.08	59.03	43.23	50.09	58.38	41.85	54.36	62.92	41.63	
PERCENTAGE TO SMC					0.0%	43.7%	5.2%	21.9%	42.1%	1.9%	32.3%	53.2%	1.3%	
JACKSONVILLE, FL	32201	S	55	L5C	21.92	32.40	22.21	25.65	42.90	25.47	36.03	33.12	22.97	
PERCENTAGE TO SMC					0.0%	47.8%	1.3%	17.0%	95.7%	16.2%	64.4%	51.1%	4.8%	
BIRMINGHAM, AL	35201	S	50	M1M	20.87	25.76	21.18	21.51	29.33	21.04	27.27	30.65	20.93	
PERCENTAGE TO SMC					0.0%	23.4%	1.5%	3.1%	40.5%	0.8%	30.7%	46.9%	0.3%	
NASHVILLE, TN	37201	S	100	M2M	34.78	37.88	35.46	36.23	46.71	35.42	36.44	40.02	35.25	
PERCENTAGE TO SMC					0.0%	8.9%	2.0%	4.2%	34.3%	1.8%	4.8%	15.1%	1.4%	
COLUMBUS, OH	43201	C	70	M10M	19.90	21.37	21.34	29.46	23.62	21.19	21.46	22.78	20.16	
PERCENTAGE TO SMC					0.0%	7.4%	7.2%	48.0%	18.7%	6.5%	7.8%	14.5%	1.3%	
INDIANAPOLIS, IN	46201	C	60	L5C	58.61	65.38	61.72	57.87	71.25	58.45	60.85	64.42	58.89	
PERCENTAGE TO SMC					0.0%	11.6%	5.3%	-1.3%	21.6%	-0.3%	3.8%	9.9%	0.5%	
DETROIT, MI	48201	C	77.5	M1M	49.45	64.00	55.61	56.58	67.44	49.78	49.87	59.17	59.14	
PERCENTAGE TO SMC					0.0%	29.4%	12.5%	14.4%	36.4%	0.7%	0.8%	19.7%	19.6%	
MILWAUKEE, WI	53201	MW	85	M10M	25.35	29.26	27.14	45.59	38.43	27.03	28.95	30.24	25.70	
PERCENTAGE TO SMC					0.0%	15.4%	7.1%	79.8%	51.6%	6.6%	14.2%	19.3%	1.4%	
MINNEAPOLIS, MN	55401	MW	92.5	M5C	79.49	88.46	90.49	95.89	98.51	80.01	83.12	90.37	90.25	
PERCENTAGE TO SMC					0.0%	11.3%	13.8%	20.6%	23.9%	0.7%	4.6%	13.7%	13.5%	
CHICAGO, IL	60601	C	100	M2M	50.97	63.63	62.86	65.34	72.37	51.30	67.00	70.89	54.26	
PERCENTAGE TO SMC					0.0%	24.8%	23.3%	28.2%	42.0%	0.6%	31.4%	39.1%	6.5%	
ST. LOUIS, MO	63101	MW	70	M2M	37.03	37.75	39.49	40.94	40.29	37.24	36.17	39.73	37.53	
PERCENTAGE TO SMC					0.0%	1.9%	6.6%	10.6%	8.8%	0.6%	-2.3%	7.3%	1.4%	
OMAHA, NE	68101	MW	60	M5M	28.19	29.34	28.77	41.21	32.67	28.51	28.02	31.11	31.70	
PERCENTAGE TO SMC					0.0%	4.1%	2.1%	46.2%	15.9%	1.1%	-0.6%	10.4%	12.5%	
OKLAHOMA CITY, OK	73101	SW	85	M1M	51.48	56.73	54.61	64.06	63.45	51.81	54.12	59.96	55.31	
PERCENTAGE TO SMC					0.0%	10.2%	6.1%	24.4%	23.3%	0.6%	5.1%	16.5%	7.4%	
DALLAS, TX	75201	SW	65	M5M	25.51	28.71	27.79	28.85	33.75	25.41	29.36	30.49	27.15	
PERCENTAGE TO SMC					0.0%	12.5%	8.9%	13.1%	32.3%	-0.4%	15.1%	19.5%	6.4%	
HOUSTON, TX	77001	SW	92.5	M5C	63.60	71.57	69.80	70.38	81.55	63.99	70.74	73.63	68.33	
PERCENTAGE TO SMC					0.0%	12.5%	9.7%	10.7%	28.2%	0.6%	11.2%	15.8%	7.4%	
ALBUQUERQUE, NM	87101	SW	50	M5M	29.41	31.93	33.81	41.53	35.25	31.67	30.30	32.58	37.49	
PERCENTAGE TO SMC					0.0%	8.6%	15.0%	41.2%	19.9%	7.7%	3.0%	10.8%	27.5%	

EXPLANATION OF WEIGHTS:

L5C . . . Applies on shipments weighing less than 500 pounds.
M5C . . . Applies on shipments weighing 500 pounds or more, but less than 1,000 pounds.
M1M . . . Applies on shipments weighing 1,000 pounds or more, but less than 2,000 pounds.
M2M . . . Applies on shipments weighing 2,000 pounds or more, but less than 5,000 pounds.
M5M . . . Applies on shipments weighing 5,000 pounds or more, but less than 10,000 pounds.
M10M . . . Applies on shipments weighing 10,000 pounds or more, but less than 20,000 pounds.

Designates Lowest Rate

TERRITORIAL DESIGNATIONS:

C Central
E Eastern
MW Middlewestern
S Southern
SW Southwestern

APPENDIX B

The individual carriers referred to are:

ABF Freight Systems, Inc., rates from ABF QRATE, Release 4.30 (ABF 504-T), Effective September 13, 1999, www.abfs.com;

American Freightways, Inc., rates from AFRATE , Release 4 (ARFW 5000), Effective October 1, 1999, www.arfw.com;

Consolidated Freightways Corporation, CFWY 555, Effective September 1, 1999;

Con-Way Transportation Services, Inc., rates from CON-WAY EXPRESS RATER, Release 4.0, (CNWY 599), Effective October 4, 1999, www.con-way.com;

Overnite Transportation Company, rates from OVNT RATE EDGE, Release 1.2, Effective October 1, 1999; www.ovnt.com;

Roadway Express, Inc., rates from E Z RATE, RDWY 507, Effective September 12, 1999, www.roadway.com;

USF (including USF Dugan, USF Holland and USF Red Star) (USF 502), Effective October 4, 1999; and

Yellow Freight System, Inc. (YFSY 500), Effective September 1, 1999.

III.

Statement of

Daniel M. Acker

Vice President of Operations

III.

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Vice President of Operations

III.

Statement of Daniel M. Acker

My name is Daniel M. Acker. I am presently employed as the Vice President of Operations of Southern Motor Carrier Rate Conference, Inc. (SMC) located at 500 Westpark Drive, Suite 300, P.O. Box 2040, Peachtree City, GA 30269. Previously I was SMC's Vice President of Planning and Analysis. In all, I have been employed by SMC for 23 years. My professional qualifications include being a registered practitioner before the Interstate Commerce Commission, now the Surface Transportation Board, and a Certified Public Accountant. My formal education includes the degree of Bachelor of Business Administration with a major in accounting, and the degree of Master of Professional Accountancy granted me by Georgia State University in 1972 and 1974, respectively.

Prior to my employment at SMC, I was a member of the professional staff of a certified public accounting firm, working with the private sector of industry as an internal auditor. I was also employed in various capacities by Refrigerated Transport Incorporated of Forest Park, Georgia, an irregular route special commodity motor carrier.

I have also been employed in the trucking industry by Georgia Highway Express, Central Freight Lines and Viking Freight in the areas of operations, costing, and pricing.

I have testified on matters of motor carrier costing before the Georgia Public Service Commission, North Carolina Utilities Commission, South Carolina Public Service Commission, the Tennessee Public Service Commission, and the Interstate Commerce Commission.

Through my education and work experience, I have gained expertise in all areas of statistical data utilized within the motor carrier industry including the areas of operations, finance, accounting, cost accounting and pricing.

The Surface Transportation Board (STB) in their orders of December 10, 1998 and February 11, 2000 issued orders regarding the agency's decision to condition approval of motor carrier rate bureau agreements on reductions in benchmark rates to competitive levels. In the 1998 decision it "found that it would not be in the public interest for the government to protect collective ratemaking from legal challenge under the antitrust laws unless the collectively set class rates, which may be charged to shippers, are set at market levels."

The operative phrase is "set at market levels." In order to understand how the current motor carrier pricing methodology has come into being, a review of discounting as it exists today from its genesis in the early 1980s would be helpful.

THE MOTOR CARRIER ACT OF 1980

In enacting the 1980 Act, Congress specifically set out to relax entry regulation and encourage rate flexibility and competitive pricing in the motor carrier industry (H.R. Rep. No. 96-1069, 96th Cong., 2d Sess. 27 (1980), at 12 (House Report).

Through the new motor carrier National Transportation Policy (NTP) (49 U.S.C. Section 10101(a)(2)). Congress directed the Commission to recognize the importance of competition and efficiency in motor carrier operation as the most desirable means for achieving national transportation goals and objectives.

The Commission has taken several actions under the 1980 Act designed to encourage the envisioned rate flexibility and competition in the motor carrier industry.

This agency rejected a request for establishment of strict standards for motor carrier rate reductions, and eliminated a rule that established a presumption that classification ratings or rates represented the highest reasonable ratings or rates an article should bear.

In a proceeding initiated in 1983, the Commission reviewed the increasing use of discounting in the motor carrier industry to determine if further regulatory action was appropriate. Concluding that discounting and price competition reflected the types of activities that Congress intended to promote in enacting the 1980 Act. The Commission declined to impose restrictions on such pricing practice under the new statute.

GENERAL RATE INCREASES

On November 16, 1984, Mr. William F. Moss, II, Acting Director of the Interstate Commerce Commission, in a letter to Mr. Vernon Farriba, then Executive Vice President of SMC, outlined a new requirement for general rate increases. The new requirement pertained to a Revenue Discount Survey which is appended to my statement as Exhibit I. With this survey the Interstate Commerce Commission was requiring that SMC solicit and quantify the amount of discounting that was taking place in the industry and the amount of that discount that was included in the Revenue figures included in General Rate Increases.

During this time, as in the past, General Rate increases were often evaluated based on the Rate of Return on Equity and the Rate of Return on Investment. The Interstate Commerce Commission, by requiring quantification of the discounts that were reflected in the General Rate Increases, was incorporating the discounting and price competition that Congress intended to promote in enacting the 1980 Act into the General Rate Increase process. With the knowledge, acceptance and approval of the Interstate

Commerce Commission on the discounting of Class Rates, the industry was provided with an acceptable method of pricing their services. This acceptance which had its roots in the MCA of 1980 continued throughout the 1980s and as evidenced by my exhibits mentioned below through the twilight years of the Interstate Commerce Commission. I have included three letters as Exhibits 1, 2 and 3, that were sent to the Interstate Commerce Commission on November 20, 1992, December 16, 1992 and December 14, 1994 evidencing the continuum of supplying this discount information to the Interstate Commerce Commission and their knowledge and acceptance of the discounting on SMC Class Rates.

With the rate freedom allowed in the MCA of 1980 and the guidance provided by the Interstate Commerce Commission motor carrier pricing entered a new era of competition and alternative pricing methodologies. With discounts being allowed on Class Rates carriers could now consolidate Commodity and Commodity Column tariffs into the Class tariff by merely applying a discount. Before the MCA of 1980 Commodity and Commodity Column tariffs for all practical purposes were a legal and lawful method of publishing rates discounted below Class Rates. Thus for the past 20 years the carriers have consolidated their rates.

To highlight the actual transition and consolidation of rates from the traditional Commodity and Commodity Column rates to discounted Class rates I constructed the following comparative table. I went to SMC Tariff 180-F which lists the Tariffs issued by SMC, dated November 15, 1982 and classified all the Tariffs listed as to type of tariff. The tally of these tariffs is shown in the 1982 column below. My next step was to go to

the most recent issue of Tariff 180-V, dated December 6, 1999, and I reviewed the classification of the Tariffs presently listed in that document.

SMC TARIFFS

NAME	NUMBER OF TARIFFS	
	1982	1999
Class	4	3
Column Commodity	4	0
Commodity	32	1
Subtotal	<u>40</u>	<u>4</u>
Allowance	1	0
Discount	1	0
Distance Guide	0	1
Distribution	1	0
GSA Rules & Charges	0	3
Newark, NJ-New York District-Pickup & Delivery	1	0
Participating Carrier	1	1
Rate Group	5	1
Routing Guide	4	1
Rules	1	1
Scope of Operations	1	1
Storage & Consolidation	1	0
Substituted Freight Service	1	0
Substituted Intramodal Service	1	0
Canadian	1	1
Intrastate	7	0
CSA – SMC – Effective June 6, 1989	<u>17</u>	<u>1</u>
TOTAL	<u>84</u>	<u>15</u>

In 1982 there were a total of 40 SMC Class, Commodity and Commodity Column Tariffs. As of 1999 there were only 4 SMC Class, Commodity and Commodity Column Tariffs. This is a 10 fold DECREASE in the number of tariffs needed to accomplish the same ratemaking task in 1982.

Looking at totals, including the tariffs involved in the CSA-SMC merger the total number of tariffs has decreased from 84 in 1982 to 15 in 1999. This consolidation truly shows that the intent of the MCA of 1980 as effectuated by the Interstate Commerce Commission by allowing of discounts to apply against Class Rates. The form of the rates has changed from an absolute rate to a rate less a discount or net rate. The net rate (Rate less Discount) is the market-based rate which is indicative of levels at which a shipper was willing to ship and a carrier was willing to transport the goods. This definition is basically the “free market” definition taught in elementary economics courses.

As a point of clarification, there are a few steps in the actual calculation of the freight charges for a shipment, namely:

1. Determine the Classification of the Commodity being shipped.
2. Determine the Shipments Origin and Destination Zip Codes.
3. Determine the weight of the Shipment.
4. Using the Shipments Origin and Destination Zip Codes determine the Rate Basis Number (Distance)
5. Using the Rate Basis Number, the weight and the Classification select the proper Rate.
6. Multiply the Rate by the weight and apply the appropriate discount to determine the actual charges.

Today, in SMC Class Tariff 585 there are 32,724 rates and 77,100 Rate Basis Numbers published in Sections A, B, C and D. The Rates are grouped by Classification (18) and weight group (9) within each Rate Basis Number (77,100) resulting in 12,490,200 possible combinations of charges within SMC Class Tariff 585 without calculating the impact of multiple levels of discounts.

The advent of discounts has allowed these rates to be utilized in myriad situations that previously required thousands of pages of tariffs. This method of rate publication is justified by its simplicity of operation and consolidation of the pricing information for all users.

The major point in this discussion is that over the last two decades SMC rates have evolved from the pre-MCA of 1980 definition of Rates (Class, Commodity, and Column Commodity) to the “market” definition of Rates (Class Rates less discounts) that have been shaped, formed and approved by the Economic Regulation the motor carrier industry by the U.S. Government.

The Georgia-Pacific case decided October 30, 1992, contains valuable observations and insights into the motor carrier rate structure. Some of the applicable excerpts of this case are as follows:

“Motor carrier freight transportation today is a heterogeneous service. There are many qualitative, as well as quantitative service dimensions considered in establishing the rates for a particular shipment....The major factors affecting the rate a carrier will offer for any given service include:

- Perception of competition for the move (both intra- and inter-modal competition)
- Level of competitive pressure (existing market rate structure)
- Availability of capacity (both equipment and drivers)
- Timing (peak or off-peak pricing)
- The carrier’s current operations within the traffic lane (presence of complementary movements i.e., front hauls or backhauls)

- Expectations with regard to longevity of the business relationship with a shipper
- Need for special equipment
- Cash flow requirements
- The existing cost structure of the carrier
- Express vs. standard service
- Density of the shipment
- System load matching (operationally fitting a new movement together with other current movements)
- Carriers that perceive a close match between a shipper's demands and their own operations are in a position to offer relatively low rates for a specific level of service. Carriers with poorer matches may offer the service at higher rates in order to achieve the same profit margins. This explains why some carriers have materially higher rates than others for what might appear to be the "same" services. Less efficient carriers may elect to trade profit margins for temporary increases in cash flow, although this strategy may be inconsistent with long-term viability or an individual carrier.

A shipper typically has many price/service alternatives. The major non-price factors influencing a shipper's choice of motor carriers include:

- Expected shipment volume
- Delivery deadlines
- Regularity of delivery
- Frequency of service
- Past record of reliability
- Provision of loading and unloading services
- Shipper location relative to a carrier's terminal
- Confidence in the carrier's ability to perform
- Acceptability of age and condition of equipment
- Expected loss and damage and the carrier's treatment of claims
- The available pool of competing carriers with similar special handling characteristics (or lack thereof)
- Customer relations skills
- Advertising and other available information

Because price and service packages are often customized, shippers with similar movement requirements may frequently and willingly pay different rates. Variations in the price and service packages between similar shippers are typically not a manifestation of unlawful price discrimination, but rather represent real differences in operational and market circumstances.

While motor carrier markets are, in general, effectively competitive, they are not perfectly competitive. That is, motor carriers are not all identical firms operating within some textbook model of perfect competition. This related variation in service offerings among motor carriers themselves means that, for specific movements, there will likely not be a single "market rate" but a cluster of prices and associated services that might

have been chosen for that movement. Rates within this cluster are all “market-base rates,” i.e. rates that a willing buyer would pay a willing shipper.

The willingness of a motor carrier to agree to provide a particular and service combination is conclusively shown by the appearance of that rate and service combination in a common carrier tariff or a contract carrier contract, and is presumed to be shown by the tendering of its freight to that carrier for that movement.

Prices based on a functioning and fully competitive market have a number of important virtues. Under market conditions, resources are allocated to their most efficient uses. Under a fully competitive pricing standard, motor carriers will have the proper incentive to expand or contract, and enter or exit, particular markets. Similarly, purchases of motor freight transport will have the proper incentive to buy the most efficient amount and type of service. Besides creating efficiency, competitive prices are equitable as well.”

While this is a lengthy quote it does contain much that is germane to this proceeding. It is very important to note that the Georgia-Pacific case was investigated by the then expert agency of the U.S. Government. The quote above, along with numerous other ICC proceedings, evidence the understanding of the motor carrier industry and the pricing of motor carrier services in the marketplace.

It is extremely important to note that there are many major price and non-price factors listed that affect the rate a carrier will offer for any given service and many factors influencing a shipper’s choice in selecting a motor carrier. This understanding clearly demonstrates that there is not one market based rate but market based rates (plural) that are predicated on the services offered by the carrier and the services required by the shipper. In an industry that is as competitive as the motor carrier industry these prices are set by “arm length transactions” which is one of the hallmarks of competition.

As mentioned previously in 1982 there were a total of 40 SMC Class, Commodity and Commodity Column Tariffs. As of 1999 there were only 4 SMC Class, Commodity and Commodity Column Tariffs. The advent of discounts has allowed the industry to

reference a baseline of Class Rates and create the needed “market levels” (plural) of rates required to price their services.

In the Georgia-Pacific case there was some discussion on determining the “market level” by obtaining a “cluster” of rates from other carriers that could or might have been available to provide the service. The details of the 226 shipments that were involved in that case were as follows:

ORIGIN:

All 226 shipments originated at Gilman, VT

DESTINATIONS:

1. 173 Shipments to Plattsburgh, NY
2. 20 Shipments to Johnson City, TN
3. 14 Shipments to Baltimore, MD
4. 4 Shipments to Ashaway, RI
5. 2 Shipments to Port Elizabeth, NJ
6. 10 Shipments to various singular points
7. 3 Shipments – destination was not determined

Of the 223 shipments where the destinations were known there was only one origin and 15 destinations. With only 16 points involved the “cluster” approach of determining the “market level” of the rate could be a manageable approach.

By contrast, in SMC Class Tariff 585 there are 114,720 unique possible origin and destination Zip Code pairs, resulting in 77,100 unique rate basis numbers, and 32,724 Rates which yield 12,490,200 possible combinations. In turn each of these combinations would be subject to the discount level published by the carriers using these rates, thereby drastically increasing the total possible combinations. With well over 12 million possible combinations of origins, destinations, and rates the “cluster” approach of determining the

“market level” of rates with discounts is not a feasible or manageable approach of determining the “market level” of rates.

One of the advantages of the current method of base rates and associated discounts is that it allows carriers to tailor their pricing to the needs of a shipper, the direction of movement and the geographical markets it chooses to serve. With only 300 carriers establishing individual discounts, the total potential combinations would be 3,667,060,000 origins, destinations, and rates. Any attempt at a statistically valid sample would involve a gargantuan, if not an impossible, sampling procedure and expense. Any average reduction in the overall rate level will be wrong billions of times more than it will be correct.

With the advent of discounts there is some concern that a vulnerable shipper might pay undiscounted class rates. Most carriers offer an automatic discount to even the occasional shipper. In an effort to quantify the experience of the SMC Carriers we conducted a survey to determine the range of negotiated discounts that are offered to the shipping public. Based on our survey the range of discounts offered on discounted Class Rated traffic ranged from 21.2% on the low side to 73.3% on the high side. This may seem like a wide variation. However, do not fail to consider that the traffic that previously moved in 35 Commodity and Commodity Column tariffs now moves on Class Rates subject to discounts. This range of discounts is the result of 20 years of carrier vs. carrier competition and carrier to shipper rate negotiation. The shipper has the final say, in that, they control the carrier who will move their freight. In the current competitive marketplace shippers can, and do, move their transportation purchases from carrier to carrier just as you might move your food purchases from grocer to grocer.

With the information from the survey the SMC carriers, in conjunction with their October 1, 1999 general rate increase, instituted an across-the-board 20% automatic discount subject to the shipper not having any other negotiated discount. Based on our survey this would provide every shipper with a discount comparable to those that were negotiated in arm length transactions while not arbitrarily increasing any previously negotiated discounts.

The Surface Transportation Board (STB) in their February 11, 2000 decision referred to the automatic discount provided to shippers as a “default” discount, and was concerned that “the ‘default’ discounts would not apply if a shipper is given any other discount, no matter how small.” Moreover, the STB expressed concern that the discount might be revoked if a carrier or bankrupt carrier’s estate considered payment to be untimely. The SMC survey showed the range of discounts offered on discounted Class Rated traffic ranged from 21.2% on the low side to 73.3% on the high side. The 20% automatic discount subject to the carriers individually published discount policies was voted into the SMC tariffs by the SMC General Rate Committee. The automatic discount is the only legal method available to the General Rate Committee since they cannot preempt individual carrier’s rate actions. By that method, individual carrier pricing remains intact while the perceived vulnerability of the infrequent shipper is eliminated. Even if the shipper is unaware of discounts they will receive the mandatory discount.

The logic of this approach is obvious. Leaving the current Class rate levels, which are comparable with the general carrier rate levels in the marketplace, untouched provides for a more uniform comparison of price between general rate levels and the carriers independent levels of rates (see the rate comparisons in the testimony of James

Ridley). The discount percentage then becomes the true measure of differential in computing the net rate. A mandatory reduction in base rate levels would disrupt the industry pricing levels in two critical ways. Carriers that have discounts published that are applied against base rates would have their rates reduced without their consent. Secondly, changes caused by a mandatory reduction in base rates will result in a corresponding percentage decrease in the carriers revenue since discounts are typically applied to base rates. Furthermore, changes in base rates will also make it more difficult for the vulnerable shipper to determine which carrier is actually offering the lowest price since both discount levels and base rates will be substantially different between independently announced rates and class rates.

The SMC approach of a mandatory discount leaves the base rate and carrier/shipper contracts incorporating SMC class rates intact while protecting the interest of the vulnerable shipper.

With the 20% SMC mandatory discount all revenue levels are reduced or effectively “rolled back” to 80% of the current rate level. An arbitrary roll back of any “average” percentage to achieve artificial “market levels” would force adjustments to all discount levels currently in place disrupting the pricing mechanism that was introduced under the scrutiny and economic regulation of the Interstate Commerce Commission and laboriously perfected by the industry over the last 20 years. This is in direct opposition to the intent of the MCA of 1980 and all market based theories of economics.

Motor carrier class rates have been computed in a similar fashion utilizing the transportation characteristics of the LTL motor carrier industry, its freight, and the factors utilized in qualification of the National Motor Freight Classification. Using this

information, SMC's class rates have been tailored by its member carriers to reflect the regional differences in costs they incur in conducting their transportation operations.

Beginning in 1944 the Interstate Commerce Commission began publishing a series of studies which provided territorial unit costs, cost scales, and performance factors based on data of motor common carriers of general commodities operating within specified regions or territories. The purpose of these studies was to provide the Interstate Commerce Commission with information on motor carrier costs for use in its various regulatory functions and to provide the information to shippers, traffic organizations, rate bureaus, educators and others.

The following regional or territorial groupings were used:

- Central
- Eastern-Central
- Within New England – Group 1
- Between New England & New York City Area & Beyond – Group II
- Middle Atlantic
- Southern (Intra)
- East-South
- South Central
- Middlewest
- Southwest
- Pacific
- Rocky Mountain
- Transcontinental

The cost in these studies emanated from large multi-carrier studies performed by the ICC staff based on the procedures formulated and quantified in Highway Form A and the Simplified Highway Form B that were for years the foundation that the ICC used as a basis for many of its ratemaking decisions. These studies reflected a wide variety of operating conditions and services and allowed recognition of such characteristics as weight of load, length of haul, density of the commodity, pickup and delivery services,

platform services, and interchange of equipment or cargo. These studies utilized the financial data from the study carriers that was maintained in accordance with the ICC Uniform System of Accounts. Thus, the calculated costs were the actual costs of the included study carriers.

These studies were published from 1944 through 1976 and updated by the ICC for a number of years beyond 1976.

The purpose of the above history is not to wallow in the past but to show that class rates were built under the direction and overview of the ICC based on the 13 territorial cost regions which have evolved over the years, folding the various legislative changes into its mandates in a rational and planned manner, and reflecting the changes in pricing methodologies such as discounts that have evolved in the motor carrier industry. The Southern Regions Class Rate Scales were built based on the Southern Territorial Cost studies and since the Southern Region has been the low cost region its Class Rate Scales have reflected those lower cost levels with lower Class Rate Levels.

The Bureau Class Rate system and Rate Scales were built on the above 13 ICC Territorial Cost Regions. The problems mentioned above regarding rolling rates back to “market levels” will also need to be done for each of the other Bureau Rate Territories. Statistically valid sampling would involve a sample size of such magnitude that the endeavor would be overwhelming in size, complexity and cost, even if achievable. The possibility of using Judgment Sampling on a project of this size and obtaining reliable results is nil.

The closest parallel to the proposed roll back of Bureau Class Rates is the relatively recent attempt to change all the road signs in the U.S. to read Kilometers

instead of Miles. When everything was said and done cities were the same distance apart and nothing really changed. Fortunately the conversion was abandoned because of its not having any perceived value, this resulted in saving millions of taxpayers dollars.

Unfortunately, the rollback of Bureau Class Rates will incur millions of dollars of cost to the motor carrier industry with no long term benefit.

GENERAL RATE INCREASES

In response to the STB's concerns expressed in its December 18, 1998 decision, SMC utilized the pricing expertise of its staff, a Steering Committee comprised of industry leaders and a team of member carriers, and designed a pricing initiative that is intended to meet the needs of all parties. SMC has approached the existing pricing dilemma with an industry-driven, cost-based General Rate Increase (GRI). This cost-based approach enables carriers to recover their actual increased costs of doing business without engaging in the reactionary and convoluted discounting which has characterized recent industry pricing practices. It utilizes the financial reports of the SMC member carriers, comprehensive labor surveys from those carriers and numerous sources of detailed information for determining the cost increases in labor and non-labor expenses.

The purpose of the price increase is to maintain a healthy economic operating environment for carriers. It is recognized that an average operating ratio (OR) of 93%, i.e. the ratio of expenses to revenues, is necessary to yield rates of return on motor carrier investment that would maintain financial stability and provide the capacity required to render continuing services to the public. This OR target level, which has been used as a standard by both the transportation community and industry regulators, is based on Dr. Irwin H. Silberman's research study, Sum of Money. Dr. Silberman's study focused on

the OR necessary to maintain or achieve operational efficiencies within an organization. Dr. Silberman concluded that operating at a 93% OR would maintain the integrity and long-term viability of the motor carrier industry.

Even with their increased efficiencies and economies of operation, SMC carriers generally experience operating ratios in excess of 93%, evidencing that their revenues under discounted class rates are not producing windfall profits, as some have wrongly asserted. Competition will eliminate windfall profits in this and most other industries.

In addition, discounts within the industry have grown to unusually high levels. SMC's cost-based initiative combats these escalating discount tactics by allowing the carriers to maintain needed revenue levels while reducing or eliminating the need to continuously adjust discounts.

The STB was also concerned that some shippers may be paying fully undiscounted class rates. As a response to the STB's concern, SMC conducted a survey to determine the lower range of negotiated discounts. Results from the survey showed that the lower end of the negotiated discount scales was approximately 20%. As a result of this study, SMC's General Rate Committee (GRC) approved a 20% minimum discount on all SMC class rates for all shippers not currently having any negotiated discount on traffic moving under SMC tariffs. That 20% discount is based on the lowest negotiated discount levels, which SMC member carriers are providing to other customers. For all practical purposes, it reduces the class rate level by 20% by eliminating the application of the first 20% of the class rates. SMC's methodology responds to the concerns as outlined by the STB regarding shippers paying full class rate pricing and provides a process for an instantaneous and inexpensive implementation.

In the current environment of quick fix solutions, what appears on the surface to some as a logical approach cannot, in fact, accomplish the perceived goal. This is the situation with motor carrier costs. Motor carrier costs involve numerous inputs that are unique to the motor carrier industry and the actual carrier involved.

These costs can be broken down into two major categories, namely labor and labor-related costs and non-labor costs. The trucking industry currently and historically has been identified as a labor-intensive industry. Typically, labor costs represent 55% - 65% of total expenses. Most of the productivity increases have been effectuated by improvements in technology and the design of more efficient, lighter and larger capacity equipment.

The use of indices to approximate the increase in expenses in the motor carrier industry is not new. In fact, it is an acceptable alternative to actual expense increases, provided the proper index is used to update the appropriate expense. Two indices designed and maintained by the government have been touted as legitimate measures of the allowable increases in motor carrier rates. These two indices are the Consumer Price Index (CPI) and the Producers Price Index (PPI).

The CPI measures the average change in the prices paid for a fixed market basket of goods and services. These baskets are items purchased for consumption by two groups: All Urban Consumers (CPI-U) and Urban Wage Earners and Clerical Workers (CPI-W). Escalation agreements often use the CPI—the most widely used measure of price change—to adjust payments for changes in prices. Categories in the CPI include food and beverage, housing, apparel and medical care, to name a few.

Because the CPI is a statistical average, it does not reflect expenditure patterns that differ substantially from the “average” urban consumer. It may not be a perfect or even a realistic reflection of individual price experiences but it is the most economically feasible method for providing a statistic that is the most useful in all its general applications. However, the market basket of the CPI does not reflect the purchases made by motor carriers and will not accurately reflect increases in carrier labor and non-labor costs.

The PPI is a family of indices that measures the average change over time in the selling prices received by domestic producers of goods and services. PPI's measure price change from the perspective of the seller. Over 10,000 PPI's for individual products and groups of products are released each month. PPI's are available for the products of virtually every industry in the mining and manufacturing sectors of the U.S. economy. PPI data is widely used by the business community, as well as the government, as an economic indicator, a deflator of other economic series and a basis for contract escalation.

The PPI suffers from the same deficiencies as the CPI in relation to motor carrier labor and non-labor cost increases. These indices include many components, which have little or no bearing on trucking costs. The CPI gives principal consideration to such factors as the cost of food and beverage, including alcohol, housing apparel, recreation, etc. The PPI includes primary elements such as cost changes in farm products, processed foods and feeds, textiles, hides and skins, chemicals, lumber and wood products. These factors do not measure the proper proportions of labor, fuel and related operating

expenses, which define trucking. The CPI and PPI were designed to measure the changes in two different segments of the economy for two different purposes.

Comparison of either index to motor carrier cost increases does not provide any meaningful method, methodology or data for updating motor carrier labor expenses. Application of specific indices to specific identifiable expenses does, in fact, follow the recommendations of the Bureau of Labor Statistics, which cannot be achieved using the CPI or PPI for transportation purposes and will yield results erroneous for the motor carrier industry.

Instead, a more accurate and responsive index is currently being used to determine transportation expenses. Using a model driven by the specific cost characteristics of carrier operations and the services they provide is the foundation of SMC's initiative and its response to the STB's concerns.

The Carrier Cost Index (CCI), unlike the CPI and PPI, utilizes the relative weights of both labor and non-labor motor carrier expenses. These actual expenses are updated with detailed labor surveys from the SMC membership. In addition, select individual indexes from the CPI and PPI are used to calculate the actual non-labor cost increases on the SMC Carrier Group.

The SMC staff actions are directed by the General Rate Committee. In the last General Rate increase the Carrier Cost Index, based on the Carrier's actual experience, indicated a cost increase of nearly ½ of 1% above the overall 3.5% increase in revenues actually put into effect by the General Rate Committee.

CONCLUSION

The transportation market, as do many other segments of the economy, relies upon and accepts the present pricing system based on discounting as a responsive, accessible and reasonable vehicle to competitively price services. To arbitrarily reduce the SMC class rate scales with any percentage would needlessly disrupt the baseline pricing structure, which has given rise to the competitive rates that are enjoyed by the shipping public throughout SMC's ratemaking territories. Not only would all parties to existing transportation arrangements needlessly be required to renegotiate their rates, but all contracts referencing SMC class rates with discounts would have to be revised as well. No sound reason exists for disrupting, if not destroying, the pricing system that has successfully evolved in the marketplace over the past two decades in response to Congress' legislative goals.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel M. Acker", written in a cursive style.

Daniel M. Acker

1307 Peachtree Street N.E.
P. O. Box 7219
Atlanta, Georgia 30357

SOUTHERN MOTOR CARRIERS
RATE CONFERENCE, INC.

2722 Crittenden Drive
Louisville, Kentucky 40209

November 20, 1992

Mr. John L. Callaghan
Room 3414
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, DC 20423

SUBJECT: Development of Revenue Levels Introduced in General Rate
Increase Proceedings - November 13, 1992 General
Increase Filing

Dear Mr. Callaghan:

On November 16, 1984 Mr. William F. Moss, II, Acting Director, in a letter to Mr. Vernon Farriba, outlined a new requirement for general rate increases. The new requirement pertained to a Revenue Discount Survey that was included as Appendices A and B.

We have sent the survey forms to our 29 frame carriers and have received useable replies from 17 carriers. These carriers represent 59.16 percent of the SMC system revenues. Thus, of the 29 frame carriers 17, or 58.62 percent, of the carriers have been accounted for in this survey.

On Attachment I, I have reproduced the discount survey form representing the aggregate figures of the carriers participating in the July - August 1992 Discount Revenue Survey.

To further expand the step-by-step revenue rerating and restatement process, Attachment II has been created. Attachment II starts with the base year carried C.T.S. revenue in Exhibit DMA-4, line 3, and traces it through all the intermediate steps to the proposed level. Exhibit DMA-13 picks up and traces the various revenue levels through Appendix A.

Let me mention that Attachment II is a summary of the steps involved. The actual rerate calculations and comparisons are made on a bill-by-bill basis as explained in my testimony.

November 20, 1992
Mr. John L. Callaghan, Page 2

The following will explain what data are contained in Attachment II.

Line one (1) of Attachment II is the C.T.S. base year revenues from the actual C.T.S. freight bills. On line 2, I show the dollars of discount included in line 1. Line 3 is line 1 plus line 2 or the 1991 undiscounted base year actual revenues. On line 4, I show, in summary form, the updating to the present level. The factor utilized for updating represents the compounded SMCRC rate adjustments from January 1, 1991 through October 1, 1992. Line 5 is line 3 times line 4 and represents the base year bills without discounts rerated to the rate levels in effect on October 1, 1992. Line 6 is the effect of applying the monthly discount revenue survey to the undiscounted present revenues on line 5. Line 5 represents present revenues without any revenue discounts. Line 7 is the result of applying the results of the discount revenue surveys to each carrier's own traffic. Those carriers not able to participate in the discount survey were ascribed the overall average discount rate of all the other carriers. The logic here is based upon the realities of today's marketplace since competitive discount levels can be and are, in fact, quoted from currently filed tariffs. Line 7 is the present level of revenues taking into effect both base year discounts and incremental changes to current discount levels. Line 8 shows the overall percentage increase resulting from the general increase requested. Line 9 is the present level of rates increased by the proposed rate increase of 5.1 percent. Line 10 is the effect of trending revenue discounts from the present level to the proposed level based on a regression analysis of the carriers' monthly discount revenue surveys. Line 11, proposed revenue, is the result of applying the results of the discount trending on line 10 to line 9.

The only revenue items not addressed so far are the other than SMCRC revenues. Other than SMCRC revenues were handled in a similar manner. Base year to present, and proposed revenue update ratios were also interchanged. The last step was to apply the revenue discount survey to the results on the other than SMCRC traffic.

Hopefully, I have taken a complicated sequence of events and reduced it to a few simple steps in a manner that is easily understood. However, if you have any questions, please contact me at (404) 898-2150.

Sincerely,



D. M. Acker, Manager
Cost & Statistical Department

MONTHLY DISCOUNT REVENUE SURVEY

FORM V-TC

12/91

Carrier Name: _____ Mc No. _____

THE REVENUES REFLECTED BELOW SHOULD ONLY BE THOSE WHICH APPLY TO ACCOUNTS 3100 AND 3200

DISCOUNTS RECORDED ON FREIGHT BILL

PERIOD COVERED:

FROM: _____ TO: _____

LINE NO.	Weight Bracket	Total Revenue Before Discounts	Dollars of Discount Recorded on Freight Bills	Total Revenue Less Billed Discounts Only [Col. (a) - Col. (b)]
		(a)	(b)	(c)
1.	1 - 9,999	823,133,425	340,519,688	482,613,737
2.	10,000 - 19,999	60,362,869	23,108,760	37,254,109
3.	20,000 & OVER	53,910,998	9,958,568	43,952,430
4.	TOTAL	937,407,292	373,587,016	563,820,276

ADJUSTMENTS NOT RECORDED ON FREIGHT BILL (OFF-BILL)

The time frame for the information on ADJUSTMENTS NOT RECORDED ON FREIGHT BILL is not required to be the same as the time frame for DISCOUNTS RECORDED ON FREIGHT BILL. If it differs, please report the latest available period and indicate below:

PERIOD COVERED:

FROM: _____ TO: _____

Line No.	Adjustment Description	Total Revenue Before Discounts	Dollars of Off-Bill Adjustments	Total Revenue Less Off-Bill Adjustment Dollars Only [Col. (a) - Col. (b)]
		(a)	(b)	(c)
5a.	Overcharge less Undercharge claims	XXXX	1,375,696	XXXX
5b.	Loading/Unloading Allowances	XXXX	2,251,293	XXXX
5c.	After the fact freight bill discounts - not on bill	XXXX	5,829,253	XXXX
5d.	Other	XXXX	2,264,937	XXXX
5.	TOTAL		11,721,179	

All information shown above was prepared by me, was developed from company records and is, to the best of my knowledge, true and correct.

Signature: _____ Title: _____

Date: _____

ATTACHMENT II

SUMMARY OF THE STEPS INVOLVED IN RERATING THE 1991 CONTINUING TRAFFIC STUDY REVENUES FROM BASE YEAR TO
PRESENT AND PROPOSED LEVELS TAKING INTO EFFECT BASE YEAR, CURRENT AND PROPOSED DISCOUNT LEVELS

1. EXHIBIT DMA-4, LINE 3 CARRIED REVENUE	1,442,216,004
2. DISCOUNTS IN THE BASE YEAR ACTUAL REVENUES	919,873,656
3. BASE YEAR ACTUAL REVENUES WITHOUT DISCOUNTS	2,362,089,660
4. CUMULATIVE DECIMAL EQUIVALENT OF RATE ADJUSTMENTS (1-1-91 THRU 10-1-92)	1.06574
5. BASE YEAR CTS REVENUES RERATED TO THE PRESENT LEVEL WITHOUT DISCOUNTS	2,517,364,043
6. JULY AND AUGUST 1992 MONTHLY DISCOUNT REVENUE SURVEY DISCOUNTS	1,060,080,647
7. PRESENT LEVEL REVENUES LESS REVENUE SURVEY DATA, EXHIBIT DMA-12, SECTION 1, PRESENT REVENUE	1,457,283,396
8. PROPOSED 5.1 PERCENT RATE ADJUSTMENT (DECIMAL EQUIVALENT)	1.051
9. PROPOSED REVENUE WITH PRESENT LEVEL DISCOUNTS	1,531,125,363
10. INCREASE IN DISCOUNTS FROM THE PRESENT TO PROPOSED LEVEL	30,105,143
11. PROPOSED REVENUE WITH PRESENT DISCOUNTS TRENDED TO THE PROPOSED LEVEL EXHIBIT DMA-12, SECTION 1, PROPOSED REVENUE	1,501,020,220

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Atlanta, Georgia 30357

SOUTHERN MOTOR CARRIERS
RATE CONFERENCE, INC.

2722 Crittenden Drive
Louisville, Kentucky 40209

December 16, 1992

Mr. John L. Callaghan
Room 3414
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, DC 20423

SUBJECT: SMCRC January 1, 1993, General Rate Increase Proposal

Dear Mr. Callaghan,

This is a follow-up to our conversation on December 15, 1992, relating to SMCRC's general rate increase proposal.

SMCRC currently has a membership of 289 member carriers and participants in the tariffs.

The trending of discounts in our Justification Statement was accomplished as follows. Seventeen of our 29 frame carriers covering approximately 60% of SMC revenues, supplied monthly discount survey forms for the 20 month period from January, 1991 through August, 1992. Each carrier's data was entered into an electronic spreadsheet, (Lotus 3.0), by month providing monthly discount levels for each weight group, and on a total basis, as shown on lines one through four of the form. Utilizing the actual carrier's data for the 20 month period as input, the linear regression function available in the Lotus Spreadsheet was used to project the trend of discounts into the future. The data of all 17 carriers was then aggregated by month, and the same regression analysis applied. This aggregate data was applied to the data of those carriers who did not or were not able to provide monthly discount revenue surveys. (See attached Page 1)

At this point the regression analysis is complete. The next step is to calculate the discount levels at the present, proposed and future levels. The Commission prescribes that the results of the July and August discount revenue surveys be used to restate discounts at the present level. (October 1, 1992) On Page 2, the results of the actual July and August 1992 surveys are averaged, providing a discount level of approximately August 1, 1992, which equates to the October 1, 1992, present level. Moving three months from the present level October 1, 1992, to January 1, 1993, moves the revenue

John L. Callaghan
Page 2
December 16, 1992

discount from August 1 to November 1, 1992, as shown on Page 2. The future level, for all practical purposes is three months beyond the proposed level. Thus, the future level discounts are calculated at February 1, 1992.

This methodology accomplishes two goals. First, it conforms with the Commission's requirements for the present level of discounts. Second, it accurately portrays the change in discount levels matched to the change in cost levels.

If you have any additional questions, please give me a call at (404) 898-2150.

Sincerely,

A handwritten signature in dark ink, appearing to read "D M Acker", written in a cursive style.

D.M. Acker
Manager,
Cost & Statistical Department

1307 Peachtree Street N.E.
P. O. Box 7219
Atlanta, Georgia 30357

SOUTHERN MOTOR CARRIERS
RATE CONFERENCE, INC.

200 High Rise Drive
Suite 200
Louisville, Kentucky 40213

December 14, 1994

Mr. David Groves
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington DC 20423
FAX: (202) 927-6225

Dear Mr. Groves:

In reply to your telephone calls on December 13, 1994

1. There are 216 motor carriers participating in the tariffs affected by this proposal.
2. There are ten carriers that provided Monthly Discount Revenue Surveys to SMC. These ten carriers represent 71% of the SMC revenue.
3. The Monthly Discount Revenue Surveys for the months of July and August (approximately August 1) were used in computing the present level of discounts.
4. The weighted average discounts for the following levels are:
Base Year Actual 43.99%
Present Level 46.01%
Proposed Level 46.78%
Future Level 47.26%
5. Discounts were trended to the proposed and future levels utilizing the Monthly Discount Revenue Surveys of the 10 carriers (see 2 above) from January 1993 through August of 1994.
6. Discounts were projected to the proposed and future levels as shown below:

<u>Level</u>	<u>Date</u>	<u>Months</u>	<u>Survey Discount Level</u>	<u>Months</u>
Present Level	10/1/94		July and August (8/01/94)	
Proposed Level	1/1/95	3	November 1, 1994	3
Future Level	(Midpoint) 4/1/95	3	February 1, 1995	3

Discounts were projected for the same number of months from August as there are from the present to proposed level (3 months), and from the proposed level to the midpoint of the future level (3 months).

I believe this covers all of your questions. If you need additional information please call.

Sincerely,



D.M. Acker, Manager

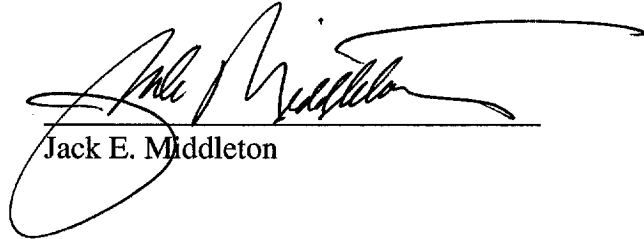
Certificate of Service

Certificate of Service

Certificate of Service

I hereby certify that I have served a true and correct copy of the foregoing Opening Comments by first class mail, postage prepaid, upon all previous parties of record to this proceeding.

Dated at Peachtree City, GA this 11th day of April 2000.



Jack E. Middleton