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## More Businesses Slap On Fuel Fees

As Gas Prices Soar, Everyone From Personal Chefs To Garbage Collectors Is Passing On the Costs

By RICK BROOKS

May 4, 2006; Page D1

A wide array of businesses are using extra fees and fuel surcharges to shift some of their rising energy costs to consumers, who already pay an average of nearly \$3 a gallon at the pump.

A 36% rise in retail gas prices since early December is causing delivery companies, cruise lines, taxis, electric utilities, garbage collectors, landscapers, pizza chains and numerous other businesses nationwide to either tack on extra fees to the basic consumer price or to increase existing fuel surcharges.

United Parcel Service Inc. and FedEx Corp. this week boosted add-on fees for packages delivered by ground to 3.75% of the shipping rate from the previous 3.5%. FedEx also raised its U.S. air-shipment fuel surcharge to 13.5% of the shipping rate, up from 12%. The increases affect roughly 19 million shipments a day, and consumers now pay an extra \$2 on each air delivery and about 25 cents on ground items because of fuel surcharges by UPS and FedEx. Yesterday, the U.S. Postal Service proposed a three-cent increase in the price of a 39-cent stamp, partly because of rising fuel costs. The post office doesn't use fuel surcharges. A-1 Limousine Inc. in Princeton, N.J., lifted its fuel surcharge to 12% from 10% a week sooner than planned after gas prices jumped more than 20 cents a gallon in a week. Wedding, prom and airport customers don't like paying more, says Frank Foy, A-1's finance chief, but "I'm not making any money here."



### RISING FEES

Take a look at some of the surcharges and extra fees consumers face.

Tensions are mounting over some of the fast-rising fuel surcharges. The

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federal Surface Transportation Board will hold a hearing a week from today on railroad-industry fuel-surcharge practices. The Long Island (N. Y.) Power Authority is facing regulatory scrutiny and a lawsuit filed by customers over its surcharges on electricity.

Other businesses that haven't yet passed along escalating fuel costs to customers say they will have no choice if the price of oil keeps rising amid worries over increasing tension between Iran and the U.S. The federal Energy Information Administration, part of the Energy Department, doesn't track the extra fees, which generally are considered a contractual matter between a company and its customers.

"You'll just run yourself into the ground," says John Bunch, a fishing guide in St. James City, Fla., whose 24-foot-long boat called GiddyUp covers only about three miles in the Gulf of Mexico for every gallon of fuel it burns.

**WALL STREET JOURNAL VIDEO**



[Rick Brooks](#) says many businesses are using fuel fees to shift rising energy costs to consumers.

Mr. Bunch added a \$50 fuel surcharge last July to his charter-fishing rates, which start at \$375 for four hours, and says the surcharge could double to \$100 if gasoline hits \$4 a gallon.

Fuel surcharges are common in the transportation industry, where tight freight capacity is helping railroads and trucking carriers aggressively expand the add-on fees to additional customers as contracts are signed or renewed. [Swift Transportation Co.](#) and [J.B. Hunt Transport Services Inc.](#), two large trucking companies, collected a combined \$189 million in fuel surcharges in the first quarter, up 53% from a year earlier. Railroad operators [Union Pacific Corp.](#) and [Burlington Northern Santa Fe Corp.](#) had \$2.12 billion in surcharge revenue last year, compared with \$680 million in 2004, according to securities filings.

More fees and surcharges are widely expected in the transportation industry. But since gas prices surged last spring and summer, less-obvious businesses, such as pizza parlors, florists and even exercise-equipment maker [Nautilus Inc.](#), have adopted fuel-surcharge strategies used by transportation providers.

Richard Kost, a personal chef in Bremerton, Wash., who calls himself the "Roaming Gourmet," is now charging clients \$10 for his fuel costs, including food-storage containers made out of petroleum-based plastic. "There's not much chance to get around it," he says.

Schwan's Home Service Inc., a Marshall, Minn., company specializing in "restaurant-quality frozen foods," has imposed a \$1 fuel fee on most home-delivery orders. About 90% of pizza chain [Papa John's International Inc.](#)'s 2,600 locations in the U.S. now charge a delivery

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PRICE	119.31
CHANGE	1.11
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PRICE	32.50
CHANGE	-0.07
	5/5
<a href="#">J.B. Hunt Transport Services Inc. (JBHT)</a>	
PRICE	25.72
CHANGE	0.30
	5/5
<a href="#">Union Pacific Corp. (UNP)</a>	
PRICE	93.25
CHANGE	-0.25
	5/5
<a href="#">Burlington Northern Santa Fe Corp. (BNI)</a>	
PRICE	83.19
CHANGE	0.05
	5/5
<a href="#">Nautilus Inc. (NLS)</a>	
PRICE	18.29
CHANGE	-0.14
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fee, typically \$1.25 to \$2, to cope with rising fuel, food, labor and insurance costs. The surcharge was about \$1 when it was implemented at a smaller number of company-owned locations in May 2005.

Lake Express LLC, a ferry that crosses Lake Michigan between Milwaukee and Muskegon, Mich., raised its surcharge to \$3 per passenger from \$1.25 in July -- and then to \$5 starting last Saturday. A rival ferry, the coal-burning S.S. Badger, says on its Web site that riders aren't charged extras, but that could change if coal prices rise substantially beyond the 75% jump in the past year. "We're holding off as long as we can bear it," says Lynda Daugherty, a spokeswoman for Lake Michigan Carferry Service Inc., of Ludington, Mich.

Propane-gas distributor AmeriGas Partners L.P. started charging in October a "fuel recovery fee" of about \$1.25 per delivery to help offset surging fuel expenses for its 5,000-vehicle fleet that hauls tanks to 1.3 million customers in 47 U.S. states. The fee was raised 33% in January -- and an additional 17% on Monday.

Landscaping and lawn-care customers also are paying more, since many of those companies either built higher fuel costs into their 2006 pricing or are adding fees that run \$3 to \$5 per stop, says John Gibson, director of operations at Swingle Lawn, Tree & Landscape Care in Denver and president of the Professional Landcare Network, an industry trade group.

Summer travelers will face some of the largest fuel surcharges. Last month, [AMR Corp.](#)'s American Airlines and [Delta Air Lines](#) increased add-on fees on many international flights by \$10 to \$19 each way. As a result of escalating fuel costs, Windjammer Barefoot Cruises now charges \$25 extra per person. A seven-day voyage in the British Virgin Islands costs \$1,200 and up. Olympus Dive Center Inc., which runs scuba-diving adventures from Morehead City, N.C., has been adding a 7% surcharge to the cost of its trips and is warning customers "that it will increase this summer," says Jon Belisario, assistant manager and training director.

**Write to Rick Brooks at [rick.brooks@wsj.com](mailto:rick.brooks@wsj.com)**

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## Fuel Fees

Some surcharges that are worsening the pain of rising gasoline prices:

COMPANY/TYPE OF BUSINESS	SURCHARGE	COMMENT
<b>Delta Air Lines</b> Passenger airline	Varies by destination; \$65 to and from Europe	Fees climbed by as much as \$19 in April
<b>George W. Park Seed Co.</b> Online plant seller	\$2 per order	Seed-only orders aren't charged extra
<b>Manorville Florist</b> Long Island, N.Y., flower delivery	\$4.45 per delivery	Turns away some unprofitable deliveries
<b>Maverick Helicopter Tours</b> Grand Canyon helicopter tours	\$15 per person	1½-hour Silver Cloud ride from Las Vegas costs \$358
<b>United Parcel Service</b> Package delivery	12.5% on shipments by air, 3.75% by ground	Ground fee rose May 1 from 3.5%
<b>Waste Management</b> Garbage collection	9.7% of weekly invoice	Doesn't automatically apply to municipal and commercial contracts
<b>Windjammer Barefoot Cruises</b> Caribbean cruises	\$25 per passenger	Increases cost of four-day Bahamas cruise by 2.3% to 5%

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