

November 9, 2000

Dear GSA Freight Program Participant:

On November 8, 2000, the GSA Freight Program Management Office in Kansas City, MO, met with several motor carriers and industry representatives. The intent of the meeting was to discuss alternatives to GSA's Fuel-Related General Rate Adjustment (FRGRA) of the Standard Tender of Service (STOS, 100-D, Item 1300). The current environment with drastically rising diesel fuel costs has created a heavier burden on the motor carrier industry, causing many businesses to close their doors because they are unable to cover costs at those levels and survive.

Because the FRGRA is considered inadequate relief for this environment, GSA is currently reviewing the FRGRA and looking at reformatting the policy so that it is similar to other reasonable policies used by motor carriers for other customers. A new policy is anticipated before the next rate-filing window opens.

In the meantime, in order to provide reasonable relief to these rising costs, GSA is temporarily reverting back to the FRGRA entitlement levels that were in effect during the period of August 2, 1999 through February 6, 2000. A copy of this policy is attached. During the meeting, it was agreed that the levels and surcharge percents in this policy would be an acceptable substitution in the interim while the new policy is being drafted. The industry feels that this action by GSA is a show of good faith on our part.

Please fax any comments you have concerning this issue to Cindy Schardt at (816) 823-3656. The deadline for comments is Monday, November 27, 2000. This temporary policy stated above will go into effect on Monday, December 4, 2000, and expire when the new policy goes into effect sometime between February and May 2001. The intent is to coincide with about the same time frame as the next open rate-filing window. The GSA Transportation Management Website at www.kc.gsa.gov/fsstt will be updated to show this information as well. If you have any questions, please contact Cindy Schardt at (816) 823-3646.

Sincerely,

Ed Hodges, Director
GSA Property & Traffic Management Division (6FBD)

Attachment

STOS NOTICE

(Per Item 1300 of the Standard Tender of Service, GSA National Rules Tender No. 100-D)

Fuel-Related General Rate Adjustment (Fuel Surcharge or Discount)

- A. **General:** This provision provides the flexibility needed to provide individual carriers reasonable relief from unforeseeable and sudden increases in diesel fuel costs as well as reduced rates for STOS participating Federal Agencies when there are unforeseeable and sudden decreases in fuel prices. Since rate adjustments for more gradual changes in carrier fuel and related costs over longer time periods are beyond the purpose of this provision, carriers should consider the more gradual changes in fuel prices when submitting or supplementing rates during rate filing open windows for long-term relief.
- B. **Issue Date:** The issue date of this notice is December 4, 2000.
- C. **Effective Date:** The effective date of this notice is December 4, 2000.
- D. **Expiration Date:** The expiration date of this notice is OPEN until further notice.
- E. **Application:** All shipments transported pursuant to the terms and conditions of the Standard Tender of Service (STOS), supplements thereto and reissues thereof, will be subject to a Fuel Related General Rate Adjustment. Any individual carrier-issued fuel surcharge supplements negotiated by Federal Activities other than the GSA Freight Program Management Office, Kansas City, MO, will supersede this provision until such fuel surcharge supplement is canceled or August 4, 1997, whichever is earlier. At such time, any fuel surcharge provision other than Item 1300 of the STOS will not apply and will be considered null and void.
- F. **Computation:**
- Shipment Application:** Applicability of the Fuel-Related General Rate Adjustment will be based on the date of pickup. **Application of the Fuel-Related General Rate Adjustment will become effective on each Wednesday following the National Average diesel fuel price posting by the Department of Energy, Energy Information Administration (EIA) on every Monday or the first working day after Monday if the Monday falls on a Federal Holiday**
 - Determination of Adjustment:** ONLY the **National Average diesel fuel price** as published by the Department of Energy, Energy Information Administration (EIA) on every Monday or the first working day after a Monday if the Monday falls on a Federal Holiday (hereinafter called "Monday") may be used as the basis for determining the applicability of a Fuel-Related General Rate Adjustment **for shipments picked up the following Wednesday through Tuesday**. The diesel fuel prices published by the EIA may be found via the following sources:
 - EIA Website: <http://www.eia.doe.gov/>
 - EIA Weekly Petroleum Status Report
 - EIA Hotline: (202) 586-6966

It is the responsibility of the carrier to monitor diesel fuel prices via one of the sources identified above every Monday. **National Average** diesel fuel prices published on the days identified above will serve as the basis for determining the possible entitlement to a Fuel-Related General Rate Adjustment, **beginning on Wednesday**, during the week until the next **National Average** diesel fuel prices are published on the following Monday.

3. **Amount of Adjustment:** In accordance with paragraph E of this STOS Notice, if during the effective period of the STOS Notice, **National Average** diesel fuel prices as published by the sources identified in Paragraph F2 exceed or fall below the neutral range as published in this STOS Notice on any given Monday, carriers:
- a. may add an increase (see G, below for procedure) to their linehaul transportation charges or;
 - b. must add a decrease (see G, below, for procedure) to their linehaul transportation charges.
 - c. Increase/Decrease Schedule: Adjustments are as identified in the schedule below:

	Cost Per Gallon (in cents)	Percent Decrease	Percent Increase
	63.1-68.0	4	
	68.1-73.0	3.5	
	73.1-78.0	3	
	78.1-83.0	2.5	
	83.1-88.0	2	
	88.1-93.0	1.5	
	93.1-98.0	1	
NEUTRAL RANGE	98.1-108.0	0	0
	108.1-113.0		1
	113.1-118.0		1.5
	118.1-123.0		2
	123.1-128.0		2.5
	128.1-133.0		3
	133.1-138.0		3.5
	138.1-143.0		4
	For each 5 cents per gallon above 143.0, add ½%		

G. **Billing Procedures:** Carriers will clearly show on all affected freight bills/Government Bills of Lading, the amount of any diesel fuel rate surcharge or discount as a separate line item