



## The 400-N Tariff

When AMSA promoted the idea of a simplified tariff that is easy to use, easy to understand and with minimal chance of billing errors, they promised a “minimal overall average revenue yield difference between Tariff 400-N and 400-M”. Let’s examine the results.

### **Was the tariff really simplified?**

Yes and no. A number of services (i.e. appliance service, ATC charges, elevator/stair/long/piano carries, etc.) have been rolled into a new Origin and Destination Service Charge, Item 135, eliminating the need to bill separately for them and thereby simplifying the billing process for most items.

However, the containers and packing audit is more involved. The 400-M charges separately for each container utilized versus a single charge based on the weight under 400-N. Under the new rules, the 400-N also allows you to pay per container (versus by the weight) if it is cheaper to do so thereby adding a step to the audit process.

In addition, there continues to be many other items (i.e. -extra labor, waiting time, shuttle, bulky articles, extra stops, etc.) that are still billed separately under the 400-N.

### **Does the 400-N tariff eliminate billing errors?**

No, but it does reduce them. Our first study indicated that errors are reduced by 27 percent under the new tariff.

### **What is the economic impact of the 400-N?**

Our first study showed that the increase over the current 400-M is about two percent (excluding SIT). Unfortunately, SIT increases are inconsistent at best, with some exceeding 60 percent.

This occurred primarily because AMSA rolled the 104-F exceptions tariff into the 400-N rates impacting contracts that historically waived the 104-F exceptions tariff.

In addition, transportation costs are based on a zip-to-zip program utilizing only the first three numbers of the zip codes. Since the first three digits of a zip code cover a large area, a move of 30 miles might be rated as a 200 mile move under 400-N.

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