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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

SECTION 5A APPLICATION No. 1 (SUB-No. 10)

ENTERED
Office of the Secretary

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**PART OF
Public Record**

**HOUSEHOLD GOODS CARRIERS' BUREAU
COMMITTEE - AGREEMENT**

**REPLY COMMENTS OF THE
HOUSEHOLD GOODS CARRIERS' BUREAU COMMITTEE**

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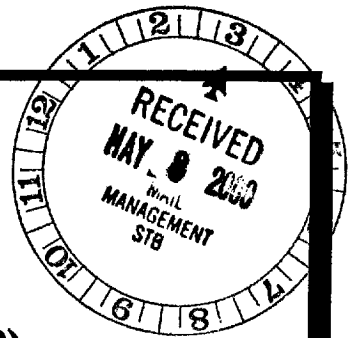
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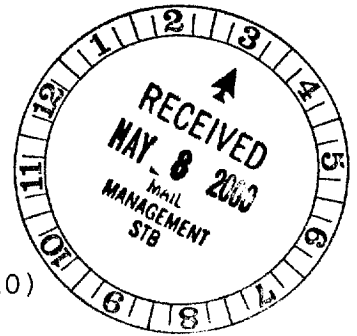
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DATED: MAY 8, 2000



ORIGINAL

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HOUSEHOLD GOODS CARRIERS' BUREAU
COMMITTEE -- AGREEMENT

REPLY COMMENTS OF
HOUSEHOLD GOODS CARRIERS' BUREAU COMMITTEE

These Reply Comments are filed on behalf of the Household Goods Carriers' Bureau Committee (HGCBC) and its member carriers in response to the Comments filed in this proceeding by the Transportation Consumer Protection Council (TCPC) on or about April 4, 2000.

On April 24, 2000, HGCBC filed Initial Comments in response to the Board's decision served February 11, 2000, in this proceeding. Those Comments provide a complete explanation of the collective ratemaking activities engaged in by HGCBC carriers and, coincidentally, they address the principal points raised by the TCPC Comments, i.e., (1) individual (consumer) shippers receive lesser discounts, if any, and many unsophisticated shippers receive none; (2) individuals involved in household goods moves have no voice and are most in need of protection from unrealistic pricing; and, (3) a reasonable household goods rate level should be determined by a market based

cluster of rates as described in Georgia Pacific Corp.--Pet. for Declar. Order, 9 I.C.C. 103 (1992). Each point is addressed seriatim.

CARRIER DISCOUNTS AND CONSUMERS

The evidence of record, adduced through the statement of Mr. Joseph A. Habib, unequivocally refutes the TCPC contention that consumers receive less favorable transportation charges than corporate shippers who bear the expense of moving their employees. (See V.S. Habib, pp. 6-8).

According to Mr. Habib's testimony, an HGCBC study of 583,748 non-government personal effects shipments transported in 1997 revealed that both consumer and national account shippers received an average discount of 21 percent below the HGCBC baseline rate level on all shipments that moved at discounts of less than 30 percent. In the case of discounts in excess of 30 percent, consumer shippers received an average discount of 54 percent and national account shippers received an average discount of 57 percent. These similarities exist notwithstanding the fact that consumers tender shipments that are considerably smaller than those tendered by national accounts -- 2,415 pounds versus 6,948 pounds in the less than 30 percent category and 6,326 pounds versus 9,331 pounds in the greater than 30 percent category. The same is true of the average lengths of haul for both groups of shippers, i.e., national account shipments are transported an average 1,086 miles (under 30 percent discounts)

and 1,269 miles (over 30 percent discounts) versus 1,044 miles and 1,089 miles, respectively, for consumer shippers.

It is common knowledge that heavier weighted shipments moving longer distances generally enjoy more favorable discounts than lighter weight, short haul shipments. However, the available data indicates that, to the extent this maxim may have validity, it does not apply to the movement of household goods. In Mr. Habib's opinion, this somewhat anomalous situation is attributed to the fact that consumer shippers receive, on average, 3 to 4 estimates of charges from competing carriers which significantly impacts the ultimate prices they pay for the service they require. (See V.S. Habib, pp. 7-8). This competition accounts for the favorable treatment consumer shippers receive.

TCPC has presented nothing more than conjecture which lacks credibility in the face of the actual shipment statistics developed by HGCBC.

DISCRIMINATORY PRICING

TCPC's second point is also refuted by HGCBC shipment data. There is simply no basis to assert that the pricing of consumer and national account traffic by HGCBC carriers is discriminatory with the end result being less favorable treatment of consumers. There are other factors which TCPC has chosen to ignore that also dispute its contention.

An elaborate regulatory system, designed specifically to assist consumers in their dealings with household goods

carriers, is in place to govern the moving industry's relationship with consumers. See, for example, Mr. Harrison's statement describing the important role HGCBC tariffs play in assisting in the enforcement of Federal Motor Carrier Safety Administration consumer protection regulations. (V.S. Harrison, pp. 20-21).

In addition to addressing every aspect of the household goods carriers' operational dealings with consumers (49 C.F.R. Part 375), other regulations and statutory provisions require that carriers accord consumers favorable transportation charge payment and credit arrangements (49 C.F.R. §§ 375.3(d) and 377.215), binding estimates of shipment charges and rates for guaranteed service (49 U.S.C. § 13704) and preferential shipment valuation treatment, i.e., household goods carriers cannot limit their liability for loss or damage without prior approval of the Surface Transportation Board (49 U.S.C. § 14706(f)). Moreover, if loss or damage occurs, carriers must agree to binding arbitration of all claims of \$5,000 or less. (49 U.S.C. § 14708).

It is simply incorrect to assert, as TCPC does, that consumers are without a "voice" in their dealings with household goods carriers. To the contrary, every aspect of the carriers' dealings with consumers is regulated and agencies such as the Board and the Federal Motor Carrier Safety Administration are charged with administration of that regulation.

MARKET BASED RATES

TCPC's final point, establishment of a market based rate level, reflects a lack of understanding of the moving industry's pricing system. The statements prepared by Messrs. Harrison and Habib fill that void.

As previously explained, many factors influence the prices at which household goods carriers and their customers agree to specific transportation charges. (See V.S. Harrison, pp. 13-15 and V.S. Habib, pp. 4-6). And, in fact, the specific charges assessed for the service performed are market based.

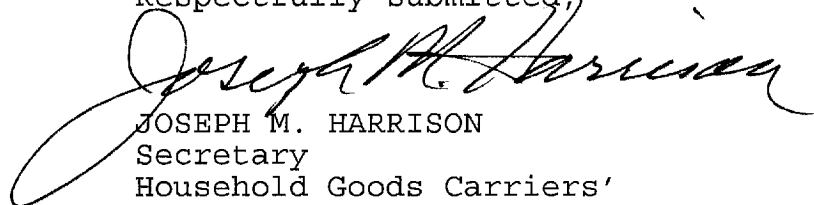
The commonality of discounts received by all shippers of household goods attests to the consistency of the carriers' discounting practices. These clusters of charges are precisely what Georgia Pacific envisions. Very specific and unique operating circumstances developed through a shipment-by-shipment scenario dictates this result. And, as noted, the same result will not be accomplished through a different level of arbitrarily dictated rates.

CONCLUSION

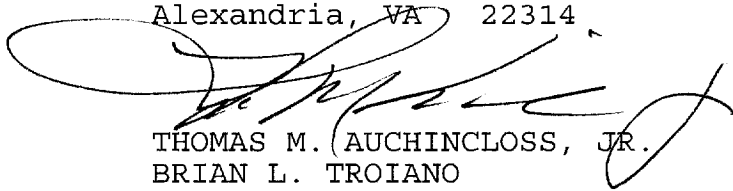
The Comments of the Transportation Consumer Protection Council add nothing of substance in this proceeding. We therefore repeat our previous request: Household Goods Carriers'

Bureau Committee Agreement No. 1 should be approved without further proceedings.

Respectfully submitted,



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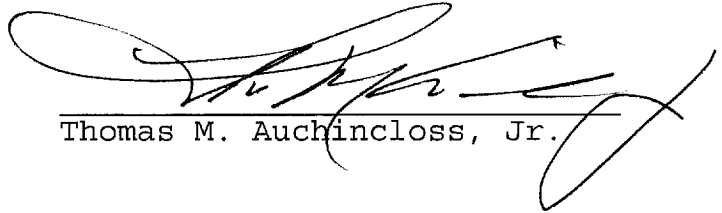
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DATED:

CERTIFICATE OF SERVICE

I hereby certify that I have this 8th day of May, 2000, served the foregoing Reply Comments of Household Goods Carriers' Bureau Committee upon The Transportation Consumer Protection Council, Inc., by mailing a copy thereof, first class mail, postage prepaid to: George Carl Pezold, General Counsel, 120 Main Street, Huntington, NY 11743.



Thomas M. Auchincloss, Jr.