



The Comptroller General  
of the United States

Washington, D.C. 20548

# Decision

Matter of: Emerald City International Corporation -  
Household Goods Shipment - Non-packing Deduction  
File: B-231519  
Date: June 23, 1989

## DIGEST

A carrier shipped the household goods of a Department of Defense employee on a Government Bill of Lading, but performed no packing services. The carrier disputes the method used by the General Services Administration (GSA) in reducing the carrier's charges based on nonperformance of packing. We conclude that GSA's audit action is supported by the Military Traffic Management Command's rate solicitation which provides for carriers to offer rates based on a percentage of a baseline rate. The GSA correctly deducted the non-packing deduction from the individual carrier's percentage rate filed with MTMC, not from the baseline rate.

## DECISION

Emerald City International Corporation (Emerald) requests review of deduction action taken by the General Services Administration (GSA) arising out of the agency's audit of the carrier's transportation bills pursuant to 31 U.S.C. § 3726 (1982), as amended. The dispute concerns the method of applying a rate reduction when the carrier performs no packing services. We sustain GSA's action.

## BACKGROUND

Emerald responded to a Military Traffic Management (MTMC) solicitation for rates to transport household goods shipments with rates which were stated, as required by the solicitation, in terms of a percentage of the baseline rates that were provided in section 8 of the solicitation, which provided that:

"Carriers in responding to this Rate Solicitation must independently submit their rates as a percentage above or below or equal to these baseline

rates. The baseline rates are listed for solicitation purposes only and are not intended as the setting of rates by MTMC."1/

The percentage rates included charges for packing, loading, unloading, line-haul transportation and other services. Item 12 of the solicitation provided that:

"Where no packing of cartons . . . is performed by the carrier, the applicable rate named in Section 8 will be reduced by \$2.25 per net 100 pounds [cwt] on the total weight of the shipment. . . ."

The parties disagree as to whether this \$2.25 cwt non-packing deduction should be deducted directly from the baseline rate (Emerald) or from the carrier's percentage rate (GSA).

Emerald's offered percentage rate, applicable to this shipment<sup>2/</sup> was \$26.73 cwt, i.e., 46 percent of the baseline rate of \$58.10 cwt. Emerald applied the \$2.25 cwt packing reduction by first deducting \$2.25 from the section 8 baseline rate of \$58.10 cwt, then multiplying 46 percent (the offered rate) by the reduced baseline rate. The resulting amount is \$25.69 cwt and Emerald collected charges for the shipment on that basis.

GSA, on the other hand, first computed 46 percent of the \$58.10 cwt baseline rate, i.e., \$26.73 cwt, and then deducted \$2.25 from that amount to arrive at a rate of \$24.48 cwt, based upon which it collected overcharges from Emerald. GSA supports its method of deducting the packing reduction by explaining that the solicitation provides for deduction of the \$2.25 from the "applicable" rate, and the "applicable" rate was the one determined by multiplying the carrier's percentage offer by the solicitation's baseline rate, in this case 46 percent of \$58.10, or \$26.73.

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1/ Household Goods Domestic Rate Solicitation 6-3, "Describing Specifications and Services for Shipments of Department of Defense (DOD) Sponsored Household Goods Moving Between Points Within the United States (Except Hawaii)," effective November 1, 1986.

2/ Government Bill of Lading EP-179473, issued January 28, 1987, covers a shipment weighing 2,380 pounds, that was transported 574 miles from Dover AFB to Charleston, South Carolina.

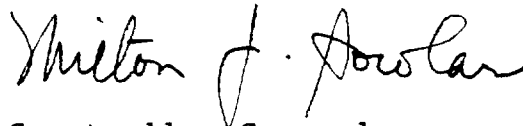
OPINION

Our review of the entire solicitation supports GSA's view that the term "applicable rate" refers to the percentage rate offered by the carrier, not the baseline rate published in section 8.

Section 1 of the solicitation (Governing Regulations) states that the rate solicitation applies to the transportation of household goods for the government and that "[e]xcept as otherwise provided, the carrier's effective rate on file on the date of pickup is applicable." Thus, the rates filed by the carrier appear to be the "applicable" rates under the solicitation, and section 8 explicitly requires that the \$2.25 deduction be taken from the applicable rate. Moreover, section 8 states that the "baseline rates are listed for solicitation purposes only and are not intended as the setting of rates by MTMC."

Therefore, we believe GSA properly deducted \$2.25 cwt from the applicable rate of \$26.73 cwt to arrive at a rate of \$24.48 cwt.

Accordingly, we sustain GSA's action in this case.



Acting Comptroller General  
of the United States