

1. SUPPLEMENTARY CONDITIONS

- .1 This Supplementary Condition modifies the following Alberta Transportation standard documents, as specified herein:
 - .1 Section 00630 - Payment Conditions.
- .2 Provisions which are not so modified shall remain in full force and effect.

2. SECTION 00630 – PAYMENT CONDITIONS

Add article 14 - Diesel Fuel Cost Adjustment

14. DIESEL FUEL COST ADJUSTMENT

.1 GENERAL

- .1 The Minister will make adjustments to the monthly progress payments due to the Contractor when the Minister determines that the Monthly Price Index for low sulphur diesel fuel has increased or decreased in excess of 15% of the Base Price Index.
- .2 The Monthly Price Index will be published by the Minister on Alberta Transportation's web site under Tendering and Contracting, then Roads, Bridges, and Water. References to, and the content of the "General Specification 1.2.55" does not apply to the Contract Documents of this Contract.
- .3 This section only applies to low sulphur diesel fuel, for the category of Work and at the consumption rates specified herein.
- .4 The Base Price Index that applies to the Contract is \$ [0.6885] [] .

.2 DEFINITIONS

- .1 Monthly Price Index (MPI):

The Monthly Price Index will be based on the average Edmonton and Calgary Rack Rates for low sulphur diesel as published by the Oil Price Information Service (OPIS). The MPI will be calculated as the average of the first 3 Mondays of each month. New MPI's will be established each month by the Minister. In the event of a statutory holiday, the Rack Rate from the next working day will be used to determine the MPI.

- .2 Base Price Index (BPI):

The Base Price Index specified for this Contract will be the most current MPI, as determined solely by the Minister, prior to the initial tender advertising date.

- .3 Monthly Diesel Price Index (MDPI):

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The Monthly Diesel Price Index is the MPI published by the Minister for the month in which Work is performed. The MDPI will be effective from the 26th day of the previous month to the 25th day of the current month.

.3 DIESEL FUEL CONSUMPTION RATES

- .1 For the purpose of the diesel fuel cost adjustment, the following category of Work and diesel fuel consumption rate will be used:

Category of Work	Diesel Fuel Consumption Rate (CR) ⁽¹⁾
[Common Excavation, Borrow Area Excavation, Topsoil and Subsoil Stripping and Wet Excavation Type 1 and Type 2, (excludes Topsoil and Subsoil Placement)]	[1.6 litres/m ³]

Note 1: The specified consumption rates include overhaul and truck haul. No adjustments to the specified consumption rates will be made for Contractor's choice of equipment, type of fuel, construction methodologies, efficiencies, or haul distances. No diesel fuel price adjustments will be made to Lump Sum Items.

.4 CALCULATION OF DIESEL FUEL COST ADJUSTMENT

- .1 The Minister will calculate the diesel fuel cost adjustment for the months in which the specified category Work is performed.
- .2 The Minister will compute the ratio of Monthly Diesel Price Index / Base Price Index each month the specified category of Work is performed. If the ratio falls between 0.85 and 1.15, inclusive, no fuel cost adjustment will be made for that month. If the ratio is less than 0.85 a credit to the Minister will be computed. If the ratio is greater than 1.15 additional payment to the Contractor will be computed. Diesel Fuel Cost Adjustments will be computed as follows:

- .1 Diesel Fuel Price Decrease: When the MDPI is less than 85% of the Base Price Index, a diesel fuel de-escalation assessment will be calculated. This assessment will be deducted from any monies due the Contractor on the monthly progress payment.

$$P.R. = (0.85 - (MDPI / BPI)) \times (Q) \times (BPI) \times (CR)$$

where:

P.R. = Price Rebate

Q = the monthly quantity of the specified category of Work performed, as determined by the Minister and as reported on the monthly progress estimate

CR = the diesel fuel consumption rate for the specified category of Work.

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- .2 Diesel Fuel Price Increase: When the MDPI is more than 115% of the Base Price Index, a diesel fuel escalation assessment will be calculated. This assessment will be added to any monies due the Contractor on the monthly progress payment.

$$P.I. = ((MDPI / BPI) - 1.15) \times (Q) \times (BPI) \times (CR)$$

where:

P.I. = Price Increase

Q = the monthly quantity of the specified category of Work performed, as determined by the Minister and as reported on the monthly progress estimate

CR = the diesel fuel consumption rate for the specified category of Work.

- .3 The Price Rebate or Price Increase will be authorized by means of a Change Order.

.5 [CONTRACTOR'S OPTION TO PARTICIPATE]

- .1 The Contractor shall have the option to participate or opt-out of the Minister's diesel fuel cost adjustment process.
- .2 If the Contractor wishes to opt-out of the Minister's diesel fuel cost adjustment process, the Contractor shall state its intent in writing to the Minister prior to execution of the Contract.
- .3 If the Contractor does not state its intent in writing to the Minister prior to execution of the Contract, the Minister will deem that the Contractor's intent was to participate in the diesel fuel cost adjustment process and no further changes will be considered.
- .4 The Contractor will not be permitted to either opt-in or opt-out of the diesel fuel cost adjustment process after the Minister's execution of the Contract.

.6 CONCLUSION OF DIESEL FUEL COST ADJUSTMENT

- .1 The calculation of Price Rebates and Price Increases on diesel fuel costs will only be considered for the category of Work specified and performed prior to the date of Substantial Performance of the Work.
- .2 For any of the category of Work specified and performed after the date of Substantial Performance of the Work, the Minister will process payments without applying any diesel fuel cost adjustments.

.7 FINAL PAYMENTS

- .1 If the Contractor fulfills the prerequisites to Substantial Performance by the specified date, the Minister will determine the difference between the cumulative monthly estimated quantities for the category of Work specified and the final quantities for that same Work. An average Monthly Diesel Price Index will be calculated by averaging the Monthly Diesel Price Indexes for all months in which the category of Work specified was performed. This average Monthly Diesel Price Index will be applied to the quantity differences for such work.

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- .2 If the Contractor does not fulfill the prerequisites to Substantial Performance by the specified date, diesel fuel price adjustments will not be applied to any difference between the estimated and final quantities of the category of Work specified.

END OF SECTION