

**PROVISIONS FOR
FUEL COST ADJUSTMENTS**

This provision is intended to cover fuel cost changes for certain major contract activities on bonded contracts where the activity has a high fuel consumption component. The rebate clause shall apply for either increases or decreases in fuel prices.

Fuel Adjustment Application

- The Department will establish a “Set Price” for the contract based on the Department’s Monthly Diesel Fuel Price Index on the date of tender opening. This index is based on the second issue of the month of the Bloomberg Financial “Oil Buyer’s Guide” Canadian unbranded rack price for bulk low sulfur diesel fuel plus \$0.155/litre (to account for taxes). The Canadian unbranded rack price referenced is the average price listed for Winnipeg.
- The “Actual Price” for diesel fuel will be established monthly based on the above index.
- Fuel adjustments will be calculated monthly based on actual work performed using quantities shown on the progress payments.
- Payment adjustment calculations, in any given month, will be calculated using the following formula:

Monthly Adjustment = (Actual Price – Set Price) X Bid Item Monthly Quantity X Consumption Rate

- Adjustment will be accounted for on the last progressive payment in each fiscal year with the final adjustment on the Pre-Final Payment, all based on the above monthly calculations.
- For fuel price increases, the fuel adjustment amount will be paid for on the basis of Extra Work. If the fuel price decreases, the amount will be a deduction in the payment to the Contractor.
- The payment provided for items listed in the Table shall be deemed to be for all work.
- No adjustments will be made for any time periods where liquidated damages are being charged.

Fuel Consumption Rates

- As it is impractical to ascertain actual fuel consumed on a contract, the amount of fuel consumed will be determined using the consumption rates listed in the Table below.
- Fuel adjustments will not be considered for any other activity or bid item not listed in the Table.
- The Consumption Rate will cover all the activities as defined in the applicable specification for that bid item.

**Summary Activities with Corresponding Consumption Rates
(Actual Bid Item Consumption Rates to be based on this Table)**

Major Operation	Consumption Rate
Concrete Paving	3.5 litres/ m ²
Granular Base Course	2.0 litres/tonne
Bituminous Paving	3.5 litres/tonne
Milling	1.0 litre/tonne
Excavation (all types)	2.0 litres /m ³
Microsurfacing	2.0 litres/tonne
Crushing	1.0 litre/tonne

- Bituminous Paving Consumption Rate includes fuel used in the production of the bituminous asphalt.
- Where a conversion factor is required, one cubic metre of aggregate will be considered to have a mass of 1.78 t.