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# Policies and Directives

## Pertaining to the National Motor Freight Classification

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# COMMODITY CLASSIFICATION STANDARDS BOARD POLICIES AND DIRECTIVES PERTAINING TO THE NATIONAL MOTOR FREIGHT CLASSIFICATION

## I. Commodity Classification Standards Board Policies

Following are the policies of the Commodity Classification Standards Board (hereinafter called the CCSB) for maintaining the commodity descriptions; classes; rules; packaging definitions, specifications or requirements; and other provisions of the National Motor Freight Classification (hereinafter called the NMFC). These policies reflect the standards and requirements that have been previously established or approved by the Surface Transportation Board (STB) and the Interstate Commerce Commission (ICC). They are based on and consistent with decisions and precedent of the STB, ICC, and the Federal Courts as well as the dispositions of the former National Classification Committee (NCC).

**A. Transportation Characteristics** – When evaluating commodities in connection with the assignment of classes, the CCSB must consider the four transportation characteristics of density, stowability, handling and liability, as set forth in the decisions in Ex Parte No. MC-98 (Sub-No. 1), *Investigation Into Motor Carrier Classification*.

- 1. Density** – It has been well established through numerous administrative decisions that, absent any unusual or significant stowability, handling or liability characteristics, density is of prime importance in the assignment of classes. The CCSB has developed density guidelines that are based on the precedent of pertinent administrative decisions as well as decisions of the former NCC. The present guidelines are attached hereto.

The density guidelines are used in the assignment of classes where the average density of a particular commodity or group of commodities is representative or reflective of the range of densities exhibited by that commodity or commodity group. Furthermore, the density/class relationships set forth in the guidelines presume that there are no unusual or significant stowability, handling or liability characteristics, which would call for giving those characteristics additional or different “weight” in determining the appropriate class.

Commodities or commodity groups exhibiting a wide density range not accurately reflected by a single overall average density may be assigned density-based classes; especially where there are no unusual or significant stowability, handling or liability characteristics and where there is no other feasible means of effectively narrowing the range. And where densities are distributed throughout the range, commodities or commodity groups may be assigned classes predicated on a full density scale. In this regard, unless a substantial percentage of the densities involved exceeds 20 pounds per cubic foot, full-scale density classifications should generally provide the following standard progression:

|                           |      |
|---------------------------|------|
| Less than 1 .....         | 400  |
| 1 but less than 2.....    | 300  |
| 2 but less than 4.....    | 250  |
| 4 but less than 6.....    | 150  |
| 6 but less than 8.....    | 125  |
| 8 but less than 10.....   | 100  |
| 10 but less than 12 ..... | 92.5 |
| 12 but less than 15 ..... | 85   |
| 15 or greater .....       | 70   |

When a substantial percentage of the densities involved exceeds 20 pounds per cubic foot, full-scale density classifications should generally provide the following, alternative standard progression:

|                             |      |
|-----------------------------|------|
| Less than 1 .....           | 400  |
| 1 but less than 2.....      | 300  |
| 2 but less than 4.....      | 250  |
| 4 but less than 6.....      | 150  |
| 6 but less than 8.....      | 125  |
| 8 but less than 10.....     | 100  |
| 10 but less than 12 .....   | 92.5 |
| 12 but less than 15 .....   | 85   |
| 15 but less than 22.5 ..... | 70   |
| 22.5 but less than 30 ..... | 65   |
| 30 or greater .....         | 60   |

Density-based classifications should include a reference to Item (Rule) 170, the inadvertence clause, or instead to some other inadvertence provision. And full-scale density classifications as set forth herein should also include a reference to Item (Rule) 171, the "bumping" privilege.

- 2. Stowability** – The majority of shipments tendered to general commodities carriers are comprised of packaged freight that stows well in carriers' equipment. Some articles, however, present additional stowability considerations, including, but not limited to: 1) loading restrictions necessary to comply with government regulations or carrier policies, such as coload prohibitions in connection with the transportation of hazardous materials; 2) loading restrictions arising from practical considerations, such as excessive weight or excessive length; 3) difficulty in loading other freight adjacent to the commodity due to protrusions and the like; 4) the inability to tier the commodity in carriers' equipment; and 5) the inability to load other freight on top of the commodity due to the absence of regular load-bearing surfaces.

In evaluating the classification of a particular commodity or commodity group, the CCSB must examine stowability and its impact on the transportability of the involved commodities. Unusual or significant stowability considerations may warrant deviation from the CCSB's density guidelines. In this connection, where loaded density provides a quantifiable measure of the stowability problems associated with the involved commodities, such loaded density is to be evaluated by the CCSB in relation to the density guidelines.

3. **Handling** – As with stowability, most freight tendered to general commodities carriers does not present substantial handling problems. The packaged freight that comprises the majority of shipments is readily handled by dock personnel, often with the aid of mechanical handling equipment. Some articles, however, due to their size, weight, configuration, hazardous nature, fragility, etc., pose additional handling difficulties, whether or not mechanical equipment is used, and may necessitate special care or attention.

In evaluating the classification of a particular commodity or commodity group, the CCSB must consider ease or difficulty of handling and the impact of such on the transportability of the involved commodities. Unusual or significant handling characteristics may warrant deviation from the CCSB's density guidelines.

4. **Liability** – Pursuant to the MC-98 (Sub-No. 1) decisions, the liability characteristic includes susceptibility to theft, liability to damage, propensity to damage other freight with which transported, perishability, propensity to spontaneous combustion or explosion, and value per pound. Value per pound provides a measure of carriers' potential liability, and the CCSB has established value guidelines to assist in the assignment of classes. The present guidelines are attached hereto.

It is the CCSB's policy that the value guidelines be reviewed biennially to compensate for the impact of inflation. This is accomplished using the revised year-end Producer Price Index (PPI).

Unlike density, however, value per pound is not in and of itself a transportation characteristic. As set forth in MC-98 (Sub-No. 1), it is only one component of the liability characteristic, and accordingly, information relating to value per pound must be analyzed in conjunction with an analysis of the other liability elements. Where the other liability elements are found to present no substantial problems or concerns, value per pound is of less significance.

Consequently, the attached value guidelines cannot be viewed as forming a matrix with the density guidelines, where one is measured against the other to arrive at the appropriate class. Rather, the value guidelines provide an indication of the upper value limits associated with the various classes, as determined using the density guidelines.

As with stowability and handling, where unusual or significant liability characteristics are revealed, the CCSB may deviate from the density guidelines.

- B. **Class Floor and Ceiling** – The CCSB has established class 50 as the lowest class in the NMFC and class 500 as the highest. (For a complete listing of the classes assigned in the NMFC, as established by the CCSB, see the attached density and value guidelines.)
- C. **Classification Updating** – The provisions of the NMFC are to be kept up-to-date with respect to the commodities moving in commerce. Included in this policy is the: 1) establishment of classifications for new commodities; 2) amendment of existing classifications to reflect changes in transportation characteristics; 3) establishment of classifications for commodities classed by analogy, in keeping with the requirements of Item (Rule) 421 of the NMFC; and 4) establishment or amendment of classifications for commodities that are a source, or potential source, of interpretation disputes so as to eliminate or avoid those disputes.

- D. Clarification, Simplification and Uniformity** – Generally speaking, the policies grouped under this heading pertain to “housekeeping” matters necessary to improve the usability of the NMFC and to ensure compliance with regulations. The following activities are to be conducted to implement these policies: 1) adding commonly used terminology to descriptions to identify commodities (including trade names, properly noticed, where a commodity is essentially known by a trade name); 2) replacing outdated terminology in commodity descriptions with current terminology; 3) combining descriptions embracing related commodities, including the combining of subclassifications having the same class; 4) eliminating excess or unclear wording, and employing language that is concise and clear as to intent; 5) structuring commodity descriptions so as to foster clarification and simplification; 6) listing commodity descriptions alphabetically by noun or compound noun, as the case may be; 7) replacing broad, indistinct nouns (e.g., assemblies, devices, units) with more specific, definitive nouns wherever appropriate and practicable; 8) listing items under appropriate generic headings; 9) providing uniformity in provisions addressing the same or similar circumstances published in conjunction with different items; and 10) removing obsolete provisions.
- E. Classification Index** – The index is typically the NMFC user's first step when determining the applicable provisions. Accordingly, the CCSB has developed policies to improve the index and, thus, the usability of the NMFC. As index listings are generally derived directly from the commodity descriptions, these policies are closely related to those established for “Clarification, Simplification and Uniformity.” The policies are as follows:
- The index should list commodities by their commonly recognized names in addition to their technically correct names. Where a commodity is essentially known by a trade name, the index should include that trade name, properly noticed.
  - Where commodities may be looked up in more than one way, the index should be cross-referenced. This includes adding index listings that are keyed to adjectives as well as to nouns; particularly where the noun is broad and indistinct.
  - Index listings should be as specific and definitive as practicable.
  - Index listings that can be consolidated should be consolidated, and unnecessary listings should be removed.
- F. Packaging** – The CCSB is to establish and maintain packaging rules and specifications as necessary to ensure that freight is adequately protected in the motor carrier environment, and can be handled and stowed in a manner that is reasonably safe and practicable.
- The CCSB is to evaluate prospective packagings against established performance criteria, as reflected by the packaging provisions published in the NMFC. Generally speaking, prospective packaging materials or methods are considered consistent with CCSB packaging policy when their performance is demonstrated to be as good as, or better than, currently authorized materials or methods.
- G. Rules** – The rules published in the NMFC are to be: 1) consistent with current law as well as applicable past decisions of the STB and the ICC; 2) consistent with CCSB/NCC precedent and current motor carrier practice; 3) clear as to intent; and 4) otherwise up-to-date.

## II. Commodity Classification Standards Board Directives

Pursuant to the aforementioned policies, in strict accord with the National Motor Freight Classification Procedures, and in keeping with all applicable laws and regulations, the CCSB has the responsibility to: 1) receive information from shippers, carriers and other sources pertaining to commodities moving in commerce, including their transportation characteristics, as well as packaging and other classification-related matters; 2) evaluate that information to determine appropriate action(s), if any; and 3) provide assistance to shippers, carriers and other users of the NMFC in connection with classification-related matters.

- A. Research** – When conducting research in connection with the classification or packaging of a particular commodity or commodity group, the CCSB shall make a reasonable effort to identify and contact potential shippers of the involved commodities. It shall consult a variety of sources in this regard, including the *Thomas Register of American Manufacturers*, the Internet and its own files. The staff shall also search for and attempt to contact trade associations having members with a potential interest in the commodity to request their assistance in identifying interested shippers and obtaining relevant information.

Since the individual classifications in the NMFC are intended to reflect the transportation characteristics of commodities moving in commerce, the CCSB shall keep apprised of new commodities and technologies as well as changes in existing commodities.

With respect to packaging, the CCSB shall: 1) receive information pertinent to the efficacy of currently authorized packaging materials or methods; 2) keep apprised of new packaging materials and methods; and 3) develop, in cooperation with shippers, packaging manufacturers and packaging professionals, improved packaging.

- B. Pre-Proposals** – Pursuant to the National Motor Freight Classification Procedures, any potential proposal by the CCSB to amend the provisions of the NMFC shall be posted on NMFTA's website for at least thirty (30) days. Such "pre-proposals" are to relate the information available to the CCSB's policies. Density data is to be analyzed under the CCSB's density guidelines, and stowability, handling and liability must be analyzed with respect to their impact on the transportability of the involved commodities and related to applicable CCSB/NCC and STB/ICC precedent. In connection with stowability, pre-proposals are to include information regarding loaded density, where relevant, and how that density relates to the density guidelines.

Pre-proposals pertaining to NMFC clarification, simplification or uniformity shall include possible language that would bring the involved provision(s) into conformance with CCSB policies and CCSB/NCC precedent.

Similarly, pre-proposals involving rules published in the NMFC that are inconsistent with current law, applicable past STB/ICC decisions, CCSB/NCC precedent or current motor carrier practice, or that otherwise require revision, shall include possible remedial language.

- C. Analysis of Classification Proposals** – The CCSB shall prepare written reports (analyses) of all proposals for amending the NMFC docketed in accordance with the National Motor Freight Classification Procedures.

The analyses shall relate the information of record to the CCSB's policies, and analyses of proposals involving the assignment of classes are to include a discussion of all four transportation characteristics, as set forth in the Ex Parte No. MC-98 (Sub-No. 1) decisions. Density data shall be analyzed under the CCSB's density guidelines, and stowability, handling and liability must be analyzed with respect to their impact on the transportability of the involved commodities and related to applicable CCSB/NCC and STB/ICC precedent. In connection with stowability, proposal analyses are to include information regarding loaded density, where relevant, and how that density relates to the density guidelines.

- D. Providing Assistance to Interested Persons** – In addition to providing assistance as set forth in the National Motor Freight Classification Procedures, the CCSB shall answer questions from interested persons concerning classification principles and procedures, and be responsive to requests for information pertaining to the background of a docketed proposal or the facts of record. However, the CCSB will continue to honor its commitment to protect the confidentiality of commercially sensitive information that it receives from shippers and others on the assurance — expressed or implied — that disclosure will be limited. Therefore, the CCSB will not release confidential information such as market data or data on specific, identified products of a particular shipper, nor the names of data sources or information that could lead to the names of data sources, the dissemination of which might be detrimental to a company or individual that has chosen to participate in the classification process. Similarly, the CCSB will not release any privileged information or material, such as attorney-client work products prepared by Counsel.
- E. Classification Interpretations** – On request of any interested person and upon receipt of the requisite information, the CCSB shall research and issue nonbinding, informal opinions (interpretations) as to the classification provisions applicable to any particular commodity.

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At least once a year, the CCSB shall review these policies and directives, including the density and value guidelines.

| COMMODITY CLASSIFICATION<br>STANDARDS BOARD<br>DENSITY GUIDELINES |       |
|---|-------|
| Minimum Average Density<br>(in pounds per cubic foot)             | Class |
| 50  | 50    |
| 35  | 55    |
| 30  | 60    |
| 22.5  | 65    |
| 15  | 70    |
| 13.5  | 77.5  |
| 12  | 85    |
| 10.5  | 92.5  |
| 9   | 100   |
| 8   | 110   |
| 7   | 125   |
| 6   | 150   |
| 5   | 175   |
| 4   | 200   |
| 3   | 250   |
| 2   | 300   |
| 1   | 400   |
| Less than 1   | 500   |

The density guidelines are used in the assignment of classes where average density is representative or reflective of the range of densities exhibited. Furthermore, the density/class relationships set forth in the guidelines presume that there are no unusual or significant stowability, handling or liability characteristics, which would call for giving those characteristics additional or different "weight" in determining the appropriate class.

| COMMODITY CLASSIFICATION<br>STANDARDS BOARD<br>VALUE GUIDELINES |                                    |
|---|------------------------------------|
| Class   | Maximum Average Value<br>Per Pound |
| 50  | \$ 1.06                            |
| 55  | \$ 2.06                            |
| 60  | \$ 3.12                            |
| 65  | \$ 5.17                            |
| 70  | \$ 7.80                            |
| 77.5  | \$ 10.39                           |
| 85  | \$ 15.61                           |
| 92.5  | \$ 20.78                           |
| 100   | \$ 25.99                           |
| 110   | \$ 28.60                           |
| 125   | \$ 32.49                           |
| 150   | \$ 39.02                           |
| 175   | \$ 45.52                           |
| 200   | \$ 52.02                           |
| 250   | \$ 65.02                           |
| 300   | \$ 78.01                           |
| 400   | \$ 104.02                          |
| 500   | \$ 130.04                          |

Unlike density, value per pound is not in and of itself a separate transportation characteristic. Pursuant to the decisions in Ex Parte No. MC-98 (Sub-No. 1), *Investigation Into Motor Carrier Classification*, value per pound is only one component of the liability characteristic. Accordingly, information relating to value per pound must be analyzed in conjunction with the other liability elements, i.e., susceptibility to theft, liability to damage, propensity to damage other freight, perishability, and propensity to spontaneous combustion or explosion. Where those other liability elements are found to present no substantial problems or concerns, value per pound is of less significance.

**Consequently, the value guidelines cannot be viewed as forming a matrix with the density guidelines, where one is measured against the other to arrive at the appropriate class representing an "average" of the two factors. Rather, the value guidelines provide an indication of the upper value limits associated with the various classes, as determined using the density guidelines.**