



## What is a fuel Surcharge?

Do you really know what a fuel surcharge and how it may affect you, or are you simply nodding your head about the extra fee?

A fuel surcharge (or FSC) is a flat rate that allows the cost of fuel to be incorporated into shipping rates or it can be separated to add into the flat rate. It allows shippers to have a fixed fuel cost they can count. A fuel surcharge accounts for fluctuating fuel prices and the average cost of transporting goods. Charging the exact cost for fuel on each shipment would be complicated because of frequent price changes, regions and weather associated with the fluctuation of MPG.

The most commonly used formula for calculating a fuel surcharge is based on three variables: a base fuel price, base fuel mileage, and the source and interval of the current fuel price. When a surcharge is calculated accurately it protects all within the shipping mode (the carrier, shipper & brokerage).

## Fuel Surcharge with the Cousin Network of business

A specific fuel surcharge payment is integrated within our quotes to Owner Operators. We base the amount of the surcharge payment on the (estimated) average miles per gallon; specific to the type of truck you are driving. This number may flex as equipment varies, but we have a data base to project the median range and best scenario for Carrier & Company.

We also factor in the national average fuel surcharge. The fuel price needs to fluctuate 6.8 cents per gallon to result in a change in the surcharge payment to drivers.

The final cost of fuel for owner operators may include discounts and the fuel surcharge payment calculation. The following example is for a driver who hits the 6.8 miles per gallon average. If you do not average the same, your numbers will vary from what is listed below.

**Average retail price of fuel per gallon across the nation: \$3.007**

**(Using Fleet Fuel Card Discount) – if applicable: \$0.40 (average) →  $3.007 - .40 = 2.607$**

**CFS Carrier's fuel price after discount: \$2.607**

**This week's U.S. Department of Energy fuel surcharge: 27 cents (.27) per mile**

**Driver's average MPG: 6.8 →  $.27 \times 6.8 = \$1.836$**

**Final fuel price: \$1.836**

**CFS Carrier's Fuel Price – Final Fuel Price = Driver's actual cost per gallon →  $2.607 - 1.836 = \$0.771$**

Fuel represents the number one expense for a carrier. At CFS, we keep fuel costs for owner operators at or below one dollar per gallon to ensure our owner operators receive the best deal. CFS provides a 'road map' for the cheapest fuel across the nation. By following the fuel solutions map, drivers will receive an average of 40 cent discounts. Our owner operators are not required to follow the fuel solutions, they will only receive the CFS discounted price if they fill up at the listed stations.

## Where do drivers come in?

Depending on how a truck is driven, the typical average is between six and eight miles per gallon, or even better with new technology in recent years. Drivers can reduce real costs and improve efficiency by driving in a fuel-efficient way. To have good fuel economy, a driver needs to account for road resistance, air resistance, and weight. By making slower starts and stops and limiting idle time, you will make positive efforts towards fuel efficiency. Another benefit to getting better mileage is that you will reduce your refueling stop.

## Teamwork helps everyone

By negotiating reasonable and realistic fuel surcharges with customers we are positioned to cover costs or make a profit. Fair and honest fuel surcharges keep trucks running profitably. As we work together to better our company, we also strive to inform our drivers about costs and processes that create success.

