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Comptroller General
of the United States

Washington, D.C. 20548

# Decision

**Matter of:** Tri-State Motor Transit Company

**File:** B-254378, B-254820

**Date:** February 16, 1994

## DIGEST

Where a Government Bill of Lading (GBL) for shipping a vehicle contains the notation "Released value not exceeding $2.50 per pound per article," the carrier generally will be liable for loss or damage up to $2.50 multiplied by the vehicle's weight even though, under applicable regulations, (1) absent a GBL notation the carrier's liability would be only $20,000 per vehicle, at no extra charge, and (2) the noted valuation results in the shipper paying the carrier a premium for accepting such potential liability.

## DECISION

Tri-State Motor Transit Company, a motor carrier, requests review of the General Services Administration's settlements denying the firm additional charges for accepting the potential for more than the standard liability while transporting motor vehicles for the Department of Defense (DOD) in 1990. We reverse GSA's settlements.

The Military Traffic Management Command's (MTMC) Freight Traffic Rules Publication No. 1A (MFTRP 1A) applied to these shipments, in which the vehicles were transported under Freight All Kinds (FAK) commodity descriptions.[1] Paragraph 4 of Item 190 in MFTRP 1A provides that the movement of the types of vehicles involved here as FAK, at applicable FAK rates, would be subject to a "released value" not exceeding $20,000 per vehicle; paragraph 5 states that such released value would take precedence over any released value shown in the carrier's FAK tenders.[2]

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[1]FAK consists of those commodities that carriers offer to transport at one inclusive rate or charge regardless of their classification rating in the National Motor Freight Classification or their differing transportation characteristics.

[2]Many carrier rates depend on the valuation of a shipment. These rates fall into two categories: those based on a
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Paragraph 6 of Item 190 provides that the shipper does not have to indicate anything on the Government Bill of Lading (GBL) for the $20,000 released value to apply. The paragraph further provides, however, that "If a value exceeding the released value is stated on the bill of lading, such valuation shall control and . . . excess value charges will apply. . . ." The paragraph specifies an "excess value charge" of 15 cents for each $100 "by which the declared value of the shipment exceeds $20,000 per vehicle."

The dispute in this case centers around the fact that each GBL included, typically, the shipper-prepared notation: "Released value not exceeding $2.50 [or $1.75] per pound per article."[3] The articles shipped were so heavy that multiplying either $2.50 or $1.75 by the weight of each article resulted in a released value of more than $20,000. Tri-State contends that the "excess value charge" in paragraph 6 therefore applied because each GBL thus declared a value that in fact exceeded the default released value provided by paragraph 4. For example, if Tri-State lost the 19,200-pound van shipped in GBL transaction C-7,748,482, it would argue that it could have been liable for the actual value of the loss up to $48,000 ($2.50 multiplied by the weight of the van); its exposure would have been $28,000 more than the $20,000 provided at no extra charge by paragraph 4. At an additional 15 cents per each $100 of excess value, Tri-State maintains that the government owes the company $42 on that transaction.

GSA and MTMC contend that none of the GBLs actually declared a released value higher than $20,000. They argue that the notation "Released value not exceeding $2.50 [or $1.75] per pound per article" on each GBL should be ignored for purposes of paragraph 6 of Item 190 because it merely reflected the released values for FAK in Tri-State's tenders; they note that paragraphs 4 and 5 establish that the default released value has precedence over any released value in the carrier's tender. GSA and MTMC maintain that because no GBL stated an actual value for the article(s) higher than the released value of $20,000, the exception in

[2](...continued)
released, declared or agreed value of the shipment, and those based on actual value. In the former case, the government, being a self-insurer, normally ships material subject to released valuation rates at the highest valuation yielding the lowest rate. See Defense Traffic Management Regulation, DLAR 4500.3, p.172 (July 31, 1986).

[3]Those released values are consistent with the ones in the relevant Tri-State tenders.

Item 190 where "a value exceeding the released value is stated on the bill of lading" does not apply. Finally, GSA and MTMC suggest that Tri-State knew that vehicles generally were released at $20,000 each, and the carrier therefore had a duty to clarify the notation before it issued the GBL.

In our view, the notation "Released value not exceeding $2.50 [or $1.75] per pound per article" must be read as establishing the shipment's stated, or declared, value for purposes of paragraph 6 of Item 190. In this respect, we recognized a similarly worded GBL notation as a declaration of value for a shipment in an earlier decision by this Office. See American Farm Lines, B-203933, June 17, 1982. The clear expectation of MFTRP 1A is that the default released value of $20,000 will not apply in the presence of a statement of higher value on the GBL, and paragraph 6 of Item 190 specifically anticipates that the shipper might add such a statement and thereby negate application of the default value to a shipment. Further, while we recognize that released values for vehicles generally are expressed on a per vehicle basis, we are not aware of any requirement that they be expressed in that format.

To the extent that GSA and MTMC maintain that the notation should be ignored, contracts must be interpreted to give reasonable meaning to all parts and to avoid interpretations that leave portions meaningless. See A-Transport Northwest Co., Inc. v. U.S., 27 Fed. Cl. 206, 219 (1992); U.S. v. Johnson Controls, Inc., 713 F. 2d 1541, 1555 (Fed. Cir. 1983). Reading the GBL notation as stating a value to replace the default value is both reasonable and entirely consistent with MFTRP 1A, and we therefore see no basis to dismiss the notation as meaningless.

Finally, we do not agree that Tri-State's claim should fail because the carrier did not question the notation. The notation was, as stated above, proper under Item 190. Further, neither GSA nor MTMC has suggested that the application of $1.75 or $2.50 per pound to each article would lead to what would have been an obviously wrong valuation, e.g., valuation in excess of actual value, so that an error by the shipper should have been obvious to Tri-State.[4] See Riss International, B-226006, Feb. 19, 1988. We therefore do not agree that the GBL reasonably should have alerted Tri-State to a problem that the carrier had to address before accepting the shipment.

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[4]The government is prohibited from declaring excess value beyond a shipment's actual value. See American Farm Lines, supra.

In sum, we conclude that each GBL was released at $1.75 or $2.50 per pound per article, and not at the default value of $20,000 per vehicle. GSA's settlements therefore are reversed.

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for

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