ADDENDUM #1 to *Oregon's Mileage Fee Concept and Road User Fee Pilot Program: Final Report (Revised March 6, 2008)*

The author substitutes the following language for the Dynamic Pricing discussion in Chapter 9, page 66.

Dynamic Pricing. The optimum application of congestion pricing for management of traffic levels involves immediate rate changes in response to traffic conditions. The Oregon model was not designed for dynamic pricing and, indeed, the use of only GPS-receivers does not facilitate immediate price changes for specific facilities. As a practical matter, however, if roadside message boards were added to the technology configuration for the Oregon model, dynamic pricing could be employed. Under such a configuration, specific traffic volume data could be electronically forwarded to the ODOT central computer for immediate updating of the rate table for a given zone or a single facility. At the instant ODOT updated the rate table, ODOT would post the new price for entering the specific zone or facility on a roadside message board near the entry point and on-line. Thus, the motorist would obtain the transparency required so that an individual travel decision could be made in advance. The new rates for the applicable period would be applied for the given zone or facility at the next fuel purchase. This modification to the Oregon technology configuration may require more sophisticated on-board devices than employed in the pilot program, though a gantry system connected to the ODOT central computer could accomplish the same result. It would also involvement greater active fee collection involvement by service stations.

Some US policymakers favor the German system for mileage charging of heavy trucks because it allows for dynamic pricing. The German government, however, has good reasons for not applying this system to passenger vehicles. The German system is quite expensive to implement and operate, requires a high level of invasiveness of a motorist's driving habits and is not easy for a consumer to use. Furthermore, dynamic pricing broadly applied across a road system would make it impossible for the typical commuter to manage his or her budget, and more difficult to plan his or her day. In creating the Oregon model, ODOT designed away from these characteristics in order to have a more likely chance of garnering public acceptance. It is fair to acknowledge that while a dynamic pricing system employed under the Oregon model could be applied to individual facilities, definite time-of-day pricing applications for specific zones or facilities will yield greater prospects for creating precise location data on motorist travel. At current levels of public sensitivity on the privacy issue, the ability to create precise location detail may hamper achievement of public acceptance, at least if broadly applied across the system.

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