

Section 3 - Fuel Related General Rate Adjustment

Item 1300 Fuel Related General Rate Adjustment (FRGRA)

The provisions of subsections A through E of this section govern a Fuel Related General Rate Adjustment (FRGRA) that a Transportation Service Provider (TSP) participating in this STOS (including revisions to or reissues thereof) makes to its line-haul charge.

- A. General. The FRGRA provides a TSP flexibility to obtain reasonable relief from sudden and unforeseen increases in diesel fuel prices. Additionally, the FRGRA requires a TSP to correspondingly discount its line-haul charge when there are sudden and unforeseen decreases in diesel fuel prices. Since fuel related rate adjustments for gradual changes in a TSP's fuel related costs over a longer period of time are beyond the purpose of this provision, a TSP should consider gradual fuel price changes when it submits or supplements its STOS rates during a rate filing open window if such changes significantly affect the TSP's operating costs.
- B. Application. The FRGRA is applicable to all GSA negotiated/accepted rate offers as well as rate offers negotiated/accepted by a Federal agency that participates in the STOS. The FRGRA may be waived or altered only by the Freight Program Management Office (FPMO) or appropriate Federal agency that negotiated/accepted the rate offer.
- C. Setting Baseline. Diesel fuel price ranges and corresponding applicable percent rate adjustment levels were collaboratively established with the motor TSP industry as of November 2000. The levels specified in this section reflect current standard industry practice and will be reviewed and revised on an as-needed basis.
- D. Computation.
1. Determination of Adjustment. Each Monday, or first working day thereafter if the Monday falls on a Federal Holiday (hereinafter referred to as "Monday"), the Department of Energy, Energy Information Administration (EIA), posts the National U.S. Average diesel fuel price. If a FRGRA is justified under subsection D of this section based on each Monday's posting, the FRGRA applies to shipments picked up the ensuing Wednesday through the following Tuesday (Note: shipment pickup date is controlling for FRGRA purposes). A TSP is responsible for monitoring diesel fuel prices each Monday using one of the sources identified below to determine whether a FRGRA will apply for the one-week period beginning the upcoming Wednesday through Tuesday of the following week.
 - EIA Website: <http://www.eia.doe.gov/>
 - EIA Weekly Petroleum Status Report
 - EIA Hotline: (202) 586-6966

2. Amount of Adjustment. If on any given Monday National U.S. Average diesel fuel prices, as published in one of the sources identified in subsection D1, exceed or fall below the neutral range specified in the table under subsection D2c, a TSP will compute its FRGRA under subsection D2a or b, as appropriate.

a. If the National U.S. Average diesel fuel prices exceed the neutral range, the TSP may increase its line-haul charge by the appropriate percentage specified in the table under subsection D2c; or

b. If the National U.S. Average diesel fuel prices fall below the neutral range, the TSP must decrease its line-haul charge by the percentage specified in the table under subsection D2c.

c. Increase/Decrease Schedule: The following table specifies the percentage FRGRA to be applied based on diesel fuel cost per gallon:

	Cost Per Gallon	Percent Decrease	Percent Increase
	For each 5 cents per gallon below \$1.00, subtract 0.5%		
NEUTRAL RANGE	\$1.00 – \$1.10	0	0
	\$1.11 – \$1.15		0.5
	\$1.16 – \$1.20		1.0
	\$1.21 – \$1.25		1.5
	\$1.26 – \$1.30		2.0
	\$1.31 – \$1.35		2.5

\$1.36 – \$1.40		3.0
\$1.41 – \$1.45		3.5
For each 5 cents per gallon above \$1.45, add 0.5%		

E. Billing Procedures. A TSP must clearly show the amount of any diesel fuel rate adjustment, either an increase or a decrease (discount), as a separate line item on all affected freight bills, Transportation Service Orders (TSO's), or bills of lading.