

Defense Personal Property Program Fuel Related Rate Adjustment (FRA)



Personal Property Publication

**Rules Governing the Interstate and Intrastate Movement of
Personal Property for Department of Defense and the Coast Guard**

**Managed By:
United States Transportation Command (USTRANSCOM)
Defense Personal Property Management Office (DPMO)**

**508 Scott Drive
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Effective 15 May 2024

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A. Fuel Related Rate Adjustment (FRA):

1. The following FRA document applies to Department of Defense (DoD) approved household goods (HHG) movers moving shipments within the Continental United States (CONUS) including Alaska and Hawaii.

2. This policy provides the transportation industry, including individual transportation service providers TSP(s), economic adjustment, and reasonable relief for unanticipated increases in diesel fuel prices.

3. TSP(s) are urged to consider anticipated variation in fuel prices when submitting or supplementing rates during rate filing and/or bid submission periods.

4. FRA for HHGs shipments will be calculated using a mileage-based formula. The percentage of line-haul increment factor will be **\$.13**. **The baseline will be adjusted from \$2.50 to \$3.50 (Annex A)**.

5. Before the annual rate filing event, the United States Transportation Command (USTRANSCOM) will review the FRA and adjust, if required. TSPs will be required to file rates accordingly to include the updated baseline rate increase.

6. The DoD will not pay FRA on One Time Only (OTO) bids submitted. OTO bids must be submitted as an all-inclusive rate. Additionally, USTRANSCOM will not pay FRA on the following:

- a. rail,
- b. barge,
- c. pipeline,
- d. air shipments, or
- e. third-party service.

7. Written provision will be made in USTRANSCOM regulations, Tariff, and solicited tender agreements for FRAs. At the sole discretion of the appropriate Contracting Officer, this policy may be applied to Federal Acquisitions Regulation (FAR) contracts. USTRANSCOM has no obligation whatsoever to apply this policy to FAR contracts other than where the appropriate Contracting Officer determines that it shall apply.

B. Effective Date: The mileage-based formula and the increment change will take effect on **15 May 2024**.

C. Expiration Date: This policy is in effect until superseded or withdrawn in writing by USTRANSCOM.

D. Definitions: The following definitions shall apply to terms used in this regulation.

1. **Fuel Cost:** The national average diesel fuel price is published by the U.S.

Energy Information Administration (EIA). The diesel fuel prices published by the EIA may be found via the following sources:

- a. EIA Website: <https://www.eia.gov/petroleum/gasdiesel>
- b. U.S. On-Highway Diesel Fuel Prices
- c. EIA Hotline: (202) 586-6966

2. **Actual Pickup date:** The date indicating the calendar day on which the TSP takes possession of a given shipment.

3. **Requested Pickup date:** The date indicating the calendar day of the customers requested pickup date at the time the shipment was initially offered and accepted by the TSP.

4. **Actual Delivery date:** The date indicating the calendar day in which the TSP delivered the shipment.

5. **OTO:** A flexible and responsive process that posts shipments for bid by qualified TSP(s). It is an acquisition alternative for procuring transportation services for unique shipments by all modes. All submitted bids reflect an all-inclusive expense representing line haul, accessorial charges, fuel, any additional expenses anticipated to support that shipment. FRA will not be paid on these types of shipments.

E. **Application:** The DoD shall pay FRA in accordance with this document on movement involving the domestic line haul portion of the TSP rate including Alaska and Hawaii.

F. **Determination of Adjustment Amount:**

1. **FRA Formula for shipments moving under the 400NG Tariff**

a. 16A (Fuel Surcharge – LHS):

- Linehaul (LH) cost (after LH discount is applied) * applicable FSC % in effect on the actual date the shipment was initially offered and accepted.
- **Example: \$3,083.43 (LHS) x 12% (FRA %) = \$370.01 FSC. Same process for 16B.**
- 16B (Fuel Surcharge – Delivery to/from Storage-in-Transit (SIT):
- SIT Pickup/Delivery Charge (after SIT discount is applied) * applicable FSC% in effect on the actual delivery date.

2. **FRA Formula for shipments moving under the International Tender**

a. 513A (Fuel Surcharge – LHS):

- Applicable Item 530 linehaul rate * shipment weight * applicable FSC % in effect on the actual pickup date
- **Example: Schedule A (iHHG) Milage from port to warehouse (235 miles) shipment weight (8.5) x \$34.08 = \$289.68. Same process for 513B.**

b. 513B (Fuel Surcharge – Delivery to/from SIT):

- To Origin SIT: Applicable Item 530 linehaul rate * shipment weight * applicable FSC% in effect on the requested pickup date at the time the shipment was initially offered and accepted.
- From Destination SIT: Applicable Item 530 linehaul rate * shipment weight * applicable FSC% in effect on the actual delivery date

3. FRA shall be paid based on a percentage of the line-haul rate. The line-haul rate does not include accessorial unless specifically called for in the tariff, tender, or solicitation on which the FRA is based.

4. The DoD shall pay the TSP 1% (one percent) of the linehaul rate, not including accessorial charges, for every increment of \$.13 (thirteen cents) by which the fuel cost exceeds **\$3.50** at the time of pickup.

G. Determination of Fuel Cost at Time of Shipment:

1. The DoD shall pay the FRA based on the fuel cost published on the first Monday of the month in which the shipment subject to the FRA is picked up. 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.

H. Monitoring Diesel Fuel Prices:

1. It is the responsibility of the TSP to monitor diesel fuel prices via one of the sources identified in this policy. The National Average diesel fuel price determined by the EIA will serve as the basis for determining the entitlement to FRA.

2. The National Average diesel fuel price will determine if there is an entitlement to an adjustment and the amount of the adjustment.

3. 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.

I. Billing Procedures:

1. TSP(s) will clearly show fuel price adjustments on all paper and electronic bills, BOL, and invoices. The amount of any diesel fuel rate adjustment must be shown as a

separate item on the TSP(s) invoice.

REGULATION FLEXIBILITY ACT: This action is not considered rulemaking within the meaning of Regulatory Flexibility Act, 5 U.S.C. 601-612.

PAPERWORK REDUCTION ACT: The Paperwork Reduction Act, 44 U.S.C. 3051 *et seq.*, does not apply because no information collection or record keeping requirements are imposed on contractors, offerors, or members of the public.

ANNEX A: Fuel Related Rate Adjustment Table (\$3.50 Baseline w/\$.13 increments)

The table below demonstrates the percentage of the line-haul rate USTRANSCOM will pay at a given fuel cost given a \$3.50 baseline. Should the baseline differ at any time, the same principle applies simply with a different starting point for calculating the percent adjustment. The table ends at \$6.510 but the same principle applies to fuel costs above that dollar amount.

From	To	FRA
\$3.50 and below		Percentage
\$3.501	\$3.630	1%
\$3.631	\$3.760	2%
\$3.761	\$4.040	3%
\$4.041	\$4.170	4%
\$4.171	\$4.300	5%
\$4.301	\$4.430	6%
\$4.431	\$4.560	7%
\$4.561	\$4.690	8%
\$4.691	\$4.820	9%
\$4.821	\$4.950	10%
\$4.951	\$5.080	11%
\$5.081	\$5.210	12%
\$5.211	\$5.340	13%
\$5.341	\$5.470	14%
\$5.471	\$5.600	15%
\$5.601	\$5.730	16%
\$5.731	\$5.860	17%
\$5.861	\$5.990	18%
\$5.991	\$6.120	19%
\$6.121	\$6.250	20%
\$6.251	\$6.380	21%
\$6.381	\$6.510	22%

For example, if the reported EIA National Average diesel fuel price is \$5.15 the TSP would be entitled to an FRA of 12% of the line-haul rate.

ANNEX B: Pass Through Supplemental Language

Non-FAR Contracts Item: FRA for Motor Transportation Services

- A. Section 884 of the 2009 National Defense Authorization Act requires any government paid fuel related rate adjustment, also known as, a fuel surcharge (FSC) arising from a Department of Defense (DoD) transportation contract and funded by government funds that the payment goes to the cost bearer of the fuel. The cost bearer is the person who actually incurred the cost of providing the fuel used for the motor transportation.
- B. The use of the terms motor TSP, freight forwarder, and broker in this item have the same definition as those provided in 49 U.S.C. 13102.
- C. Each TSP must provide all drivers, owner operators, motor TSP(s), freight forwarders, or brokers notice that the cost bearer who transports cargo is entitled to any FRA charge paid with government funds. The TSP must identify any shipment that is entitled to a federally funded FRA payment.
- D. The TSP has the responsibility to ensure the FRA payment goes to the cost bearer. The TSP shall insert a clause in all their transportation subcontracts and agreements with motor TSP(s), freight forwarders, or brokers who provide or arrange for motor carriage for a DOD, known as a flow-down clause, requiring the pass-through of the FRA payment to the cost bearer. Include the flow-down clause in all contract tiers. The clause will require paying the FRA to the cost bearer within thirty business days of the receipt of the FRA payment. If there is more than one cost bearer, then the TSP pays each cost bearer the appropriate share of the FRA payment based on the motor transportation miles provided by each cost bearer.
- E. The TSP must include and require a flow-down clause in all its contracts, subcontracts, and agreements with motor TSP(s), freight forwarders, or brokers who provide or arrange for motor carriage for DOD authorized shippers. The contracts, subcontracts, and agreements must state the TSP has the sole responsibility and duty to ensure the FRA payment goes to the cost bearer.
- F. All subcontractors and cost bearers must agree and acknowledge they have no privity of contract with the DOD or United States Government (USG) prior to accepting any shipments. The cost bearer must agree he or she has no right of legal recourse or legal standing to assert a claim against DOD or the USG for payment under 31 U.S.C. 3726.
- G. The clause will state all parties acknowledge that a BOL listing a DOD agency, military service, other USG agency, or other authorized DTS user, as the shipper, consignee, or consignor on the BOL makes the BOL a non-negotiable BOL. All parties agree they cannot delay delivery of HHGs or demand the FRA payment or any other payment as a precondition for timely delivery of a shipment.

- H. If a cost bearer or their representative brings a legal action against the DOD, a military service, or other government entity for payment of the FRA, then the TSP, who had the contract with DOD or other government entity, must indemnify the DOD or other federal entity for all associated legal and other costs.
- I. TSP(s) who fail to comply with the requirements of this provision may be subject to an administrative determination to place the TSP in non-use or suspension status.

APPENDIX C: Acronyms

BOL	Bill of Lading
CONUS	Continental United States
DOD	Department of Defense
EIA	Energy Information Administration
FAR	Federal Acquisitions Regulation
FRA	Fuel Related Adjustment Factor
FSC	Fuel Surcharge
HHG	Household Goods
LH	Linehaul
OTO	One-Time-Only
SIT	Storage-in-Transit
TSP	Transportation Service Provider
USTRANSCOM	United States Transportation Command