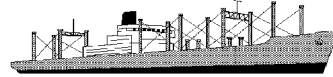




Rollin' On [®]



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FUEL SURCHARGES, AIRLINE TRAVEL, AND CHANGING WORLD

Fuel surcharges: *Who gets them?*

Surging fuel prices are front and center in today's world. Everyone, whether or not the owner or user of a motor vehicle, is impacted. Congress had the CEO's for the top five oil companies testify last week regarding these price hikes. Boy, that sure gives those bashful politicians good air time, some good sound bites for the nightly news. Like when they ask the CEO's what their compensation is, as if that is going to solve anything, although one of the CEO's testified that he didn't know how much he got paid. Too many nuances, e.g. stock options, etc.

This testimony was elicited at about the same time of the arrival of tax freedom day, when the average person can now start working for him/herself, instead of for the government, for the rest of the year.

Proposed legislation, with our own Peter DeFazio as a sponsor, is pending before Congress that would require that all fuel surcharges be passed through to the person who actually pays the fuel bill. This legislation, known as the Trust in Reliable Understanding of Consumer Costs Act (TRUCC Act), has the broad support, if not fingerprints, of the Owner-Operator Independent Drivers Association (OOIDA), whose members are on the front lines when it comes to fuel costs.

If you put yourself in their shoes, you can certainly understand why they would want to receive every cent of a fuel charge that was billed to, and paid by, a shipper. Shippers might feel better knowing that the costs

The Obligatory Disclaimer

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represented as fuel surcharges are actually received by the individuals who have to fuel their rigs in order to move the cargo tendered by shippers.

The contrary view is that this legislation is nothing more than partial re-regulation of an industry that was deregulated almost 30 years ago. The argument is that the market forces are adequate to assure that fuel surcharges are used for their intended purpose. It is doubtful that this legislation will get far this year, although the escalating price of oil may give it a real push.

Meanwhile, it's an open question as to how many carriers and owner-operators will be around to pay for fuel. Jevic Transportation is the latest casualty, and there are more to come. Fuel prices are rising so rapidly that fuel surcharges, which frequently lag, aren't doing the job.

The future looks bleak, since although consumption is flat or down in the U.S., so-called emerging economies, like China and India (which are emerging everyday with more of our exported jobs), are sucking up the available supply.

At the same time, ethanol is siphoning off food stocks, thus increasing food costs. For some reason, the CPI excludes energy and food, which everyone uses or consumes, the biggest inflationary drivers to the economy. Ethanol barely provides more energy than it consumes, like eating celery. Yet it's impact is huge and growing by the day.

Our problems are much larger than the disposition of fuel surcharges.

Airline travel: *Loads of fun*

Now there is more excitement brewing, the prospect of paying to check your luggage. No more free bags. Instead, you'll be squeezed for money when you check in if you want your bag to also fly. Just imagine how that will help the lines. Or the cabins with overstuffed, overhead bins, so don't be the last one to board.

As if that isn't enough, when cell phones are allowed to be used during flights, and you get to listen to nonstop jatter on both sides of your squished seat, your excitement will be limitless.

Changing world: *Trend setting*

Meanwhile, our world is changing. In a few months we will elect as our president either the first black person, the first woman, or the oldest person elected as a president. Very trendy.

We will have a newly admitted attorney, with one year Oregon bar membership, to head the state's largest law firm, the Dept. of Justice. Never has practiced law in the private real world, only public stuff. East coast guy. Like we Oregonians need a grown up to help us out. Very trendy.

(This development is courtesy of a labor union which paid over 300K to defeat the Oregon opponent who had the audacity to help fix the fiscally-challenged PERS retirement system.)

We have a large city with a mayor-elect who has, as the local paper put it, a personal bankruptcy, no private sector experience, temper problems, a penchant for big ticket projects, and who is openly gay. Again, very trendy.

As Jerry Lee Lewis would say, there's a whole lotta shakin' going on.

That's it for now. Until next time, keep the cargo *rollin'*!

Short Bio

Admitted to the state bars of Oregon, Alaska, Florida and Massachusetts. Practicing law for over 30 years and emphasizing transportation law, business law and related litigation.