



The Wheel

The Transportation Club of Houston Newsletter



January 2005

Communications: Richard Stubblefield

Executive Secretary: Russell Powell

January 11, 2005 Luncheon

With recent events in the transportation industry, you will want to attend January's luncheon. Our speaker is Aubrey Campbell. He is a Transportation Specialist with the U.S. Department of Transportation, Research and Special Programs Administration's (RSPA) Office of Hazardous Materials Initiatives and Training. Mr. Campbell is the Hazardous Materials Safety Assistance Team's Southwest Area Coordinator. As a member of the Hazardous Material Safety Assistance Team, Mr. Campbell is dedicated to providing hazardous materials education, technical assistance and outreach throughout the nation.

The luncheons are at Brennan's Restaurant, which is conveniently located at 3300 Smith. Brennan's is famous for its elegant atmosphere and great New Orleans style food. Registration and mingling will be from 11:30 to 12:00. Lunch and program will begin promptly at noon. Dress code is business casual for the luncheons.

Who We Are

The Transportation Club of Houston is a vibrant group of transportation professionals. The Club staff and members actively promote the understanding of the transportation and logistics issues that affect this nation.

Our vision is to be the principal organization for transportation professionals. Our purpose is to educate and draw together those who are interested in, or employed in the transportation industry.

Our objectives are to promote transportation related businesses, products, and services, as well as encourage closer relationships among those engaged in the transportation process, and to enhance the transportation environment and to support transportation scholarship funding.

TCH holds regular monthly luncheon meetings, at Brennan's, where you will hear a guest speaker address various transportation, distribution, warehouse and logistical issues. This is an excellent way to keep in touch with current topics, system

solutions and equipment. These luncheons also provide a chance to network with others in the industry.

NCC Proposals May Negate FAK Exception Ratings

By: Steve Broussard

As shippers approach the new year facing forecasts and projections of rising freight costs, we can take comfort in knowing that all is not gloom and doom. There is hope that diesel fuel costs will moderate in 2005, providing relief to both shippers and carriers, and that the economy will continue to expand.

Having said all that, less-than-truckload (LTL) shippers should be aware that their focus on carrier discounts is masking the greater concern of increased costs: changes in classification ratings and rules.

LTL carriers have done a great job of selling shippers discounts, while avoiding discussion of base rate levels and classification rating changes. The National Classification Committee (NCC) of the National Motor Freight Traffic Association operates under an exemption from antitrust laws, allowing them to meet and set classification ratings and rules that are the foundation of LTL rates. The NCC meets four times a year to review and vote on changes to the National Motor Freight Classification ratings. While these meetings are open to the public, few shippers are aware or participate in the process.

You may say, "I have FAK exception ratings", so there is no need to participate or get involved in proposals that may increase classification ratings. But, say your FAK exception rating of Class 60, applies on your commodities rated Class 60 to Class 77 ½ (inclusive). However, the NCC votes to increase your commodity classification from Class 65 to Class 85. Suddenly, your LTL costs have increased over 30% or more, because the FAK exception rating no longer applies.

If we have learned anything from the election process the past few years, it is the importance of being involved and participating in the process. The

NCC's responsibility is to the motor carrier industry and, if shipper input is absent, there is an implied satisfaction with the process. Therefore, the shipper community must participate, if they want to minimize future cost increases, by responding to NCC requests for information on commodities that are under review for changes. These changes, generally, result in **INCREASED** costs. If shippers don't respond and participate in these requests for information, the motor carrier industry must assume that shippers are not dissatisfied with their proposal.

The NCC posts their meeting dates and proposals on their website, www.nmfta.org. The first meeting of 2005 is scheduled for February 7 & 8 in Tucson, AZ. There are 27 proposed docket changes and 27 items listed for review. Most of the proposals involve changes to the classification rating, but rule items, such as packaging specifications and bill of lading issues, are also addressed. Among the items listed for consideration are: electric batteries, plastic or rubber sheeting, paint and related materials, Rule 360-Verification of shipment weight, etc.

Make 2005 the year that you become involved in the classification process to better manage your freight and logistics costs.

Best wishes for the Holiday Season and have a Safe and Happy New Year!

Steve

The transportation industry has come a long way from the days of the spice trade. Virtually everything that surrounds us, (including our clothes), comes from somewhere else. Your computer's components, manufactured in multiple countries, all had to be transported to the computer manufacturer, assembled, and then transported to a store or perhaps your front door. The newspaper you read this morning could not have been produced (trucks delivering logs to the paper mill; paper and ink being delivered to the printing press) or delivered without the transportation industry. And then there's passenger travel—the airlines, trains, boats, and buses that people use every day to get from place to place. Transportation may not be sexy, but it pervades nearly every area of our lives. Without the transportation industry, economies, global and domestic, would disintegrate.

U.S. transportation and logistics firms said last week they are donating expertise, manpower,

equipment and money to help South Asian communities devastated by the earthquake-induced tsunami of Dec. 26, joining a worldwide effort by government agencies and humanitarian relief organizations.

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Feds to Require Reflective Railcar Stripes

Associated Press

OMAHA, Neb. - Yellow or white reflective stripes will have to be placed on the sides of all locomotives and freight railcars to make them easier for motorists to see, federal officials said.

Beginning March 4, railroads will have to put reflectors on locomotives over the next five years and freight cars over the next 10 years, the Federal Railroad Administration said. Reflectors could help reduce the number and severity of accidents at rail crossings, the FRA said.

Total cost to the industry could be more than \$90 million, said Association of American Railroads spokesman Tom White said. The rule allows time for installing the reflectors, he said. "If it were done on a faster pace, you might have an awful lot of freight cars out of service," he said.

In 2002, there were about 1.28 million railcars around the country, the association said. About 20 percent of freight railcars already have reflectors, White said.

Reminder: TCH now accept all credit cards for advance payments for luncheons. Call Russell at 713-528-2869 with credit card info or pay online with credit card and PayPal registration. Cash or check only is accepted at the door.

The annual Spring golf outing is scheduled for April 7th 2005 at Longwood - Details Soon.

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