

# Changing a paradigm

## Web-based tool offers real time fuel prices for calculating surcharges

By Lyndon Finney

THE TRUCKER STAFF

BRIDGE CITY, Texas — A small group of shippers, carriers and marketing groups have joined forces to build a new model for calculating fuel surcharges.

It's a concept that could revolutionize the manner in which the trucking industry does business because it bases the fuel surcharge on real time prices rather than government data.

"In the past, everything has been based on the Department of Energy," Tony Stroncheck, president of the group, said. "So the concept here was to come up with a solution that could save the entire industry hundreds of millions of dollars."

FuelSurchargeIndex.org is a Web-based tool of ProMiles Software Development Corp., of which Stroncheck is also president.

ProMiles is the technical development division of FuelSurchargeIndex.org.

The tool provides shippers and carriers with accurate fuel prices on over 5,500 truck stops that are updated every 24 hours and are specific to the route that the load is actually traveling, Stroncheck said.

"By figuring the surcharge based on actual fuel prices along a given route vs. using a nationwide average, it's a lot closer to what is being done on that actual trip," he said. "So it's fairer for the shippers and carriers."

Normally, when a carrier bills a shipper, there are two bills — one for the truck to actually haul the freight and the second for a fuel surcharge when fuel goes above a specific amount, Stroncheck said.

"For most people, that amount was anywhere between \$1.15 and \$1.21," he said.

"We all know fuel has dropped. When it was \$4-\$5 a gallon, about 30 percent of a cost to haul a load was the surcharge. You didn't see a lot of movement in the truckload rate, but you saw a lot of changes in the fuel surcharges. What this is going to do is make things more transparent to the shipper and the carrier. Carriers are going to have to adjust the actual truckload rate to deal with the economy or other factors instead of looking at a fuel surcharge."

"If you get a Schneider [National which is using the tool] out there and you get a guy with one truck, the guy with one truck might not have the same network, so they don't get the same discounts or the same deals. So when you get the actual price along a given route, that's the best and fairest way to figure a fuel surcharge."

Fuel surcharges first became a hot topic in the trucking industry in the mid-1970s, when the Department of Energy created the national on-highway retail average to compensate for the volatile fuel prices of the Organization of the Petroleum Exporting Countries oil crisis era, and it operates the same today as it did then.

Each Monday, a representative group of 350 truck stops/travel plazas report their retail diesel prices, which the DOE uses to issue the national average.

In turn, the national average becomes the baseline for the weekly fuel surcharge rate billed by the carrier.

Therefore, (1) the data was already old when published and (2) the average price varied from region to region.

For instance, for the week ended July 14, 2008, the national average was \$4.764.

The average for the Central Atlantic



THE TRUCKER: Barb Kampbell

Tracy Jordan, a driver for American Eagle Lines of Dallas, fills up at the Petro Stopping Centers in North Little Rock, Ark., recently. A new Web-based tool is now available to more accurately calculate fuel surcharges, officials of FuelSurchargeIndex.org, say.

### SCHNEIDER NATIONAL IS A MAJOR CARRIER USING THE NEW SYSTEM

states, however, was \$4.912 and for the West Coast is was \$4.909.

Stroncheck said FuelSurchargeIndex.org also allows a carrier to give a customer a more accurate quote and then to bill the shipper based on the cost of fuel for the day or days the run is made.

"For instance, the quote may be for a load you want to haul four days from now," he said. "So when you get that quote, you record that. Now one week from now, you've hauled the load and you're back and you're ready to reconcile. You're going to go back to that shipper and you're going to re-run based on the day the load was either picked up or the day the load was delivered, it's all up to you and that shipper which date to use."

There are two options to calculate loads, Stroncheck said.

A company can either go to the Web site and calculate a single load, or for multiple loads, companies can upload an Excel spreadsheet.

"Let's say you have 50 loads you need to get your surcharge calculated for each line on the spreadsheet representing a load," Stroncheck said. "So here's your origin, here's your via point and here's your destination. Then the next line is the next load. And you continue doing that until you fill up a spreadsheet. And at the end of the day, you upload the spreadsheet and you get an e-mail two minutes later with all your answers."

Every aspect of FuelSurchargeIndex.org can be set up without involving a company's IT department, Stroncheck said.

Schneider National has been actively involved in the initial stages of FuelSurchargeIndex.org and has endorsed the

process, he added.

"Schneider has played a very large part in the success of FuelSurchargeIndex.org," Stroncheck said. "They are probably the most aggressive carrier today that is working and educating shippers and teaching them how carriers deal with fuel. By doing that, the shippers are now understanding how all this really works when in the past, shippers and carriers really never talked fuel. But since fuel has become such a large ticket item for that load, Schneider was really one of the first that took that step and told shippers, 'we need to come up with something better because using the national average might not be the best way.' We know it's not the most accurate and there is better technology. And that's when we developed this. We were working with Schneider and Schneider brought it to some shippers and the next thing you know, the shipper and the carrier industry said this is easy."

"The best fuel surcharge program offers neutrality for both the shipper and carrier, low cost of administration, verifiable/auditable data and a direct link to the day and route of a load," Mark Rourke, president of Transportation Services at Schneider, said. "FuelSurchargeIndex.org accomplishes all of that and more. It's an easy-to-use system that creates fairness and simplifies fuel surcharge calculations. It's time to replace the antiquated U.S. DOE process with one that makes sense for everyone in the transportation community. We are very excited to put this tool to work for our customers."

For more information, go to [fuelsurchargeindex.org](http://fuelsurchargeindex.org).

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Fuel surcharges are an important part of the cost of the shipping equation whether the prices is over \$5, as it was in the Northeast last year, or just above \$2, as it is today.