MR. MACDOUGALL: I have very little to add to my statement. The reason for it is that as the AAR did not have a copy of Mr. O’Connor’s statement, I did not have a copy of Mr. Smith, Mr. O’Connor or the NITMIC statements.

It’s not well timed. You asked to get these copies; they were listed on the website, but it was unavailable to us, my staff. This is not the only time this occurs, but this was five days on the 17th, was the first filing, and we’ve not been able to get a copy.

I’ve tried as late as ten minutes before this meeting to get copies of these statements, and just like AAR, we didn’t have it. That, of course, you’ve read the statements of everybody. We have not.

I think one of the commissioners asked that question. The reason for the answer is we have not been given the other participants’ statements before this hearing.

All I can add from what I said last year
is, and I mentioned it in this year’s paper, I did here, concern about the type of hearings that may eventually result.

We don’t like an official hearing just conducted by staff. I think because of the way that the SAC case is going to maybe getting into that, and I noticed last week it’s the first time ever that I’m aware of, you’re having an abandonment hearing conducted by agency staff.

There isn’t one of you commissioners or an administrative law judge. That’s a development which gives me concern, and I raise it orally because it was only -- you only made that decision last Thursday, and I was not aware of it when I prepared my statement.

I’d hate to see that development in abandonment swing over to rates as well.

The only other thing I could say came up today, why no complaints. One of the problems might be, and I think mainly because from the Department of Transportation, there hasn’t been research on the current rate structure.
In the old days we had a person like Professor Ripley, who went into regular rates and showed how they were made and so forth. We had Mr. Daggett from Transcontinental Freight Rates. So we all know how, what those rates were. Mr. Druberra (ph) did Southern Freight rates in transition.

I see a Sidley and Austin man in the back row. Kenneth Burgess in 1924 wrote a book on railroad freight rates. We don’t have the current situation of what is rate, what are the rates today? How are freight rates made? What is the joint rate process?

There may be a GAO study of interviewing certain shippers, but nobody has put forward what is the current rate structure today, and how are freight rates made. So I would offer that suggestion, and I think it’s probably more appropriate for the DOT to spend some money to hire some professors, to out and bring Mr. Ripley’s and Mr. Daggett’s books up to date, as to what we’re really talking about.

I suspect that if you talk to shippers
who are currently shipping by rail, it’s not the
absolute level of the rate that concerns them, but
it’s the relationship of the rates to a competitor,
rate comparisons.

We made that suggestion a year ago, the
same technique you used in the undercharged cases.
You have to first use cost, to catch -- have the
staff people get into cost, to find out whether
there’s market dominance.

But once you get market dominance, then
you go to rate comparisons, and of course the
overriding question there is eligibility. Assuming
you’re going to have a certain eligibility
requirement, you could rate comparisons.

That’s what was always done, in the rail
field as well as in your overcharge field. In fact,
you used to have a Bureau of Informal Rate Cases in
the old ICC. Nobody’s mentioned that here.

But it’s not difficult how to decide
these small processes for these rate cases. You
just have to find out what the rates are first.

CHAIRMAN NOBER: Okay, thank you very
much. Mr. O’Connor, are you ready?