

Rule No. 205 Fuel Price Adjustment

What is the Fuel Price Adjustment?

Rule No. 205, Fuel Price Adjustment (“FPA”) is a tariff rule that allows Young Brothers to apply a fuel surcharge as a result of the fluctuation in the cost of diesel fuel and is applied to all freight charges for all ports which Young Brothers serves. Implemented in 2007, the rule allows for an adjustment of the fuel surcharge on a quarterly basis. The FPA may increase, decrease or remain the same depending on actual diesel fuel cost.

The FPA changes whenever the quarterly average price per gallon cost of diesel fuel rises \$0.15 cents or more above or falls \$0.15 or more below the base price of diesel fuel included in Young Brothers freight charge. This range of \$0.15 above or below the base prices of diesel fuel is referred to as the FPA threshold.

Why is there a Fuel Price Adjustment?

The FPA reflects changes in the cost of diesel fuel. It is intended to mitigate rapid and unforeseen changes in diesel fuel prices and protects the customer against overpayment in the case of falling fuel prices, while allowing the customer to incur a more modest increase in fuel costs as the price of diesel rises.

How is the Fuel Price Adjustment Calculated?

The average per gallon cost of diesel fuel is based on the actual amount of diesel gallons consumed and actual total cost for diesel fuel during the quarter. The quarterly average price per gallon cost of diesel fuel is compared to the base price per gallon cost of diesel fuel included in the freight charge to determine if an adjustment is necessary.

The current base price per gallon of diesel fuel included in Young Brother’s freight charge is \$1.80. Adjustments are made when the quarterly average price per gallon cost of diesel fuel is outside of the FPA threshold.

When is the FPA updated?

Young Brothers reviews the FPA on a quarterly basis and when a change to the FPA is required, the new FPA becomes effective five business days after the close of the FPA quarter, as approved by the PUC. Below is a schedule of when the FPA is updated:

FPA Quarter	FPA Effective
November, December, January	February
February, March, April	May
May, June, July	August
August, September, October	November

Customers are notified as soon as the FPA is determined, no later than one-day before the effective date.