



UNITED STATES TRANSPORTATION COMMAND

508 SCOTT DRIVE
SCOTT AIR FORCE BASE, ILLINOIS 62225-5357

11 Mar 2008

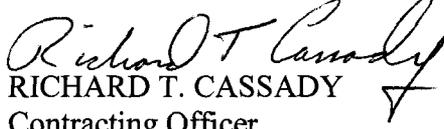
Ref. 080005

MEMORANDUM FOR: Menlo Worldwide Government Services
ATTN: Mike Nadolski, Director Contracts
2855 Campus Drive, Suite 300
San Mateo, CA 94403-2512

FROM: DTCI Program Management Office

SUBJECT: Delivery of USTRANSCOM Fuel-Related Adjustment (FRA) Policy for DTCI

1. The purpose of this letter is to provide Menlo a copy of the final USTRANSCOM FRA Policy for DTCI air shipments per PWS 1.4.5.15 Fuel Surcharge.
2. The original FRA Policy document was revised in order to correct an error in the last entry in the chart under section F. The Cost Per Gallon in Cents of "298.1 – 300.00" is revised to "298.1 – 306.0."
2. If you have any questions, please contact the undersigned at 618-622-2211, or via e-mail at rick.cassady@ustranscom.mil.


RICHARD T. CASSADY
Contracting Officer



UNITED STATES TRANSPORTATION COMMAND

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UNITED STATES TRANSPORTATION COMMAND (USTRANSCOM)

Fuel-Related Adjustment (FRA) Policy for Defense Transportation Coordination Initiative (DTCI) Contract Number HTC711-07-D-0032 Air Transportation

A. Pursuant to DTCI Performance Work Statement 1.4.5.1.5, the Contracting Officer is establishing a fuel rate adjustment for air shipments and provides the air transportation industry, including individual carriers, economic adjustment and reasonable relief from increases in jet fuel prices. Carriers are urged to consider anticipated variation in fuel prices when submitting or supplementing rates during rate filing and/or bid submission periods.

B. Issue Date: 29 February 08

C. Effective Date: 29 February 08

D. Expiration Date: This fuel rate policy is effect until superseded, withdrawn in writing or expiration of contract.

E. Policy:

1. Application: Applicability of the FRA is based on guidance contained in the solicitation or other procurement request for transportation services. Application of a FRA will be determined the first Monday of the month, or the next business day if the first Monday is a federal holiday, and based on the simple average of kerosene-type jet fuel price at the three domestic spot markets New York Harbor, US Gulf Coast, and Los Angeles California as published by the Department of Energy (DOE) Energy Information Administration (EIA).

2. Determination of Adjustment: USTRANSCOM will compute a one-month average jet fuel price as a basis for determining the applicability of a FRA. The average jet fuel price will be computed on the first of the month using the prior month's data published by DOE, EIA and will apply to the air shipments scheduled to move the following month. For example, the average jet fuel price for air shipments scheduled to move the month of March will be calculated on or immediately after the 1st of February using DOE, EIA data published for January.

The jet fuel prices published by EIA may be found at the following website and helpdesk:

Web Site: http://tonto.eia.doe.gov/dnav/pet/pet_pri_spt_s1_m.htm

Select Download Series History
 Select Kerosene-Type Jet Fuel
 Source: Energy Information Administration
 Help Desk: infoctr@eia.doe.gov
 (202) 586-8800

USTRANSCOM will publish the average jet fuel price monthly for carrier use.

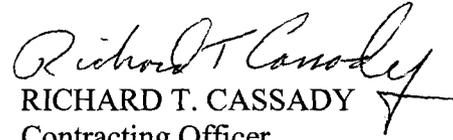
F. Amount of Adjustment: The table below will be used to determine the FRA. No FRA will be granted when prices are within the neutral range ("0"). When the DOE, EIA price exceeds the neutral range amount, the carrier will be entitled to the specific rate adjustment percentage based on the applicable fuel cost per gallon range as indicated in the table. The increase applies to line haul transportation charges only unless otherwise identified in the solicitation.

Cost Per Gallon In Cents	Rate Adjustment Percentage
82.0 and below	0
82.1 – 90.0	1
90.1 – 98.0	2
98.1 – 106.0	3
106.1 – 114.0	4
114.1 – 122.0	5
122.1 – 130.0	6
130.1 – 138.0	7
138.1 – 146.0	8
146.1 – 154.0	9
154.1 – 162.0	10
162.1 – 170.0	11
170.1 – 178.0	12
178.1 – 186.0	13
186.1 – 194.0	14
194.1 – 202.0	15
202.1 – 210.0	16
210.1 – 218.0	17
218.1 – 226.0	18
226.1 – 234.0	19
234.1 – 242.0	20
242.1 – 250.0	21
250.1 – 258.0	22
258.1 – 266.0	23
266.1 – 274.0	24
274.1 – 282.0	25
282.1 – 290.0	26
290.1 – 298.0	27
298.1 – 306.0	28

For example, if the average jet fuel price computed by USTRANSCOM is \$2.28, the carrier would be entitled to a FRA of 19 percent. Add 1 percent for each 8 cents per gallon above 300.0.

G. Billing Procedure: Carriers will clearly show the FRA on all paper and electronic commercial freight bills and Bills of Lading and invoices. The amount of the FRA must be shown as a separate item on the carrier's invoice.

H. Questions: Any questions regarding the DTCI FRA Policy or the amount of the adjustment should be directed to the DTCI Contracting Officer.


RICHARD T. CASSADY
Contracting Officer