Rising Fuel Costs and Mandated Fuel Surcharges

The sometimes startling rise in diesel fuel and gasoline pump prices has generated a flurry of comments and actions by public officials. At the moment, the Midwestern U.S. is the hardest hit. Government officials there are blaming stricter clean air/emissions standards and are calling on the Environmental Protection Agency (EPA) to temporarily stay their effectiveness. The EPA, so far, has refused. It claims the soaring prices in that region are the fault of refiners.

The U.S. Congress has also reacted. Rep. Nick J. Rahall (D-WVA) has introduced the Motor Carrier Fuel Cost Equity Act of 2000 (HR 4441). The purpose is to grant relief to independent truckers (owner-operators) by mandating imposition of a surcharge on truckload (TL) shipments and its pass through to the party incurring the fuel costs. The legislation presents some problems for shippers.

First, it puts the federal government back in the business of mandating pricing. The legislation requires imposition of the surcharge, instructs how the charge is to be calculated and, instructs when it must be imposed (i.e., whenever there is a five-cent deviation from the benchmark price).

Legislation supporters claim this is not deregulation because the Department of Transportation (DOT) and the Surface Transportation Board (STB) are specifically precluded from enforcing the mandate. Instead, the owner-operator (OO) must sue in the courts to recover the fuel surcharge. However, if it quacks like a duck . . .

The legislation is not clear on whom the OO must sue — the shipper or the carrier. Either way, individual, small amount lawsuits are neither practical nor effective. So enforcement of the statute is highly improbable. OOs could sue as groups and that concept has its own set of problems.

Second, shippers are already paying fuel surcharges. Freight shipped subject to tariff rates (even if discounted) is assessed a fuel surcharge based on a formula published in the applicable tariff. Contract freight is also subject to negotiated fuel surcharges as provided in the agreement. They are also paying it through third-parties that consolidate LTL freight into truckload shipments for transportation. Usually third-party rates reflect fuel cost add-ons in one manner or another. The legislation appears to mandate imposition of a second surcharge.

The real problem here is pass through of collected fuel surcharges. That is strictly a problem that exists between the motor carrier leasing the OO, and the individual OO. Shippers should not be dragged into the dispute.

Motor carrier claims that the motor transportation system is somehow imperiled if this legislation is not passed are only valid when directed to the requirement that surcharges be passed through to the individual paying the fuel costs. Such claims are not valid when applied to the requirement mandating a surcharge.

This is not the first time this exact same problem, failure to pass through surcharges,
has occurred. It has been a consistent problem, through the years, particularly when fuel costs have become erratic. This includes the pre-1980 period, when motor carrier pricing was completely regulated and fuel surcharges were set and enforced by the Interstate Commerce Commission (ICC).

Motor carriers have always fought mandatory pass-throughs to OOs and any revision or updating of their leasing practices that implied them. The ICC, while it tweaked the regulations to some extent, never did accomplish a meaningful revision or updating of them in this area.

The House Ground Transportation Subcommittee held hearings on HR4441. Shippers have generally opposed it for the reasons previously discussed. However, this is one of those bills that could just be enacted. It is well-intentioned, it sounds good because it is supposed to help very small businessmen and women (OOs), fuel costs tend to generate strong feelings, and it wouldn’t cost the federal government anything to enforce. That doesn’t make it a good law however, and for shippers, this legislation is problematic.

The legislation provides that nothing in it “shall abrogate provisions relating to fuel surcharges in any transportation contract or agreement in effect on the date of enactment...and any renewal of such a contract or agreement thereafter.” In other words, it isn’t retroactive. Assuring desired fuel surcharge agreements are included in contracts may be one way to avoid further involvement should the legislation be enacted into law.

### Annual State of Logistics Report Released

Robert Delaney of Cass Information Systems recently released his annual state of logistics report covering 1999. According to his calculations, logistics functions cost the equivalent of 9.9% of the gross domestic product (GDP) or $921 billion. Transportation costs accounted for $549 billion, inventory carrying costs $332 billion, and all other costs $40 billion. Motor carriers accounted for $450 billion of the total transportation costs. Delaney reports that this is only the second time in 20 years that the cost of logistics, as related to the GDP, fell below 10%.

The report also took note of the increasing role of third-party logistics service providers. These providers include dedicated contract cartage, domestic transportation management services, value-added warehouse and distribution services and 3PL software. This group managed $45.4 billion or 16.5% of calculated 1999 expenditures. He predicts 3PL managed revenues will exceed $50 billion in 2000.

The report also included an estimate of the impact of the proposed hours of service (HOS) proposal on motor carrier costs. It is projected that by 2001 approximately $500 billion will be spent on trucking services. The estimated impact of the HOS proposal on logistics costs will be an increase of $50 billion for trucking service expenses, $100 billion for extra inventory (accommodating the shift from present practices that are designed to lower inventory) and a $25 billion increase in inventory carrying costs due to the 7% increase in actual inventory. Please see the related article on the HOS proposal on page 3.

The table on the following page summarizes total logistics costs and the percentage they represent of the GDP. It covers a 20-year period following the enactment of varying degrees of deregulation of the nation’s motor, rail and air carriers.

Robert Delaney is vice-president of Cass Information Systems and is a consultant to ProLogis. He has been preparing these annual reports for 11 years and sharing his findings with the transportation industry. His reports have helped quantify the value of deregulation efficiencies and provide a picture of how the industry is doing as a whole.
LOGISTICS COSTS AND THE GDP

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**HOS Regs Assailed; DOT Extends Comment Deadline**

The first public hearings on the DOT's proposed motor carrier hours of service regulations have been held. The proposal has been verbally trampled by virtually every interested party.

DOT Secretary Slater named Clyde Hart of the Maritime Administration (MARAD) as a special deputy administrator to shepherd these regulations through. He is well-known to Congress. Hart joins Julie Cirillo. He had initially signed on for a 90-day tour of duty and then was to return to MARAD. Completion of the HOS regulatory process was originally scheduled for no later than the end of this year. However, that likely won't happen now and Hart has indicated he is there for the duration.

The comment deadline for the docket has been extended to October 30, 2000. The Senate has passed legislation postponing the rulemaking until October 1, 2001. Legislation to postpone the rulemaking has been included in the transportation funding authorization bill so it could very well be enacted.

Hart told the House Ground Transportation Subcommittee that he felt it would serve no purpose to stop the rulemaking process dead in its tracks. He testified before the House on June 22, 2000. He advised DOT has been receiving up to 1000 comments per day on the HOS proposal. Undoubtedly many of these comments have been submitted by individual carriers who are intimidated by the proposed regulations. They occupy more than 270 pages and have been described as a legal quagmire by those who are attempting to review them.

Protests to the proposed regulations range anywhere from the mundane (there will be a need for a tremendous number of additional truck parking places to accommodate the required idle hours) to shock at expected increased costs and the impact on productivity.

Most of the major interested parties believe DOT made a well-intentioned and considered effort to put forward the proposed regulations but feel it missed the point. They point out the tremendous productivity and efficiency gains made in the last few years and their firm belief that what has been proposed will destroy them.
They believe that DOT has failed to comprehend the broad impact the regulations will have. As was pointed out in last month’s newsletter, virtually every aspect of present-day operations will be affected.

They also note the need for more comprehensive cost impact analysis. Robert Delaney’s annual state of logistics report predicts $200 billion in increased costs. (See a related article on page 2.) Numerous carriers have done preliminary analyses on the number of drivers and equipment units they will need to maintain current service levels. Most are anticipating at least a 20% increase in the required number of drivers. Given present difficulties in finding new drivers in the industry they simply don’t know where they will get them.

Both carriers and shippers feel just-in-time and other types of rapid inventory turnover and control practices won’t be able to happen. They also point to the increased load being placed on transportation services by e-business, both retail and B2B. The industry and its shippers are trying to cope with these eventualities as well ergonomics proposals, and the reality of new diesel fuel requirements for cleaner air that are already on the horizon.

DOT also seems to be unaware of the change that has occurred in the shipper and carrier relationship. NASSTRAC explained it rather well in its testimony before the FMCSA:

"...the interconnectedness, speed and precision of transportation and distribution have increased in unprecedented ways. However the integration of transportation and distribution into a complex and interdependent system has also produced a certain fragility...Shippers that once relied on 100 trucking companies may now have long term contracts with a handful of carriers, each of which specializes in certain product lines or traffic lanes.

If one of those carriers is unable to perform its obligations, replacing it is difficult, due to the investment of both parties in coordinated operations and integrated information technology systems...If HOS regulation isn’t done right, it will hurt not just the trucking industry, but also the customers of the trucking industry, and all of the consumers who rely on truck deliveries...over 80% of the freight transported in the U.S. moves on trucks. The proportion of manufactured goods is even higher...."

Private fleets are affected by the regulations as well. Some 75% of medium- and heavy-duty trucks on the road are registered to private fleets. The National Private Truck Council (NPTC) estimates there are 1.5 million trucks in private fleets.

Motor carriers point out that the proposed HOS regulations would put more trucks on the road in order to compensate for the shorter driving times. The American Trucking Associations (ATA) estimates an additional 100,000 drivers and vehicles would be on the highways.

Changes to the hours of service regulations will be enacted. However, the universal opposition to the instant proposal, and the very valid (and expected) issues that have been raised by shippers and carriers must be addressed. The FMCSA has provided the platform for discussion. In our view, it would be truly imprudent to insist that the proposal be in place by the end of 2000. The first rule here should be taken from the physicians’ creed — first do no harm.

**Free Trade: WTO Dispute Settlement Usage & Impact**

The organization that has been causing the most consternation among those opposed to free trade and/or struggling with its rapid spread, is the World Trade Organization (WTO). One of the biggest concerns has been the ability of the WTO to impact an individual country’s laws, perhaps even causing desirable laws to be abandoned. The outcome usually results from findings the WTO issues in dispute proceedings.
The General Accounting Office (GAO), at the direction of Congress, researched the impact of the WTO dispute settlement system on the U.S. It presented its findings this past month in a report entitled: "WTO U.S. Experience in Dispute Settlement System: The First Five Years."

GAO reports that approximately 200 complaints have been filed during the first five years. The U.S. and the European Union (EU) have been the most active participants both as plaintiffs and defendants.

The U.S. track record — as a plaintiff 13 complaints won by WTO ruling, 10 settled without a WTO ruling, and 2 complaints in which the U.S. did not prevail. As a defendant, the U.S. prevailed in one case, resolved 10 others without a ruling, and lost in 6 cases. It is the GAO’s opinion, that overall the U.S. gained more than it has lost in the WTO dispute settlement system so far.

As to the impact on U.S. laws, regulations or guidelines, GAO reports the following: "Out of the 17 WTO cases in which U.S. practices were challenged, only one resulted in a change in U.S. law and that change was relatively minor." The affected law concerned how to determine the country of origin of specific textile and apparel imports. Another case did not result in a WTO ruling, but did produce an agreement between the U.S. and the EU concerning trade sanctions against Cuba.

WTO rulings did cause two regulatory changes and the modification of one set of guidelines. Clean Air Act regulations, affecting gasoline, were modified to allow Venezuela and Brazil to use their own data for baseline performance vs. using EPA baseline data — a treatment already afforded domestic suppliers.

Another ruling affected an antidumping order for DRAM semiconductors in a complaint brought by Korea. The U.S. agreed to lower its burden of proof standard, but under the new standard still found the antidumping order against Korea appropriate.

The third ruling concerned a ban on shrimp harvested in a manner harmful to endangered sea turtles. The decision resulted in a more open process when granting certifications to export shrimp to the U.S. but did not remove U.S. restrictions.

The GAO points out that "the dispute settlement system’s impact on the U.S. should not be evaluated solely on the basis of U.S. wins and losses." It explains that some losses are partial, some uphold principles important to the U.S., and in some cases the countries involved simply refuse to change their law or remove the restrictions. One example cited was the U.S. "win" over the EU on bananas and hormone-treated beef and the EU’s decision to not fully comply with the WTO ruling. In other words, countries have choices — they can agree to disagree.

GAO reports that it does not feel there has been a sufficient number of WTO dispute settlement cases to fully evaluate the system. It also notes that there are some pending WTO cases whose outcome could be problematic for the U.S. In other words, it is still a wait and see situation.

GAO is the investigatory arm of Congress. It undertakes a number of studies and reviews on virtually any topic that might be related to Congressional investigations, pending legislation, and other matters. Generally its reports are considered balanced and objective.

The foregoing information is provided as background and to enhance understanding of the ever-expanding free trade network in which our readers are increasingly involved. Informed participants will produce the best results for their employers.

**Customs Rulings Update**

The U.S. Customs Service (Customs) has issued a couple of rulings of interest and they are summarized below. Additionally, Mexican Customs has announced the signing of the Customs Mutual Assistance Agreement. The agreement facilitates electronic information
exchange and is being touted as bringing a uniform electronic bill of lading, for U.S./Mexico traffic, one-step closer. This agreement is primarily aimed at detecting fraud, such as false origin, value and tariff classification descriptions and statements. It replaces a 1976 version.

**Electronic Protests.** Customs issued a general notice advising that electronic protest filing and status information is now available in all Customs' service ports. The notice was published after several years testing of an electronic protest filing system. In addition to filing the protest, qualified participants can also submit additional arguments, claims refunds (under certain circumstances), requests reviews and accelerated disposition of a protest, and withdraw the protest or petition or claim using the electronic system.

**Imposition of Penalties.** Customs has published final rules revising regulations applicable to imposition and mitigation of penalties assessed for Section 592 violations. These violations cover fraudulent and negligent entry or attempted entry of merchandise into the U.S. The changes incorporate revisions included in the Customs Modernization Act.

The revisions clarify, among other things, (1) that placing merchandise in-bond is considered entering it into the U.S.; (2) documents, statements, acts and omissions are material if they impair Customs' ability to do its job; (3) explanations of terms used in this section of the regulations; (4) procedures to be followed and elements that will be considered as part of a case record for any proceeding; (5) factors that will be considered when proposing or mitigating a penalty; and (6) settlement offers and other matters related to penalty imposition and mitigation for these types of violations.

**FMCSA Issues Vehicle Marking Rules**

The Federal Motor Carrier Safety Administration (FMCSA) has issued final rules concerning identification markings on commercial motor vehicles (CMVs). Motor carriers have been allowed to continue to display markings and registration numbers mandated under the old Interstate Commerce Commission. Interstate motor carriers must now display USDOT registration numbers. Vehicles that still have ICC numbers have two years to comply.

All CMVs must be marked with the legal name or single trade name of the carrier or the entity owning or controlling the carrier. The information must be identical to that shown on required registration paperwork, specifically, Form MCS-150. Carriers are not required to show a principal place of business address on their CMVs but are not precluded from doing so. Motor carriers are given an additional five years to bring their vehicles into compliance with this requirement.

Finally, all new interstate carriers must file Form MCS-150 prior to starting business. Present regulations allow the form to be submitted within 90 days after starting business.

Form MCS-150 is the Motor Carrier Identification Report, a registration form that contains information identifying the carrier and the type of operations in which it will engage.

**Railroad Surcharges, Contracts and Section 7**

The STB issued a decision in CSX Transportation vs Parrish & Heimbecker (P&H), referred by the court. P&H is a grain shipper that was assessed a $200 per car, light-density line surcharge on its freight. The grain was being transported under contract by CSX. Consignees paid the freight charges, but CSX billed P&H for the surcharges.
P&H contends the surcharges are not collectible for a number of reasons, and that even if they were, P&H is not liable because it had executed Section 7 on the bill of lading. The non-recourse clause (Section 7) protects a shipper from being approached by a carrier for uncollected and/or additional freight charges when the freight is shipped collect and under other selected circumstances.

P&H also contends that CSX is trying to be both a contract and common rail carrier by collecting contract freight charges from consignees and then attempting to collect tariff-based surcharges from the shipper. This is a long-term dispute with some surcharge assessments going back as far as 1993.

The STB found for the shipper on all counts. It found CSX’s assessment of the surcharge on contract transportation an unreasonable practice. It also found that P&H was not obligated to pay the surcharges even if the assessment was reasonable, because it had executed the Section 7 non-recourse clause.

This decision has parallels for motor carrier freight, as Section 7 is also a part of the motor carrier uniform bill of lading (b/l). It affords similar protections for motor freight shippers with some modifications. Terms for Section 7 on the motor carrier uniform b/l will be found on the back of the b/l and/or in the carrier’s tariff which may contain provisions modifying the b/l contract.

**STB Hands Rail Shippers a Victory**

FMC Corporation v Union Pacific involved overcharges. The shipper (FMC) managed to prove its case using draconian, prescribed procedures called the Stand Alone Cost Test. They were created by the Staggers Rail Act of 1980 which partially deregulated railroads.

Under the Stand Alone Cost Test, the shipper must design a hypothetical railroad. It must factor in construction, equipment and labor costs and then operate the make-believe railroad efficiently, which may include carrying freight not generated by the shipper itself. The shipper must demonstrate the hypothetical railroad can earn a reasonable return. If it can, then the real railroad’s rates (in this case the UP) are considered unreasonable and it must pay reparations.

At one point during this lengthy proceeding, the UP was demanding that FMC provide information about its customers, how they used the chemicals, in what products, and what products were manufactured from them for the last 20 years. The STB stopped this fishing expedition by eliminating product and geographic competition as railroad defenses against captive shipper rate complaints.

This is the first time since 1980, when these hurdles were created, that a non-coal shipper has managed to prevail. The cost to FMC may be as high as $3.5 million. FMC believes the rates it was assessed were as much as 600% higher than UP’s variable costs while the UP says they were only 200% above variable costs. The STB prescribed rates to be charged FMC through 2017. However, FMC believes they still are not what they should be. FMC contends UP’s costs were inflated by its mismanaged merger with Southern Pacific (SP). The UP has appealed the decision to the courts.

Shippers are seeking relief from these legislative provisions from Congress, generally by modifying them so they are more reasonable, not tilted in the carriers’ favor and use of them is affordable. So far, responsible Congressional leaders have turned a deaf ear on their requests. Senate and House committees having jurisdiction are not even willing to afford shippers a chance to present their case in specific, on-topic hearings. Railroads are a powerful and wealthy lobbying entity, and by using these weapons effectively appear to have shut shippers out legislatively.

ABMA Transportation & Logistics Report

July 2000
Loss Claims and Statutes of Limitations

In Burtman Iron Works v. Con-Way Transportation Services Inc., a Massachusetts court found for the carrier. Burtman (shipper) filed its damage claim within the nine months allowed and it was declined by Con-Way. After the official declaration letter, the parties continued discussion off and on. The statute of limitations for filing suit (2 years), as related to the original declination, expired before Burtman filed a court action.

The court held that even though the two parties had continued talking, the original declination tolled the statute of limitations, i.e., time started counting from that point. Burtman’s court suit was not allowed. Moral of the story: When the motor carrier officially declines a claim, start counting from that date to file suit. File suit even if negotiations are continuing, particularly if they are informal, to assure the suit is filed on time.

BTS Continues Open Reporting Policy

Motor carriers are required to supply financial data to the Bureau of Transportation Statistics (BTS). Individual carriers may seek exemptions from having their individual data made public. Such requests are usually made to protect competitive information. Its latest ruling covered requests made by four small carriers. It denied three exemptions and requested further information on the fourth.

The BTS is required to grant the request for exemption if the carrier is not a publicly held corporation, does not have to make disclosures to the Securities and Exchange Commission, and release of the data would do competitive harm. Most carriers meet the first two criteria, leaving competitive harm as the deciding factor. BTS has continued the ICC and its own policy of generally finding carriers are not competitively damaged by public release of the data they provide.

The data accumulated by BTS is most frequently used as a tool by shippers and others to evaluate the financial status and stability of a carrier during carrier selection processes. It also produces what is known as a carrier’s operating ratio — which tells if the carrier is profitable. While that ratio can be skewed by one-time expenses and other big ticket items, most carriers make sure their customers and the general public know that through press releases and other means. Also, the data collected by BTS is generally in summary form, i.e., total revenue, total administrative costs, etc. and cannot be broken down into elements that would give away an individual carrier’s innovated competitive secrets.

European Practices Could Improve U.S. Highway Safety

A DOT report finds that the U.S. and Europe share common commercial vehicle safety issues. It points out how European “best practices” might improve U.S. highway safety. Among areas where the U.S. might improve: (1) Develop a standard curriculum for driver education; (2) Conduct performance-based driver assessments and use that data to develop public policy; (3) Develop vehicle system standards such as for cab crashworthiness; (4) Use crash investigations in vehicle design; (5) Focus on user acceptance of safety systems to assure maximum use; (6) Develop alternative and complementary inspection programs to move toward self-certification; and (7) Improve use of in-company inspections advisors to improve regulatory compliance, leaving government to focus on high-risk carriers.


The Department of Energy (DOE) Released Statistics on the Costs of Idling Trucks. They peg it at nearly $2000 per year for fuel and maintenance per vehicle. Trucks are commonly idling to keep the engine warm and operate heating and cooling devices. According to DOE the typical tractor idles 1820 hours a year, or six hours a day. They assume an average use of 43 weeks a year. DOE reports that if auxiliary devices were used for these functions, the number of idling hours could be reduced by approximately 80%. This would save approximately 1230 gallons of diesel fuel. DOE also noted the impact to air quality, noting a truck emits about 21,600 pounds of exhaust emission pollutants a year. Private fleet operators should take note as well as for-hire fleets.

The Teamsters and Overnight Situation Remains Unchanged. Both sides are described as entrenched. The Teamsters vow to continue their strike against Overnite another year or two if that is what it takes. Overnite just says their on-time record still continues at around 96-97% and apparently will continue resisting unionization efforts, at least as presented by the Teamsters.

One Border Crossing Delay for Truckers Has Been Eliminated Before It Happened. There is a law that mandates an exit as well as entry visa for aliens crossing U.S. land borders. The trucking industry believes the requirement would create just one more delay for cross-border freight. The law hadn't been enforced — authorities were trying to figure out how to do so without creating more problems than the law would solve. Congress recently passed legislation removing that provision and leaving visa requirements just the way they are now. President Clinton is expected to sign it.

The General Accounting Office (GAO) Says Amtrak Is Not Containing Its Costs. The latest report was in response to a request from Bud Shuster (R-PA), chairman of the House Committee on Transportation and Infrastructure. GAO says labor, interest on debt, and payments to other railroads to access track and keep trains on time have contributed to cost increases. GAO notes that Amtrak's performance has improved in recent years, but operating costs are still exceeding projections. Amtrak has become a minor, but important player, for express freight shippers who ship everything from parcels to perishables. It is a significant player in the northeast corridor and the only cross-country passenger railroad in the U.S.

The STB Recently Issued Its Railroad Cost of Capital Findings for 1999. After its procedural review, the STB concluded that the composite railroad industry cost of capital equaled 10.8%. Current cost of debt was 7.2% and equity costs were 19.2%. The STB found the capital structure mix of the railroads (as a group) was 35.5% debt, 62.7% common equity and 1.8% preferred equity.

The STB Modified Railroad Waybill Sampling Techniques. Railroads terminating 4500 or more carloads must report various shipment data, including revenues, from a sampling of the traffic waybills. The sample is used for a variety of purposes by the Board and others. Most railroad traffic moves under confidential transportation contracts. The STB wanted this
information included so as to ensure an accurate and representative data sampling. The revised regulations allow the railroads to mask the data, so revenue data cannot be attributed to any individual customer.

_The U.S. Postal Service Has Extended Priority Mail Global Guaranteed Service to Most Countries in the World._ The service will be available to all countries listed in the International Mail Manual except Afghanistan, Ascension, China, Iraq, Japan, North Korea, Libya, Pitcairn Island, St. Helena, Sudan and Tristan de Cunha. This mail service is accomplished via an alliance with DHL Worldwide Express and is an enhanced express mail service.

_The European Union (EU) Says Deutsche Post (DP) May Have Engaged in Competitive Abuses._ EU has made a preliminary finding that DP engaged in “frequent and systematic interception, surcharging and delay of normal incoming cross-border mail” which “infringes on the competition rules of the European Union.” DP will respond to these preliminary findings. DP remains under investigation for allegations that it competes unfairly in the parcel sector. United Parcel Service (UPS) contends that DP subsidizes its parcel services with letter mail revenues and uses government financial aid to fund acquisitions to put it in a dominant competitive position for express parcel services in the EU. The latter is the larger and probably most important investigation of the two.

_The Maritime Administration (MARAD) Released Its Latest Maritime Cargo Statistics._ The statistics are for U.S. waterborne imports and exports. For the first two months of 2000, a total of 176,042,000 metric tons of cargo was transported with a value of $109.9 million. Exports accounted for 53,531,000 metric tons valued at $29.9 million. Imports accounted for 122,511,000 metric tons valued at $80.0 million. MARAD is part of the U.S. Department of Transportation (DOT).

_An Ohio Turnpike Study Might Open the Door for Further Dialog on Expanded LCV Use._ The study covered a three-year period, tracking Longer Combination Vehicles (LCVs) use of that highway — specifically triple trailer configurations. It found that triples averaged 119,853 trips per year. If single trucks had been used the average number of trips would have been 209,742. Triples used 3.5 million gallons of fuel and if single tractor trailers had been used consumption would have been 5.4 million gallons. The accident frequency for triples was one in 1,495,541 miles of operation as opposed to one for every 1,059,123 miles for other trucks. The trucking industry very much wants expanded use of LCVs believing it is one of the few, if not the only, remaining ways available to significantly increase productivity and lower costs.

_Heavily Dependent on Electronics and Computers for Sales and Other Critical Functions?_ Ingram Micro vs American Guarantee & Liability Insurance Co. might be of interest. Ingram experienced an electrical short in a fire alarm panel which resulted in the loss of data stored on mainframe computers. As a result, Ingram could not conduct business for eight hours, losing $3 million in revenues. The insurance company declined the claim considering the loss not actual property damage. Ingram sued and prevailed in U.S. District Court, Arizona. Judge Alfredo Marquez ruled that “physical damage is not restricted to the physical destruction or harm of computer circuitry but includes loss of access, loss of use and loss of functionality.” The insurance company will appeal.