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ICC's Expansion of Unregulated Motor Carrier Commercial Zones Has Had Little or No Effect on Carriers and Shippers.
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Recognizing that changes have occurred in the location of business and industrial activity since the Interstate Commerce Commission (ICC) established commercial zones in the 1930's, the ICC expanded its commercial zones in 1975. The effect of the expanded commercial zones on motor carriers in terms of changes in tonnage, area served, rates, revenues, operations, and competition was examined through the use of questionnaires sent to carriers and shippers of 12 zones. Findings/Conclusions: The expansion had little or no effect on most carriers' volume of shipments, rates, revenue, interlining, and certain aspects of operations. Some carriers experienced a change in the size of the area they served, rate competition, and service competition. The expansion also had a negligible effect on most shippers' rates and service. Officials of chambers of commerce, public utilities commissions, planning agencies, and carriers and shippers agreed that the expansion was generally adequate. The effect on most carriers and shippers may change at a future time because of a shift in economic conditions or because of industrial expansion; the commercial zone expansion needs to be continually monitored by the ICC. Recommendations: The Chairman of the ICC should establish procedures to monitor the effect and the adequacy of the commercial zone expansion and make adjustments or modifications as warranted. (RBS)

6833

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

ICC's Expansion Of Unregulated Motor Carrier Commercial Zones Has Had Little Or No Effect On Carriers And Shippers

The Interstate Commerce Commission recently expanded the motor carrier commercial zones. After sampling carriers and shippers in 12 cities, GAO found that, after almost a year, the expansion has had little or no effect. When affected, small carriers suffered, larger carriers benefited, and most shippers received improved service.

Many shippers were undecided if the expansion was large enough, and some regional planning agencies believed the zone boundaries were not made large enough. The Commission should establish procedures to continually monitor the adequacy and effect of the expansion because industrial growth is continuous and the effect of the expansion may change over a period of time.



GED-78-124
JUNE 26, 1978



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-187797

To the President of the Senate and the
Speaker of the House of Representatives

This report summarizes the Interstate Commerce Commission's expansion of motor carrier commercial zones. It discusses the effect the expansion has had on carriers and shippers and the need for the Commission to continually monitor the size and effect of the expansion.

We made our review pursuant to the Budget and Accounting Act of 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget, and to the Chairman, Interstate Commerce Commission.

W. H. ...
ACTING Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

ICC'S EXPANSION OF UNREGULATED
MOTOR CARRIER COMMERCIAL ZONES
HAS HAD LITTLE OR NO EFFECT
ON CARRIERS AND SHIPPERS

D I G E S T

Expansion of motor carrier commercial zones by the Interstate Commerce Commission in April 1977--where motor carriers are free from Commission regulations--has had little or no effect on most carriers and shippers in the 12 cities GAO reviewed.

Although most shippers and regional planning agencies expressing an opinion generally agreed that the expansion was large enough, many shippers were undecided as to the size of the expansion and some regional planning agencies believed additional geographical areas should be included.

For these reasons, the Commission should continually review the effect and the adequacy of the 1977 expansion.

NEED FOR EXPANSION

In August 1975 the Commission initiated a rulemaking proceeding to help determine whether changes in the locations of business and industry required new commercial zone limits. Interested parties were invited to submit their views and comments.

Proponents argued that the expansion would save fuel, eliminate shipping delays, reduce shipment loss and damage, simplify carrier billing procedures, and also reduce the amount of paperwork. They contended that the expansion would result in lower shipping charges and improve service to small suburban shippers. (See p. 4.)

Opponents argued that adequate cause for the expansion was not demonstrated and there was no evidence that existing service was inadequate. They charged that the expansion is deregulation and expressed concern that cutthroat competition would cause some carriers serious financial losses and ultimately this would result in deterioration of service, increased rates, and theft. Also, they feared the expansion would encourage central city business to move to the suburbs, leading to a further erosion of the city tax base and contributing to urban sprawl. (See p. 5.)

At the conclusion of the proceeding, the Commission decided that the amount of industrial growth required an expansion of the commercial zones.

EFFECT OF EXPANSION

The need to reduce the regulation of motor carriers is a subject of current national concern. However, there is little evidence to demonstrate the impact that economic regulation has on motor carrier rates and service.

The expansion provided the opportunity to compare areas that once were regulated and now are deregulated. In making this comparison, GAO sent questionnaires to a sample of motor carriers and shippers in 12 cities and also interviewed respondents.

For most responding motor carriers, the commercial zone expansion has had little or no effect. However, some did experience slight changes as a result of the expansion in areas such as rate and service competition, operations, and tonnage hauled. (See pp. 8 to 11 and 14 to 16.)

Increased competition and reduced transfer of shipments between carriers appear to have resulted in a shift of business from the Commission-regulated short-haul carriers to nonregulated local and Commission-regulated long-haul carriers. However, no major rate reductions followed. (See pp. 11 to 16.)

The commercial zone expansion has had a negligible effect on the quality and cost of transportation services provided to most shippers. For example, about 90 percent of the shippers indicated to GAO that there was little or no change in the quality of service. (See p. 16.)

NEED TO CONTINUALLY MONITOR EFFECT AND ADEQUACY OF EXPANSION

The effect on most carriers and shippers may change at a later date because of a shift in economic conditions or because of further industrial expansion. Therefore, the expansion must be continually monitored by the Commission.

The adequacy of the expansion also should be monitored. Many shippers and regional planning agencies expressing an opinion agreed that the expansion was adequate. However, about 53 percent of the shippers were undecided and 7 of 12 planning agencies believed the expansion excluded areas which should have been included.

RECOMMENDATION

The Chairman of the Commission should establish procedures to monitor the effect and the adequacy of the commercial zone expansion and make adjustments or modifications as warranted.

AGENCY COMMENTS

The Commission concurred with GAO's findings and strongly supported the GAO recommendations to monitor the effect and the adequacy of the commercial zone expansion.

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ABBREVIATIONS

GAO	General Accounting Office
ICC	Interstate Commerce Commission

CHAPTER 1

INTRODUCTION

Recognizing that changes have occurred in the location of business and industrial activity since the Interstate Commerce Commission (ICC) established commercial zones and terminal areas ^{1/} in the 1930s, ICC in 1975 instituted a rulemaking proceeding to reevaluate commercial zone boundaries. New rules were established in December 1976, and the expanded zones became effective in April 1977.

CONCERN FOR REGULATORY REFORM

Commercial zone expansion occurs at a time when the overall purpose and actions of Federal regulatory agencies such as ICC are coming under examination. Members of Congress, the President, and various regulatory agencies themselves are working to improve the quality of public services by revising procedures and reevaluating certain basic regulatory assumptions. The President indicated that 40 years of tight Government control has not been successful in bringing competitive prices, good service, and efficient fuel use to the transportation industry. For the motor carrier industry, he outlined measures to help increase the level of competition. Various congressional committees and subcommittees have held, and continue to hold, hearings on motor carrier regulation, including transportation costs and the impact on small businessmen who wish to enter the arena of the regulated motor carrier industry. For example, the Senate Judiciary Committee's Subcommittee on Antitrust and Monopoly has begun an extensive evaluation to determine if changes are needed in motor carrier regulation.

The commercial zone expansion is an example of the concern for regulatory reform. This action removed regulatory constraints from areas that were regulated. It also provides an opportunity to examine in a specific

1/Commercial zones are those areas adjacent to and commercially a part of the base municipality (i.e., city) where interstate shipments are exempt from ICC regulation. Terminal areas complement the commercial zone exemption by excluding from regulation the transfer, collection, and delivery performed within designated terminal areas of intercity carriers. ICC has consistently said terminal areas and commercial zones should be regarded as synonymous. For convenience, we will refer to commercial zones and terminal areas as "commercial zones."

area the impact of a change on essential factors of transportation (i.e., quality of service and related costs). A fundamental issue is whether rates will decrease and service improve if regulations are altered or whether this change will result in an elimination of some motor carrier companies because of severe competition--therefore an overall deterioration of shipping service.

PURPOSE OF ICC

ICC is an independent regulatory agency that was created by the Congress to help insure an adequate and efficient interstate surface transportation system. It was created in 1887 to regulate the railroads, and its authority was later expanded to include all surface transportation. The Motor Carrier Act of 1935 (49 U.S.C. 301 et seq. (1970) as amended) brought interstate trucks and buses under ICC regulation. ICC is managed by 11 commissioners. Currently, however, there are only seven commissioners and four vacancies. Its fiscal year 1979 budget provides for a work force of 2,194 and expenditures of \$66.8 million.

Before a company (carrier) can provide regulated interstate transportation service to the public, it must prove to ICC the public's need for the proposed services. If successful, the company receives a certificate of public convenience and necessity which grants it authority to serve specified locations and usually specifies the commodities it can transport. ICC regulates over 16,000 such interstate motor common carrier companies. ICC is to make certain that carriers within a given area are needed, insures the rates they charge are reasonable, and monitors their operations to insure that they provide adequate service. Motor carriers must provide the service specified in their operating authority and comply with ICC regulations. Failure to do so may result in cancellation of the ICC granted authority.

THE COMMERCIAL ZONE CONCEPT

Commercial zones, as defined on page 1, may be located within one State or may cross two or more State lines. Some commercial zones, such as the zone for St. Louis, combine two or more cities to form a single "base municipality." ICC granted operating authority to serve a municipality entitles the motor carrier to serve any point within that municipality's commercial zone.

Commercial zones were first established in the late 1930s as an exemption from ICC regulations in recognition of the

heavy, daily traffic of the metropolitan areas. Motor carrier companies operating solely within commercial zones do not need ICC operating authority and are free from ICC regulations. The free, competitive market, therefore, determines the rates charged and services provided.

Similar to ICC, State public utilities commissions also designate commercial zones. The State zones pertain only to intrastate freight. While State commercial zones are generally smaller than ICC zones, some States have commercial zones larger than the new ICC zones or have revised their zones to correspond with ICC zones.

HISTORY OF COMMERCIAL ZONES

Originally, ICC defined commercial zones on a case-by-case basis. Large population centers, municipalities straddling State lines, and major ports were the first commercial zones defined. ICC recognized factors such as trade practice, land use patterns, geography, and political considerations in establishing the first commercial zones.

Believing the public would be better served through a general method of establishing commercial zones, ICC established a population-mileage formula in 1946. This created zones extending from 2 to 5 miles from municipality limits with the distance based on the municipality's population. ICC said population and mileage provided a reasonably accurate definition of commercial zones because urban development normally expands in all directions from the central city. However, ICC allowed municipalities to request specifically defined zones if they believed the territory included by the population-mileage formula was too small. Until the April 1977 expansion, ICC had defined 39 specific commercial zones.

THE 1977 EXPANSION

In August 1975 ICC instituted a rulemaking proceeding to consider expanding the commercial zone limits. ICC believed this proceeding was needed to consider whether changes in the locations of business and industry required new commercial zones. Interested parties were asked to submit their views and comments.

ICC issued a report which included the various views and comments and its tentative conclusions on January 12, 1976, and again requested written comments from interested parties. ICC decided in favor of the expansion on December 17, 1976, and the expansion was originally scheduled to become effective March 29, 1977.

Shortly after ICC decided to expand the zones, the Short Haul Survival Committee--a group of short-haul carriers who believed the expansion would result in loss of business for them--filed a suit questioning the basis for ICC's decision. The Committee obtained a court order to delay the expansion while the suit was decided in the Ninth Circuit Court of Appeals in San Francisco. On April 9, 1977, the court allowed the expansion to go into effect while they were determining if the expansion was justified. In March 1978 the court ruled in favor of ICC.

ICC's commercial zone expansion reduced the number of specifically defined zones from 39 to 22. Generally, these 22 zones were not defined by the population-mileage formula because they were larger than the formula allowed. As shown below, in most cases, the new population-mileage formula resulted in a significant increase in area over the old formula:

<u>Population of central city</u>	<u>Miles from corporate limits--old commercial zone</u>	<u>Miles from corporate limits--new commercial zone</u>
Less than 2,500	2	3
2,500 to 24,999	3	4
25,000 to 99,999	4	6
100,000 to 199,999	5	8
200,000 to 499,999	5	10
500,000 to 999,999	5	15
1 million and up	5	20

For example, the New York commercial zone now includes portions of three rather than two State metropolitan areas. An example of the extent of the expansion is illustrated by the St. Louis commercial zone map. (See app. IV.)

ARGUMENTS FOR AND AGAINST EXPANSION

Proponents and opponents of the proposed expansion submitted comments to ICC. Some carriers and shippers favoring the expansion said it should save fuel, eliminate delays, reduce loss and damage, simplify billing procedures, and reduce paperwork. They added that this should also result in lower charges for the shipping public and better service for small suburban shippers. ICC officials said some of these benefits could be caused by the ability of long-haul carriers to take goods directly to businesses in the new zone without having to transfer them to other carriers.

Some carriers opposing the expansion said they did not believe there had been a significant relocation of business to the suburbs. Thus, they argued that an adequate case cannot be made for the expansion. Others argued that although there was a relocation of business to the suburbs, suburban businesses are not an integral part of the economy of the central city.

Short-haul carriers said because there was no evidence showing existing short-haul service is inadequate, regulations should not be changed. They added that expanding the commercial zone is the same as deregulating their operations and they feared "cutthroat" competition would cause serious financial harm and then a deterioration of service to the public.

Many interested parties, including some shippers, State agencies, and individuals opposed the expansion. They told ICC that the expansion would undermine the financial stability of the small, short-haul carriers and cause a deterioration of the efficient service shippers were presently receiving. They feared that there would be increases in rates, theft, and additional safety and claims-handling problems. They also feared the expansion would encourage businesses to relocate to the suburbs, decreasing the central city tax base and leading to more urban sprawl.

INITIAL REACTION TO THE EXPANSION

After ICC expanded the commercial zones, it held public hearings during September to November 1977. The hearings were to obtain reactions of interested parties on 39 task force recommendations to improve regulation. Local and short-haul carriers testified they experienced increased competition since the expansion and their ability to continue operations was jeopardized. They feared long-haul carriers would no longer use them to transport local shipments, and long-time shipper relationships based on loyalty would be severed.

Shippers said competition has increased, with long-haul as well as short-haul carriers serving the expanded commercial zone.

SCOPE OF REVIEW

We examined how ICC's expanded commercial zones affected motor carriers and shippers.^{1/} Our review did not include State commercial zones. The effect on motor carriers was measured by changes in tonnage, area served, rates, interlining,^{2/} revenue, operations, and competition. The effect on shippers was measured by changes in service and rates.

We obtained our data by using questionnaires developed with the cooperation of officials from ICC and the Departments of Transportation and Justice. We selected a range of commercial zones to include those both within a State and across State lines. We sent questionnaires to carriers and shippers in the following 12 zones-- New York City, Chicago, Los Angeles, Houston, District of Columbia, St. Louis, Kansas City, Cincinnati, Toledo, Omaha, Grand Rapids, and South Bend.

A total of 5,563 questionnaires were mailed--2,998 to shippers and 2,565 to motor carriers--and an overall average of about 65 percent were returned. Some questions on the returned questionnaires, however, were not answered. Followup interviews were conducted with a sample of 129 carriers and 78 shippers to obtain further information as to the effect of the expansion. We tabulated the questionnaire data and made numerous comparisons by zone, type of motor

^{1/}Shippers refer to both those which ship and/or receive freight by motor carriers.

^{2/}The transfer of shipments between carriers.

carrier,1/ and location of shipper.

We received data from--and discussed the zone expansion with--officials from ICC, the Departments of Transportation and Justice, the American Trucking Associations, motor carriers, the major rate bureaus,2/ shippers, regional planning agencies, State public utilities commissions, and chambers of commerce. We also reviewed applicable laws and regulations dealing with ICC and commercial zones. A discussion of our methodology is included as appendix I.

1/Non-ICC certificated or exempt (carriers who are exempt from ICC economic regulation).

Class I (carriers with ICC certification and annual revenues over \$3 million).

Class II (carriers with ICC certification and annual revenues from \$500,000 to \$3 million).

Class III (carriers with ICC certification and annual revenues under \$500,000).

Short-haul (certificated local carriers who transport property mostly within a restricted area).

Cartage (carriers who transport property between locations within the same metropolitan area).

Contract (company that engages in for-hire transportation of property under individual contract or agreement with one or a limited number of shippers).

2/Organizations whose primary purpose is to establish shipping rates through collective action of its members.

CHAPTER 2

COMMERCIAL ZONE EXPANSION HAS HAD LITTLE OR NO EFFECT ON CARRIERS AND SHIPPERS

The commercial zone expansion has had little or no effect on most carriers and shippers. Also, ICC expanded the zones to reflect industrial expansion, yet some planning agencies believe that appropriate areas were not included by ICC.

EFFECT ON CARRIERS

Specifically, the expansion has had little or no effect on most carriers' volume of shipments, rates, revenue, interlining, and certain aspects of operations. However, some carriers experienced a change in

- the size of the area they served,
- rate competition, and
- service competition.

The following table summarizes the percent of change, if any, in each area included in the questionnaire.

<u>Effects of commercial zone expansion</u>	<u>Percent (note a)</u>		
	<u>Decrease</u>	<u>No change</u>	<u>Increase</u>
Tonnage	10.0	75.0	15.0
Area served	5.1	73.2	21.7
Rates	7.2	87.3	5.4
Operations:			
Drivers	7.4	87.1	5.6
Other personnel	4.2	93.5	2.3
Tractors	5.4	90.8	3.8
Trailers	4.4	91.7	3.9
Terminals	1.0	97.7	1.4
Interlining	10.2	87.2	2.6
Service competition	2.0	70.6	27.4
Rate competition	1.7	75.2	23.0

Note a: Because of rounding, percentages may not total 100 percent.

The increased competition and reduced interlining appears to have caused some short-haul and Class III carriers to lose business. Appendix II shows the overall responses to our questionnaire.

Type and number of carrier questionnaire responses

The motor carrier industry is both large and complex, consisting of about 145,000 firms. ICC regulates about 16,000 of these firms. ICC regulations, however, indirectly affect the other firms by limiting their operations to nonregulated activities. A cross section of firms in the motor carrier industry responded to our questionnaire:

<u>Type of carrier</u>	<u>Responses</u>	<u>Percent of total responses</u>
Cartage	165	11.9
Non-ICC certificated	124	8.9
Contract	123	8.8
Class I	361	26.0
Class II	155	11.1
Class III	163	11.7
Short-haul	54	3.9
Other (moving vans, taxis, undeterminable)	<u>246</u>	<u>17.7</u>
Total	<u>1,391</u>	<u>100.0</u>

Carriers in our sample served different geographical areas, but the majority operated within the commercial zone exclusively or on a regional basis such as the Midwest area.

Tonnage

The expanded commercial zone generally has not affected the tonnage hauled by most carriers. As shown below, about 75 percent of the carriers responding to the questionnaire said the commercial zone expansion had little or no effect on the tonnage they hauled.

Percent of responding carriers
indicating the amount of tonnage hauled

<u>Type of carrier</u>	<u>Total number responding</u>	<u>Percent of responding carriers indicating the amount of tonnage hauled</u>		
		<u>Decreased</u>	<u>Did not change</u>	<u>Increased</u>
Cartage	163	8.6	63.2	28.3
Non-ICC				
certificated	117	6.0	76.9	17.1
Contract	113	1.8	91.2	7.1
Class I	359	6.6	78.8	14.5
Class II	154	15.5	69.5	14.9
Class III	162	22.2	67.9	9.9
Short-haul	54	26.0	61.1	13.0
Other	122	3.4	87.8	8.9
Total	<u>1,244</u>			
Average		<u>10.0</u>	<u>75.0</u>	<u>15.0</u>

Short-haul and Class III carriers appear to have lost the most tonnage due to the commercial zone expansion--decreases of 26 percent and 22 percent, respectively. Interviews with these carriers showed tonnage decreased primarily because of less interlining with long-haul carriers. However, we noted that some carriers were able to adapt to the expansion and avoid any adverse effects. Examples include:

--A Cincinnati short-haul carrier lost tonnage (did not estimate how much) due to reduced interlining. He claimed long-haul carriers have taken away the volume loads and have left unprofitable less-than-truckload shipments to short-haul carriers.

--A St. Louis Class III carrier, whose principal business involves interlining with major carriers, stated the commercial zone cut his tonnage about 40 percent. He lost tonnage to nonregulated and long-haul carriers. His firm had no other line of business to help offset these losses.

However, we noted that some carriers were able to adapt to the expansion and avoid any adverse effects. For example:

--A Class III carrier in Chicago lost 80 percent of his interlining revenues after the commercial zone expansion. However, he anticipated the negative effect and increased his traffic in other areas to make up for the loss.

Cartage companies, non-ICC carriers, and Class I carriers increased their tonnage since the expansion.

Cartage companies indicated the greatest increase, over 28 percent. Our interviews showed Class I carriers increased the tonnage hauled because they can deliver directly to a wider geographic area instead of having to transfer the shipments to another carrier. For example:

--A Chicago Class I carrier estimated most of his 10 percent increase in tonnage is due to the commercial zone expansion. Business previously undesirable because of interlining costs is now attractive. The carrier now serves other shippers directly without the middleman.

Therefore, while most carriers indicated little or no effect in tonnage, the expansion may have caused some short-haul and smaller regulated carriers to lose business to cartage companies, nonregulated carriers, and larger ICC regulated carriers.

Interlining

Eighty-five percent of motor carriers indicated little or no change in interlining due to the commercial zone expansion. However, some aspects of the carrier operations indicated a decrease. About 17 percent of the Class I carriers decreased interlining while 20.6 percent of the Class III and 19.6 percent of the short-haul carriers showed decreases in interlining. These figures indicate more long-haul carriers are delivering directly to the point of destination at the expense of some of the smaller feeder carriers who used to make final destination delivery. Examples include:

--A Class II carrier in St. Louis had lost some of his interlining traffic to large carriers and non-ICC carriers, but is trying to use a new line of business (piggyback 1/) to make up for the loss.

--About 85 percent of a non-ICC certificated Cincinnati carrier's business is interlining. He lost some interlining business in one city which previously was not in the commercial zone. Interstate carriers can now deliver directly, eliminating the need for short-haul carriers. However, the firm has managed to replace the lost business with new business in new areas.

1/An intermodal system where trailers or containers are carried on rail flatcars.

Area carriers served

Over 70 percent of the motor carriers indicated they are not serving the area added by the expansion. However, over 25 percent of cartage companies, short-haul carriers, and Class I carriers indicated an increase in the areas they served. Illinois and Nebraska trucking officials said carriers are reluctant to serve the new commercial zone because of the uncertainty of the outcome of the short-haul carriers' court action against the expansion. They added that long-haul carriers are not willing to make large capital outlays for additional equipment until the lawsuit is resolved.^{1/} Our interviews, however, did not substantiate this. Only 1 out of the 72 carriers we interviewed that indicated no change had taken place said it was due to the court action. The primary reasons why carriers said no change had taken place were because:

- The carrier was already serving points in the expanded commercial zone under his existing ICC authority.
- The carrier had not yet solicited business in the new commercial zone.
- The carrier did not have enough equipment and/or personnel to expand his operations to the new commercial zone.

Rates

Almost 90 percent of the respondents said the commercial zone expansion has had little or no effect on rates. Moreover, the lack of effect might be even greater than 90 percent. We interviewed 21 carriers who indicated a change in rates due to the commercial zone expansion and found they erred in attributing the change to the expansion. A general rate increase became effective at about the same time the expansion took place and many of the carriers attributed the rate increase to the expansion when actually it was the result of the general increase in rates.

Interviews with some carriers who indicated no change at all disclosed that the expansion did not result in widespread rate changes because rates are based on cost plus a reasonable profit and, a decrease in rates would lower their profit margins.

A rate bureau official also indicated rates have not changed to reflect the commercial zone expansion because most rate bureau members are normally long-haul carriers who conduct their operations in areas larger than just the commercial zones.

^{1/}Resolved in favor of ICC in April 1978.

Of the seven motor carriers we interviewed who experienced some rate change, six said their rates decreased and one said his rates increased. They said decreases occurred mainly to keep up with competitors who had reduced rates. For example, a Class I short-haul carrier in New York claimed he had to reduce his rates 7 to 10 percent to keep his current customers. The only example of a rate increase resulting from the expansion was a Class I carrier who said he increased rates because his trucks were operating more miles empty than they were before.

Revenues

The majority of respondents (over 73 percent) indicated the commercial zone expansion has had little or no effect on their revenue. Of the 270 carriers who replied and said they experienced changes in revenue, 120 indicated increases of 10 percent or less, and 42 reported decreases in revenue of 10 percent or less. Forty-six carriers reported increases or decreases greater than 20 percent.

We interviewed carriers who said they had experienced changes in revenues due to the expansion. The following examples illustrate how the expansion affected them:

- A Kansas City Class I carrier lost a \$6,000/month account to a competitor who is now able to serve the expanded commercial zone. He estimated on the questionnaire that revenues decreased about 2 percent due to the commercial zone expansion.
- A Los Angeles Class III carrier suffered a 10 percent reduction in revenues because new competition undercut his rates. Although the carrier has cut some rates, he cannot cut others because he said his overhead costs are too high.
- An Omaha Class III carrier stated revenues almost doubled due to the commercial zone expansion. He is now serving customers who were not attractive before because of interlining costs. This carrier has also increased the number of drivers and equipment to handle the increased business due to the expansion.

Some carriers were able to avoid losses:

- A Los Angeles Class III carrier lost some accounts due to the expansion but acquired four new accounts resulting in an overall 8-percent revenue increase.

--A Washington, D.C., Class III household goods carrier experienced an 18-percent decrease in revenues due to the expansion but compensated for the loss by getting business the company formerly ignored, i.e., national and government accounts. Because of this, the company expects to gross 22 percent more in profits.

--A Cincinnati Class II carrier estimated he lost 15 percent of total revenues due to the commercial zone expansion. Lost revenue was mostly interlining revenue where long-haul carriers now deliver direct. This carrier has not picked up any new customers but has managed to recover part of the loss by hauling more shipments for his other customers.

--A New York Class III carrier counteracted a loss in household moving revenues by increasing his share of commercial moving revenues. However, if he continues to lose household moves, he will not be able to obtain enough commercial business to counteract the loss.

Operations

Most respondents indicated little or no change in operations due to the commercial zone expansion. We define operations to include the number of drivers, other personnel, tractors, trailers, or terminals. The following are the percentages by areas of carriers who indicated little or no change.

Drivers	87.9
Other personnel	94.3
Tractors	91.9
Trailers	92.4
Terminals	97.1

In the first four categories, short-haul carriers responded that decreases occurred more often. The greatest was a 23.1-percent reduction in drivers. Conversely, cartage companies reported the greatest increases in the same four categories. Their greatest increase was a 15.3-percent increase in drivers. Although short-haul and cartage companies were affected most, the majority of both of these groups said little or no change had occurred.

Competition

While most carriers said the expansion has not affected competition, 27.6 percent indicated an increase in service competition and 21.5 percent indicated an increase in rate competition. Increased competition

appears greatest among the short-haul and Class III carriers. Forty-six percent of the short-haul and 36 percent of the Class III carriers said service competition increased. Greater rate competition was reported by 44 percent of the short-haul and 29 percent of the Class III carriers.

Some carriers we interviewed believe an increase in competition is beneficial. Others fear competition because carriers without ICC certificates could offer lower prices due to lower operating costs. Thus, some ICC carriers said this puts them at a disadvantage because their operating costs make it harder for them to compete:

--A Los Angeles Class III carrier explained new competition has undercut his rates and is taking away his accounts. He has cut some rates to meet competition but cannot cut all rates and still pay overhead costs.

--A St. Louis Class II carrier fears non-ICC carriers' competition because they can charge lower rates. Non-ICC carriers do not have costs that he does, such as work rules, terminals, regulations, insurance, and maintenance facilities. He said he already lost some business to non-ICC carriers.

--A Kansas City Class I carrier has lost business to carriers who previously could not operate in the areas he serves because the new competitors have lowered rates to attract business. He said he cannot lower rates because of his higher union labor costs.

With the increased competition, more carriers are able to serve areas that previously required ICC operating rights to serve. As a result, some carriers said their ICC operating rights are now worth less due to the expansion. Generally, these rights were acquired from other carriers at a cost of \$10,000 to \$125,000.

--A St. Louis Class II carrier said his ICC authority used to be worth \$125,000, but it now has no value. The expansion allows anyone with a truck to come into the area and compete.

--A Kansas City Class III carrier estimated his ICC rights, which cost \$12,000 5 years ago, are now worth only about \$2,000 to \$3,000 because most of his territory is included in the expansion.

--A Cincinnati Class I carrier purchased ICC rights to Harrison, Ohio, in 1964-5 for \$125,000. These rights are no longer of value because Harrison is now in the new commercial zone and may be served by any carrier.

--A Los Angeles Class III carrier stated that his operating rights have no value. The company spent \$65,000 to purchase another company just to get its operating rights to serve San Bernadino, California. Now that the zone has expanded, anyone can serve the area.

EFFECT ON SHIPPERS

The commercial zone expansion has had a negligible effect on most shippers' rates and service. Shippers in the 12 cities we visited, located in both the old zone and the new area, reported few changes due to the expansion. Most shippers were uncertain as to whether the expansion was extensive enough to meet their shipping needs.

Our findings are based, for the most part, on the responses we received to our questionnaire. As the responses showed, many of the shippers did not know whether they were in the newly expanded zone, the old zone, or even outside the zone. This in some cases may have had some impact upon their response to the questionnaire. However, we subsequently interviewed a number of the shippers and we found no noticeable difference in the answers to the questionnaire by shippers who reported that they knew they were located within the newly expanded zone, the old zone, or outside the zone. In summary, as we previously mentioned, shippers said the expansion had little or no effect on them.

Most of the regional planning agencies, in the 12 commercial zones, said the zones were generally adequate. However, information provided by 7 of the 12 agencies showed that the new zones excluded portions of the metropolitan area which they believe should have been included. Appendix III shows the responses to our questionnaire.

Type and number of shipper questionnaire response.

Sixty-two percent of the 1,615 shippers who responded to our questionnaire said they ship by motor carriers. Those not using motor carriers were eliminated from the analysis. The 998 shippers used motor carriers for shipment of a wide variety of products, including medical supplies, furniture, hardware, clothing, and automobile parts.

The destination of shipments varied greatly--local, within a State, or interstate. Most shippers indicated they send a "mix" of truckload and less-than-truckload shipments.

Although a slightly higher percentage of shippers in the expanded commercial zone indicated a change, the

majority in both the old zone and the new area said the expansion has had little or no effect. Therefore, the following discussion applies to shippers in the old as well as the expanded zone.

Quality of service received
from motor carriers

Most shippers said the expansion has had little or no effect on the quality of motor carrier service. As the following table shows, where a change was noted, most shippers thought the expansion had helped improve the service:

	<u>Number responding</u>	<u>Percent</u>
Service was improved	76	8.4
Little or no change	808	89.5
Service was worse	19	2.1
Total	<u>903</u>	<u>100.0</u>

As shown below, shippers also experienced little or no change in the quality of service as indicated by local and long-haul transit time and also by the number of loss and damage claims.

	<u>Total responding</u>	<u>Percent indicating (note a)</u>		
		<u>Decrease</u>	<u>No change</u>	<u>Increase</u>
Local transit time	826	3.1	91.6	5.2
Long-haul transit time	841	6.0	86.1	8.0
Number of loss and damage claims	834	4.8	90.6	4.5

Note a: Because of rounding, percentages may not total 100 percent.

As noted in the questionnaire results, twice as many shippers said the number of carriers available to move their shipments had increased. No other significant trends were noted for those shippers who said there was an increase or decrease in other aspects of service.

We interviewed shippers in the 12 cities to determine how the expansion had changed the quality of service they received. Most told us the expansion had not affected the service. For example:

--A Houston manufacturer of industrial waste water treatment products located in the old commercial zone was not affected by the expansion because his products require specialized trailers and not many

carriers have them. For this reason he was using the same carriers now as he was prior to the expansion and the quality of service has not changed.

--A Los Angeles tool and die maker located in the expanded commercial zone told us he shipped most freight by air or his company's own trucks. He was aware the expansion had made more carriers available; however, he stated he was using the same carriers now as he was prior to the expansion because they continue to provide good service.

--A New York shipper of electrical transformers located in the expanded zone said he was unfamiliar with the commercial zone or its effect. He told us all freight was shipped collect to his customers. He had not noticed any change in service since the expansion took place.

Shippers we interviewed who said the quality of service was favorably affected by the expansion include the following responses:

--A Toledo printing ink manufacturer, located in the new zone, said since the zone was enlarged the company no longer interlined in the Toledo area. This reduced delivery time up to 3 days.

--A Washington, D.C., furniture manufacturer, located in the expanded commercial zone, said since the expansion more carriers were available to move his goods. As a result, the company reduced interlining and saved 4 to 7 days in transit time.

Unfavorable effects of the expansion were mentioned by two shippers, both located in the St. Louis expanded commercial zone. They used motor carriers for inbound shipments only, making deliveries with their own vehicles.

--The first shipper, a retail appliance store, told us since the expansion, long-haul carriers were making direct deliveries. Before the expansion most freight was brought in by short-haul carriers. The shipper stated that long-haul carriers were less desirable because they were not willing to unload the shipments. Deliveries were also slower because the carriers waited for a full truck before making deliveries in the area. In addition, long-haul carriers were less cooperative in returning damaged goods.

--Another shipper, a retail office equipment and furniture company, voiced the same complaints. He said long-haul trucks were too large for his loading docks. As a result, they would unload their trucks on the sidewalk and the shipper's employees would have to bring the goods into the building.

Rates

As shown below, most shippers said there was little or no change in the rates charged by motor carriers to move their shipments.

	<u>Number responding</u>	<u>Percent</u>
Rates increased	148	18.0
Little or no change	654	79.8
Rates decreased	<u>18</u>	<u>2.2</u>
Total	<u>820</u>	<u>100.0</u>

Approximately 20 percent of the respondents who thought the zone expansion caused a rate change believed the rates had increased. However, as previously discussed, at the same time ICC expanded the commercial zones, there was a general rate increase. The proximity between this change and the expansion caused some shippers to believe the rate increase was due to the expansion. We interviewed 19 shippers who indicated rates increased because of the expansion, but none of the shippers had any evidence that the rate increase was due exclusively to the expansion.

One shipper we interviewed, said he experienced a rate decrease due to the expansion. This shipper, a large household products manufacturer located in the old New York commercial zone, told us because of the expansion the company was able to negotiate lower rates with a carrier for certain points that now were within the expanded commercial zone.

NEED TO MONITOR EFFECT AND ADEQUACY OF EXPANSION

As our review showed, the commercial zone expansion took place with little or virtually no effect on the carriers and shippers. However, the effect or results may change at a later date because of certain economic factors or because of additional industrial expansion.

For these reasons, the expansion must be continually monitored.

Also, the adequacy of the expansion should be monitored. Most shippers and regional planning agencies were undecided or generally agreed the expansion was adequate. However, 7 of 12 planning agency officials said the expansion excluded areas which they believed should have been included.

For example, over half of the shippers responding were undecided as to whether the expansion was adequate to meet their shipping needs. However, most of those who did express an opinion said the expansion was adequate.

	<u>Number responding</u>	<u>Percent</u>
Extensive enough or probably extensive enough	341	41.3
Undecided	436	52.7
Not extensive enough or probably not extensive enough	<u>50</u>	<u>6.0</u>
Total	<u>827</u>	<u>100.0</u>

Regional planning commission officials in the 12 commercial zones included in our review said the expansion was generally adequate. Two commissions said the expansion would have a negative impact on the central city, the old zone, new development in the expanded zone, and related transportation patterns. Information provided to us by 7 of the 12 commissions showed that the new commercial zone excluded portions of the outlying metropolitan area which they believed should have been included:

- Areas of the New York metropolitan area are excluded from the commercial zone. These areas include portions of Long Island, New Jersey, and northern suburbs in New York and Connecticut.
- The Washington commercial zone excludes portions of rural counties in Virginia and Maryland considered part of the metropolitan area. One major town in the urbanized area is also excluded.

--The Los Angeles commercial zone excluded many communities considered part of the metropolitan area. The combined population of the area excluded is over 350,000.

---An area of rapid industrial and residential growth to the west of St. Louis is excluded from the commercial zone.

--In Kansas City the zone expansion provides added pressures for dispersal of urban development and excludes a major new developing industrial airport in Kansas.

--The City of Elkhart, Indiana, an area of major industrial development, is not in the South Bend commercial zone.

While these planning agencies noted areas excluded from the commercial zone, ICC provisions allow for individual cities to request that their zone limits be expanded if they believe they are inadequate. An ICC official said the process is fairly simple. Anyone can file a request, no attorney is required, there are no specific forms to complete, there is no required format for the request, and the process usually takes only about 75 days. Since 1969 over 80 percent of the requests were granted. As of March 1978, Syracuse, New York, and Spokane, Washington, have made requests for zone changes, and we were told that two counties in the Washington, D.C., metropolitan area are considering filing a request to change the zone limits. Monitoring the number of requests filed will help ICC determine the adequacy and appropriateness of the established expansion limits.

CHAPTER 3

CONCLUSIONS, RECOMMENDATION, AND AGENCY COMMENTS

CONCLUSIONS

ICC's commercial zones were established in the late 1930s and mid-1940s and with very few exceptions, they remained unchanged until recently. Although the zones remained unchanged, many changes have taken place in our cities which had an impact upon business and economic conditions. For example, metropolitan areas expanded significantly, an improved highway system was developed, and business moved from the central city to the suburban areas. Recognizing these changes, ICC expanded the commercial zones.

Our work showed the expansion was implemented, for the most part, with little or virtually no effect on either shippers or carriers. Some shippers, however, indicated more carriers are now available to provide them with the service they need. They added that service had improved and certain rates were reduced. Some short-haul and Class III (small) carriers said they experienced a decrease in the amount of tonnage they haul and added there was less interlining since the expansion was implemented. On the other hand, some Class I (large) carriers reported a slight increase in the tonnage that they carry. This suggests that large carriers and some nonregulated local carriers have benefited from the expansion, whereas some small regulated carriers were adversely affected because the tonnage they carry has decreased.

In expanding commercial zones ICC has, as intended, included the areas of recent industrial expansion. Officials of chambers of commerce, public utilities commissions, most planning agencies, and carriers and shippers expressing an opinion, stated the expansion was generally adequate. However, there were many shippers who said they were undecided as to the size of the expansion. In addition, certain planning agency officials told us the expansion, in their view, was not large enough.

We realize that business and economic conditions continually affect industrial expansion and may require additional changes in the commercial zone regulation from time to time. Therefore, we believe that ICC should continually monitor the adequacy and the effect of the recent commercial zone expansion.

RECOMMENDATION TO THE CHAIRMAN, ICC

We recommend that the Chairman, ICC establish procedures to monitor the effect and adequacy of the commercial zone expansion and make appropriate adjustments or modifications as warranted.

AGENCY COMMENTS

We met with officials of ICC to discuss the results of our review. ICC agreed with our findings and conclusions. They strongly supported our recommendation to monitor the effect and adequacy of the commercial zones. Although adding that this type of monitoring had not been done before, they agreed that it was an inherent part of "regulation." They said this work would probably be conducted by ICC's newly created Section of Performance Review.

ICC officials said that the pending court action may have prevented some changes from occurring. However, now that the case appears to be resolved, some changes may occur that had not taken place at the time of our review. This possibility further supports the need for monitoring the effect. We agreed, but pointed out that our data showed only one instance where the court case was mentioned as a factor inhibiting change.

ICC officials questioned the inability of the questionnaire responses to distinguish differences affected by "good and bad" freight and/or bargaining power of small vs. large shippers. Although this was not included in our questionnaire, we advised ICC that we found no disparity between the types of freight or the sizes of shippers when conducting followup interviews. Most shippers, regardless of size or type of freight, were in the areas receiving acceptable service. However, ICC's concern in this area further demonstrates the need for continuous monitoring.

METHODOLOGY

We consulted with ICC and the Departments of Transportation and Justice to clarify the major issues associated with the expansion. With this assistance we determined the most productive approaches for obtaining data, the types of questions to ask, the cities to select, and those aspects of motor carrier and shipper operations most likely to be affected by the expansion.

QUESTIONNAIRES

We developed a carrier and shipper questionnaire and selected 12 commercial zones to study. The 12 commercial zones included a range of populations, port and inland commercial zones, and zones within a State and those that cross State lines. The questionnaires addressed the expansion's effect on rates, service, and operations. (See apps. II and III.)

We selected the motor carrier sample from mailing lists of trucking terminals or principal business locations within the 12 commercial zones. To provide a more representative indication of the effects on a given zone, we used terminal addresses within the 12 zones. Our sample was selected in the following manner:

- In zones with less than 250 trucking terminals, all were selected.
- In zones with over 250 trucking terminals, we randomly selected approximately 250.

We developed a list of shippers with assistance from a mailing list company and Department of Transportation officials. The mailing lists were developed from financial and telephone directory information. We selected 20 industries most likely to use motor carriers and a random sample of approximately 250 shippers for each city. We also defined the commercial zones in the 12 cities by postal zip code to assure that shippers sampled were in the old zone and the area included by the expansion.

In September 1977 we mailed questionnaires to 2,565 motor carriers and 2,998 shippers. We sent a followup mailing in November 1977 and used mailgrams in January 1978 to get the questionnaire response rate up to about 65 percent.

FOLLOWUP INTERVIEWS

To help validate questionnaire data and gain further insight into the expansion's effect, we interviewed a sample of shippers and motor carriers in the 12 cities. The sample was selected from shippers and motor carriers who completed our questionnaires. We interviewed shippers from three groups of respondents--those indicating an overall improvement, those indicating no change, and those indicating the quality of service had declined. We included shippers in the old zone and areas included by the expansion.

We divided motor carriers into four groups for followup interviews.

--Non-ICC regulated and local cartage.

--Class I.

--Class II.

--Class III.

For each group we interviewed a sample of companies which indicated the expansion caused an improvement, no change, or a worsening of conditions.

Our interviews with shippers and motor carriers helped to verify answers to the questionnaires, probed specific aspects of change, and provided explanation for changes reported.

SURVEY OF PLANNING COMMISSIONS

We contacted the regional planning commissions in the 12 commercial zones to obtain their views on the adequacy of the new zone limits and the overall effect of the expansion. We asked them whether the expansion included all communities in the metropolitan area, what effect the expansion will have on industrial developmental patterns, and what effect the expansion will have on transportation patterns.

ANALYSIS OF DATA

Questionnaire data from carriers and shippers was tabulated and analyzed. Motor carrier questionnaires were analyzed by type of carrier and individual city. Effects of the expansion varied by type of carrier.

However, data from individual cities showed similar effects. Shipper questionnaires were analyzed by individual city and location of shipper with few noteworthy differences observed. Overall, we found nothing in our data to suggest any differences in effect by individual city size or shipper location.

The questionnaire data provided a basic insight into the expansion's effect. To provide explanations of how various carriers or shippers were affected, we combined questionnaire data with data from the interviews.

We also analyzed the corporate status and financial strength of shippers and carriers who did not complete the questionnaire and those returned "nondeliverable." We found nothing to suggest the motor carriers and shippers not receiving or completing the questionnaire were different from the overall sample.

QUALIFICATION

Our data presents an indication of the changes that have occurred in the 12 sample cities during our review. The data accurately represents the changes affecting carriers and shippers in our sample, however, it cannot be used to project results to the entire country.

APPENDIX II

MOTOR CARRIER QUESTIONNAIRE**COMPANY BACKGROUND**

Please answer Questions 1, 2, and 3 with respect to your company as a whole.

1. Which of the following categories best describes your type of truck operations? (Check one.)
 1. 186 Cartage company (36)
 2. 126 Non-ICC certificated carriers
 3. 118 Contract carrier
 4. 711 ICC certificated carriers
 5. 161 Other
 - 89 No answer given

2. What is the size of the geographic area in which your trucks primarily operate? (Check one.)
 1. 407 Commercial zone (37)
 2. 465 Regional (mid west, south, etc)
 3. 164 Nationwide
 4. 251 Other (Please specify)
 - 104 No answer given

3. Which of the following categories best describes the dollar volume of your 1975 revenue? (Check one for either fiscal year or calendar year, whichever is more convenient.)

	Under \$250,000	(38)
1. & 2.	<u>618</u> and \$250,000 - \$500,000	
3.	<u>258</u> \$500,000 - \$3 million	
4. & 5.	<u>400</u> \$3 million - \$10 million and Over \$10 million	
	<u>115</u> No answer given	

EXPANSION OF COMMERCIAL ZONE

Please answer the remaining questions with respect to the operations of this terminal only. Remember the commercial zone was expanded on April 9, 1977.

4. In general, what effect (increase or decrease) if any, has the expanded commercial zone had on the amount of tonnage that you ship? (Check one.)
 1. 33 Decreased greatly (39)
 2. 93 Decreased
 3. 940 Little or not increase or decrease
 4. 173 Increased
 5. 13 Increased greatly
 - 139 No answer given

5. What effect (% of increase or decrease), if any, has this expansion had on the dollar volume of your revenues? (Answer one. Approximations are good enough. Remember to continue to answer only for your terminal.)
 1. 169 (Some) increase (40-41)
 2. 950 Little or not change (42)
 3. 101 (Some) decrease (43-44)
 - 171 No answer given

6. Again, what effect (increase or decrease), if any, has this expansion had on the size of the area you serve? (Check one.)
 1. 19 Decreased greatly (45)
 2. 37 Decreased
 3. 899 Little or no increase or decrease
 4. 266 Increased
 5. 37 Increased greatly
 - 139 No answer given

7. What effect, if any, has this expansion had on your rates? (Check one.)

- 1. 15 Decreased greatly (46)
- 2. 60 Decreased
- 3. 1063 Little or no increase or decrease
- 4. 59 Increased
- 5. 1 Increased greatly
- 193 No answer given

8. What effect, if any, has this April 19, 1977, expansion had on the size of your operations: specifically the number of drivers, personnel, tractors, trailers, terminals, etc.? (Check one column for each row.)

	Decreased greatly	Decreased	Little or no change	Increased	Increased greatly	No answer given
	(1)	(2)	(3)	(4)	(5)	
1. Number of drivers	14	58	1042	70	2	205
2. Number of other personnel	7	31	1083	27	0	243
3. Number of tractors	9	35	1038	47	0	262
4. Number of trailers	9	29	1033	46	1	273
5. Number of terminals (company-wide)	8	6	1054	17	0	306

9. Because of the expansion, how has interlining changed (increased or decreased), if at all? (Check one.)

- 1. 36 Decreased greatly (52)
- 2. 109 Decreased
- 3. 995 Little or no change
- 4. 29 Increased
- 5. 1 Increased greatly
- 221 No answer given

10. Now consider the service competition you now face. Has this competition become less competitive, more competitive or remained unchanged since the expansion? (Check one.)

- 1. 3 A great deal less competitive (53)
- 2. 17 Less competitive
- 3. 847 Little or no change
- 4. 269 More competitive
- 5. 61 A great deal more competitive
- 191 No answer given

11. Aside from service competition, consider the rate competition you now face. Has rate competition become less competitive, more competitive or remained unchanged since the expansion? (Check one.)

- 1. 1 A great deal less competitive (54)
- 2. 15 Less competitive
- 3. 922 Little or no change
- 4. 217 More competitive
- 5. 41 A great deal more competitive
- 195 No answer given

12. Are there any questions concerning the effects of expanding the motor carrier commercial zone that you feel we should have asked but did not? If there are, or if you have additional comments about the questions we did ask that you feel would be of interest to the U.S. Congress please feel free to express them in the space below. Any further information you can give will be greatly appreciated.

(60-75)

Thank you.

Total completing questionnaire 1391

SHIPPER QUESTIONNAIRE

BACKGROUND

1. On April 9, 1977, ICC's expanded commercial zones went into effect. Is your facility located in a new commercial zone, an old commercial zone, or outside a commercial zone.

(36)

- 1. 42 This facility is currently not in any commercial zone.
- 2. 51 This facility is currently in the new commercial zone, but was not previous to the April 9 expansion.
- 3. 459 This facility is in the commercial zone as it was before the April 9 expansion.
- 4. 809 Don't know
254 No answer given

2. Does your company use motor common carrier(s)?

(37)

- 1. 998 Yes (Please go to question 3.)
- 2. 460 No (Please go to question 10.)
157 No answer given

3. What principal products are shipped by motor common carriers from this facility? (Provide a brief list in the space below.)¹

- 178 Industrial products
- 161 Manufacturing
- 119 Hardware
- 96 Furniture
- 91 Drugs, chemicals & medicine
- 77 Auto parts
- 55 Office supplies
- 50 Food
- 133 Other
- 38 No Answer given

4. Roughly about what percentage of your motor common carrier shipments fall into each of the following categories of shipment size?

SIZE OF SHIPMENT	1. 25% or less	2. From 25% to 50%	3. From 50% to 75%	4. 75% or more	No answer given
1. A truck load or more	380	32	31	69	486 (46)
2. Less than a truck load but more than 5000 lbs.	323	122	44	27	482 (47)
3. Less than 5000 lbs. but not United Parcel Service	324	139	170	192	173 (48)
4. United Parcel Service	397	107	69	184	241 (49)

5. Roughly about what percentage of your motor common carrier shipments are shipped to destinations in the following categories?

DESTINATION	1. 25% or less	2. From 25% to 50%	3. From 50% to 75%	4. 75% or more	No answer given
1. Locally (within 25 miles)	439	76	37	63	383
2. Interstate	355	186	63	77	317
3. Interstate regionally	260	183	120	112	323
4. Nationwide	237	96	99	161	405
5. Other (Please explain)	39	8	4	4	943

¹ Total responding to questions 3 to 9 998

EXPANSION OF COMMERCIAL ZONE

6. What effect, if any, did the April 9, 1977 expanded commercial zones have on the quality of service that you receive from motor carriers? (Check one.)

(55)

- 1) 25 Much better
- 2) 51 Better
- 3) 808 Little or no change
- 4) 15 Worse
- 5) 4 Much worse
- 95 No answer given

7. What effect, if any, has this expansion had on your shipping operations: specifically the number of shipments, the transit time for typical local shipments, transit time for typical long haul shipments, number of carriers providing you service and number of loss and damage claims, etc.? (Check one column for each row.)

	1. Decreased greatly	2. Decreased	3. Little or no change	4. Increased	5. Increased greatly	No answer given
1. Number of shipments	7	5	793	18	2	173
2. Transit time for typical local shipments	7	19	757	38	5	172
3. Transit time for typical long-haul shipments	8	42	724	57	10	157
4. Number of carriers moving your shipments	5	31	727	65	6	164
5. Number of loss and damage claims	13	27	755	32	6	164

8. What effect (increase or decrease), if any, has the expansion itself had on your shipping rates? (Check one.)

(61)

- 1. 0 Decreased greatly
- 2. 18 Decreased
- 3. 654 Little or no increase or decrease
- 4. 139 Increased
- 5. 9 Increased greatly
- 178 No answer given

9. Is the expanded commercial zone extensive enough or not to meet your shipping needs? (Check one.)

(62)

- 1. 185 Extensive enough
- 2. 156 Probably extensive enough
- 3. 436 Undecided
- 4. 33 Probably not extensive enough
- 5. 17 Not extensive enough
- 171 No answer given

10. Do you have any comments about ICC's regulation of motor common carriers? Are there any questions concerning the effects of expanding the commercial zone that you feel we should have asked but did not? If there are, or if you additional comments about the questions we did ask that you feel would be of interest to the U.S. Congress, please feel free to express them in the space below. Any further information you can give us will be greatly appreciated.

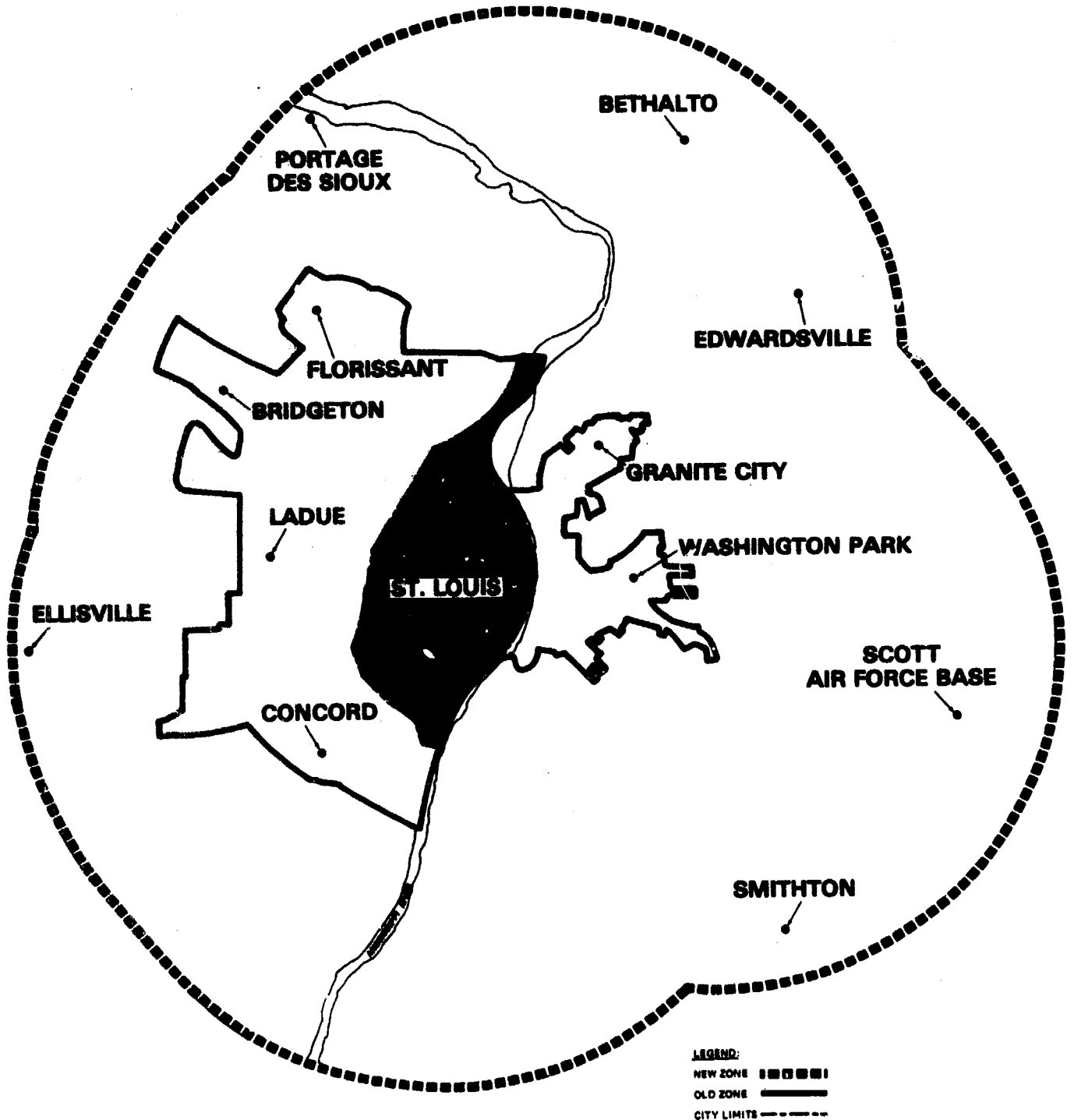
(63-75)

Thank you.

Total Completing Questionnaire 1615

ST. LOUIS, MISSOURI COMMERCIAL ZONE

SCALE 1/4" = 1 MILE



PRINCIPAL ICC OFFICIALS RESPONSIBLE FOR
ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
CHAIRMAN:		
A. Daniel O'Neal	Apr. 1977	Present
George M. Stafford	Jan. 1970	Apr. 1977
 DIRECTOR, OFFICE OF PROCEEDINGS:		
Rober J. Brooks	Mar. 1974	Present
Vacant	Dec. 1973	Mar. 1974
Sheldon Silverman	Mar. 1970	Dec. 1973
 DIRECTOR, BUREAU OF OPERATIONS:		
Joel E. Burns	Sept. 1976	Present
Lewis R. Teeple (acting)	Dec. 1975	Sept. 1976
Robert D. Pfahler	May 1967	Dec. 1975

(34741)