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May 23, 2007

Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

RE: STB Ex Parte No. 656
Motor Carrier Bureaus – Periodic Review Proceeding

Section 5a Application No. 46 (Sub-No. 20)
Southern Motor Carriers Rate Conference, Inc.

219385

ENTERED
Office of Proceedings
MAY 25 2007
Part of
Public Record

Dear Secretary Williams:

Enclosed for filing in the above-styled consolidated proceedings are the original and ten copies of Southern Motor Carriers Rate Conference, Inc.'s Petition for Extension of Effective Date Embracing a Request for Expedited Action.

An additional copy of the pleading is enclosed which it is requested be date-stamped or receipt otherwise acknowledged and returned to me. A stamped, self-addressed envelope is enclosed for that purpose.

Thank you for your assistance in this matter.

Respectfully submitted,

John R. Bagileo
Counsel for Southern Motor Carriers
Rate Conference, Inc.

Enclosures



Before The
Surface Transportation Board

STB Ex Parte No. 656

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Motor Carrier Bureaus-Periodic Review Proceeding

Section 5a Application No. 46 (Sub-No. 20)

Southern Motor Carriers Rate Conference, Inc.

Petition For Extension Of Effective Date

Embracing A Request For Expedited Action

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Counsel for Southern Motor Carriers
Rate Conference, Inc.

Dated: May 23, 2007



Before The
Surface Transportation Board

STB Ex Parte No. 656

Motor Carrier Bureaus-Periodic Review Proceeding

Section 5a Application No. 46 (Sub-No. 20)

Southern Motor Carriers Rate Conference, Inc.

Petition For Extension Of Effective Date

Embracing A Request For Expedited Action

Southern Motor Carriers Rate Conference, Inc. (SMC), by counsel, hereby requests that the effective date of the Surface Transportation Board's (Board) Decision served in the above-styled proceedings on May 7, 2007 be extended from September 4, 2007, to September 4, 2008. In support of that request, and its concurrent request for expedited action, SMC respectfully states as follows:

The Board's Decision, rendered after more than two years of deliberation, terminates its approval of SMC's Section 5a Agreement, which has been in effect for over 50 years, as well as those of all other existing rate bureaus, thereby ending the antitrust immunity provided to SMC's collective ratemaking activities under Section

13703(a)(6) of 49 U.S.C. Recognizing the impact this Decision will have on SMC, and the other rate bureau organizations, and “to provide sufficient time for parties to adjust to a new environment without antitrust immunity for motor carrier bureau activities” the Decision would not become effective for 120 days, until September 4, 2007. Given the magnitude of the structural and procedural changes SMC will have to implement in complying with the Board’s Decision, the timeframe currently established is not sufficient to achieve those objectives. Moreover, following the Board’s lead, SMC, subject to the approval of its Board of Directors and its membership, does intend to pursue the business review procedure administered by the Department of Justice’s Antitrust Division. These measures cannot reasonably be accomplished within the remaining timeframe established for the Board’s Decision to become effective.

The tasks to be completed and the time necessary to achieve those objectives are considerable. SMC will hold its Summer Meeting June 19 to 22. This will be the first opportunity SMC has to meet with its Board and the membership, including its shipper and transportation intermediary associate members, to discuss and explore what the effects of the Surface Transportation Board’s Decision will be on the ratemaking and associated activities of SMC, and what course the membership wants SMC to follow in complying with the Decision.

It is clear that whatever measures that will be required may necessitate the reorganization and restructuring of SMC as a corporation under Georgia law. Corporate

counsel has been retained and will address these matters in conjunction with SMC's response to the Board's Decision and directives.

In the absence of antitrust immunity the agency-approved procedures under which the member motor carriers of SMC have conducted their collective ratemaking activities must be reviewed, and the determination made as to how those or other such procedures can be made consistent with the antitrust laws. To that end antitrust counsel will be retained to ensure the success of those efforts.

There is no doubt that any procedure to gather price-related information or to implement any related procedure will not be undertaken without the guidance of antitrust counsel and of the Department of Justice. Clearly, the benefit and the necessity of obtaining a Business Review Letter are of paramount importance to SMC. The business review process established by the Department of Justice requires total disclosure with regard to the business activities to be conducted and must be accompanied by all operative documents and whatever additional documentation may be required by the Department. Notice of the request is published in the Federal Register and interested persons are given the opportunity to comment on the proposal. The Department can conduct whatever independent investigation it deems appropriate. Given the nature of the detail that must be provided by any party seeking a Business Review Letter, and the caution that obviously must be exercised by the Department of Justice in reviewing any such proposal, there can be no doubt that the process would require more time to complete than is available under the Board's Decision.

The extension of the effective date is warranted because of the confusion and unnecessary disruption that will be created in the marketplace should SMC not be able to pursue alternative means, within the ambit of the antitrust laws, to assist its customer base in their pricing mechanisms. At every stage of the Board's review of SMC's Section 5a Agreement and its application for nationwide authority, renewal and/or support of those requests have received substantial support from the transportation community. As the record in the nationwide application proceeding evidences, some 191 shippers, transportation intermediaries, the North Carolina Traffic League, and others in the transportation community, as well as 116 small, medium size and large carriers, supported the continuation of CZARLite, their principal pricing tool, by SMC. (See SMC Comments in Section 5a Application No. 46 (Amendment No. 20), Volume II, dated August 18, 1997; and SMC Petition to Reopen in Section 5a Application No. 46 (Sub-No. 20), dated November 5, 2003, p.3.) That strong support of the pricing mechanism created by SMC continued throughout the application process. (See SMC's Initial Statement in Section 5a Application No. 46 (Sub-No. 20), dated April 21, 2004.)

Considerable concern already has been expressed to SMC by its customer base as to the continued availability and viability of CZARLite which is the pricing baseline in customer carrier tariffs and transportation contracts. Delaying the effective date of the Board's Decision as is requested by SMC in its petition will enable SMC to pursue an alternative to the termination of collective ratemaking and will ensure SMC's

transportation pricing customers that there will not be a precipitous disruption of their long-preferred pricing mechanism without the availability of a satisfactory alternative.

The Shipper Associations, many of the shipper members of which are also associate members of SMC and rely on CZARLite in pricing carrier services, should not have serious objection to this extension request. As NASSTRAC stated in its January 22, 2002 Reply to Rate Bureau Petitions for Reconsideration in Section 5a Application No. 118 (Sub-No. 1):

NASSTRAC has acknowledged that there can be pro-competitive aspects of motor carrier ratemaking based on discounts off class rates, especially in today's environment of widespread contracting. (At page 3.)

Importantly, in NASSTRAC's May 24, 2004 Reply Comments in SMC's Section 5a Application No. 46 (Sub-No. 20), it was acknowledged that:

Today's trucking industry is characterized by intense competition, reasonable rates, generally excellent service, and a level of responsiveness to customers that far exceeds what railroads and water carriers manage to provide. Since 1980, more efficient motor carriers and more efficient shippers working together, have produced a more efficient distribution system benefiting the entire American economy. (At page 3.)

Granting SMC the requested extension plainly will not have adverse effects on the shipping public.

SMC respectfully requests expedited action by the Board on its petition. Notwithstanding the Board's establishing of an extended effective date of the termination

of collective ratemaking with antitrust immunity to assist the rate bureaus in responding to the substantial changes necessitated by the Board's action, it is submitted that SMC cannot accomplish all the necessary steps required to move forward in compliance with the Board's Decision within the current timeframe. By promptly notifying SMC of its action on this request, SMC will know whether or not the tremendous and costly undertaking it is contemplating in order to continue the level of service it has provided to the transportation community can be achieved.

As the record in these proceedings shows, SMC has made every effort to promptly and fully comply with agency decisions requiring changes and/or modifications in the manner in which rate bureaus must conduct their collective ratemaking activities. Once more, SMC is ready and willing to try to conform its operations to the Board's requirements. However, unlike changes in the past, such as Truth-in-Rates, which SMC could implement within its existing structure, this Decision potentially requires a complete restructuring of SMC's corporate organization, developing alternative pricing mechanisms and/or data consistent with the antitrust laws, and pursuing the business review procedure administered by the Department of Justice. Additionally, SMC must take a course of revising its business model in a manner that meets the needs and receives the approval of its customer base. In view of the challenges presented by the Board's Decision, SMC believes that the requested extension until September 4, 2008, is reasonable and will provide SMC a fair opportunity to effectuate the necessary changes in its business activities. It is noted that the foreign ocean carriers have lost the exemption from the European Union competition law that they have had for the past 20 years to fix

prices and regulate capacity. However, to allow the liner conferences to adjust to the removal of that exemption, the September 25, 2006 regulation to that effect will not take effect for some two years, i.e. until October 1, 2008. In light of the significantly greater role collective ratemaking has had in the trucking industry for over 50 years, and the considerably more complicated process SMC will confront to continue to provide services to its customer base which encompasses a large number of shippers, transportation intermediaries and carriers, the extension of the effective date for one year is reasonable and necessary.

Respectfully submitted,



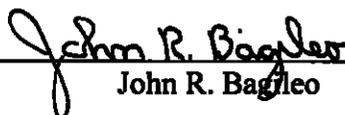
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Counsel for Southern Motor Carriers
Rate Conference, Inc.

Dated: May 23, 2007

Certificate of Service

I hereby certify that I have this 23rd day of May, 2007, from Peachtree City Georgia served a true and correct copy of the foregoing Petition upon all parties of record in the involved proceedings, properly addressed, by first class mail, with postage prepaid.



John R. Bagileo