TO: The Chief Operating Officer of each financial institution and others concerned in the Eleventh Federal Reserve District

SUBJECT

Fuel Surcharge on Mixed and Other Fed Cash Letters to Take Effect June 1, 2004

DETAILS

The recent rising cost associated with fuel products has had a significant impact on business and individual consumers. Because of fuel increase clauses in vendor contracts, we have seen aviation fuel prices associated with check transportation increase substantially.

Due to the significant and unforeseen increases in our transportation costs, we must offset this cost by establishing the following surcharges effective June 1, 2004:

- A surcharge of $0.35 per cash letter will be assessed on all forward and return cash letters containing Other Fed items. This will include all mixed and Other Fed deposits.

- A surcharge of $0.0005 will be assessed each consolidated item shipped via the check relay network. Please note that direct send cash letters transported via private vendors will not be affected by the surcharge.

For additional copies, bankers and others are encouraged to use one of the following toll-free numbers in contacting the Federal Reserve Bank of Dallas: Dallas Office (800) 333-4460; El Paso Branch Intrastate (800) 592-1631, Interstate (800) 351-1012; Houston Branch Intrastate (800) 392-4162, Interstate (800) 221-0363; San Antonio Branch Intrastate (800) 292-5810.
Although we expect the surcharges to remain in effect at least through the end of 2004, we will review them within 120 days of implementation as we continue to monitor the effect of fuel costs on our operations.

MORE INFORMATION

For more information, please contact one of the following account executives:

Rick Flansburg (210) 978-1661
Michele Hitchings (713) 652-9141
Jim McCammon (214) 922-5491
Susan Vice (214) 922-5430
Kathy Waggoner (713) 652-9146

Paper copies of this notice or previous Federal Reserve Bank notices can be printed from our web site at www.dallasfed.org/banking/notices/index.html.

Sincerely,

Helen E. Holcomb