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SERVICE DATE – JULY 26, 2006

SURFACE TRANSPORTATION BOARD

DECISION

Amendment No. 4 to
Released Rates Decision No. MC-999

RELEASED RATES OF MOTOR COMMON CARRIERS
OF HOUSEHOLD GOODS

Decided: July 24, 2006

In Released Rates of Motor Common Carriers of Household Goods, 5 S.T.B. 1147 (2001) (2001 Decision), the Board authorized the Household Goods Carriers' Bureau Committee (the Committee), an organization composed of household goods (HHG) carriers, to change the terms under which its member motor carriers establish their liability for damage to, or loss of, HHG in their care.¹ The Committee has asked the Board to modify the 2001 Decision to permit the use of a different index to make certain annual adjustments to the minimum per-pound valuation and to the charges for protecting the full value of shipments of HHG. We will approve the proposed modification.

BACKGROUND

Under 49 U.S.C. 14706(a)(1), motor carriers of HHG ordinarily are liable for the actual loss or injury that they cause to the property they transport. However, under 49 U.S.C. 14706(f), a HHG carrier may establish, with the Board's permission, "released rates," under which the carrier's liability is limited to a value established by written declaration of the shipper or by written agreement between the carrier and the shipper.

The 2001 Decision authorized carriers to provide HHG shippers with two options concerning the level of cargo liability to be assumed by the carrier, depending upon the level of the rate that the shipper wishes to pay for the transportation of its goods. Under one option, the carrier's cargo liability would be limited to 60 cents per pound, per article, and the shipper would pay only a base rate for the shipment. Alternatively, for an additional charge, the shipper could obtain "full value protection" (FVP) for the shipped goods, meaning that the carrier would be liable for the replacement value of the lost or damaged goods (up to the pre-declared value of the shipment) or, at the carrier's option, for restoring damaged goods to their prior condition.

¹ In a decision served on April 22, 2002, the Board clarified that the approach authorized in the 2001 Decision may be used by carriers that are not members of the Committee, as well as those that are.

The second, or FVP, option established charges that would apply to various levels of valuations. It also provided for a minimum declared value of \$4.00 per pound (or a lump sum of \$5,000, whichever is greater). That means that, if a shipper does not write in a valuation, or writes in a declared valuation lower than \$4.00 per pound, the minimum declared value that would be deemed to apply to that shipment is the value derived by multiplying the weight of the shipment in pounds by \$4.00, and the shipper would pay a charge based on that valuation.

The 2001 Decision also authorized the Committee to make annual adjustments, without prior Board approval, to this minimum per-pound valuation and also to the charges that would apply when a shipper selects FVP. These adjustments were to be based on changes in a specific subgroup index within the Consumer Price Index, U.S. City Average, published by the Bureau of Labor Statistics (BLS).²

DISCUSSION AND CONCLUSIONS

The Committee's proposed modification to the 2001 Decision would permit HHG carriers to use a different index to benchmark the annual adjustments to the minimum per-pound valuation and FVP charges: BLS's Consumer Price Index—All Urban Consumers (All Items) (CPI-U). The Committee cited a BLS publication indicating that CPI subgroup indexes are subject to a substantially greater sampling error than the national CPI-U, and that BLS therefore strongly urges users to consider the CPI-U for use in escalator clauses.³

Notice of the Committee's proposal was served and published in the Federal Register on April 13, 2006 (71 FR 19234), and the public was invited to comment on the suggested modification to the 2001 Decision. No comments were received.

Based on the authority cited by the Committee, indicating that the CPI-U is more appropriate to use in escalator clauses than specific subgroup indexes, we will approve the proposed modification to the 2001 Decision. HHG motor carriers may now use the CPI-U to make annual adjustments in the minimum per-pound valuation and FVP charges.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

² The subgroup is the household furnishings and operations index.

³ BLS Handbook of Methods, Chapter 17 at 4, available at www.bls.gov/opub/hom/pdf/homch17.pdf.

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It is ordered:

1. The Committee's request to modify the 2001 Decision concerning the index on which to base annual adjustments to the minimum per-pound value and the charges for FVP coverage is granted.
2. This decision is effective August 25, 2006.

By the Board, Chairman Buttrey and Vice Chairman Mulvey.

Vernon A. Williams
Secretary