

DATE: January 2, 2008

422-08-02

SUBJECT: Price Adjustment for Diesel Fuel Cost Fluctuations

TO: **DISTRICT EXECUTIVE**

FROM:

David J. Azzato, P.E., Acting Director
Bureau of Construction and Materials

This policy has no impact on the Project Delivery process.

Reference is made to Strike-off letter 422-06-03, dated January 5, 2006, which directed each District to continue including the Standard Special Provision entitled "Price Adjustment for Diesel Fuel Cost Fluctuations" in proposals / contracts for **all** highway and bridge construction projects let through December 31, 2007.

At this time, due to the fact that diesel fuel prices remain unstable, the Districts are hereby directed to continue with mandatory inclusion of the subject specification in all projects let through December 31, 2009. At that time, a decision will be made to extend the cutoff date once again if diesel fuel prices remain volatile, or, if prices have stabilized, to return to use of the specification on a project-by-project basis.

As a reminder, although the standard special provision is to be included in proposals / contracts for all projects, applying the minimum total applicable plan quantity requirement for each Category, as indicated in the specification, may eliminate the need for a price adjustment on smaller projects. Also, for those projects where specified minimum quantity requirements are met or exceeded, keep in mind that cumulative price adjustments amounting to less than \$1,000 are to be disregarded.

Furthermore, programs that perform the computations needed to determine and document price adjustment amounts are available on the Department's Local Area Network (LAN) at (P:) / PennDOT Shared / Asphalt-Diesel Fuel Price Adjustment / Diesel Fuel Price Adjustments. Use of the Microsoft Excel program files should help to alleviate some of the added workload that will be placed on project field personnel responsible for preparing work orders / contract adjustments and processing payments and/or rebates.

Questions or concerns regarding this letter should be directed to Edward H. Fuhrer, Bureau of Construction and Materials, Contract Management Division, at (717) 787-7034.

422/EHF/bjh

cc: RHH Reading File
Eric Madden, Policy Director
Highway Administration Bureau Directors
Construction and Materials Division Chiefs
Assistant District Executives – Construction
Assistant District Executives – Design
Federal Highway Administration
Associated Pennsylvania Constructors
PA Turnpike Commission
E. Fuhrer