

Appendix G: Economic Price Adjustment Schedule

G.1. Annual Price Adjustments. In order to protect the contractor and government against significant market fluctuations, all prices other than the shipment management services and counseling services, will be adjusted prior to the start of Base Period 2, Base Period 3, the extension of every option year, and award terms (if applicable) thereafter. The adjustment will be based on the IHS Markit Pricing and Purchasing Industry Forecasting using a weighted adjustment percentage for each category as follows: United States, Producer Price Index (PPI), Specialized Freight Trucking (62%) (less fuel); United States, PPI, Deep Sea Foreign Transportation of Freight (22%); and United States, PPI, Warehousing and Storage (16%).

G.1.1. Index figures subsequently revised by IHS Markit (e.g., amending formerly released indices by removing or replacing components within the index, describing revisions by footnote or appendix, significantly altering the method of calculating the index, or any other method) shall not warrant a retroactive price adjustment under the terms and conditions of the contract.

G.1.2. Price adjustments will be executed via a contract modification.

G.1.3. Non-peak season is defined as October 1 - May 14, the prices paid for the entire non-peak season shall be based on the prices that are set at the beginning of the non-peak season.

G.1.4. The EPA for each year will be applied at the start of the peak season. Rates will not be adjusted mid-season.

G.1.5. The United States, Producer Price Index (PPI), Specialized Freight Trucking index is determined exclusive of changes in fuel costs since the CONUS portion of the transportation requirement permit a Fuel Rate Adjustment in accordance with paragraph 2 below.

G.1.6. Any price adjustments under this EPA clause will be rounded to two decimal positions (e.g. \$1.79).

G.1.7. The formula for determining the adjusted unit prices is $((a2 - a1)/a1) \times .62 + ((b2 - b1)/b1) \times .22 + ((c2 - c1)/c1) \times .16$. A sample calculation that factors in each category is listed below.

G.1.7.1. Where $a1$ equals the 4-quarter average of the future/historical index values of the United States, PPI, Specialized Freight Trucking (less fuel) for the current period of performance.

G.1.7.2. Where $a2$ equals the 4-quarter average of the future index values of the United States, PPI, Specialized Freight Trucking (less fuel) for the next period of performance.

G.1.7.3. Where $b1$ equals the 4-quarter average of the future/historical index values of the United States, PPI, Deep Sea Foreign Transportation of Freight for the current period of performance.

G.1.7.4. Where $b2$ equals the 4-quarter average of the future index values of the United States, PPI, Deep Sea Foreign Transportation of Freight for the next period of performance.

G.1.7.5. Where $c1$ equals the 4-quarter average of the future/historical index values of the

United States, PPI, Warehousing and Storage for the current period of performance.

G.1.7.6. Where c_2 equals the 4-quarter average of the future index values of the United States, PPI, Warehousing and Storage for the next period of performance.

G.1.7.7. The quarters will be determined as follows: first quarter is January, February and March; second quarter is April May and June; third quarter is July, August and September; and fourth quarter is October, November and December.

G.1.7.8. In the event the period of performance begins at a time other than the start of a quarter, the index for the entire starting quarter will be used to determine the adjustment. Only four quarters are used in calculating the adjustment. For example, if performance begins on 20 February 2021 then 2021 Q1, 2021 Q2, 2021 Q3 and 2021 Q4 will be used in the calculation of the current period of performance and 2022 Q1, 2022 Q2, 2022 Q3 and 2022 Q4 will be used in the calculation of the next period of performance.

G.1.8. The contractor may waive the EPA increase that results in higher prices or any part thereof for all prices in Attachment 2, Pricing Rate Table or for any one specific price identified in Attachment 2, Pricing Rate Table. Additionally, if the contractor elects to do so, they can offer the Government an additional downward price adjustment (discount), effective at the time of the option exercise, in lieu of an increased EPA option year adjustment. The contractor may not waive a downward EPA adjustment.

G.1.9. All EPA adjustment calculations will be based on the current year's prices in the Attachment 2, Pricing Rate Table and the index calculations described above. The contractor may not recoup previously waived EPA increases.

G.1.10. The EPA adjustment from the prior period will be applied to the rates when the Government exercises an option to extend services under FAR 52.217-8. No further EPA adjustment will be made to those rates.

G.1.11. In the event publication of the above indices is discontinued, the parties shall agree upon appropriate substitute indices.

G.2. Fuel Rate Adjustments (FRA). FRA are based on the weekly U.S. No. 2 Diesel (On-Highway, All Types) Retail prices published on Monday by the Department of Energy (DOE) found at <http://www.eia.gov>.

G.2.1. For every cent the weekly National Average Diesel fuel price is above or below \$2.50, the contractor shall receive a price increase or decrease based on the weight of the shipment and the mileage. For shipments up to 5,000 lbs, the amount is \$0.000417 per mile. For shipments between 5,001 and 10,000 lbs, the amount is \$0.0006255 per mile. For shipments 10,001 to 24,000, the amount is \$0.000834 per mile. For shipments over 24,001 lbs, the amount is \$0.00139 per mile. After all fuel rate adjustment calculations, the amount payable is rounded to the nearest whole cent with any fraction of a cent less than 5 being rounded down. For domestic shipments, mileage is calculated from the origin Zip3 to the destination Zip3. For international shipments, mileage is calculated only for the CONUS portion of the shipment from the Zip3 port of embarkation/debarkation to the destination/origin Zip3.

G.2.2. Mileage will be determined using the Rand McNally Mileage Guide 19.

G.2.3. For moves within the same Zip3, distance measurements will be determined by the Defense Table of Distance (DTOD) standards.

G.2.4. The fuel rate adjustment does not apply to the international portion of any shipment.

G.2.5. The national average diesel fuel price in effect the week the shipment is picked up will be used for the fuel rate adjustment.

G.2.6. Example of the fuel rate adjustment calculation: Assume the shipment weight is 15,000 lbs, is picked up on 22 May 2019, the Rand McNally published distance between the CONUS origin and the CONUS destination is 2,500 miles, and the published fuel rate for 20 May 2019 is \$3.163, the contractor is entitled to a fuel rate adjustment of \$138.24 for that shipment. The calculation is as follows: 2,500 miles multiplied by \$0.000834 = \$2.085 for every cent above the \$2.50 baseline. The fuel price is 66.3 cents above the baseline. $\$2.085 * 66.3 = \138.2355 which is rounded up to \$138.24.

G.2.7. By submission of rates under this contract, Contractor acknowledges that its rates are based upon fuel price of \$2.50 per gallon, and that the rates do not contain contingency allowances that are duplicated by inclusion in both the base price and in the adjustment under this economic price adjustment clause.

G.2.8. Upon request, Contractor shall provide the Contracting Officer with adequate data to verify that Contractor has complied with G.2.7.

G.3. Service Contract Labor Standards Price Adjustments. Rate adjustments required via application of the Service Contract Labor Standards Act will be processed in accordance with FAR 52.222-43, Fair Labor Standards Act and Service Contract Labor Standards – Price Adjustment (Multiple Year and Option Contracts).

Sample Calculation of EPA	Category	Weight	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Trucking	United States, PPI, Specialized Freight Trucking (Less Fuel)	62%	84.20	84.48	84.78	84.94	85.98	86.29	86.56	86.73
Water Transport	United States, PPI, Deep Sea Foreign Transportation Of Freight	22%	334.29	332.50	337.47	340.08	341.43	343.00	349.70	351.44
Storage	United States, PPI, Warehousing and Storage	16%	111.57	111.43	111.14	111.40	111.89	111.87	111.72	112.11
	Specialized Freight Trucking (Less Fuel):	Average from 2020 Q4 - 2021 Q3			Average from 2021 Q4 - 2022 Q3			New year average - Old year average / Old year average = Percent Change		
		$(84.20 + 84.48 + 84.78 + 84.94)/4 = 84.60$			$(85.98 + 86.29 + 86.56 + 86.73)/4 = 86.39$			$(86.39 - 84.60)/84.60 = 2.1158392\%$		
	Deep Sea Foreign Transportation of Freight:	Average from 2020 Q4 - 2021 Q3			Average from 2021 Q4 - 2022 Q3			New year average - Old year average / Old year average = Percent Change		
		$(334.29 + 332.50 + 337.47 + 340.08)/4 = 336.09$			$(341.43 + 343.00 + 349.70 + 351.44)/4 = 346.39$			$(346.39 - 336.09)/336.09 = 3.0646553\%$		
	Warehousing and Storage:	Average from 2020 Q4 - 2021 Q3			Average from 2021 Q4 - 2022 Q3			New year average - Old year average / Old year average /		
		$(111.57 + 111.43 + 111.14 + 111.40)/4 = 111.39$			$(111.89 + 111.87 + 111.72 + 112.11)/4 = 111.90$			$(111.90 - 111.39)/111.39 = 0.4578508\%$		
	Weighting Calculation:	Trucking Percent Change (Less Fuel) * 62% + Deep Sea Percent Change * 22% + Storage/Warehousing Percent Change * 16%								
		$(2.1158392\% * 62\%) + (3.0646553\% * 22\%) + (0.4578508\% * 16\%) = 2.06\%$								