

Name: \_\_\_\_\_

Eagle ID Number: \_\_\_\_\_

**ASSIGNMENT 3  
TRANSPORTATION COSTING / PRICING ASSIGNMENT**

1. Under what conditions (**full capacity, excess capacity, neither, or both**) should the following shipments be accepted by your company? How much profit will be made on the shipment?

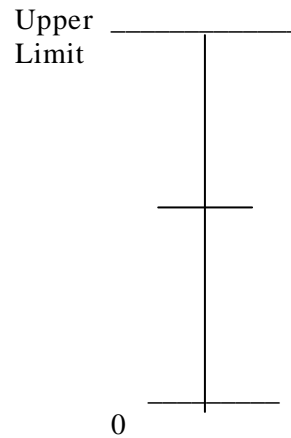
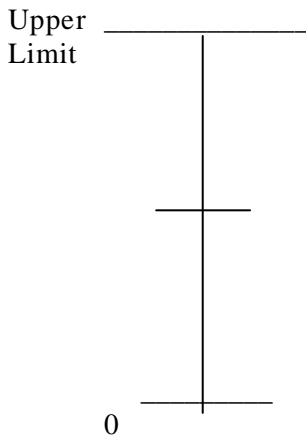
Variable Costs	Fixed Costs	Revenue Generated	Which costs are covered? (variable, both, neither)	Accept freight under what conditions? (full, excess, neither, both)	How much profit/loss will be made?
\$352	\$275	\$693			
\$966	\$575	\$1225			
\$596	\$257	\$580			
\$1542	\$677	\$2219			

3. Clipper Incorporated of Miami, FL produces hedge trimmers in quantities of 10 at a production cost of \$1695. The market value of a batch of 10 in Lansing, MI is \$2688. They have contacted Hurricane Freightways to move the shipment. The manager at HF knows from past experience that the variable costs of moving 10 of these items from Florida to Michigan is \$545 and the fixed costs are \$150.

**Draw schematic diagrams of the zone of negotiation for this situation assuming that:**

(A) Hurricane is currently at full capacity

(B) Hurricane has excess capacity.



4. Calculate the cost of moving the following LTL shipments using the tables in Appendix 11-B (be sure to identify the class of the freight, rate basis number, and class rate that you use to calculate the cost): **SHOW ALL WORK!!!!**

**SHIPMENT A**

Commodity	rigid plastic plate (22 ft long x 4 ft wide)
Origin	Crossvillage, Michigan
Destination	Clifford, Ohio
Shpt. size	120 plates weighing 100 pounds each

**CLASS OF FREIGHT** \_\_\_\_\_ **RATE BASIS NUMBER** \_\_\_\_\_

**WEIGHT OF FREIGHT** \_\_\_\_\_ **CLASS RATE** \_\_\_\_\_

**CALCULATION**

**SHIPMENT B**

Commodity	Personal effects - released value of 80cents per pound
Origin	Columbus, Ohio
Destination	Columbiaville, Michigan
Shpt. size	190 boxes weighing 50 pounds each

**CLASS OF FREIGHT** \_\_\_\_\_ **RATE BASIS NUMBER** \_\_\_\_\_

**WEIGHT OF FREIGHT** \_\_\_\_\_ **CLASS RATE** \_\_\_\_\_

**CALCULATION**

**SHIPMENT C**

Commodity	Personal effects - released value of 80cents per pound
Origin	Columbus, Ohio
Destination	Columbiaville, Michigan
Shpt. size	201 boxes weighing 50 pounds each

**CLASS OF FREIGHT** \_\_\_\_\_ **RATE BASIS NUMBER** \_\_\_\_\_

**WEIGHT OF FREIGHT** \_\_\_\_\_ **CLASS RATE** \_\_\_\_\_

**CALCULATION**

5. What do you find when you compare the cost of Shipment B and Shipment C? Why is this happening? What would you do?