

CHAPTER 13

FUEL SURCHARGE

1. Reference is made to the following documents:

A. Domestic Personal Property Rate Solicitation, Item 420

B. International Personal Property Rate Solicitation, Item 513

2. Means of Calculation.

A. The National Average diesel fuel price as published by the Department of Energy, Energy Information Agency, on the first Monday of the month (or the first working day after a Monday, if the Monday falls on a Federal holiday) will be used as a basis for determining the applicability of a fuel-related rate adjustment. The fuel adjustment will automatically apply to shipments picked up on or after the 15th day of the month through the 14th day of the following month.

B. The table below will be used to determine the fuel-related rate adjustment factor. No fuel adjustment will be granted when prices are within the neutral range ("0"). The increase applies to line haul transportation charges only, unless otherwise specified.

<u>COST PER GALLON (in cents)</u>	<u>RATE ADJUSTMENT (%)</u>
130.0 & below	0
130.1 – 140.0	1
140.1 – 150.0	2
150.1 – 160.0	3
160.1 – 170.0	4
170.1 – 180.0	5
180.1 – 190.0	6
190.1 – 200.0	7
201.1 – 210.0	8
210.1 – 220.0	9

NOTE: For each 10 cents per gallon above 220.0, add 1%.

The above stated price along with the following date, whichever is applicable, determines whether a fuel surcharge is warranted.

-- If the shipment is at origin being picked up, the pickup date of the shipment determines whether a surcharge is applicable; or

-- If the shipment is being delivered out of SIT domestically, the date of removal and delivery out of SIT determines whether a surcharge is applicable.

NOTE: An adjustment is not applicable to any portion of transportation in which a surcharge or any other additional payment for fuel is already in existence.

3. Domestic Program.

A. The fuel surcharge is applicable on the linehaul portion of interstate and intrastate CONUS shipments, including Alaska.

B. The fuel surcharge is also applicable on SIT shipments when such shipments are delivered or removed from a domestic SIT warehouse. The fuel surcharge is based upon the date that the shipment actually moves into or from SIT via a carrier.

4. International Program.

A. The fuel surcharge is applicable on the linehaul portion of international shipments moving within the United States, Alaska, and Hawaii.

B. The fuel surcharge is also applicable on SIT shipments when such shipments are delivered or removed from a SIT warehouse within the United States, Alaska, and Hawaii. The fuel surcharge is based upon the date that the shipment actually moves into or from SIT via a carrier.

**This methodology was obtained from a fuel board in which HQSDDC, the carrier industry, and the carrier associations participated and agreed.