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

RELEASED

74-0212

APR 4 1974

B-179218



The Honorable E (Kika) de la Garza
House of Representatives

Dear Mr. de la Garza:

In your letter of July 12, 1973, you asked that we investigate rates for manufactured products, agricultural commodities, and raw materials shipped by rail between points in Texas and Chicago and between Florida and Chicago to determine whether such rates are unjust, unreasonable, or discriminatory.

In discussions with you and your office, we agreed that the Interstate Commerce Commission, not the General Accounting Office, has the authority and responsibility to determine whether rates are unjust, unreasonable, or discriminatory. We therefore are furnishing only comparative rates on representative commodities shipped from Brownsville and Harlingen, Texas, and Miami, Florida, to various destinations and other data and information on this situation that we could develop.

Our analysis of the comparative domestic and import rates, shown in the enclosure, indicates that there is no consistent pattern to the rates from the Texas and Florida origins to the same destinations. Rates from Florida are lower or higher than rates from Texas depending on the commodity and destination and are not necessarily related to distance, a major factor in rate levels. When summarized by State of origin, domestic rates were lower from Florida in 25 instances and lower from Texas in 10 instances. Import rates were lower from Florida in 24 instances and lower from Texas in 11 instances.

The following examples illustrate these inconsistencies.

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Frozen Meat--120,000 Pounds Per Car

From	To	Miles	Rate		Carriers' costs	
			per 100 pounds		Fully	
			Domestic	Import	allocated	Variable
Miami	Chicago	1,430.0	\$1.68	\$0.87	\$1.10	\$0.92
Brownsville		1,414.9	1.50	1.50	1.13	.93
Harlingen		1,390.1	1.49	(a)	1.16	.95
Miami	New York	1,353.9	1.64	1.55	1.10	.91
Brownsville		2,185.9	2.40	6.25	1.80	1.48
Harlingen		2,161.1	2.37	(a)	1.78	1.46

Shrimp--60,000 Pounds Per Car

Miami	Chicago	1,430.0	1.82	3.28	1.65	1.47
Brownsville		1,414.9	2.49	2.49	1.54	1.33
Harlingen		1,390.1	2.20	(a)	1.58	1.37
Miami	New York	1,353.9	4.21	4.21	1.65	1.46
Brownsville		2,185.9	2.61	5.69	2.52	2.19
Harlingen		2,161.1	2.58	(a)	2.49	2.17

^aNot applicable.

We have included the carriers' costs of providing the transportation services to show the compensatory nature of the various rates and to indicate the rates when only carriers' costs are considered. We computed the carriers' fully allocated costs--the sum of the variable and fixed costs--for each shipment in our study by using the data and methodology in the Interstate Commerce Commission publication "Rail Carload Cost Scales by Territories" for the year 1969 (the latest available) which we updated to 1972 costs from cost and productivity statistics furnished by the Association of American Railroads.

We will be glad to discuss the results of our study with you or members of your staff.

Sincerely yours,

A. J. Keller

[Deputy] Comptroller General
of the United States

Enclosure

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	Indianapolis, Indiana					Chicago	
	Rate per 100 pounds						
	Miles	Carriers' costs				Miles	Domestic
		Domestic	Import	Fully allocated			
Variable				Fixed			
Frozen meat--120,000 pounds per car:							
Miami, Fla.	1,279.7	\$1.50	\$0.87	\$1.02	\$0.85	1,430.0	\$1.68
Brownsville, Tex.	1,359.0	1.65	1.65	1.14	.93	1,414.9	1.50
Harlingen, Tex.	1,334.2	1.62	(a)	1.12	.92	1,390.1	1.49
Canned vegetables and fruit--120,000 pounds per car:							
Miami, Fla.	1,279.7	1.23	1.17	.72	.55	1,430.0	1.31
Brownsville, Tex.	1,359.0	1.27	1.27	.83	.62	1,414.9	1.28
Harlingen, Tex.	1,334.2	1.25	(a)	.82	.61	1,390.1	1.27
Onion rings--120,000 pounds per car:							
Miami, Fla.	1,279.7	1.23	1.17	.72	.55	1,430.0	1.31
Brownsville, Tex.	1,359.0	1.27	1.27	.83	.62	1,414.9	1.28
Harlingen, Tex.	1,334.2	1.25	(a)	.82	.61	1,390.1	1.27
Fresh coldpack, and frozen vegetables and fruit--60,000 pounds per car:							
Miami, Fla.	1,279.7	2.98	2.25	1.54	1.37	1,430.0	1.89
Brownsville, Tex.	1,359.0	1.81	3.02	1.56	1.35	1,414.9	2.22
Harlingen, Tex.	1,334.2	1.76	(a)	1.53	1.33	1,390.1	2.19
Fresh Citrus Fruit--42,000 pounds per car:							
Miami, Fla.	1,279.7	2.23	2.48	1.97	1.80	1,430.0	2.34
Brownsville, Tex.	1,359.0	1.69	1.69	2.00	1.79	1,414.9	2.52
Harlingen, Tex.	1,334.2	1.69	(a)	1.97	1.76	1,390.1	2.52
Vegetables other than coldpack--90,000 pounds per car:							
Miami, Fla.	1,279.7	.69	3.56	1.12	.95	1,430.0	.87
Brownsville, Tex.	1,359.0	1.43	1.43	1.16	.95	1,414.9	1.31
Harlingen, Tex.	1,334.2	1.43	(a)	1.14	.94	1,390.1	1.33
Shrimp--60,000 pounds per car:							
Miami, Fla.	1,279.7	3.98	3.06	1.54	1.37	1,430.0	1.82
Brownsville, Tex.	1,359.0	4.13	4.13	1.56	1.35	1,414.9	2.49
Harlingen, Tex.	1,334.2	4.08	(a)	1.53	1.33	1,390.1	2.20

(a) Not applicable.

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ENCLOSURE

RELATIVE DATA ON RATES FOR REPRESENTATIVE COMMODITIES

KANSAS AND FLORIDA ORIGINS TO VARIOUS DESTINATIONS--1972

Origin	New York, New York					Washington, D.C.					Toledo, Ohio				
	Miles	Rate per 100 pounds				Miles	Rate per 100 pounds				Miles	Rate per 100 pounds			
		Domes- tic	Import	Fully allo- cated	Vari- able		Domes- tic	Import	Fully allo- cated	Vari- able		Domes- tic	Import	Fully allo- cated	Vari- able
92	1,353.9	\$1.64	\$1.55	\$1.10	\$0.91	1,127.7	\$1.15	\$1.21	\$0.92	\$0.76	1,387.6	\$1.61	\$0.80	\$1.11	\$0.92
93	2,185.9	2.40	6.25	1.80	1.48	1,879.1	2.14	5.70	1.46	1.21	1,671.1	1.86	5.12	1.39	1.14
95	2,161.1	2.37	(a)	1.78	1.46	1,854.3	2.12	(a)	1.57	1.29	1,646.3	1.84	(a)	1.37	1.12
57	1,353.9	1.31	2.95	.78	.59	1,127.7	1.07	1.10	.65	.49	1,387.6	1.33	1.34	.78	.59
59	2,185.9	1.90	1.90	1.29	.95	1,879.1	1.74	1.74	1.02	.76	1,671.1	1.55	1.55	1.00	.74
53	2,161.1	1.89	(a)	1.27	.94	1,854.3	1.74	(a)	1.14	.85	1,646.3	1.54	(a)	.99	.73
57	1,353.9	1.31	3.37	.78	.59	1,127.7	1.07	1.10	.65	.49	1,387.6	1.33	1.34	.78	.59
59	2,185.9	1.90	1.90	1.29	.95	1,879.1	1.74	1.74	1.02	.76	1,671.1	1.55	1.55	1.00	.74
53	2,161.1	1.89	(a)	1.27	.94	1,854.3	1.74	(a)	1.14	.85	1,646.3	1.54	(a)	.99	.73
47	1,353.9	3.16	3.16	1.65	1.46	1,127.7	2.24	2.28	1.38	1.23	1,387.6	3.19	3.19	1.67	1.48
33	2,185.9	2.55	4.26	2.52	2.19	1,879.1	2.31	3.89	2.09	1.84	1,671.1	2.02	3.49	1.91	1.66
37	2,161.1	2.52	(a)	2.49	2.17	1,854.3	2.33	(a)	2.24	1.95	1,646.3	2.01	(a)	1.88	1.64
34	1,353.9	2.28	2.28	2.11	1.92	1,127.7	1.14	1.20	1.77	1.61	1,387.6	2.32	2.42	2.13	1.95
77	2,185.9	2.52	2.52	3.22	2.89	1,879.1	2.55	2.55	2.71	2.46	1,671.1	1.89	1.89	2.44	2.19
32	2,161.1	2.52	(a)	3.18	2.86	1,854.3	2.55	(a)	2.88	2.60	1,646.3	1.89	(a)	2.41	2.17
22	1,353.9	.80	.80	1.20	1.01	1,217.7	.53	.56	1.00	.85	1,387.6	.71	2.40	1.21	1.03
34	2,185.9	2.06	2.06	1.86	1.53	1,879.1	1.74	1.74	1.56	1.31	1,671.1	1.56	1.56	1.42	1.17
37	2,161.1	2.06	(a)	1.84	1.52	1,854.3	1.74	(a)	1.66	1.38	1,646.3	1.56	(a)	1.60	1.15
57	1,353.9	4.21	4.21	1.65	1.46	1,127.7	1.72	1.82	1.38	1.23	1,387.6	4.26	4.26	1.67	1.48
33	2,185.9	2.61	5.69	2.52	2.19	1,879.1	2.36	5.18	2.09	1.84	1,671.1	2.06	4.65	1.91	1.66
37	2,161.1	2.58	(a)	2.49	2.17	1,854.3	2.33	(a)	2.24	1.95	1,646.3	2.05	(a)	1.88	1.64