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EFFECTIVE 11/1/81



ENGINEERING INSTRUCTION

NEW YORK STATE DEPARTMENT OF TRANSPORTATION

SUPERSEDED
EFFECTIVE 1/2/90

SUBJECT: FUEL PRICE ADJUSTMENT -
CONTRACT PAYMENTS

Subject Code: 7.30

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APPROVED:

Jack Sternbach, Deputy Chief Engineer (Const.)

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Supersedes JUREAU
SUPERSEDES PLAN REVIEW

ROOM 408 BLDG. 5

A Special Specification, Item 15699.0001, Fuel Price Adjustment, has been included in many Department contracts beginning with the letting of November 6, 1980. Engineering Instruction 80-37 was directed at designers and described when to include the Fuel Price Adjustment, how to distribute it over the various engineering shares, and what to submit with the PS&E.

This Instruction describes how and when payments are to be made on contracts containing this item.

A. Progress Payments

Progress payments (or deductions) shall be made under Item 15699.0001 as eligible items are incorporated into the work. Eligible items are those listed in the Special Note contained in the proposal. In addition, eligible items modified by prefixes or suffixes shall be eligible for Fuel Price Adjustment if their pay units are identical to the unmodified items.

Fuel Price Adjustment shall not be paid for any other item in the contract. If clarification is required as to the eligibility of certain items, contact the Deputy Chief Engineer (Construction).

Payments (or deductions) shall be computed using the following formulas from the Fuel Price Adjustment Specification:

(a) When price increases:

$$\text{Fuel Adjustment} = \text{Quantity of Fuel} \times \left[\begin{array}{l} \text{Average} \\ \text{Posted Price} \end{array} - \begin{array}{l} \text{(Index Price)} \\ + \$.05 \end{array} \right]$$

(b) When price decreases:

$$\text{Fuel Adjustment} = \text{Quantity of Fuel} \times \left[\begin{array}{l} \text{Average} \\ \text{Posted Price} \end{array} - \begin{array}{l} \text{(Index Price)} \\ - \$.05 \end{array} \right]$$

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LANDSCAPE
FACILITIES DESIGN DIVISION
DEC 1 1980

Quantity of Fuel: Gallons of fuel computed using quantities of eligible items incorporated during the estimate period and appropriate fuel usage factors (from Special Note contained in the proposal).

Average Posted Price: The average fuel price in effect at the time the eligible items were incorporated into the work. This price will be updated on a regular basis and issued by Engineering Bulletin.

Index Price: As specified in the Special Note contained in the proposal.

No payments (or deductions) shall be made unless the Average Posted Price is \$.05 greater or less than the Index Price.

The Monthly Estimate Ledger can be maintained in the conventional manner. However, the tabulation shown in Exhibit 1 is recommended because it can also be used as the Final Fuel Price Adjustment Summary required to be submitted with the final agreement.

If the ledger sheets are not maintained as illustrated in Exhibit 1, then Fuel Price Adjustment quantities and payment must be documented by a summary and submitted with the final agreement. A summary is illustrated in Exhibit 2.

Please note the following when maintaining ledger sheets:

1. Item quantity is the total placed since the previous entry and is obtained from the appropriate page in the Monthly Estimate Ledger.
2. In order to account for all quantities of eligible items, entries should be made in the ledger for all quantities of these items placed even if no adjustment is paid.
3. Fuel Price Adjustment dollar amounts are calculated using the appropriate formula from the Special Specification.
4. The payment quantity entered on the CONR 22c is calculated as follows:

$$FS \text{ Pay Qty} = \frac{FS \text{ Fuel Adj. } (\$), \text{ this Est.}}{\text{Item Unit Price}} \times 100$$

Subject: FUEL PRICE ADJUSTMENT - CONTRACT PAYMENTS

5. If progress estimate payments exceed the authorized amount set up in any fiscal share, the authorized amount should be increased by adding another Fuel Price Adjustment Item by order-on-contract. The new item should be designated 15699.000101. If additional items are required, this should be designated with the next consecutive suffix designation (15699.000102, 15699.000103; etc.)
6. The example presented on Exhibits 1 and 2 uses an Index Price of \$0.90 (9/1/80) and assumed future Average Posted Prices of \$1.05 (10/1/80), \$1.30 (6/1/81), \$1.45 (9/1/81) and \$1.75 (5/1/82).

The Fuel Price Adjustment Specification provides for a negative adjustment if the Average Posted Price falls below the Index Price. If this occurs, negative adjustments can be deducted from prior positive adjustments but only to the extent that the total-to-date is not negative. If a negative total-to-date does occur, please advise the Deputy Chief Engineer, Construction, immediately.

Some of the items eligible for Fuel Price Adjustment (i.e., earthwork) are paid in the progress estimates under estimated quantities. Exact quantities are later computed from payment lines with adjustments included in a subsequent or final estimate. When this procedure results in adjusted item quantities, an appropriate addition or deduction shall be made for the Fuel Price Adjustment previously paid. The addition or deduction shall be based on the same Average Posted Price as was used to calculate the estimated item quantity which is being revised. If the placement dates of the adjusted quantity cannot be determined, the addition or deduction shall be based on the Average Posted Price in effect during the last month in which any portion of the estimated quantity was placed.

B. Final Payment

When the final agreement is submitted, the Fuel Price Adjustment quantities and payment must be documented by a summary as illustrated in Exhibit 2. The Monthly Estimate Ledger maintained as illustrated in Exhibit 1 may be substituted for the summary. The quantities of each eligible item must be totaled and checked against the item pay quantities on the final agreement.

In addition, a copy of the Engineering Bulletin listing the applicable Average Posted Prices must accompany the documentation.

Final pay quantities are determined as follows:

$$\text{Fuel Share Quantity} = \frac{\text{F.S. Fuel Adjustment } (\$)}{\text{Item Unit Price}} \times 100$$

Item 15699.0001

$$\text{FS 1 Qty} = \frac{9000}{10000} \times 100 = 90.00$$

$$\text{FS 2 Qty} = \frac{9000}{10000} \times 100 = 9.00$$

$$\text{Total Qty} = 99.00 \quad \text{DECR } 1.00$$

Item 15699.000101

$$\text{FS 1 Qty} = \frac{211.43}{250} \times 100 = 84.57$$

$$\text{Total Qty} = 84.57 \quad \text{DECR } 15.43$$

The payment quantity can exceed the authorized quantity on the final agreement. For instance, if Item 15699.000101 had not been added by order-on-contract, final payment could be made under item 15699.0001 as follows:

Item 15699.0001

$$\text{FS 1 Qty} = \frac{9211.43}{10000} = 92.11$$

$$\text{FS 2 Qty} = \frac{900}{10000} = 9.00$$

$$\text{Total Qty} = 101.11 \quad \text{INCR } 1.11$$

196 Price = \$0.90

Fuel Price Adjustment Item 15699.0001
F.S. #1 Qty = 900% (\$9000)

Lump Sum Unit Price = \$200
F.S. #2 Qty = 10.0% (\$1000)

Date	Item	Factor	FISCAL SHARE #1			FISCAL SHARE #2		
			Item Qty	Posted Price (Incl. .05)	Adjustment (\$)	Item Qty	Posted Price (Incl. .05)	Adjustment (\$)
1980 9/26	203.02 Estimate #1	.35	41700	0	0	0	0	
10/10	203.02 Estimate #2 Total to Date	.35	16020	.10	540.70 540.70 560.70	5.61 5.61		
1981 6/2	555.0401 Estimate #20 Total to Date	.024	7200	.35	60.48 60.48 621.18	.60 6.21		
9/18	463.13 Estimate #28 Total to Date	2.5 2.5 .35	3900 1230	.50 .50	4875.00 215.25 5090.25 5711.43	50.90 57.11	720 720	900 900 900
1982 5/15	18903.1711 Estimate #45 Total to Date	2.5	1750	.80	3500. 3500. 9211.43 9000.00 21143	pay only { 32.89 } { 90.00 }		

* pay under Item 15699.000101 Authorized

Index = \$0.90
Price

Fuel Price Adjustment Item 15699.0001
FS #1 Qty = 1000% (\$250)

Lump Sum Unit Price = \$250.
FS #2 Qty = 0

P.2

EXHIBIT 1

Date	Item	Factor	Fiscal Share #1	Item Qty	Posted Price (Contract)	Adjustment Pay Qty
1982 5/15	Overrun from Item 15699.0001		211.43			84.57
	Estimate #45		211.43			84.57
	Total to Date		211.43			84.57

Eligible Item Totals		Total
Item	FS1	FS2
203.02	58950	0
463.13	3900	0
18463.1711	1750	720
555.0461	7200	0

Fuel Price Adjustment Totals		Total
Item	FS1	FS2
15699.0001	\$900.	\$990.
15699.0001	211.43	0
	\$921.43	\$900
		211.43
		\$1011.43

Final Fuel Adjustment Summary

Item 203.02 Excavation		Fuel Usage Factor = .35			
Date Placed	Posted Price -(Index + .05)	Item Quantity		Adjustment(3)	
		FS 1	FS 2	FS 1	FS 2
9/13-9/26/80	-	41700	-	-	-
9/27-10/10/80	.10	16020	-	50.70	-
9/5-9/18/81	.50	<u>1230</u>	-	<u>215.25</u>	-
Item 203.02 Totals		58950		775.95	
Item 403.13 Asphalt Concrete Binder		Fuel Usage Factor = 2.50			
9/5-9/18/81	.50	3900	-	4775.00	-
Item 15403.1711 Asphalt Concrete Top		Fuel Usage Factor = 2.50			
9/5-9/18/81	.50	-	720	-	900.00
5/1-5/15/82	.80	1750	-	3500.00	
Item 555-0401 Structural Concrete, Class E		Fuel Usage Factor = .024			
5/51-6/12/81	.35	7200	-	64.8	-
F.S. Total				9211.43	900.00
Contract Total				\$ 10111.43	