

THE IMPACT OF RAIL EX PARTE RATE INCREASES ON TARIFF COMPLEXITY

BY

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Cost-Price Inflation and Railroad Rates

The United States is currently in the midst of its third major cost-price inflationary spiral since World War II. For rail freight transport, each of these three steps has resulted in numerous ex parte rate increases. The cumulative increases have had an unfortunate impact on the demand for rail traffic and seriously aggravated tariff complexity of the railroads.

The first of these three series of railroad rate increase cases resulted from World War II and lasted from 1946-1949. The second was the aftermath of the Korean War, lasting from 1955-1958, with a minor adjustment in 1960. The third and present series is directly attributable to the Indo-China Wars, with rate increases beginning in 1967 with Ex Parte 256; Ex Parte 267 is currently in litigation. No clear limit is in sight but further increases through 1972 seem probable to cover wage agreements that have been made or are contemplated. Following each of the earlier series of increase cases, a period of relative rate stability followed, with some downward adjustments due to transport and market competition and rate experimentation.

The Interstate Commerce Commission has recognized the problems created by the numerous ex parte increases, which have further aggravated rate and tariff complexity. On December 15, 1970, The Interstate Commerce Commission issued an order in Ex Parte No. 270, Investigation of Railroad Freight Rate Structure, to explore:

1. The possible self-defeating nature of general rate increases with respect to generating revenue.
2. Disparities and distortions in the basic structure.
3. Uneven effects of rate increases on individual railroads.
4. Lack of railroad incentive to improve services in line with shipper requirements.

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The Commission also announced a related proceeding, Ex Parte No. 271, Net Investment — Railroad Rate Base, to investigate whether net investment as now used, or some other rate base, is the proper basis for measuring rate of return. The order of the Commission did not mention one of the most serious problems created by these numerous rate increases, the utter chaos which has occurred in railroad rate determination.

On January 6, 1971, a letter to the editor of the Journal of Commerce from Allan H. Surplus, Vice President-Transportation, Bay State Milling Company, Boston, Massachusetts, called attention to the extreme aggravation caused by out-dated tariffs, with numerous and conflicting ex parte increases. This current article may highlight his viewpoint.

Since World War II there have been a series of fourteen poorly designed, non-standard rate adjustments applied to out-dated, archaic and illogical railroad rates and tariffs. These have caused extreme complexity and utter chaos in railroad rates and tariffs, as well as serious loss of rail traffic and unnecessary expense in rating, billing and accounting.

Effect of Ex Parte Increases on Railroad Rate Complexity

A large number of the ex parte increases in railroad rates and charges have changed basic scales and specific rates. During the early period, adjustments were made as percentage increases, which did not change the structure of rates and charges, but which did raise the level. Many of the later increases have been made in an attempt to improve the structure, but they have only succeeded in making a very much aggravated alteration, at a higher level, to an extremely complex situation which already existed.

Table A lists the changes (many increases and one decrease) which have occurred in the railroad class rates since 1914. Most of the commodity rates were increased similar amounts in the early years, but more recently the changes in class and commodity rates and charges have not been identical, with a general tendency to raise the class rates higher and higher in an apparent effort to price them out of existence. In several instances, different percentage increases were applied in the different rate territories. Although past experience should have indicated the problems created by different territorial adjustments, this occurred again in November 1970 in Ex Parte No. 267A. Many increases to commodity rates have been specific and of varying amounts, for example see Ex Partes 175, 212, and 259 and the Southern lines proposal in Ex Parte 267.

Table A—See pages 56 to 57

Prior to the prescription of the Docket 28300 Class Rates in 1952, there were numerous local, territorial and inter-territorial class rate systems coexisting simultaneously in the United States. Many of these still exist in specific commodity tariffs.

The problem of finding an applicable freight rate by rail is almost unbelievably complex and time consuming. The problem is aggravated by existence of numerous ambiguous, conflicting and over-laping definitions being in existence at the same time. (See Table B.)

Special problems and complexities arise from the Section 4, *long and short-haul* provision and combination rate or *aggregate of intermediates* provision, both of which open up an almost infinite number of additional possible rates and make rate computerization impractical from a cost standpoint. *Transit rates* pose an additional cumbersome, expensive and unnecessary complication.

But even beyond this, the problem of freight rate determination is extremely aggravated by out-of-date tariffs, some of which must have as many as *fourteen ex parte rate increases applied in sequence to determine a current rate!*

With combination rates (between two or more rate territories) increases must be applied for each territorial segment individually. Increases must also be applied for each rate possibility being evaluated. *This is especially complex when maximum increases in cents are applied and such maximum applies to the sum or total of two more rate factors. If two segments are involved, twenty-eight increases may have to be applied, etc.*

What this means is that the determination of a rate for a new movement not previously experienced by a shipper is a *major research effort*. Unbelievably, *it frequently costs so much to determine the rate that it is not worth the effort to use rail service.*

The pages which follow summarize the ex parte increases from X-123 to X-267-A, currently under investigation. The ex parte tariffs, summarized here, have been subject to numerous supplements and are extremely complex in application. It is necessary to go back to X-123, effective March 28, 1938, because some tariffs, still in effect, pre-date that increase, some going back as far as 1925. The rather detailed summary presented herein includes less than fifty percent of the complexities in these ex parte rate cases. Most of the details of the rate adjustments have been placed in footnotes.

Table B—See page 58

Ex Parte No. 123—10% Increase — Effective March 28, 1938¹

In 1938, railroad freight rates received their first general increase since World War I. On November 5, 1937, substantially all the Class 1 railroad companies in the United States, their subsidiaries, and certain electric lines, had sought authority to increase all existing freight rates and charges, generally 15 percent, subject to certain exceptions. After investigation, the Commission granted 10 percent, with exceptions.

Publication of the increased rates was permitted on short notice and the carriers published a master tariff effective March 28, 1938. The Commission stipulated that the increases were to be incorporated in the existing tariffs as soon as possible. (Certain tariffs, it is said, have yet to be updated.)

1. X-123—Increases authorized.	Amount of Increase
1. <i>All rates and charges (class, commodity and minimum increases)</i> , except those in next item	10%
2. Class rates, commodity rates and minimum rates on commodities shown in a certain list	5%
3. Accessorial charges increased (see exception)	10%
4. <i>Exception.</i> The rates and charges on the following services	
a. For protective service against heat or cold	No Increase
b. Loading or unloading on livestock; viz: Cattle, sheep, swine and goats at public stock yards.	No Increase
5. <i>Maximum increases</i> in cents per 100 lbs. on carloads (will apply when percentages of increases exceed maximum stated below):	Maximum Increase
a. Fresh fruit and fresh or green vegetables, not cold pack (frozen)	15¢/cwt
b. Lumber and articles taking lumber rates	6¢/cwt
c. Sugar, cane or beet	6¢/cwt
6. Rates based on addition or deduction of arbitraries or differentials, the base rate and the arbitraries or differentials are separately increased	Separate Increase Determined
7. Combination of rates, where two (2) or more rate factors apply to form a through rate, each separate rate is increased accordingly, subject to the maximum increase in cents per cwt to the total of the factors so increased	Combination of Factors Subject to Maximum

Percentage relationships were preserved by increasing the first class rates 10% and other groups by related amounts on the basis of existing percentages.

Increase Tables were provided for Ex Parte No. 123, with two columns, *before* and *after* the rate increase. The rate, prior to increase, was determined by reference to the applicable tariffs. The increase tables were used to determine the increased rate, which was multiplied by the actual or appropriate minimum weight to compute the billed revenue.

This increase procedure, more complex than direct multiplication of the tariff rate (or resulting revenue) by the percentage of the increase (or addition of the maximum increase) was perhaps easier for clerks in the days prior to ready availability of computing equipment and centralized, or regionalized, billing. In 1938 most of the railroad billing was performed at local stations, without mechanical equipment.

The continuation of this same procedure into a period of mechanization and computerization is not only highly questionable, it is absolutely deplorable as this is one of the practices which makes computerization of tariffs and their retrieval and application by computer with "certainty" an absolute impracticality. It is obviously impossible to determine the rate with "certainty" by hand, but utter frustration and the passage of time, exceeding the 3 to 5 years statute of limitations, obviates further search.

Beginning with Ex Parte 162, which follows, many railroad tariffs must have as many as *fourteen increases* applied in this cumbersome manner, and with combination rates with two or more factors, it may be necessary to work through 28, 42 or more *increases*, before a correct rate can be determined.

Ex Partes 162-C, 166-D and 168-B (Consolidated) Effective July 16, 1951²

This series of Ex Parte increases were consolidated into one tariff for X 162-C, 166-D and 168-B, effective July 16, 1951. The Table of Increases shows the territorial application and the increases applied.

These three ex parte tariffs, consolidated into what became known as the "3X Tariff," resulted in very substantial increases to rail rates over the period of 5 years immediately following World War II.

Because of substantial differences in territorial application, percentage

2. X 162-C, X 166-D and X 168-B—Increases Authorized.

The following Column 1 (Table) rates and charges are increased in accordance to percentage increase in Column 2.

increase differences by territory, and commodity and maximum increases on specified commodities, even the consolidated "3X Tariff" is very difficult to apply and the incidence of error in application may be great.

Many tariffs never cancelled and still in use must have these ex parte increases from twenty years ago applied and then brought up to date through all the subsequent additional complexities set forth in summary form in the pages which follow.

2. (cont.)

Column 1 (Table)	Column 2 (Percentage increase)	Column 1 (Table)	Column 2 (Percentage increase)	Basis of Cumulative Increase				
				162-C	x	166-D	x	168-B
1*	8	15**	25					
2**	8	16*	30					
3*	9	17*	56	120	x	120	x	108%
4**	9	18*	60	120	x	122.5	x	109%
5*	10	19*	64	120	x	125	x	109%
6**	10	20*	65	120	x	125	x	110%
7*	15	21*	72	120	x	130	x	110%
8**	15	22*	60	122.5	x	120	x	108%
9*	18	23*	65	122.5	x	122.5	x	109%
10*	20	24*	68	122.5	x	125	x	109%
11**	20	25*	69	122.5	x	125	x	110%
12*	22.5	26*	76	122.5	x	130	x	110%
13**	22.5	27*	67	125	x	122.5	x	109%
14*	25	28*	79	125	x	130	x	110%

*Fractions resulting from the application of the foregoing increases in connection with Tables 1, 3, 5, 7, 9, 10, 12, 14, 16 through 28 will be dropped if less than a half-cent ($\frac{1}{2}$) and increased to the next higher whole cent if a half-cent ($\frac{1}{2}$) or more.

**Fractions resulting from the application of increases in Table 2 = 8%; Table 4 = 9%; Table 6 = 10%; Table 8 = 15%; Table 11 = 20%; Table 13 = 22.5%; Table 15 = 25%; will be dropped if less than a quarter-cent ($\frac{1}{4}$), will be increased to half-cent ($\frac{1}{2}$) if a quarter-cent ($\frac{1}{4}$) or more but less than three quarters ($\frac{3}{4}$) cent, and will be increased to the next higher whole cent if three-quarters ($\frac{3}{4}$) cent or more.

Column Symbols

A = (increases in 162-C)
 B = (increases in 166-D)
 C = (increases in 168-B)
 D = (increases in 162-C-166-D-168-B)

Territory Symbols

O = Within Official (Eastern)
 S = Within Southern
 W = Within Western
 OS = Between Official (Eastern) and Southern
 OW = Between Official (Eastern) and Western
 SW = Between Southern and Western
 AT = All Territories

Correct application of this complex tariff is extremely important, as all of the railroad rate increases since that time must be applied consecutively. Any error in application of this tariff will be multiplied by differences in the very substantial increases since that time.

2. (cont.)

Tables 1-6 apply only to increases in Ex Parte 168-B.

Tables 7-8 apply only to increases in Ex Parte 162-C.

Tables 10-12-14-16 apply only to increases in Ex Parte 162-C or 166-D.

Tables 17-28 apply to the consolidations of Ex Parte 162-C-166-D and 168-B.

Percentage Columns;

	A X162-C (1/1/47)	B X166-D (8/21/48)	C X168-B (9/1/49)	D X162-C +166-D +168-B (7/16/51)
	(1)	(2)	(3)	(4)
A. Line haul class rates, commodity carload rates, less-than carload shipments and any quantity rates except D and E below and other than those listed in 39 pages (Items 130-1195) of specific commodity increases and maximums in the Master Tariff	O = 25 S = 20 W = 20 OS = 22.5 OW = 22.5 SW = 20	O = 30 S = 25 W = 20 OS = 25 OW = 25 SW = 25	O = 10 S = 10 W = 8 OS = 10 OW = 9 SW = 9	O = 79 S = 65 W = 56 OS = 69 OW = 68 SW = 64
B. Other Line haul rates and changes other than those listed in 43 pages (Items 55-1195) of specific increases and maximums in the Master Tariff	AT = 20	Same as (2) Above	Same as (3) Above	O = 72 S = 65 W = 56 OW = 64 SW = 64
C. Line haul rates on freight in truck bodies, trailers, semi-trailers on flat cars.	AT = 20	Same as (2) Above	Same as (3) Above	Same as (4) Above
D. Milk and cream, Fresh (not frozen) and articles taking same rates when handled in passenger or freight services, carload, less-carload or any quantity.	AT = 15	Same as (2) Above	Same as (3) Above	No Combined increase tables available
E. Tobacco, leaf, Unmanufactured, and Cutting, Scraps, siftings, Stems (unground) and Sweepings from unmanufactured tobacco; Carloads, less-carloads and any quantity . . . and hundreds of others!	AT = 15	Same as (2) Above With Maximum of 16¢/cwt	Same as (3) Above	No combined increase tables available

Ex Parte 175 — First Interim — 2-4% Increase — Effective March 14, 1951³

On January 16, 1951 the railroads requested the ICC to grant, on one day's notice, substantial increases in all existing freight rates and accessorial charges, with certain exceptions. The increase requested on freight traffic, generally, was 15 percent of the current rates. The Commission did not allow the request.

On March 14, 1951, the ICC authorized the following *interim increases*:

Within Eastern Territory	4%
Within Southern Territory	2%
Within Western Territory	2%
Inter-Territorial	2%

The increases authorized were to be applied to the *basic freight rates* then in effect, including increases authorized in Ex Parte 162, 166, and 168. Master Tariff X-175 became effective April 4, 1951.

Ex Parte 175-A — Second Interim — 6-9% Increase — Effective August 8, 1951⁴

On August 8, 1951 the ICC issued its *second interim* increase in rates as shown below. *These increases were to be applied in lieu of those heretofore authorized in this proceeding:*

Within Eastern Territory	9%
Within Southern Territory	6%
Within Western Territory	6%
Inter-Territorial	6%

The increases were published by the carriers in Master Tariff X-175-A, effective August 28, 1951, and were to be applied to the freight charges in the form of *surcharges*.

3. X 175—First Interim—Increases Authorized.

1. Rates within Eastern Territory were to be held as minima, on inter-territorial traffic to and from Eastern Territory.
2. Rates on grain and grain products were increased 2% on all movements. Specific maximum increases were applied on coal, coke, fresh fruits, vegetables, sugar, lumber, and canned or preserved foodstuffs.
3. Accessorial and terminal charges were increased in accordance with the above table, except that *no increase* was to be applied to the charges for perishable protective services; demurrage; allowances to shippers for drayage service; storing or handling iron ore at Lake ports; wharfage and handling at South Atlantic, Florida, and Gulf ports.

Ex Parte 175-B — Third Interim — 15% Increase — Effective May 2, 1952^s

On April 11, 1952 the Interstate Commerce Commission issued its third report in the Ex Parte 175 investigation. In this report it granted the railroads the full 15% increase originally sought by them in January 1951.

These increases went into effect on May 2, 1952 on 15 days' notice, except for grain and grain products on which 30 days' notice was required.

3. (cont.)

4. Each factor in a combination rate was to be increased separately and the total through rate made subject to the maximum increase specified, if any.

4. X 175-A—Second Interim—Increases Authorized.

1. *Maximum increases* were provided on various commodities such as fresh fruits, melons, canned foods, sugar, lumber, iron ore, grain and grain products, coal and coke, lignite, and phosphate rock.

2. Accessorial and terminal charges were increased in accordance with the above table, except that *no increase* was to be applied to the charges for perishable protective services; demurrage; allowances to shippers for drayage service; wharfage and handling at South Atlantic Florida, and Gulf ports; and storage of iron ore at lower Lake ports.

3. When a through rate is made by combining separately stated rates the line haul transportation charges resulting from the application of each rate comprising such combination were to be increased separately. The total increase, however, must not exceed that which would result from applying any *maximum* or *specific increase* provided for the commodity.

5. X 175-B—Third Interim—Increases Authorized.

All line-haul rates and charges in *all territories* were subject to the 15% *surcharge* with the following exceptions:

1. *Maximum increases* were provided on various commodities such as fresh fruits, melons, canned foods, sugar, lumber, copper, lead and zinc articles, iron ore, grain and grain products, coal and coke, lignite, and phosphate rock.

2. Accessorial and terminal charges were increased 15%, except that *no increase* was to be applied to the charges for perishable protective services, demurrage, allowance to shippers for drayage service, wharfage and handling at South Atlantic, Florida, and Gulf ports, and storage of iron ore at lower Lake ports.

3. Where a through rate is made by combining separately stated rates, the line haul transportation charges resulting from the application of each rate comprising such combination are increased separately. The total increase, however, must not exceed that which would result from applying any *maximum* or *specific increase* provided for the commodity.

4. The authority to maintain the increases provided in these findings shall expire February 28, 1954, unless sooner modified or terminated (later extended to December 31, 1955). The record will be held open for the purpose of re-examination of the increases authorized herein prior to the expiration date.

The increases were published by the carriers in Master Tariff X-175-B. These increases were to be applied as surcharges to the basic rates in effect when the original petition was filed in January 1951, and were in lieu of those heretofore authorized in this proceeding.

Ex Parte 175-C — Final — 15% Increase — Effective December 1, 1955⁶

On October 18, 1955, the Interstate Commerce Commission issued its final report in the Ex Parte 175 investigation. In this report, it canceled the December 31, 1955 expiration date of its authorization of the general increases, published as surcharges, in railroad freight rates granted by its order of April 11, 1952, thereby permitting the increases to become a permanent part of the railroad freight rate structure.

6. X 175-C—Final—Increases Authorized.

Fractions were to be disposed of as follows:

1. Rates and charges in cents or dollars and cents per 100 pounds, per car or other unit, except line-haul carload commodity rates on grain, grain products and by-products; and Flaxseed (Linseed) taking grain, grain products or by-products rates, when moving in carload commodity rates!

- a. Five cents or lower, resolve fractions to the nearest *quarter cent*;
- b. Higher than five cents, but not higher than ten cents, resolve fractions to the nearest *half cent*;
- c. Higher than 10 cents:

Fractions less than $\frac{1}{2}$ cent—drop;

Fractions $\frac{1}{2}$ cent or over—convert to next higher full cent.

2. Line-haul carload commodity rates on grain, grain products, and by-products:

- a. Fractions less than .25 cent—drop;
- b. Fractions .25 to .75 cent—convert to $\frac{1}{2}$ cent;
- c. Fractions .75 cent and over—convert to next higher full cent.

3. *Maximum increases* in cents per 100 pounds, or net ton applied to various commodities in specific groups when the percentage increases provided higher rates. These do not apply to line haul class rates obtained by the use of classification ratings

4. *Specific percentage increases* applied to various commodities in specific groups (see exceptions) These do not apply to line-haul class rates obtained by the use of classification ratings

Exceptions: There are different percentage increases on the following commodities—

- a. Grain, grain products and grain by-products and articles taking same rates, and Flaxseed (linseed) when taking grain, grain products or by-product rates, when moving on carload commodity rates versus, when not moving on carload commodity rates.

It was further ordered that the increases, presently authorized by the findings and orders in this proceeding, were to be published to apply in connection with rates per 100 lbs., per ton, per car, or per other unit of transportation, and *would not* thereafter be applied as *surcharges* to the amount of the freight bill.

6.4 (cont.)

b. On Coal, anthracite or bituminous, and coke (not ground or pulverized) including briquettes, the percentage increase is subject to maximum increase of 40 cents per net ton or 44.8 cents per gross ton, as rated, subject to further breakdowns as follows:

(1) When coal is transhipped by vessel as cargo at North Atlantic Ports, Hampton Roads—New York, inclusive the percentage increase is also subject to maximum increase of 40 cents per net ton and 44.8 cents per gross ton, as rated. However, when shipped in vessels at the tidewater ports destined to New England Ports thence moving via rail to points in the States of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island or Vermont, the rate to the tidewater port will be increased 20 cents per ton or 22.4 cents per gross ton as rated. When reshipped from the docks at the New England Ports, the rate from the docks to the points in the foregoing states will be increased 20 cents per net ton or 22.4 cents per gross ton, as rated.

(2) When coal and coke moves via rail-water and rail-water-rail when the Water Transportation is not subject to the increases, the percentage increase subject to the maximum increase of 40 cents per net ton or 44.8 cents per gross ton as rated will apply. However, when bituminous coal and coke is transported by rail-water-rail and the rate for the intermediate water transportation is not subject to the increase, the separate rail rates will be prorated in percentage and such percentages will be applied to the maximum increase provided for in cents per net or gross as rated.

(3) On Ex-Lake Coal moving by rail from United States Lake Superior Ports and from West Bank Lake Michigan Ports to destination, the rate from these ports will be increased 20 cents per net ton or 22.4 cents per gross ton, as rated.

(4) On bituminous coal shipped from mines in the States of Illinois and Western Kentucky to St. Louis and Alton, moving beyond by barge to points on the Mississippi, Minnesota or St. Croix Rivers the amount of increase will be 16 cents per net ton, exclusive of dumping and switching charges.

5. Accessorial charges were increased 15%, but *no increases* were applied on the following:

- a. Charges for demurrage on freight cars;
- b. Charges for protective services against heat or cold;
- c. Amounts paid or allowance made by carriers drayage or other services performed by the consignors or consignees of freight;

All line-haul rates and charges in all territories were subject to the full 15% increase with some exceptions.

With X 175-C, at least four Ex Parte increases had to be applied to many tariffs. The amounts of the increases were quite different depending upon the territorial application.

Ex Parte 196-A — 6% Increase — Effective March 7, 1956¹

In December 1955, railroads petitioned for a 7% increase in freight rates. The application requested authority to depart from tariff publishing rules, to publish their proposed general increase in a Master Tariff, filed on December 30, 1955, to be effective February 25, 1956. Provision was made for the application of this tariff and any increases which might subsequently be prescribed by the ICC.

6.5 (cont.)

- d. Rates and charges at or between points in Canada on Canadian domestic traffic, or in Mexico;
- e. Charges for storing iron ore at Lower Lake Ports;
- f. Charges for wharfage or handling at ports in Virginia; South Atlantic Ports, Florida Ports, and Gulf Ports in the United States, or dumping of coal or coke at Hampton Roads, Virginia, or Charleston, South Carolina;
- g. Charges for loading or unloading of livestock;
- h. Charges for handling loading or unloading export, import, coastwise or intercoastal traffic at ports, when such charges are not in addition to the line-haul rate or switching rate or charge.

6. Rates made by addition or deduction of *arbitraries* or *differentials*, such base rate and the amount to be added or deducted on *arbitraries* or *differentials* are to be increased separately, but in no case shall exceed the maximum increase to the total sum, if any, provided for the commodity. This also applies to rates composed of two (2) or more separately stated rates where combinations are applied to construct through rates.

7. X 196-A—Increases Authorized.

Rate Increase Tables

In order to increase the existing rates, for certain articles and items, tables were included with the existing rate shown in column 1 and the increased rate as determined by the percentage of increase in column 2 adjusted for fractions of a cent as indicated in 1. and 2. below.

The Commission instituted an investigation into the reasonableness of the proposed increase on January 4, 1956. Special rules of practice were established for an expedited procedure to be observed by parties to the case, with oral argument before the Commission to begin on February 20. This proceeding was designated as "Ex Parte — 196, Increased Freight Rates, 1956." On February 22, 1956, the ICC requested postponement of the effective date to some future date. In compliance with this request the carriers voluntarily postponed the effective date of the tariff to March 7.

7. (cont.)

The table numbers (Col. 1) and percentage increases included were as shown below:

Col. 1. Table No.	Co. 2. Percentage Increase
1	6 ¹
2	5 ¹
3	5 ²
4	3 ¹

¹Fractions will be dropped if less than a half-cent (.5¢) and increased to the next higher whole cent if a half cent or more.

²Fractions resulting from the application of the percentage increase will be dropped if less than a quarter ($\frac{1}{4}$) cent; a quarter ($\frac{1}{4}$) cent but less than three-quarter ($\frac{3}{4}$) cents will be half ($\frac{1}{2}$) cent; three-quarters ($\frac{3}{4}$) cent or more will be increased to the next whole cent.

The increases were applied in various manners:

- | | | |
|---|---------|----|
| A. <i>Class Rates</i> | Table 1 | 6% |
| Not subject to maximum increases | | |
| B. <i>Exception Ratings and Commodity Rates</i> | | |
| 1. Line Haul Rates, except as specified below | Table 1 | 6% |
| C. <i>Other Increases, Including Specifics</i> | | |
| 1. a. Specific percentage increases were provided for on Coal and Coke (not ground or pulverized) including Coal or Coke Briquettes, with maximum increases in cents per 100 lbs. or net ton, when such specific percentage increases resulted in higher rates. | | |
| b. Specific percentage increases, without maximum increases in cents per 100 lbs. or net ton, were provided for on the following commodities: | | |
| (1) Grain, Grain Products or By-Products | | |
| (a) When moving on carload commodity rates | Tab. 3 | 5% |
| (b) When <i>not</i> moving on carload commodity rates | Tab. 2 | 5% |
| (2) Flaxseed | | |
| (a) When taking grain, grain products or by-products rates, or percentage of grain, grain products, or by-products rates same as grain (see (a)&(b) above) | | |
| (b) When moving on other rates | Tab. 1 | 6% |
| (3) Livestock, except horses or mules |) | |
| |)Tab. 2 | 5% |
| (4) Meats, fresh, fresh salted or fresh frozen |) | |
| |) | |

On March 2, 1956, the Commission ordered the carriers to cancel "Ex Parte - 196," effective March 7. A general increase of 6% was authorized in the freight rates and charges by the railroads, domestic water carriers, and freight forwarders, with some exceptions and "hold-downs."

7.C-b (cont.)

- | | | | |
|---|---|----------------|------------------|
| (5) Meats, cooked, cured, diced, dry salted or smoked |) | Tab. 2 | 5% |
| |) | | |
| (6) Packing House Products |) | | |
| |) | | |
| (7) Shortening, NOIBN, or vegetable oil |) | | |
| c. <i>Maximum increases</i> in cents per 100 lbs. or net ton, when the territories percentage increases of 6% resulted in higher rates, apply on the following commodities; viz: | | Maximum | Increases |
| (1) Building Woodwork or Millwork | | 7¢/cwt | |
| (2) Cotton, in bales | | 9¢/cwt | |
| (3) Food Products, canned or preserved (not cold pack nor frozen) | | 6¢/cwt | |
| (4) Fruits, fresh, not cold pack nor frozen, or fresh cold pack (fresh frozen) | | 6¢/cwt | |
| (5) Vegetables fresh or green, cold pack | | 6¢/cwt | |
| (6) Lumber and articles related thereto; Applies only on Canadian or Native Wood, except Butternut-wood, Box-wood, Holly, Ironwood or Lancewood; also applies on Mexican Pine, European Pine, Spruce or Birch | | 5¢/cwt | |
| (7) Manure Salts, Muriate or Potash, Sulphate of Potash Magnesia or Sulphate of Potash. | | 50¢/NT | |
| (8) Nuts, edible | | 6¢/cwt | |
| (9) Phosphate Rock, not further process than ground |) | | |
| |) | 30¢/NT | |
| (10) Phosphatic Clay or Sand |) | | |
| (11) Salt (sodium chloride) and articles taking salt rates | | 30¢/NT | |
| (12) Salts, Manure | | 50¢/NT | |
| (13) Sugar, beet, cane, corn, invert, liquid, sorghum or wheat |) | | |
| |) | 5¢/cwt | |
| (14) Sugar, grain |) | | |
| 2. All accessorial charges were increased by 6% except no increases were applicable on the following; viz: | | | |
| a. Charges for Demurrage; | | | |
| b. Charges for protective services against heat or cold; | | | |
| c. Amounts paid or allowances made by carriers for drayage or other services performed by shipper or receivers; | | | |
| d. Rates and charges on Canadian domestic traffic, or in Mexico; | | | |

Tariff X-196-A was filed by the railroads, on March 5, 1956, effective March 7, 1956. This tariff canceled X-196 and increased all rates and charges in all territories generally by 6%, with certain "hold downs" and exceptions. These increases were to be applied to the basic freight rates and charges, (those in effect including the increases granted in Ex Parte 162, Ex Parte 166, Ex Parte 168, and Ex Parte 175).

At this point the railroads had to increase their tariffs in use by the various percentages set forth in the different territories for as many as five Ex Partes.

7.2 (cont.)

- c. Charges for storing Iron Ore at Lower Lake Ports;
- f. Charges for wharfage or handling at ports in Virginia, South Carolina and Georgia, Florida Ports, and the Gulf ports in Alabama, Louisiana, Mississippi and Texas, or dumping of coal or coke at Hampton Roads, Virginia, or Charleston, South Carolina;
- g. Charges for loading or unloading of livestock.
- 3. Where a through rate is made by combining separately stated rates, each rate comprising such combination is increased separately and the applicable rate is the sum of the separate rates so increased, except that the total increase will not exceed that which would result from applying the maximum increase, if any, provided for the commodity. This application also applies to through rates made by additions or deductions of arbitraries or differentials.
- 4. Where a through rate on joint rail-barge, barge-rail, rail-ocean, rail-ocean-rail, rail-lake, lake-rail or rail-lake-rail is formed by deducting differential from all-rail rates, such applicable rates will be increased accordingly.
- 5. Charges for out-of-line, indirect or back haul services on;
 - a. Grain, grain products and by-products and articles taking grain, grain products or by-product rates Tab. 3 5%
 - b. Flaxseed (linseed) when taking grain, grain products or by-products rates Tab. 3 5%
- 6. Charges at ports for loading or unloading export, import, coastwise or inter-coastal traffic
 - a. When charges are not in addition to line haul rate or switching rate or charge No Increase
- 7. Charges for handling export, import, coastwise or inter-coastal traffic at ports (except exports outlined in Accessorial Charges), will be 6% except no increases will be applied to charges which are not in addition to the line haul charges or switching rate or charge. As Stated

Ex Parte 206-5-7% Increases—Effective December 17, 1956-February 4, 1957. Ex Parte 206-A-9-14% Increase—Effective August 26, 1957⁸

In Ex Parte 206, the ICC authorized interim increases on December 17, 1956 of 7% in Eastern territory and 5% in Western territory. On February 4, 1957 an interim increase in Southern territory of 5% was authorized.

8. X 206-A—Increases Authorized.

Within Eastern Territory	14%
Within Western Territory or between Western Territory and Western-Border Territory	12%
Between Eastern & Western Territory	12%
Within Southern Territory	9%
Within Western-Border Territory or between Eastern and Western-Border Territories	9%
Between Southern Territory and Eastern, Western and Western-Border Territories	9%

The following exceptions where specified:

- A. All accessorial charges were increased except on the following; viz:
 - 1. Charges for demurrage on freight cars
 - 2. Amount paid on allowances made by carriers for drayage or other services performed by shippers or receivers
 - 3. Rates and charges on Canadian domestic traffic or in Mexico
 - 4. Charges for storing Iron ore at Lower Lake Ports
 - 5. Charges for Wharfage or Handling at ports in Virginia; South Atlantic ports in North Carolina, South Carolina and Georgia, Florida ports; and Gulf ports in Alabama, Louisiana, Mississippi and Texas, or dumping of Coal or Coke at Hampton Roads ports, Va. or Charleston, S.C.
 - 6. Charges for loading or unloading of Livestock
 - 7. Charges for protective services against heat or cold.
 - 8. Charges for handling export, import, coastwise or intercoastal traffic at ports, (except to ports outlined in paragraph A, No. 5.) when charges are not in addition to the line haul rate or switching rate or charge
 - 9. Charges at ports for loading or unloading export, import, coastwise or intercoastal traffic, when charges are not in addition to line haul rate or switching rate or charge
- B. A uniform increase of 12% on Docket 28300 class rates in all territories *not subject to specific or maximum increases.*
- C. Specific percentage increases of 9%, *without* maximum increases in cents per 100 lbs or net ton, on the following commodities;
 - 1. Grain, Grain Products or By-Products (a)
 - 2. Flaxseed, when taking grain, grain products or by-products rates or percentages of grain, grain products or by-products rates (a)
 - a. When moving on commodity rates the fractions resulting from the application of the percentage increase will be dropped if less than a quarter

The final report of the ICC Ex Parte 206 was issued on August 9, 1957 authorizing additional general increases in railroad freight rates. Tariff X-206A issued on August 9, 1957 became effective August 26, 1957. It included the increases granted by the Commission during the entire Ex Parte 206 proceedings.

Beginning in 1955 and 1956, rate research was started for the Eastern Railroads using modern techniques and computer analysis. This research continually stressed that it is the structure and not the level of the railroad rate complex, which is non-competitive and uneconomically designed from the standpoint of the industries financial health in a competitive economy. However, superficial contrary arguments thought that "specific" rate adjustments were the answer.

Beginning in 1958, due to publicity against "across-the-board" rate

8.C (cont.)

($\frac{1}{4}$) cent. A quarter ($\frac{1}{4}$) cent but less than three-quarter ($\frac{3}{4}$) cent will be increased to a half ($\frac{1}{2}$) cent. Three quarter ($\frac{3}{4}$) cents or more will be increased to a whole cent.

3. Shortening, NOI BN.
 4. Livestock, except horses or mules.
 5. Meat, fresh, fresh salted or fresh-frozen
 6. Meats, cooked, cured, dried, dry salted or smoked
 7. Packing House Products
 8. Vegetable Oil Shortening
- D. Specific increases in cents per net ton were provided for on Coal and Coke (not ground or pulverized) including Coal or Coke Briquettes.
- E. Maximum increases in cents per 100 lbs or net ton, when the territorial percentage increases resulted in higher rates, apply to the following commodities; viz:
1. Building Woodwork or Millwork
 2. Food Products, canned or preserved (not cold pack nor frozen)
 3. Lumber and articles related thereto.
Applies only on Canadian or Native Wood, except Butternut wood, Boxwood, Holly, Ironwood or Lancewood; also applies on Mexican Pine, Spruce or Birch
 4. Magnesia, Sulphate of Potash
 5. Nuts, edible
 6. Phosphate Rock not further processed than ground
 7. Phosphatic Clay or Sand
 8. Salt (sodium chloride) and articles taking salt rates
 9. Salts, manure
 10. Sugar, beet, cane, invert, liquid, sorghum or wheat
 11. Sugar, grain, unmixed (glucose)
- F. Through rates on combination of two (2) or more separate rates also when made by additions or deductions of arbitraries or differentials.
Each separate rate or addition or deduction of arbitraries or differentials shall be increased accordingly except the sum of the separate factors shall not exceed that which would result from applying the maximum or specific increase, if any, for the commodities.

increases, new methods of rate increases were tried. The changes were not made in accordance with advice from those conducting research and, in fact, were made ignoring structural advice given. The increases which resulted are interesting, because each was structurally different; also from the standpoint of the even greater confusion they created; from their extreme difficulty of application; and the fact that they resulted in an even more regressive economic effect than an "across-the-board" percentage increase would have created. Rather than improving the unfortunate impact on freight demand of an increase in rates, they increased the regressive impact.

Ex Parte 212 — 2% Increase — Effective February 1, 1958⁹

The ICC report dated February 1, 1958, in Ex Parte 212, authorized the railroads to make *selective* freight rate increases effective February 1, 1958.

This increase raised the *level* of the class rates by 2% in a manner similar to previous "across-the-board increases." However, the increases

9. X 212—Increases Authorized.

Uniform increases were allowed in all territories as follows:

Line-Haul Rates and Charges

Class rates determined by the use of ratings provided in governing classification; for all traffic	2%
All less-than carload or any quantity rates under exception ratings or commodity rates:	2%
Specifically grouped commodities moving in carload under exception ratings or commodity rates:	As provided in Group listings from ICC-AAR 262 Commodity Groups
Commodities in carloads not specifically grouped and moving in carload under exception ratings or commodity rates	2%
All-commodity (all freight) freight rates:	No Increase
All accessorial rates or charges unless specifically listed below	5%
1. Railway Equipment moving on own wheels in cents per mile	4%
2. Line-haul rates applying on export, import coastwise and Intercoastal Ports (see Note C)	
a. All United States Atlantic Port, Florida and Gulf Ports (See Note A)) 6¢ per 100 lbs. or) \$1.20 per ton,) net or gross, as) rated
b. All Canadian Ports (See Note A))
c. All Great Lakes Ports (see Note B))
d. All Pacific Coast Ports (see Note A))

on the commodity rates were of varying amounts. These were called specific adjustments.

The specific commodity increases were applied to the 262 commodity groups from the old Association of American Railroads-Interstate Commerce Commission commodity code (Red Book) which contained 262 poorly defined commodity groups. Increases were made according to the judgment of the traffic officers without referring to the rate

9.2 (cont.)

This increase is in addition to *all* other increases provided in this tariff

- Note A: This increase is applicable only on rates to or from shipside, either by reason of application, being so stated in tariffs or by reason of absorption, in whole or in part, by railroads or loading, or unloading charges or wharfage (tollage) charges or both
- Note B: Will not apply on export and import traffic moving under domestic rates to or from Great Lake Ports
- Note C: These increases will not apply to
- (1) Grain, soybeans (soybeans) or Flaxseed (Linseed) in bulk handled through grain elevators or other facilities at port
 - (2) Coal and coke, in bulk
 - (3) Bulk Ore
 - (4) Phosphate Rock
 - (5) Barytes, in bulk
 - (6) Traffic interchanged in railroad cars with the Seatrain Lines, Inc.
3. On shipments of coal where the increase is 10¢ per ton, the increase is prorated to the line-haul rates to the Atlantic Ports, Pacific Ports, Great Lake Ports or River Ports when evidence is provided that shipments were reforwarded to destinations in United States and Canada moving via rail to the ports, water to other ports and rail from the docks of vessels; also moving via truck from Norwick Conn. docks to Montville, Conn., see tariff for specifications
- No increases or various increases are assessed on coal when moving via rail to points within or between various territories. This is also specified in the increase tariff
4. Combination of rates; viz:
- a. Rates made by addition or deduction of arbitraries or differentials (c)

researchers. The result was near chaos. It was extremely difficult and nearly impossible to apply these rate increases because of the poor definitions of the old AAR-ICC Red Book commodity code which did not agree with the tariffs. Unfortunately this complex increase must still be applied for most tariffs. The problem of application remains unresolved.

The unfortunate experience with this freight rate increase, including the complexities of application which resulted, was one of the major factors

9.4 (cont.)

- | | |
|--|--|
| b. Rates made by composing two or more separately rates (c) | |
| c. Each separate rate or rates including addition or deduction of arbitraries or differentials are increased accordingly except the sum of total of each factor shall not exceed the maximum increases in cents per 100 lbs., per ton, net or gross as rated or per any other unit | |
| 5. Specifically increases on the following: | Amount of Increase |
| a. Charges for services (Except below) | 5% |
| b. Charges for split delivery or reforwarding arrangements or for loading or unloading traffic by carriers, including partial loading or unloading transfer from car to car to highway vehicle, from highway vehicle to car, and from highway vehicle to highway vehicle, except at ports for export, coastwise, intercoastal or other water borne traffic | 5¢ per 100 lbs.
or
\$1.00 per ton
for each separate operation |
| c. Stop-off charges, where stop-off to partially unload or to complete loading carload freight is accorded any commodity | 6% |
| d. Charges for weighing or reweighing cars | \$1.00 per car |
| e. Demurrage charges on export traffic at ports | Increase to
\$3.00 per car
per day |
| f. Minimum rate under which pick-up and/or delivery services are accorded on less carload shipments, subject to any-quantity rates | 2% |
| g. Switching rates or charges which are absorbed, in whole or in part, by line-haul carriers, between stations in Eastern Territors | |
| (1) Coal and coke | |
| Where line-haul rates are not increased | No Increase |
| Where line-haul rates are increased | |
| 5¢ per ton | ½¢ per ton |
| Where line-haul rates are increased | |
| 8 or 10¢ per ton | 1¢ per ton |
| Where line-haul rates are increased | |
| 15¢ per ton | 1 ½¢ per ton |

which led to development of the Standard Transportation Commodity Code.^{9.1}

With this increase, in addition to the class rates, many existing exception and commodity tariffs required as many as seven increases applied according to territorial and specific application:

9.5g-1 (cont.)

Where absorption charges are in dollars and cents per car

	3%
	Maximum 90¢ per car (See note)
Note: On Coke	3%
	Maximum 55¢ per car
(2) Iron Ore	8%
	Maximum 4¢ per ton, net or gross as rated or \$2.80 per car
(3) Limestone	1¢ per ton, net or gross or 65¢ per car
(4) Scrap, iron or steel	3%
(5) Pig iron	3%
(6) All other traffic	1 ½%

No increases to apply on the following:

- a. Transit charges on coal, coke, grain, grain products and grain by-products, and articles taking the same rates;
- b. Charges for demurrage on freight cars, except as listed specifically;
- c. Amounts paid or allowances made by carriers for drayage or other services performed by shippers or receivers of freight;
- d. Rates and charges at or between points in Canada on Canadian domestic traffic, or in Mexico;
- e. Charges for storing Iron Ore at Lower Lake Ports;
- f. Charges for wharfage or handling at ports in Virginia, South Atlantic ports, Florida ports, and Gulf ports in the United States; or dumping of coke at Hampton Roads Ports, Virginia, or Charleston, South Carolina;
- g. Charges for loading or unloading of Livestock;
- h. Charges for protective services against heat or cold;
- i. Charges for dumping, leveling, tipping, transferring or trimming coal;
- j. Charges absorbed, in whole or in part, by carriers except as specifically listed;
- k. Switching rates or charges absorbed, in whole or in part, by carriers, except as specifically listed.

9.1 See Herbert O. Whitten, *Research Into the Design of a Standard Transportation Commodity Codification System*. Multilith, October, 1960.

Ex Parte 223-A — .5¢/cwt and 1¢/cwt Increase — Effective September 1, 1962¹⁰

The decision of the ICC dated October 21, 1960, in the Ex Parte 223 investigation, was amended and Ex Parte 223 A became effective September 1, 1962.

10. X 223-A—Increases Authorized.

The very complex increases are summarized below:

*Line Haul Rates***A. General (Class and Commodity rates)**

- | | | |
|--|---------|------------------------|
| 1. Cents per 100 lbs. | | |
| Not Exceeding | 65¢ | 0.5 cent per 100 lbs. |
| Exceeding | 65¢ | 1 cent per 100 lbs. |
| 2. Per net ton | | |
| Not Exceeding | \$13.00 | 10 cents per net ton |
| Exceeding | \$13.00 | 20 cents per net ton |
| 3. Per gross ton | | |
| Not Exceeding | \$13.00 | 11 cents per gross ton |
| Exceeding | \$13.00 | 22 cents per gross ton |
| 4. Per car, except rates on Coal and Coke (all kinds) and Iron Ore (not ground or hydrated) or iron sinter | | \$3.00 per car |
| 5. Per unit other than 100 lbs., per ton or per car
Convert to the equivalent in cents per 100 lbs. and apply the increases under (1) above | | |

B. Exceptions on Specific Commodities

- | | | |
|--|--|------------------------------|
| 1. Iron Ore to Upper Lake Ports | | No Increase |
| 2. Anthracite Coal to Breakers and Washeries; viz: condemned or Unprepared Anthracite | | No Increase |
| 3. Lumber and articles taking some rates or rates related thereto or Logs published in Units per 1000 board feet | | 40 cents per 1000 board feet |
| 4. Petroleum Products rate in cents per gallon | | |
| Not Exceeding 4.29 cents per gallon | | .033 cents per gallon |
| Higher than 4.29 cents per gallon | | .066 cents per gallon |
| 5. Fresh or Green Fruits and Vegetables (not cold pack or frozen)
Rated per car | | \$2.00 per car |
| 6. Freight or Passenger or Combination of Freight or Passenger Automobiles
Rated on a per car; viz: | | |
| Bi Level Cars | | \$3.00 per car |
| Tri Level Cars | | \$4.00 per car |
| Transported on flat cars, when loaded in or on trailer bodies, trailers, vehicles or containers | | \$3.00 per car |

This was a very poorly designed rate increase and difficult to apply. As a result of this proceeding, class rates in general, published in cents per hundredweight (cwt) were raised 0.5¢/cwt if they did not exceed 65¢ and 1.0¢/cwt if they did exceed 65¢/cwt. However, all of the specific increases and exceptions applied to class rated traffic as well as to exception ratings and commodity rates.

10. B (cont.)

7. Chemical Wood, Cordwood, Excelsior Wood, Fire Wood, Fuel Wood, Kindling Wood, Mill Refuse Wood, Pulpwood,¹ Resinous Wood Tree Stumps, Waste Wood, Wood Chips, Wood Cores (suitable for conversion into Woodpulp)
 - Rated per Cord or per unit
 (other than units of per 100 lbs.,
 per ton or per car) ²25¢ per cord or
 per unit, as rated
 - Rated per car ³\$5.00 per car, as rated
 - ¹Rates published in units
 - of 160 cubic feet ³31¢ per unit
 - of 168 cubic feet ³33¢ per unit
 - ²One increase to be applied where rate is
 combined of two (2) or more factors
8. Petroleum Coke, Petroleum Coke Briquettes and Briquettes made of a mixture of Petroleum Coke and Bituminous and/or Anthracite Coal 7¢ per net ton
9. Coal, Anthracite, all sizes, and Bituminous (not including ground or pulverized coal) or Briquettes, Anthracite or Bituminous Coal or made of a mixture of Anthracite and Bituminous Coal 7¢ per net ton
10. Coal, Bituminous, when published for application in connection with cleaning, sizing and/or mixing in transit 2¢ per net ton or
\$1.00 per car, as rated
11. Coal, Lignite or Briquettes, Lignite Coal 4¢ per net ton
12. Railway Equipment, when moving on own wheels, handling of
 - Rated per mile or cents per 100 lbs.
 - Not Exceeding 65¢ 0.5 as rated
 - Exceeding 65¢ 1¢ as rated
 - Rated per car or locomotive \$1.00 per car or
locomotive
13. Milk or Cream, Fresh and articles taking Fresh Milk or Fresh Cream rates when handled in passenger or freight service, carload, less carload or any quantity 0.5¢ per gallon

The effect of Ex Parte 223-A was to leave both the *level* and *structure* of the class rates unchanged for general increases, but to include an *additive* to the rate depending upon the dollar amount. If specific increases or hold-downs apply, the rate determination becomes very complex. This value remains the same for class rates for all of the ex parte increases. Changes are made in the Price Level and by addition of additives or by hold-downs.

10. (cont.)

C. *Exceptions on freight Traffic*

1. a. Freight in trailer bodies, trailers, semi-trailers, vehicles or containers
also

Empty trailer bodies, trailers, semi-trailers, vehicles or containers, in connection with and taking same rates as freight in the foregoing equipment or containers

Loaded on flat cars

Rated per trailer

Not Exceeding	\$260.00	\$2.00 per trailer
Exceeding	\$260.00	\$4.00 per trailer

Rated per flat car

Not Exceeding	\$520.00	\$4.00 per flat car
Exceeding	\$520.00	\$8.00 per flat car

- b. On export, import, Coastwise and inter-coastal freight

Effective 9/1/62

1¢ per 100 lbs. or
20¢ per ton, net or
gross, as rated

Effective 3/4/67

6¢ per 100 lbs. or
\$1.20 per ton, net or
gross, as rated

D. *Accessorial or Special Service Charges*

All, same increases as provided in paragraph A, Sub. 1, 2, 3, 4 and 5 under *General Line Haul Rates*

E. *General Exceptions*

1. Split delivery service or reforwarding arrangements or loading or unloading traffic by carriers or partial loading or unloading, transfer from car to car, from and to car and highway vehicle and from highway vehicle to highway vehicle, except at ports for export, import, coastwise, intercoastal or other water borne traffic
2. Transit at ports, on import, export, coastwise and intercoastal freight
 - a. Charges in cents per 100 lbs.
 - b. Charges on per car basis
3. Diversion or reconsignment

5¢ per 100 lbs. or

\$1.00 per net ton for
each separate operation

5¢ per 100 lbs.

\$3.00 per car

\$2.00 per diversion or
reconsignment

In addition to the class rates, with this increase many existing exceptions and commodity tariffs required as many as eight increases to be applied according to territorial and specific application:

10.E (cont.)

4.	Weighing or reweighing, including switching and/or spotting for weighing on shippers scales for shippers account	\$1.00 per car
5.	Collection on delivery services (C.O.D.)	1¢
6.	Trap and ferry cars	\$2.00 per car
7.	Crane services	
	Same as provided for in paragraph A. under General Line Haul Charges except the <i>minimum</i> service is increased to	\$1.00
8.	Installation of Grain Doors	
	When charge is made for installation only	\$1.00
F.	<i>Specific Commodities</i>	
1.	<i>Handling Services</i>	
a.	Iron Ore (not ground or pulverized) or Iron Sinter	
	(1) At Upper Lake Ports	No Increase
	(2) At Lower Lake Ports: viz.	
	(a) From Hold to Rail of Vessel	No Increase
	(b) From Rail of Vessel to Car or from Dock Stockpile to Car	3¢ per gross ton
	(c) From Rail of Vessel to Dock Stockpile	4¢ per gross ton
b.	Coal and Coke (all kinds)	
	From Cars to Vessels or Barges at Lake or River Ports or from Barges to Cars at River Ports	2¢ per net ton
G.	<i>Special Services</i>	
1.	Livestock	
	Loading and unloading to feed, water and rest when destined to other than public markets, feeding and watering at enroute points, cleaning and disinfecting cars or for bedding of cars	\$1.00 per car
H.	<i>Switching Rates or Charges</i>	
	General to all territories—Effective 7/25/64	
1.	For intra-terminal or inter-terminal movements when charges are paid by the consignor or consignee and on movements without interruption having a prior or subsequent line haul movement	\$7.50 per car
	(one increase to apply when switching charge is a combination of two (2) or more factors)	

The very complex application of the .5/cwt and 1¢/cwt increases and specific increases and hold-downs is still creating extreme difficulty. The application is even more difficult with the additional complex increases which began in 1967.

10.H (cont.)

- | | |
|---|--|
| 2. Intra-Plant when charges are paid by the consignor or consignee | \$3.00 per car per ladle or per crane, as rated |
| 3. All other switching rates or charges, except as specified in paragraph J | No Increase |
| 4. Specified carriers when absorbed in whole or in part by line haul carriers | |
| Coal or Petroleum Coke | 0.5¢ per ton, net or gross or
30¢ per car, as rated |
| Coke (all kinds, except petroleum coke) | 1¢ per ton, net or gross or
40¢ per car, as rated |
| Iron Ore | 1¢ per ton, net
60¢ per car, as rated |
| Fluxing stone or raw dolomite) | |
|) | |
| Iron or steel bearings, etc., pig-iron, or) | 0.5¢ per ton, net or gross |
|) | or |
| Iron or steel scrap) | 25¢ per car, as rated |
| All other traffic) | 1¢ per ton, net or gross or
40¢ per car, as rated |
| 1. <i>Minimum Charge</i> | |
| Per shipment less carload or any quantity | \$4.00 |
| Per Car | |
| Eastern Territory, to, from or within | \$60.00 per car |
| All other territories | \$40.00 per car |
| J. <i>Assessorial Charges</i> (except as noted). No increases on the following: | |
| 1. For demurrage on freight cars | |
| 2. Amounts paid or allowance made by carriers for drayage or other services performed by consignors or consignees | |
| 3. Rates and charges at or between points in Canada on Canadian domestic traffic or in Mexico | |
| 4. Wharfage or handling at ports in Virginia; South Atlantic Ports in North and South Carolina and Georgia; Florida Ports; Gulf Ports in Alabama, Louisiana, Mississippi and Texas; Dumping of coke at Hampton Roads Ports, Virginia, or Charleston, South Carolina | |

From October 1960 until Ex Parte 256, effective August 19, 1967, the railroads did not have general increases in their freight rates. During this period a substantial gain in rail traffic occurred.

10.J (cont.)

5. Loading or unloading of livestock, except as provided in G-1
 6. For protective service against heat or cold
 7. For dumping, leveling, tipping, transferring or trimming coal or coke, except as provided in F-1-b
 8. Absorbed, in whole or in part, by carriers
 9. Switching rates and charges absorbed in whole or in part by carriers, except as provided in H-4
 10. Dockage or handling of Iron Ore (not ground or hydrated) or Iron sinter at upper Lake ports
 11. For pick-up and delivery services
 12. Minimum rate under which pick-up and/or delivery services are accorded on less than carload or any quantity rates
 13. Transit services on cotton; Transloading Operations; or Stopping in transit to complete loading or partly unload
- K. Rates made by addition or deduction of arbitraries or differentials
- When made, add or deduct the arbitraries or differentials first then increase accordingly
- L. Through rates based on separately combination rates
- Each rate in the combination is increased separately and the applicable rate is the sum of the separate rates so increased, except that the total increase will not exceed that which would result from applying the maximum or specific increase, if any, provided for the commodity

Ex Parte No. 256 — 5% Increase — Effective August 19, 1967.¹¹

On August 1, 1967, the ICC issued its report in Ex Parte 256 authorizing additional general and specific increases in freight rates and charges, effective August 19, 1967.

11. X 256—Increases Authorized.

Typical Ex Parte No. 256 increases applied to all territories:

Line haul class rates and commodity rates

	<i>Amount of Increase</i>
A. Class Rates, determined by use of ratings in the governing classification	5%
B. Class or Column rated traffic by use of ratings in the Exceptions to the Classification	
Less-than-Carload or any quantity	5%
Carload (except as outlined under specific commodities)	Table 1
C. Specific Commodity rated traffic	
Less-than-Carload or any quantity	5%
Carload (except as outlined under specific commodities)	Table 1
D. All Commodity (All Freight) Freight Rates	
Rates in cents per 100 lbs.	Table 1
Rates in other than in cents per 100 lbs.	3%

TABLE 1

	<i>Amount of Increase</i>
1. Rates published in cents per 100 pounds:	
Rates not exceeding 10 cents	1/2¢ cwt.
Rates over 10¢ but not exceeding 30¢	1¢ cwt.
Rates over 30¢ but not exceeding 80¢	2¢ cwt.
Rates over 80¢	4¢ cwt.
2. Rates published in cents per ton	Per Ton
	<i>(Net or gross as rated)</i>
Rates not exceeding 200¢	10¢
Rates over 200¢ but not exceeding 600¢	20¢
Rates over 600¢ but not exceeding 1600¢	40¢
Rates over 1600¢	60¢
3. Rates published in amounts per car or in units other than per 100 lbs. or per ton	3%

	<i>Amount of Increase</i>
E. Commodities, carload, listed in specific groups principally from, to or within SFA territory, except as outlined under specific commodities	As Specified
1. Specific commodities in groups to all territories (except as noted).	

As a result of this proceeding, class rates in all territories determined by use of the Uniform Classification were raised by 5 percent. Various increases in cents were applied to exception ratings and commodity rates depending upon the amount of the rate as indicated in Table 1. (See D-1-2-3,¹¹)

11.E-1 (cont.)

a. Anthracite or Bituminous Coal and articles taking some rates (see exceptions)	
(1) Domestic rates per ton	
(Net or gross as rated)	
50¢ per ton or less	5¢ per ton
Over 50¢ per ton but not exceeding \$1.00 per ton	10¢ per ton
Over \$1.00 per ton	15¢ per ton
(2) Tidewater rates to North Atlantic Ports	15¢ per ton
	(Exceptions)
<i>Exceptions</i>	
(a) Rates, when placed in vessels destined to New England Ports thence rail and barge from the docks at the New England Ports to New England Territory or when transhipped at Hampton Roads, Va., which has moved via truck from Norwich, Conn., to Montville, Conn.	8¢ per ton
(b) Rates via rail from New England Ports which had prior rail and water haul to New England Ports	7¢ per ton
(3) Lake cargo traffic	
(a) Rates to Ports on the Great Lakes and St. Lawrence River, then transported via water to the docks in the United States on Lake Superior or on West Bank of Lake Michigan thence reshipped to interior points in the United States, including Bituminous Coal to Sault Ste. Marie, Mich., or Ont. to interior points in Canada	
	8¢ per ton
(b) Rates from docks via rail to interior destinations in the United States including Bituminous Coal from Sault Ste. Marie, Mich., to interior points in Canada, which had prior rail and water hauls to the ports	
	7¢ per ton
(c) Rates on Bituminous Coal moving on a single factor joint proportioned rail-lake-rail to destinations in Minnesota and Wisconsin	
	15¢ per ton
(d) Rates on Metallurgical Coal or Coking Coal, domestic and to tidewater ports, and to river ports for transshipment to the United States and on ex-river shipments via rail	
	10¢ per ton

The effect of Ex Parte 256 increased the level of the class rates by 5 percent; the original structure was unchanged but the additives, which had been added in Ex Parte 223 were increased by 5 percent.

11.E-1-a-(3) (cont.)

(e) Lignite Coal or Briquettes rates per ton (net or gross as rated)	
50¢ per ton or less	2 ½¢ per ton
Over 50¢ per ton but not over \$1.00 per ton	5¢ per ton
Over \$1.00 per ton	7 ½¢ per ton
(f) Rates on Coke and articles taking same rates (see exception) per ton (net or gross as rated)	
50¢ per ton or less	5¢ per ton
Over 50¢ per ton but not over \$1.00 per ton	10¢ per ton
Over \$1.00 per ton	15¢ per ton
Exceptions: Coal Coke, Petroleum Coke or Briquettes for overseas export	No Increase
(g) Iron ore, Hematite, Iron or Iron ore sinter, Magnetite or Taconite per ton (net or gross as rated)	
(i) Rates via rail to Upper Lake ports moving via vessels destined to Lake Erie ports thence moving via rail to interior destinations	5¢ per ton
(ii) Rates via rail to interior destina- tions which had prior rail and water haul to Lake Erie ports	5¢ per ton
(h) Rates on Gravel and Sand; including aggregate or ballast; stone or rock, broken or crushed (see exceptions) per ton (net or gross as rated)	
100¢ per ton or less	3¢ per ton
Over 100¢ per ton but not over 200¢ per ton	6¢ per ton
Over 200¢ per ton but not over 350¢ per ton	10¢ per ton
Over 350¢ per ton but not over 500¢ per ton	15¢ per ton
Over 500¢ per ton	20¢ per ton
Exceptions: Within Southern Territory	As Specified
(i) Pulpwood and articles taking same rates (see exceptions)	
Cents per 100 lbs.	½¢
Per net ton	10¢
Per gross ton	11¢
Per units other than per 100 lbs. or per ton	3% (see exceptions)

The additives were further complicated for exception ratings and commodity rates. These complexities have continued and created further difficulty with increases which have followed since that time.

11.E-1-a-(3)-i (cont.)

Exceptions: Between Eastern Territory	
Per car	\$12.00
Cents per 100 lbs.	1 ½¢
Per ton (net or gross as rated)	30¢ per ton
Per car or per unit (other than units per 100 lbs., per ton or per car)	50¢
(j) Fuelwood, viz., Cordwood, Firewood, Kindling wood or Fuel wood, NOIBN	
Products of forests, viz., Chemical wood	
Wood excelsior, Resinous wood or Tree Stumps	
Cents per 100 lbs.	½¢
Per net ton	10¢
Per gross ton	11¢
Per units (other than per 100 lbs. or per ton)	3%
(k) Sugar, viz., beet, cane, corn, maple, raw cane, sorghum, NOIBN or wheat	
30¢ per 100 lbs. or less	1¢/cwt
Over 30¢ per 100 lbs. but not over 50¢ per 100 lbs.	2¢/cwt
Over 50¢ per 100 lbs.	3¢/cwt
Exception: Within Western Territory all rates in cents per 100 lbs.	3¢
(l) Iron or steel scrap, borings, turnings, etc. per ton (net or gross as rated)	10¢ per ton
(m) Cinders, Ashes, Slag and Haydite, etc. (see exceptions)	
Per ton (net or gross as rated)	
100¢ per ton or less	3¢ per ton
Over 100¢ per ton but not over 200¢ per ton	6¢ per ton
Over 200¢ per ton but not over 350¢ per ton	10¢ per ton
Over 350¢ per ton but not over 500¢ per ton	15¢ per ton
Over 500¢ per ton	20¢ per ton
Exceptions:	As specified
Within Southern Territory	
On Coal ashes; Cinders and Soil, mixture of; or Coal Cinders; between points in Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Washington and Wyoming	Table 1
(n) Railway Equipment when moving on own wheels	
Rates in cents per mile	1¢ per mile
Rates in any other unit	3%

In addition to the class rates, with this increase, many existing exceptions, commodity and other tariffs required as many as *nine*

11. (cont.)

- F. Charges for specified services, except as shown under General Exceptions
1. At points in Eastern Territory and at Southern territory 10%
 2. Helena, Ark.; Baton Rouge and New Orleans, La.; Natchez and Vicksburg, Miss.; and Memphis, Tenn. 5%
 3. At points in Western Territory including Alaska, except points in Illinois, Iowa, Michigan (Upper Peninsula), Missouri or Wisconsin in the Eastern Territory 5%
 4. Stopping in transit of carload traffic for partial loading or unloading (see Exception) at points in the Eastern and Western Territories \$2.00 per car
At points in Southern Territory except Helena, Ark.; Baton Rouge and New Orleans, La.; Natchez and Vicksburg, Miss.; and Memphis, Tenn. No Increase
Track storage in transit \$2.00 per car
Exception: Does not apply on trailer-on flat-car flat-car traffic (see 5)
 5. Stopping in transit of carload traffic for partial loading or unloading on trailer-on flat-car traffic (see 1, 2 and 3, Paragraph F.)
Track storage in transit on trailer-on flat-car traffic (see 1, 2 and 3, Paragraph F.)
 6. Switching and holding cars of grain; seeds (field or grass); screenings from grain, unground, containing not more than 5% of flaxseed (linseed); soybeans; hay, straw, corn husks or shucks; pumies, unground, or alfalfa meal, for inspection, sampling and disposition orders
At points in Western Territory, including Alaska, (except at points in Illinois, Iowa, Michigan (Upper Peninsula), Missouri or Wisconsin in the Eastern Territory) 5% minimum
\$2.00 per car
 7. For installation of Grain Doors
At points in the Western Territory, including Alaska, (Paragraph 6) and at Helena, Arkansas; Baton Rouge and New Orleans, La.; Natchez and Vicksburg, Miss., and Memphis, Tenn.
When per car charge is less than \$2.25 Increase to \$2.40 per car
When per car charge is \$2.25 or over 15¢ per car

increases to be applied according to territorial and specific application, different in every ex parte.

11.F (cont.)

- | | | |
|-----|--|--------------------------------|
| 8. | Detention charges on heavy duty flat cars
(see 1, 2 and 3, Paragraph F.) | |
| 9. | Use charges on heavy duty flat cars | |
| | a. From all points to Eastern and Southern Territories, and Canadian Territory, east of Armstrong and Port Arthur, Ont. | 10% |
| | b. From Helena, Ark.; Baton Rouge and New Orleans, La.; Natchez and Vicksburg, Miss.; and Memphis, Tenn. to points in Illinois | 10% |
| | c. From all origins to Western Territory (except from or to shown in paragraph b.) and Canadian Territory west of Armstrong and Port Arthur, Ont. | 5% |
| 10. | Switching rates and charges, when not absorbed or in part by line-haul carriers | As specified |
| 11. | Switching rates and charges of certain carriers (as specified) when absorbed, in whole or in part, by line-haul carriers | |
| | Coal, Coke and Iron Ore | 3% |
| | All other traffic | 5% |
| 12. | Transit charges | |
| | a. On grain, grain products or by-products and articles taking same rates, at points in Eastern Territory | No Increase |
| | b. All other transit charges at points in the Eastern Territory | 5% Note 1 |
| | c. All transit at points in Western Territory, and at Helena, Ark.; Baton Rouge and New Orleans, La.; Natchez and Vicksburg, Miss.; and Memphis, Tenn. | 5% Note 1 |
| | d. Transit at points in Southern Territory except points in paragraph c. directly above | |
| | (1) Minimum charge when published per car on outbound shipments | |
| | When less than \$22.00 per car | Increase to \$22.00
per car |
| | All other transit charges | No Increase |
| | Note 1: Minimum increase to Apply | |
| | Per 100 pounds | ½¢ |
| | Per Net Ton | 10¢ |
| | Per Gross Ton | 11¢ |
| | Per Car | \$2.00 |
| | e. Transit charges, or rates or charges (including wastage rates or charges) to plants in connection with cleaning, sizing, mixing and/or briquetting coal | 20% Maximum
\$2.00 per car |

However, the complexities do not end here as further increases have been made, adding further complications.

11.F (cont.)

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|---|--|
| 13. Handling charges on Iron ore (not ground or hydrated) or Iron Sinter | |
| At upper Lake Ports; viz. | ½¢ per gross ton |
| At lower Lake Ports; viz. | |
| From Hold to Rail of Vessel | No Increase |
| From Rail of Vessel to Car and from Dock to Stockpile to Car | 3¢ per gross ton |
| From Rail of Vessel to Dock Stockpile | 4¢ per gross ton |
| 14. Charges for ground or dock storage of ores at Lake Erie Ports | ¼¢ per ton, net or gross as rated, per month |
| 15. Handling of Coal and Coke (all kinds) | |
| From cars to vessels or barges at Lake Ports and River Points and from barges to cars at River Points | 3¢ per net ton |

G. General Exceptions

The increase in rates or charges *will not* apply to:

1. Charges for demurrage or detention of freight cars, except detention charges on heavy duty flat cars (See F-8)
2. Amounts paid or allowances made by carriers for drayage or other services performed by the consignors or consignees of freight
3. Rates and charges at or between points in Canada on Canadian domestic traffic, or in Mexico
4. Charges for wharfage or handling at ports in Virginia; South Atlantic ports in North or South Carolina, and Georgia; Florida ports; and Gulf ports in Alabama, Louisiana, Mississippi and Texas; or dumping of Coke at Hampton Roads Ports, Va., or Charleston, S.C.
5. Charges for loading or unloading of livestock
6. Charges for protective services against heat or cold
7. Charges for dumping, leveling, tipping, transferring or trimming coal or coke, except in handling at Lake Ports and River Ports (See F-15)
8. Charges absorbed in whole or in part, by carriers
9. Switching rates and charges absorbed, in whole or in part, by carriers, except as indicated under charges for specified services
10. Ground storage of coal and coke at Lake Erie Ports
11. Charges for storage of grain in cars at South Atlantic, Gulf and Florida Ports

Cont. on Page 35

Ex Parte No. 259A — First Interim — — 3% Increase — Effective June 25, 1968

Ex Parte No. 259B — Second Interim — 10% Increase — Effective November 28, 1968 ¹²

In Tariff X-259, the railroads proposed increases of 3 to 10%. These were suspended by the ICC and by order of June 19, 1968, an interim increase of 3% in rates and charges was permitted to become effective June 24, 1968, as Tariff X-259A.

11.X 256 Increases (cont.)

- | | |
|---|--------------|
| H. Minimum net line-haul revenue where carriers absorb charges for switching at Eastern territory, except East St. Louis, Ill, or St. Louis, Mo. | (1.) 33-1/3% |
| (1.) Fraction less than 1/2¢ will be dropped and fractions 1/2¢ or greater will be increased to next whole cent | |
| I. Minimum rates or charges to line-haul rates and charges | |
| 1. Per shipment less carload of any quantity | 5% |
| 2. Line-haul carload charges per car provided for in Rule 13 of the Consolidated or Uniform Classification and corresponding rules in other tariffs | 3% |
| 3. All other minimum rates or charges | Table 1 |
| J. Rates made by addition or deduction of arbitraries or differentials, the addition or deduction of arbitraries or differentials shall first be made and then apply the increase | |
| K. Through rates composed of two or more separately stated rates, each rate is increased separately except that the total increase will not exceed that which would result from applying the maximum or specific increase, if any, on the commodity | |

12. X 259-B—Increases Authorized.

- | | |
|---|--------------------|
| <i>Increases were allowed in all territories as follows:</i> | Amount of Increase |
| A. Class rates, less-carload, any quantity and carload, determined by the use of ratings provided in governing classifications, except radio active or nuclear chemicals (See H), commodities, carload, in special groups (See F), and to TOFC traffic (See G). | 5% |
| B. Rates, less carload or any quantity, governed by the exceptions to the classification and commodity | 5% |

The suspension was lifted by order of November 25, 1968, allowing the full increases of 3 to 10% to go into effect. The only exceptions were on iron or steel scrap and pig iron, which remained at the 3% interim level. The full increases were allowed, pending a final order in the case because of the railroads' critical need for additional revenues to offset increased operating costs. All of the increases were subject to an automatic refund provision if the increases were later found unwarranted. The carriers issued Tariff X-259B with increases of 3 to 10% effective November 28, 1968. On January 23, the ICC issued its Final Report and order in Ex Parte 259 substantially upholding its previous order of November 25, 1968.

A novel provision in connection with increases on certain commodities was the establishment of minimum increases. For example, rates on Aluminum Basic Shapes were increased 5% with a minimum increase of 2¢ per cwt.

12. (cont.)

- | | |
|--|--------------------|
| C. Rates, carload, commodity, exceptions to the governing classification or column, except those outlined in specific groups (see F) | 6% |
| D. Rates published per car or per unit (other than per 100 lbs., per ton or per car) (see exceptions) | 6% |
| Exceptions: Rates published per car on hot metal in hot metal cars | 7% |
| Where different increases are provided in specific groups | As Specified |
| E. All commodity (all freight) freight rates | 6% |
| F. Commodities, carload, in specific groups | As Specified |
| G. Piggy-back (TOFC) line haul rates on freight in trailer bodies, trailers, semi-trailers, vehicles or containers loaded on flat cars, | |
| 1. Ratings provided in governing classifications | 6% |
| 2. Ratings, provided in exceptions to the governing classifications and commodity (See 3-5) | |
| 3. Within Southern Territory as specified and Between Southern Territory as specified and Eastern, Western and Canadian Territories | 6%
(Note A & B) |
| 4. Within or between all other Territories | 6%
(Note B & C) |
| 5. Piggy-back (TOFC) line haul, rates on freight in trailer bodies, trailers, semi-trailers, vehicles or containers, also on empty trailer bodies, semi-trailers, vehicles or containers loaded on flat cars, <i>between both railroad terminal or origin and railroad terminal at destination</i> | |

In addition, the railroads' Master Tariff "X-259" was based on the new "Standard Transportation Commodity Code." The STCC was published as a tariff, grouping commodities by industry. The Commission stated that this method of tariff publication was a worthwhile step toward tariff simplification and, with refinements, might lead to application of automatic data processing procedures in determining rates.

As a result of Tariff X-259B, commodities, accessorial and other special service rates and charges were differently increased. It is impossible to set forth in summary form the extreme complexities caused by this tariff.

The use of the STCC in applying the increases provided the carriers with a method of being more specific in their increases. The method used to determine whether a commodity received no increase, or one of the various increases, from 3 to 10% is not indicated but must be assumed to have been based on informed judgment, buttressed by some market research into competitive transport economics.

12.G-5 (cont.)

a. Within Southern Territory as specified and Between Southern Territory and Eastern, Western and Canadian Territories	3% (Note A & B)
b. Within or between all other Territories	6%
Note A: On shipments in or on trailers or containers or on shipments of empty trailers or containers, leased and owned by shippers, on cars owned or leased by shippers	6%
Note B: Commodities described in specific groups	As Specified
Note C: When percentage increase is not provided in specific groups	6%
H. Radio-active or nuclear chemicals	10%
I. All assessorial charges (see general exceptions and unless specifically stated)	6%
J. <i>General Exceptions</i> : The increases do not apply on the following services, except as shown in paragraphs 1 and 9.	
1. Charges for demurrage or detention of freight cars, except use and detention charges on heavy duty flat cars (except as shown in K-6)	
2. Amounts paid or allowances made by carriers for drayage or other services performed by consignors or consignees of freight	
3. Rates and charges at or between points in Canada on Canadian domestic traffic, or in Mexico	
4. Charges for wharfage or handling at ports in Virginia; South Atlantic ports in North and South Carolina and Georgia; Florida ports; and Gulf ports in Ala-	

Severe problems arise from the extreme difficulty of application of these very complex increases. It appears doubtful whether structural changes in the rates can be satisfactorily and efficiently made by "patching-up" existing rates during Ex Parte increase cases by combining minimum increases, hold downs (maximum increases), percentage increases, numerous different ways of handling or changing the application any of the other numerous complexities.

In considering these complexities it must be remembered that at the time of Ex Parte X-259B, there might be ten or more of these different types of increases to be applied to determine any effective rate for rail service.

12.J-4 (cont.)

- bama, Louisiana, Mississippi and Texas; or dumping of coke at Hampton Roads ports, Virginia, or Charleston, South Carolina
- 5. Charges for loading and unloading of livestock
- 6. Charges for protective services against heat or cold
- 7. Charges for dumping, leveling, tipping, transferring or trimming coal and coke at Atlantic and Gulf ports
- 8. Charges absorbed, in whole or in part, by carriers
- 9. Switching rates and charges absorbed, in whole or in part, by carriers, except as shown in L
- 10. Ground storage of coal and coke at Lake Erie Ports
- 11. Charges for storage of grain in cars at South Atlantic, Gulf and Florida Ports
- 12. For handling iron ore (not ground or hydrated) or iron sinter at Lower Lake Ports from Hold to Rail of Vessel
- K. Stopping in transit for *partial* loading or unloading
 - 1. At points in the Southern Territory (see exception A) and at points in the Western Territory (see exception B) \$3.00 per stop
 - 2. All other points 6%
 - 3. In or on trailer bodies, trailers, semi-trailers, vehicles or containers loaded on flat cars at points in Southern Territory (see exception A) No Increase
 - 4. Transloading at points in the Southern Territory (see exception A) No Increase
 - 5. Detention of trailer bodies, trailers, semi-trailers, vehicles or containers at points in Southern Territory (see exception A) No Increase
 - 6. Use and detention charges on heavy-duty flat cars 6%
 - (5¢ per 100 lbs.
 - (or \$1.00 per ton
 - ((for each separ-
 - (ate operation)
 - 7. Split delivery at points in the Southern Territory (see exception A) and Western Territory, including Alaska (see exception B)
 - (5¢ per 100 lbs.
 - (or \$1.00 per ton
 - ((for each separ-
 - (ate operation)
 - 8. Loading or unloading, other than Motor Vehicles by carriers at points in Eastern, Southern and Western Territories including Alaska
 - (5¢ per 100 lbs.
 - (or \$1.00 per ton
 - ((for each separ-
 - (ate operation)

In addition to the class rates, with this increase many existing exception, commodity and other tariffs required as many as *ten* increases to be applied according to territorial and specific application, different in every Ex Parte.

12.K (cont.)

- 9. Transit Service, and minimum transit charge per car at points in Western Territory, including Alaska (see exception B) and Southern Territory (see exception A) 6%
minimum \$3.00 per car
- 10. Exceptions A and B see N-1-2.
- L. *Switching rates and charges* of certain carriers, when absorbed by line haul carriers
 - 1. Coal, coke and iron ore 3%
 - 2. All other traffic 6%
- M. *Minimum per shipment*
 - 1. Less carload or any quantity \$1.00 per shipment
 - 2. Minimum rates per carload shipments, except in paragraph 3 Line Haul Increases
 - 3. Minimum rates per car, on line-haul carload rates provided in Rule 31 of governing classification
 - a. From, to or within points in the Eastern Territory and from, to or within points in Canada east of Armstrong and Port Arthur, Ontario No Increase
 - b. From, to or within points in Southern Territory (see exception A), Western Territory (see exception B), and from or to points in Canada west of Armstrong and Port Arthur, Ontario 5%
 - c. Exceptions A and B see N-1-2.
- N. Minimum Net Line Haul Revenue where tariffs provide for absorption of charges for switching at points in Southern Territory, including Helena, Arkansas, Baton Rouge and New Orleans, Louisiana; Natchez and Vicksburg, Mississippi; and Memphis, Tennessee, except East St. Louis, Illinois; St. Louis, Missouri, and points shown in exception B 33 1/3%
(note)

Note: Fractions less than one-half cent will be dropped and fractions of one-half cent or greater will be increased to the next whole cent

 - 1. Exception A: Not applicable to points on the C&O Railway in Virginia, exclusive of Newport News, Norfolk, Richmond, Lynchburg, Glasgow, Charlottesville, Waynesboro, Orange and Staunton, Virginia; Points in the State of Kentucky, exclusive of Louisville, Covington, Lexington, Maysville, Newport,

Cont. on Page 40

Since the effective date of Ex Parte 259B, a total of 28 supplements have been issued, further complicating the problem of accurate rate determination.

ExParte No. 262 — 6% Increase — Effective November 18, 1969.¹³

On October 15, 1969, the Interstate Commerce Commission denied a request by the railroads to increase rates by 6%, on 24 hours' notice. The railroads had proposed a six percent emergency freight rate increase to become effective October 18. The Commission said the new rates could be

12.N-1 (cont.)

and Winchester; Points in the State of Ohio, taking Kenova, West Virginia, rate bases in NRB No. 1-A on the B&O RR Co. and Penn Central Co.

- 2. Exception B: Not applicable to points in Illinois, Iowa, Michigan (Upper Peninsula only), Missouri and Wisconsin in the Eastern Territory
- 3. All other points, including East St. Louis, Ill., and St. Louis, Mo.

6%

- O. Rates made by addition or deductions of arbitraries or differentials, such arbitraries or differentials shall first be made before applying increases
- P. Rates made of two or more separately stated rates, apply the increase for each rate separately, except that the total increase will not exceed that which would result from applying the maximum of specific increase, if any, provided for the commodity

13. X 262—Increases Authorized.

The increases included those below:

- A. All rates and charges, *class, exception ratings, commodity rates* and other charges, except as stated below
- B. *Assessorial rates or charges* were not increased on the following services, except as shown in paragraphs 1 and 9
 - 1. Charges for demurrage or detention on freight cars, except detention charges on heavy-duty flat cars
 - 2. Amounts paid or allowances made by carrier for drayage or other services performed by shippers or receivers of freight
 - 3. Rates and charges at or between points in Canada on Canadian domestic traffic, or in Mexico
 - 4. Charges for wharfage or handling at ports in Virginia, South Atlantic ports; Florida Ports; and Gulf

Increase 6%
No Increase
(Except para. 1 and 9)

filed "upon statutory notice," but with an effective date no earlier than November 18. The Commission set November 12 as the date of oral argument concerning the lawfulness of the proposed Tariffs. On November 12, the Commission heard more than six hours of oral argument into the merits of the rate proposal.

13.B-4 (cont.)

- ports in the United States; or dumping of coke at Hampton Roads ports, Virginia, or Charleston, South Carolina
- 5. Charges for loading or unloading of livestock
- 6. Charges for protective services against heat or cold
- 7. Charges for dumping, leveling, tipping, transferring or trimming coal and coke at Atlantic and Gulf ports
- 8. Charges, absorbed, in whole or in part, by carriers
- 9. Switching rates and charges absorbed, in whole or in part, by carriers, except as provided in item C
- 10. Ground storage of coal and coke at Lake Erie Ports
- 11. Charge for storage of grain in cars at South Atlantic Gulf and Florida ports
- 12. For handling Iron Ore (not ground or hydrated) or Iron Sinter at Lower Lake ports from hold to rail of vessel
- 13. Rates applicable between points on the Long Island Railroad on interstate or foreign commerce, nor charges published for application upon services performed by the Long Island Railroad at stations on that railroad
- C. Effective January 3, 1970, the *Switching Rates and Charges* of certain carriers as specified, when absorbed, in whole or in part, by line-haul carriers are increased as follows:
 - 1. Coal, Coke and Iron Ore (not ground or hydrated) or Iron Sinter 2%
 - 2. All other traffic 4%
- D. *Combination of rates*, including addition or deduction of arbitraries or differentials, will be treated by increasing such separate rates or arbitraries, or differentials, accordingly, but the sum or total of each factor shall not exceed the percentage to the sum or total rates or charges.
- E. Grain, grain produces and grain by-products and articles listed in tariffs making reference to this Ex-Parte, as, and when taking grain, grain products or grain by-products rates the increases are as follows:
 - 1. *Effective September 18, 1970*
 - a. Between stations listed in Western Territory as described in Exception "A" (Table 6) or 5%(g) see 2-b
 - b. Between stations in other territories (Table 1) or 6%

The railroads had requested that the increases be allowed to go into effect on Saturday, October 18. In seeking the new rates, the railroads cited increased costs and revenue needs. The proposed increases would produce approximately \$600 million of additional gross freight revenue annually, according to the railroads' petition.

At this point certain Commissioners began to question the increases.

Chairman Virginia Mae Brown and Commissioner Willard Deason voted to reject the order and to substitute an order providing suspension and full investigation. Chairman Brown filed a separate dissenting expression. Commissioner Dale Hardin voted not to adopt the order as circulated since it does not provide for hold-downs on such commodities as coal and grain.

However, as a result of Tariff Ex Parte 262, the class rates, as well as exception ratings and commodity rates, were raised an additional 6 percent.

13.E (cont.)

2. *Effective September 22, 1970*
 - a. Between stations listed in Western Territory as described in Exception "A" on one hand and stations listed in Western-Southern Border Territory as described in Exception B on the other hand (Table 6) or 5%(g) see b
 - b. (g) Any fractions resulting in the application of 5% increase will be dropped if less than a quarter ($\frac{1}{4}$) cent, a half ($\frac{1}{2}$) cent if a quarter ($\frac{1}{4}$) cent or more but less than three quarter ($\frac{3}{4}$) cent and the next higher whole cent if three quarter ($\frac{3}{4}$) cent or more
 3. Exception:
 - a. "A" Western Territory, Viz:

All points in the states located west of the Mississippi River, including Alaska, Canada (Armstrong and Port Arthur, Ont., and all points west thereof), (1) Illinois, Indiana (points located in the Chicago switching District), (1) Iowa, Michigan (upper peninsula only) Minnesota, (1) Missouri, and (1) Wisconsin.

(1) Will not apply between points in the IFA territory.
 - b. Western-Southern Border Territory, Viz:

Baton Rouge, La., Helena, Ark., Memphis, Tenn., New Orleans, La., Natchez, Miss., Reserve, La. and Vicksburg, Mississippi.
- F. On September 18, 1970 there also has been added an increase of 5% in Table 5 for rates and charges, but no provisions are made which apply to this table.

This "across-the-board" increase is considerably easier to apply than earlier ones BUT did not simplify the situation, as the many earlier increases remained in effect and still must be used in rate determination. An additional step was added to the confusing picture, now making eleven or more increases to apply before a railroad rate can be ascertained on most traffic!

Ex Parte No. 265-A — Interim 5 Per Cent Increase — Effective June 9, 1970¹⁴

Ex Parte No. 265-B — Final 6 Per Cent Increase — Effective November 20, 1970¹⁵

In early 1970 the inflationary spiral caused numerous and significant rate actions and further recognition of the severe problems in rate complexity. The Eastern and Western rail carriers filed on March 3, 1970, for a six percent general freight rate increase to become effective on 24-hours notice, which was rejected. Permission was granted to file for the increase upon not less than 75 days notice with proposed effective date no earlier than June 2.

14. X 265-A—Increases Authorized.

- A. All rates and charges per 100 pounds or other units higher than shown in applicable tables are increased as follows:

Column 1 (applicable table)	Column 2 (Percentage increase)
1	5%
2	5%
3	4%
4	3%

Fractions resulting from the application of the foregoing percentage increases in connection with Tables 1-3 and 4 under Column 1 will be dropped if less than a half ($\frac{1}{2}$) cent and increased to the next higher whole cent if a half ($\frac{1}{2}$) cent or more.

Under the 5% increase in Table 2 Column 1 the fractions will be dropped if less than a quarter ($\frac{1}{4}$) cent, a half ($\frac{1}{2}$) cent increase if a quarter ($\frac{1}{4}$) cent or more but less than three-quarter ($\frac{3}{4}$) cent and a whole cent increase if fraction is three-quarter ($\frac{3}{4}$) cent or more.

- B. All rates and charges, except as otherwise provided specifically herein, shown in Tables are increased per Table 1 or

5%

The Southern carriers were reluctant, but eventually joined the increase request.

14. (cont.)

- C. On Carload Traffic Moving on line-Haul Commodity Rates and Classification Exception Ratings are increased accordingly on commodities listed below:
1. Bituminous Coal, including Briquettes, Culm, Dust, Run of mine, Screenings, slack, Waste, steam coal, Metallurgical and Coking Coal and Smelting Coal

5%
Maximum 18¢
per net ton
 2. Anthracite Coal, viz: including Briquettes, Calcined, boulets, dust, screenings, condemned, Un-Prepared and Anthracite and Bituminous Coal Briquettes

5%
Maximum 18¢
per net ton
 3. Coke, viz: Coke braize, breeze, briquettes, dust, Coke noibn, Coke screenings, Creosote, gashouse, petroleum, phthalic acid or pitch coke, semi-coke (semi-distilled coal) or tar coke

5%
Maximum 18¢
per net ton
 4. Lignite Coal or Coal Briquettes

5%
Maximum 9¢ per
net ton
 5. Tidewater, Lake Cargo and Island Waterway rates on Coal and Coke as described in paragraphs 1-3. The rail rates are increased to North Atlantic Ports, Hampton Roads to New York, inclusive.

5%
Maximum 18¢ per
net ton
(See Note A)

(Note A)

 - a. Upon evidence the products shipped have been placed in vessels destined to New England ports, and thence moved beyond the New England ports to points in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island or Vermont. The increase to New England ports is

5%
Maximum 9¢
per net ton
 - b. The rates from New England ports, by rail, which had prior rail and water haul are increased

5%
Maximum 9¢
per net ton
 - c. On Lake Cargo rates to ports on the Great Lakes and St. Lawrence River for transshipment by water to ports in the United States or Canada and thence transported beyond the said ports to interior destinations in the United States or Canada are increased

5%
Maximum 9¢
per net ton

On May 27, 1970, the Commission suspended and placed under investigation the railroads' request for a 6 percent general freight rate increase, but authorized an interim increase not exceeding 5 percent, pending investigation, but subject to refund provisions and imposition of restrictions on certain selected commodities. (See footnote 14)

14.C-5 (cont.)

- | | |
|--|--|
| d. On Inland Waterway rates to ports (other than Great Lake ports) for transshipment beyond by water as cargo to a second port, and thence transported beyond the second port the increases will be | 5%
(see Exc.) |
| Exception. Maximum 9¢ per net ton to the first port and 9¢ per net ton from the second port to the final rail delivery | |
| e. On rates which have had a prior rail and water haul, moving by rail beyond the ports in the United States to interior destinations in the United States or Canada the increase is | 5%
Maximum 9¢
per net ton |
| 6. Fluxing Stone or Furnace limestone | 5%
Maximum 15¢ per
ton net or gross,
as rated |
| 7. Fly Ash | 3% |
| 8. Grain, Grain Products and Grain By-Products and articles listed in tariffs making reference to this Ex Parte, as, and when taking grain, grain products, or grain by-products rates | |
| a. Between stations described in Exception "A" also between stations described in Exception "A" on one-hand and stations described in Exception "B" on the other hand (Table 2) | 5%(g) |
| (g) see table 2 Column 1 disposition of fractions in Paragraph A | |
| b. All other territories (Table 1) | 5% |
| <i>Exceptions</i> | |
| "A" Western Territory, Viz: | |
| All stations in the United States west of the Mississippi River, including Alaska, Canada (Armstrong and Port Arthur, Ont., and all points west), (1) Illinois, (1) Indiana (points located in the Chicago switching District), (1) Iowa Minnesota, (1) Missouri and (1) Wisconsin | |
| (1) Not applicable between points in Illinois Freight Association territory | |
| "B" Western-Southern Border territory, Viz: | |
| Route, La., Helena, Ark., Memphis, Tenn., New Orleans and Reserve, La., and Vicksburg, Miss. | |

The Commission order announced intention to investigate the lawfulness of all rates, charges, and regulations which were previously filed, as well as the current increases and that all schedules were to be subject to a refund provision.

14.C-5 (cont.)

- | | |
|--|--|
| 9. Iron Ore, noibn, including Hematite, Iron ore, hydrated (bog, red or yellow ore), Iron ore sinter, Magnetite ore or Taconite. | 5%
Maximum 24¢ per ton, net or gross, as rated |
| 10. Scrap Iron and Scrap Steel, including scrap terne plate or tin plate | 5%
Maximum 24¢ per ton, net or gross as rated |
| 11. Iron and steel Borings, Turnings, including clippings, Drippings, Filings, Grindings, Punchings, and spillings | 5%
Maximum 24¢ per ton, net or gross, as rated. |
| 12. Pig Iron | 5%
Maximum 24¢ per ton net or gross, as rated |
| 13. Sugar, including beet, cane, corn, maple, raw cane, sorghum, liquid, invert or sugar wheat | 5%
Maximum 4¢/cwt |

D. *General Exceptions*

No increase in rates and charges are applicable to the following:

- a. Charges for demurrage or detention on freight cars, except detention charges on heavy-duty flat cars
- b. Amounts paid or allowances made by carriers for drayage or other services performed by shippers or receivers of freight.
- c. Rates and charges at or between points in Canada on Canadian, domestic traffic or in Mexico
- d. Charges for wharfage or handling at ports in Virginia; South Atlantic ports in North and South Carolina and Georgia; Florida ports; Gulf ports in Alabama, Louisiana, Mississippi and Texas; or dumpng of Coke at Charleston, S.C.
- e. Charges for loading or unloading of Livestock
- f. Charges for protective services against heat or cold
- g. Charges for dumping, leveling, tipping, transferring or trimming Coal and Coke at Gulf ports
- h. Charges absorbed, in whole or in part, by carriers.

On June 1, the Commission directed the railroads to submit "specific evidence to demonstrate the efficiency and economy of their existing operations and service to the shipping public." The Commission said any party opposing the increase may submit evidence of specific deficiencies in the service of the railroads, accompanied by recommendations as to how

14.D (cont.)

- i. Switching rates and charges absorbed in whole or in part by carriers
- j. Charges for storage of grain in cars at South Atlantic, Gulf and Florida ports
- k. Rates applicable between points on the Long Island Railroad on interstate or foreign commerce, nor charges published for application upon services performed by the Long Island Railroad at stations on that railroad.
- E. Where a through rate for line haul transportation is determined by the amount of another rate or charge or by addition of an amount to or deduction of an amount from a base (not base point) rate, first ascertain the applicable rate, then increase such rate as provided.
- F. When through rates are made by combining separately established rates, each rate comprising such combination is increased separately and the applicable rate is the sum of the separate rates so increased, except that the total increase will not exceed that which would result from applying the maximum or specific increase, if any.

In this tariff there is a Table 3 of 4% increases in rates or charges but no provisions are stipulated to use this table.

15. X 265-B—6% Increase—Effective November 20, 1970; which canceled X 265-A—5% Increase—Effective June 9, 1970

- A. All rates and charges per 100 pounds or other units higher than shown in applicable tables are increased as follows:

Column 1 (applicable table)	Column 2 (Percentage Increase)
1	6%
2	6%
3 (Suppl 1 11-20-70)	4%
4 (Suppl 1 11-20-70)	3%

Fractions resulting from the application of the foregoing percentage increases in connection with Tables 1-3 and 4 under Column 1 will be dropped if less than a half ($\frac{1}{2}$) cent and increased to the next higher whole cent if a half ($\frac{1}{2}$) cent or more.

such deficiencies may be overcome. June 24 was set as the date for filing opposition statements.

On November 5, 1970, the Commission lifted the one percent suspension it had imposed earlier on the six percent increase and permitted it to become effective November 20, 1970 as X-265B. This increase was applied to all commodities except grain (5%) and maximum increase limits established in X-265A were removed.

Ex Parte No. 267A — 8 Per Cent East and West — 6 Per Cent South Increases — Effective November 21, 1971¹⁶

On September 4, 1970, the ICC announced it was going to investigate the adequacy of freight rates and charges of all U.S. railroads. That order

15.A (cont.)

Under the 6% increase in Table 2 Column 1 the fractions will be dropped if less than a quarter ($\frac{1}{4}$) cent, a half ($\frac{1}{2}$) cent increase if a quarter ($\frac{1}{4}$) cent or more but less than three-quarter ($\frac{3}{4}$) cent and a whole cent increase if fraction is three-quarter ($\frac{3}{4}$) cent or more.

- B. All rates and charges, *except as otherwise provided specifically herein*, shown in Tables are increased per Table 1 or 6%
- C. The rates and charges on Grain, Grain Products and Grain By-Products and articles listed in tariffs making reference to this *Ex Parte*, as, and when taking grain, grain products, or grain by-products rates are increased as follows:
- a. Between stations described in Exception "A" also between stations described in Exception "A" on one-hand and stations described in Exception "B" on the other hand (Table 2) 6%(g)
(g) see table 2 disposition of fractions in Paragraph A
 - b. All other territories (Table 1) 6%
Exceptions
"A" Western Territory, Viz:
All stations in the United States west of the Mississippi River, including Alaska, Canada (Armstrong and Port Arthur, Ont., and all points west), (1) Illinois, (1) Indiana (points located in the Chicago switching District), (1) Iowa, Minnesota, (1) Missouri and (1) Wisconsin
(1) Not applicable between points in Illinois Freight Association territory
"B" Western-Southern Border territory, Viz: Baton Rouge, La., Helena, Ark., Memphis, Tenn., New Orleans and Reserve, La., and Vicksburg, Miss.

was in response to a request by substantially all of the Eastern and Western railroads to increase on one day's notice their freight rates by eight percent on September 15 and an additional seven percent on November 1.

The Commission denied the request, but authorized the carriers to file new tariff schedules upon not less than 60 days' notice, with an effective date no earlier than November 18, subject to suspension.

On November 5, 1970, the Commission suspended and placed under investigation a request by the railroads for a 15 percent general freight rate increase in the East and West and six percent in the South.

15.X 265-B (cont.)

D. Supplement 1 of Ex Parte 265-B effective November 10, 1970, added the following:

Column 1 (applicable table)	Column 2 (Percentage increase)
3	4%
4	3%

There are no provisions in the tariff where these tables or increases apply

E. General Exceptions are the same as provided for in X 265-A

16. X 267-A—8% and 6% Increases—Effective November 21, 1970

This Tariff of increased rates and charges is applicable only to the territorial application shown below:

Territory Application

- A. At, between and within stations in Eastern Territory described in Note (a) and Western Territory describe in Note (b)
- B. Between stations in Western-Southern Border Territory described in Note (c) and between Western-Southern Border Territory as described in Note (c) on one hand and Western Territory described in Note (b) on the other hand
- C. Rates and charges on Coal, carload, from stations in Southern Territory described in Note (d) to stations in Eastern Territory described in Note (a) and Western Territory described in Note (b)
- D. The increases also apply to rates and charges to expire on *February 28, 1971, unless sooner cancelled, changed or extended*, between stations in Southern Territory described in Note (d), between stations in Southern Territory described in Note (d) on one hand and Eastern Territory described in Note (a), Western Territory described in Note (b) and Western-Southern Border Territory described in Note (c) on the other hand.

The Commission authorized an interim increase not exceeding eight percent in the East and West and six percent in the South to be put into effect upon not less than 15-days' notice, subject to refund provisions.

16.D (cont.)

Notes a, b, c, and d

- (a) Eastern Territory, Viz: All stations within the states of Connecticut, Delaware, District of Columbia, Illinois, Indiana, (1) Iowa, (2) Kentucky, Maine, Maryland, Massachusetts, Michigan (Lower Peninsula), Missouri, New Hampshire, New Jersey, New York, (4) North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee (Bristol only), Vermont (2) Virginia, (2) Wisconsin and points in Canada east of Thunder Bay and Armstrong, Ont., also (3) Michigan (Upper Peninsula)
 1. West bank of the Mississippi River points extending from Keokuk, Iowa on the south to Dubuque, Iowa on the north, also Columbus Jct., Mediapolis, Morning Sun and Wapello, Iowa.
 2. As specified in Note 24 of Tariff
 3. Cherry Valley via Mackinaw City, Mich, and Manistee, Menominee and St. Ignaces, Michigan via A.A.R.R.
 4. Colvards, Company Farm, Lansing, Nella, Tuckerdale, Warrensville, and West Jefferson
- (b) All points in the United States west of the Eastern Territory described in Note (a) and Southern Territory described in Note (d) and Alaska, Canada (Armstrong and Thunder Bay, Ont. and all points west), and Mexico
- (c) Western-Southern Border Territory, viz: Baton Rouge, La., Helena, Ark., Memphis, Tenn., Natchez, Miss., New Orleans and Reserve, La., and Vicksburg, Miss.
- (d) Southern Territory as described in notes 15, 16, and 17 of Tariff

Increases

- E. The Rates and Charges higher than shown in applicable tables are increased as follows:

Column 1 (applicable table)	Column 2 (Percentage increase)
1	8% (a)
2	8% (b)
3	6% (a)
4	6% (b)

- (a) Fractions resulting from increases in Tables 1 and 3 will be dropped if less than a half cent and increased to the next whole cent if a half cent or more.
 - (b) Fractions resulting from increases in Tables 2 and 4 will be dropped if less than a quarter and will be converted to a half cent if a quarter cent or more but less than three quarter cent and will be to the next higher whole cent if three quarter cent or more.
- F. All rates and charges, except as specifically stated, within territories outlined in notes (a), (b) and (c) (Table 1) 8%

The Commission authorized no more than six percent on all traffic moving between the East and West to the South or from the South to the East and West. All carriers were required to maintain existing port relationships not to exceed six percent on all traffic moving to or from eastern and southern ports, including Gulf ports, for import and export.

The Commission announced continuation of its investigation into the adequacy of freight rates and charges of all U.S. railroads, which it instituted on September 2.

On December 31, 1970, the Commission denied the request by the South to increase freight rates *up to* 15 percent. The request had been filed December 21 as a supplement to an application in September for a 6 percent increase. At that time, the South had joined their request to that of East and West carriers who had sought a 15 percent increase.

16. (cont.)

- | | |
|--|-------|
| G. All rates and charges between territories described in Paragraph D (Table 3) | 6% |
| H. Coal rates and charges, carload as specified in Paragraph C (Table 1) | 8% |
| I. Grain, grain products and grain by-products, and articles listed in tariffs making reference to this tariff, as and when taking grain, grain products or grain by-products rates, within territories outlined in Notes (a), (b), and (c) (Table 2) (Exception). (g) See Para. E-b | 8%(g) |

Exception

Effective January 22, 1971

- | | |
|--|-------|
| (1) On Export and Import Traffic between North Atlantic Ports and stations in the United States located west of the states of New York, Pennsylvania, Maryland and West Virginia, north of the Ohio River and north of the state of Arkansas, Oklahoma and Texas and east of the states of Colorado, Wyoming and Montana on the other hand (Table 3) | 6% |
| (2) On Export and Import Traffic between South Atlantic and Gulf Ports on one hand, and Western Territory, limited to states north and east of New Mexico, and east of and including Utah and Idaho but not including Montana and stations in Note (c) (Table 4). (g) See Para. E-b | 6%(g) |
| J. Lumber, lumber products, and other articles as taking some rates or rates related thereto; includes Plywood, Veneer and wood built up or combined (Expires with February 28, 1971, unless sooner cancelled, changed or extended) | |

With the X-267 increase, there may be as many as fourteen ex parte increases to be applied to determine a specific rate. In each of these, differences exist in territorial and specific application which must be carefully researched.

16.J (cont.)

- | | | |
|----|---|----|
| 1. | Within Eastern Territory described in Note (a) except between stations in Illinois Freight Territory described in Note 21 of tariff (Table 1) | 8% |
| 2. | All other territories (Table 3) | 6% |
| K. | Effective January 15, 1971 | |
| | All rates and charges published specifically (Except Coal, Coke, Iron Ore and Grain or Grain Products) on Export and Import traffic between North Atlantic, Eastern Canada, Gulf Ports, New Orleans, La., and West, on one hand, and Central Territory and Western Territory, on the other hand (Table 3) | |
| | | 6% |
| L. | Sugar, viz; Beet, Cane, Corn, Maple, Raw Cane, Sorghum, Wheat, Liquid Invert or Sugar. | |
| | From Baton Rouge, New Orleans, Reserve, La., and stations taking same rates to stations in Western Territory described in Note 25 of tariff (Table 3) | |
| | | 6% |

The increases in rates and charges provided in this tariff will not apply to the following:

- a. Charges for demurrage or detention on freight cars, except detention charges on heavy duty flat cars
- b. Amounts paid or allowances made by carriers for drayage or other services performed by shippers or receivers of freight
- c. Rates and charges at or between points in Canada on Canadian domestic traffic, or in Mexico
- d. Charges for wharfage or handling at ports in Virginia, South Atlantic ports in North and South Carolina and Georgia; Florida ports; and Gulf ports in Alabama, Louisiana, Mississippi and Texas, or dumping of coke in Charleston, S.C.
- e. Charges for loading or unloading of livestock
- f. Charges for protective services against heat or cold
- g. Charges for dumping, leveling, tipping, transferring or trimming coal and coke at Gulf ports.
- h. Charges absorbed, in whole or in part, by carriers
- i. Switching rates and charges absorbed in whole or in part, by carriers
- j. Charges for storage of grain in cars at South Atlantic, Gulf and Florida ports
- k. Charges for handling iron ore (not ground or hydrated) or iron sinter at lower lake ports from Hold to Rail of Vessel
- i. Rates applicable between points on the Long Island Railroad on interstate or foreign commerce, nor charges published for application upon services performed by the Long Island Railroad at stations on that railroad.

Ex Parte No. 270 — Investigation of Railroad Freight Rate Structure; and Ex Parte No. 271 — Net Investment — Railroad Rate Base

On December 15, 1970, the ICC announced a formal investigation of the railroad freight rate structure and instituted another proceeding concerning the rate base to be used in determining rate of return as a factor in ruling on general freight rate increase requests by the nation's railroads.

In Ex Parte No. 270, Investigation of Railroad Freight Rate Structure, the Commission announced a thorough investigation of the railroad freight rate structure to, from and within all territories, and

In Ex Parte No. 271, Net Investment — Railroad Rate Base, the Commission said it will investigate whether net investment as now used, or some other rate base, is the proper basis for measuring rate of return.

An Opportunity to Remove Chaos from Railroad Rate Complexity

The chaotic situation described in this report is inexcusable and must not be tolerated. No further increases should be granted in rail rates until corrective policies are evolved and a timetable placed in effect to correct the serious problems of railroad rate and tariff complexity.

There is no question about a serious financial need of the railroads for additional revenues and more satisfactory profits and quite rapidly. Caught between the rapidly rising labor and material inflationary spiral on the one hand and the rapidly diminishing but deficit creating passenger business on the other, the plight of some of the major railroads in the East is serious.

However, the above points fail to answer the true test of the public need and interest and without question fails to meet the best interest of the railroads themselves.

1. The present rate complexity of the railroad industry in the United States is an intolerable situation in a country which prides itself on technical competence.

The railroad rate complex of the United States is the most confusing and uncertain of accurate determination of any of the railroads in the world today—without exception. It has truthfully been said that six or more rate experts may come up with as many answers as there are experts because of the confusing and hidden rates in the conflicting but applicable tariffs.

It is a fact that *no rate expert in the United States* can possibly understand all of the intricacies of the present railroad rate complex and the additional complications created by the numerous and inconsistent *ex parte* increases.

2. The present rate complexity and ambiguity leads to continuing litigation between carriers and shippers.

The fourteen rate increases listed above, some of them *20 years old*, must still be applied to many tariffs in order to determine an applicable rate. The ambiguities and inconsistencies continue for many years to cause litigation requiring the ICC to issue rulings to clarify the issues. Following these rulings, corrective supplements are issued, some of which apply to *ex parte* tariffs issued many years earlier.

3. The present railroad rate complex aggravated by increases and changes, is unfair to the small shippers to the extent of unreasonable and unjust discrimination against them.

The large shipper, who ships numerous carloads of the same commodities between the same points, maintains a rate "PONY" or extract of rates which he can rather readily bring up-to-date with changes due to *ex parte* increases.

The small shipper cannot afford the expense of a large traffic department, with experts to evaluate the complexities and determine the lowest rate applicable by rail. As a result, he is frequently required to pay the highest rail class rate, *non-competitive with motor carriers, either common carriage or private*. As a result, he is discriminated against and will desert the rails for common or private motor carriage.

4. From the standpoint of the railroads themselves, the complexities in the present rail rate complex, greatly aggravated by the inconsistencies in the *ex parte* increases, has been a major contributing factor to the loss of rail traffic to the other modes of transport and added unnecessary expense to rating billing and accounting.

5. Also, from the standpoint of both the railroads and their customers, the expense of application of the increases in rates and charges is exorbitant.

With numerous out-of-date and extremely complex tariffs, the determination of the applicable rate for a given movement is presently indeterminate and uncertain and at the same time extremely expensive. The testing of several or many combinations may be required to ascertain the lowest applicable rate.

6. Because of the numerous complex and frequently almost obsolete tariffs still in effect, the railroads hesitate to place the complex ex parte increase tariffs on computer tape for easy access for fear of extensive reparations cases, which might result in substantial payments to shippers.

7. It is evident that the railroad rate structure must be overhauled and placed into a framework which is capable of determination in an economical and efficient manner, equitable to carrier and shipper alike.

The present railroad rate complex is almost completely devoid of anything which might be called *structure*. It is properly named a complex.

In addition, it must be recognized that there is a complete lack of consistent *rate policy* for the railroads, as every increase has been made on the basis of current need and expediency and as a result of give-and-take among the specific rail carriers, subject to the degree of pressure from groups of shippers. Again, the large shippers are able to exert more pressure in their own behalf than the small shippers.

8. Prior to being granted another rate increase, the railroad industry should be required to state in what manner they may be expected to overhaul and simplify their entire rate structure in order that the complexities may be removed and the problem of determining the currently applicable rate may be simplified.

Ex Parte Nos. 270 and 271 should prove to be the most important proceedings in the history of the Interstate Commerce Commission, of the railroad industry and of their customers. These proceedings provide an opportunity to solve and correct the problem of railroad rate complexity and furnish leadership to the other transport modes.

All who are interested in the future trend, simplification and rationalization of transportation rates and charges in the United States should participate in these proceedings to state and protect their interests and to see that the progress possible is achieved.

The impact on transport policy from this proceeding should transcend the railroad industry and affect all forms of transport, both surface and air.

TABLE A

RAILROAD CLASS RATE INCREASES & DECREASES (1914-1970) A
 (DOES NOT INCLUDE INTERIM INCREASES, EXCEPT X-265A & X-267)

ICC Docket	Effective Date	Percent Change by Territory							Interterritory Percent (If different)			
		Off. (East)	South	Western			Off. South	Off. West.	S-W	W-Z(1)		
				WTL	SW	MP						
Docket 5860	10/26/14	+ 5%	—	—	—	—	—	—	—	—	—	—
Fifteen Per Cent Case	2/23/15	+ 5%	—	—	—	—	—	—	—	—	—	—
	8/1/17	+ 15%	—	—	—	—	—	—	—	—	—	—
USRRA 6028	9/27/17	+ 15%	—	—	—	—	—	—	—	—	—	—
Ex Parte 74	6/25/18	+ 25%	+ 25%	+ 25%	+ 25%	+ 25%	+ 25%	+ 25%	+ 25%	+ 25%	+ 25%	+ 25%
Docket 13292	8/26/20	+ 40%	+ 25%	+ 25%	+ 35%	+ 35%	+ 25%	+ 25%	+ 25%	+ 25%	+ 25%	+ 25%
Ex Parte 123	7/ 1/22	- 10%	- 10%	- 10%	- 10%	- 10%	- 10%	- 10%	- 10%	- 10%	- 10%	- 10%
Ex Parte 162C B.	3/28/38	+ 10%	+ 10%	+ 10%	+ 10%	+ 10%	+ 10%	+ 10%	+ 10%	+ 10%	+ 10%	+ 10%
Ex Parte 166D B.	1/ 1/47	+ 25%	+ 20%	+ 20%	+ 20%	+ 20%	+ 20%	+ 20%	+ 20%	+ 20%	+ 20%	+ 20%
	8/21/48	+ 30%	+ 25%	+ 25%	+ 25% Zone 1	+ 25% Zone 1	+ 25% Zone 1	+ 25% Zone 1	+ 25% Zone 1	+ 25% Zone 1	+ 25% Zone 1	+ 25% Zone 1
Ex Parte 168B B.	9/ 1/49	+ 10%	+ 10%	+ 10%	+ 9% Zone 1	+ 9% Zone 1	+ 9% Zone 1	+ 9% Zone 1	+ 9% Zone 1	+ 9% Zone 1	+ 9% Zone 1	+ 9% Zone 1
	10/18/55	+ 15%	+ 15%	+ 15%	+ 15% Other	+ 15% Other	+ 15% Other	+ 15% Other	+ 15% Other	+ 15% Other	+ 15% Other	+ 15% Other
Ex Parte 175	3/ 7/5	+ 6%	+ 6%	+ 6%	+ 6%	+ 6%	+ 6%	+ 6%	+ 6%	+ 6%	+ 6%	+ 6%
Ex Parte 196A	8/26/57	+ 12%	+ 12%	+ 12%	+ 12%	+ 12%	+ 12%	+ 12%	+ 12%	+ 12%	+ 12%	+ 12%
Ex Parte 206A	2/15/58	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%
Ex Parte 212		+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%	+ 2%

A. Increase in other rates and charges may differ substantially from those in general class rates—specific increases may apply to class rated items.

B. X-162C, X-166D and X-169B combined into one (1) Tariff effective July 16, 1961

Ex Parte 223 Rates not exceeding 65¢/cwt Rates higher than 65¢/cwt	10/24/60	Rates published in ¢/cwt					
		+ .5¢	+ 1.0¢	+ .5¢	+ 1.0¢	+ .5¢	+ 1.0¢
Ex Parte 256—LCL Rates Cartload Rates Not exceeding 10¢ Over 10¢—not exceeding 30¢ Over 30¢—not exceeding 80¢ Over 80¢	8/19/67	+ 5%	+ 5%	+ 5%	+ 5%	+ 5%	+ 5%
		Rates published in ¢/Net Ton					
CL Net Ton Rates Not exceeding 200¢ Over 200¢—not exceeding 600¢ Over 600¢—not exceeding 1600¢ Over 1600¢		+ 10¢	+ 10¢	+ 10¢	+ 10¢	+ 10¢	+ 10¢
		+ 20¢	+ 20¢	+ 20¢	+ 20¢	+ 20¢	+ 20¢
CL Gross Ton Rates Not exceeding 200¢ Over 200¢—not exceeding 600¢ Over 600¢—not exceeding 1600¢ Over 1600¢		+ 11¢	+ 11¢	+ 11¢	+ 11¢	+ 11¢	+ 11¢
		+ 22¢	+ 22¢	+ 22¢	+ 22¢	+ 22¢	+ 22¢
Shira: The Impact of Rail Not exceeding 200¢ Over 200¢—not exceeding 600¢ Over 600¢—not exceeding 1600¢ Over 1600¢		+ 11¢	+ 11¢	+ 11¢	+ 11¢	+ 11¢	+ 11¢
		+ 22¢	+ 22¢	+ 22¢	+ 22¢	+ 22¢	+ 22¢
a Over 1600¢		+ 45¢	+ 45¢	+ 45¢	+ 45¢	+ 45¢	+ 45¢
		+ 67¢	+ 67¢	+ 67¢	+ 67¢	+ 67¢	+ 67¢
b Ex Parte 259B Ex Parte 262		+ 5%	+ 5%	+ 5%	+ 5%	+ 5%	+ 5%
		+ 6%	+ 6%	+ 6%	+ 6%	+ 6%	+ 6%
c Ex Parte 265A First Interim Ex Parte 265B Final C.		+ 5%	+ 5%	+ 5%	+ 5%	+ 5%	+ 5%
		+ 1%	+ 1%	+ 1%	+ 1%	+ 1%	+ 1%
d Ex Parte 267A Interim Ex Parte 267B (Suspended for Investigation)		+ 8%	+ 8%	+ 8%	+ 8%	+ 8%	+ 8%
		+ 7%	?	+ 7%	+ 7%	+ 7%	?

C. Final increase of 1% changed Ex Parte 265B to a 6% increase superceding Ex Parte 265A 5% increase.

TABLE B

What's wrong with today's tariffs?

1. Old monopoly concepts of discriminatory classification of freight for rate determination have resulted in an allocation of traffic to higher cost modes of transportation. A transport price structure based upon economic concepts of marginal cost pricing systems designed to reflect alternative costs and service characteristics of competitive transport might well have changed this.
2. Excessive complexity and non-standardization have resulted in chaos and illogic in published tariffs of transportation agencies and almost limitless litigation before regulatory authority.
 - a. Classification of articles by commodity descriptions, rather than transport service characteristics, has resulted in fractionalization into numerous non-standard definitions within and between tariffs. Standards which have been developed have not been placed into effect. Obsolete descriptions have not been removed from tariffs.
 - b. Origin and destination groupings of areas served differ from tariff to tariff for the same basic transportation service. The groupings reflect old railroad tariff groupings made many years ago. Railroad rate territories and groupings have been adopted *in toto* by the motor carrier industry without consideration of the characteristics of the highway network development.
 - c. Tariffs frequently contain more than one rate for the same article moving between the same two points by the same carriers.
 - d. There is a lack of precision in commodity definitions, and use of analogy to establish similarity of descriptions and conclusions that ratings and rates for such articles must be equal.
 - e. Numerous exceptions are made with confusing definitions, stated negatively rather than positively, with the result that double negatives may completely confuse the meaning.
 - f. Non-standard rules for shipment, packaging, handling, etc., are used. These may alter the meaning from tariff to tariff and, within an individual tariff, from item to item and even for some sub parts of individual items.
3. Failure to revise ceiling rate structures (class rates) to reflect modern economic concepts of marginal cost pricing, taking into account competitive transport alternatives and service characteristics.
4. The long and short haul and combination rate provisions, originally designed for protection of the public interest, have been carried forward and preserved in a period of intense transport competition.
5. Tariff makers and rate men have been reluctant to use mathematical marginal cost rate structures, which would reflect economic considerations and greatly simplify the existing complex and bring logic out of the present chaos. Such mathematical formulae might reflect cubic space as well as weight of the shipment; number of pieces shipped; size of shipment; unitization of containerization; terminal factors by city size and congestion; distance of haul and road haul factors by route; annual volume; seasonality; regularity of shipment; etc.
6. Accounting, costing and work and service measurement techniques have not been modernized to provide a basis for evaluation of effectiveness of pricing policies.

Source: Herbert O. Whitten, *Updating Freight Pricing and Costing*, Distribution Worldwide, Chilton Publications, Philadelphia, November, 1970.