



“Created to serve the people of Rural Alaska.”

NorthStar Gas, LLC was formed in July of 1998 to grant Native ownership of a fuel company, primarily to deliver bulk fuel to Rural Alaskan Villages. As a Native Owned Petroleum Retailer, NSG manages a gas station in Bethel, deliver Heating Fuel and Unleaded Gasoline* in the Yukon Kuskokwim Delta Region and retails petroleum products in bulk, i.e. snowmachine oil, outboard motor oil.

The owners consist of 2 Regional Corporations and 16 Village Corporations

Regional Corporations

Calista Corporation
NANA Development

Village Corporations

Akiachak Enterprises – Akiachak
Askinuk Corporation – Scammon Bay
Atmautluak LTD. – Atmautluak
Azachorok, Inc. – Mountain Village
Chinuruk, Inc. – Nightmute
Choggiung Ltd. – Dillingham
Iqfijouaq, Inc. – Eek
Kasigluk, Inc. – Kasigluk

Kokarmiut Corp. – Akiak
Kwethluk, Inc. – Kwethluk
KWIK, Inc. – Kwigillingok
Napaskiak, Inc. – Napaskiak
Nunapitchuk, LTD. – Nunapitchuk
Qanirtuuq, Inc. – Quinhagak
Qemirtalek Coast Corp. – Kongiganak
The Kuskokwim Corporation



Fuel Costs to Rural Alaska

Fuel prices in every community are made up from 3 components

1. Market pricing (OPIS & Platt's & Anchorage Jet) on the day the fuel is lifted from the refinery
2. Transportation Costs – Transportation cost vary by location (Lower, Middle, Upper Kuskokwim).
3. OH&M & Community Profit Margin – Landed cost of fuel plus overhead & maintenance plus a % profit margin. Each community's OH&M plus the % of profit margin varies and this is why you see the varied prices in neighboring communities.

Fuel Cost Example:

Product	Applicable Index	Price
● Diesel Fuel #1	Platt's LA Jet	1.4009
● Diesel Fuel #2	OPIS SEA DF 2 ULS	1.5891
● Unleaded Gas	OPIS SEA UNL Gross	1.6678
● AV100LL	Chevron ANC Rack	2.5999

● Village Differential (Transportation) 1.172

● All Prices shown include Fed, State Taxes

50,000 - 99,999 GAL

DF#1 - 2.8678 HF#1 - 2.6248 #2 - 2.6248 UNL Gas - 3.0747 AV 100 - 4.0168

100,000 GAL

DF#1 - 2.8178 HF#1 - 2.5748 #2 - 3.0060 UNL Gas - 3.0247 AV 100 - 3.9668



FUEL PRICE PARITY – HEATING FUEL

- Statewide heating fuel price parity capped at \$3.00 per gallon (Sept. 1 – March 31)
- The reimbursement would take place at the Rural Community fuel distributor level.
- Formula (# of households X gallons allowed per household X cost above the \$3.00). Example 500 households * 500 gallons allowed per household = 250,000 total gallons allowed for reimbursement * .35 (3.35 delivered cost – 3.00 cap) = \$87,500.00 to be reimbursed to the fuel distributor. Any fuel sold to households above the 500 gallons would be priced at fair market value.

[illegible]



	Coast		L Kusko		M Kusko		U Kusko		Yukon	
	UL Spring	UL Fall	UL Spring	UL Fall	UL Spring	UL Fall	UL Spring	UL Fall	UL Spring	UL Fall
2004	2.4260	2.2090	2.4260	2.2090	2.5060	2.2890	2.5660	2.3490	2.4260	2.2090
2005	2.5770	2.8670	2.5770	2.8670	2.6570	2.9470	2.7170	3.0070	2.5770	2.8670
2006	3.3650	3.1430	3.3650	3.1430	3.4450	3.2230	3.6320	3.4100	3.3650	3.1430
2007	3.4600	2.9460	3.4600	2.9460	3.5420	3.0280	3.6040	3.0900	3.4600	2.9460
2008	4.2400	4.1200	4.2400	4.1200	4.3220	4.2020	4.3830	4.2640	4.2400	4.1200
2009	3.2636		3.2513		3.2738		3.7242		3.6242	



Example: Price Per Barrel	Example: Delivered Cost	Example: Price Per Gallon	Example: Transportation
114.53	4.37	3.12	1.25
100.87	4.17	2.92	1.25
93.97	3.96	2.71	1.25
81.19	3.59	2.34	1.25
71.85	3.38	2.13	1.25
66.75	3.29	2.04	1.25
60.77	3.19	1.94	1.25
53.62	3.01	1.76	1.25
50.77	2.95	1.70	1.25
46.96	2.83	1.58	1.25
40.81	2.68	1.43	1.25
36.22	2.62	1.37	1.25

Example on Pricing Your Fuel

Operating Expenses

Wages

Operator	
Rate/Hour \$	10.00
Hours per Week	<u>20</u>
Annual Wages (50 weeks) \$	10,000

Clerical	
Rate/Hour \$	10.00
Hours per Week	<u>10</u>
Annual Wages (50 weeks) \$	5,000

Administrator	
Rate/Hour \$	15.00
Hours per Week	<u>10</u>
Annual Wages (50 weeks) \$	7,500

Total Wages \$ 22,500

Taxes & Workers Comp \$ 2,250

Equipment Rental \$ 2,000

Phone \$ 500

Electric \$ 3,000

Interest (6.0%) \$ 7,736

Office Rent \$ 4,800

Prop & Liab Ins \$ 5,000

RAFS Services \$ 5,000

Maintenance \$ 2,500

Facility Payments \$ 2,000

Reserves \$ 5,000

Miscellaneous \$ 2,500

Total Operating Expenses \$ 64,786

Fuel Purchases

Gas

Gallons	20,000	
Price Per Gallon		<u>3.85</u>
Dollars	77,000	

HF#1

Gallons	30,000	
Price Per Gallon		<u>3.80</u>
Dollars	114,000	

Total Fuel Costs:

Gallons	50,000
Dollars	191,000

Operating Expenses per Gallon

1.30

(Total Operating Expenses / Total Gallons) = 64,786 / 50,000

Sales:

Gas

Gallons	20,000	
Price**	<u>5.15</u>	(3.85 + 1.30)
Dollars	\$ 103,000	

HF#1

Gallons	30,000	
Price **	5.10	
Dollars	\$153,000	

Total Sales:

Gallons	50,000
Dollars	\$256,000

****Fuel Purchase Expense Plus Operating Expense per Gallon**

Sales – Fuel Costs = \$256,000 - \$191,000 = \$65,000



Revision of AEA Loan Application:

- Make the AEA Loan Application valid for 5 years.
 - Eliminates annual filing of an 11 page application.
 - Supporting documentation (ie: letter of intent, promissory note, waivers, resolutions) to be valid for 5yrs.

Due to seasonal activities, participation in community meetings to get approval and signatures have been proven to be difficult and holds up the whole loan process.

- Annually a 2 page Bulk Fuel Loan Agreement would need to be filed.

Revision of AEA Loan Application (cont.):

- Allow approval of the AEA Loan Application from a faxed copy rather than waiting for the original mailed application. This would expedite the application process. Funds would only be released upon receipt of the Original Signed Application.
- Loan approval would be based on prior years payment history. Late payments or questionable credit would revoke the 5 year loan approval requiring an annual application to be filled out until credit history improves.
- If a loan is approved based on payment history but the community still has payments outstanding, the approved funds would not be released until the final prior years loan payment is received. The written approval letter would allow the community to become a credit worthy customer rather than a risk.