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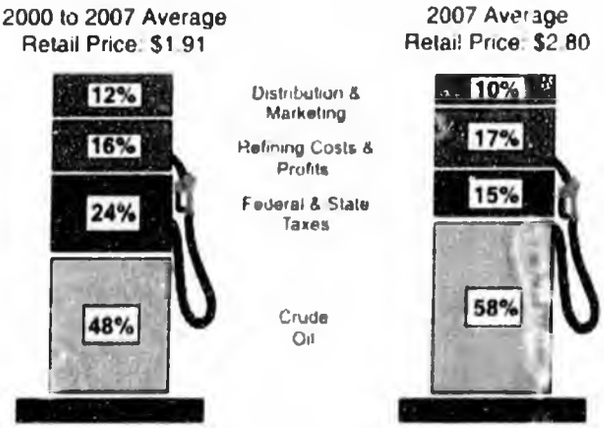
A Primer on Gasoline Prices

Gasoline is one of the major fuels consumed in the United States and the main product refined from crude oil. Consumption in 2007 was about 142 billion gallons, an average about 390 million gallons per day and the equivalent of about 61% of all the energy used for transportation, 44% of all petroleum consumption, and 17% of total U.S. energy consumption. About 47 barrels of gasoline are produced in U.S. refineries from every 100 barrels of oil refined to make numerous petroleum products. Most gasoline is used in cars and light trucks. It also fuels boats, recreational vehicles, and farm, construction, and landscaping equipment. While gasoline is produced year-round, extra volumes are made and imported to meet higher demand in the summer. Gasoline is delivered from oil refineries mainly through pipelines to an extensive distribution chain serving about 167,500 retail gasoline stations in the United States.[1] There are three main grades of gasoline that are based on octane levels: regular, mid-grade, and premium. Premium grade is the most expensive; the price difference between grades is generally constant at about ten cents per gallon.

[1]National Petroleum News, 2007 Industry Scorecard

Figure 1. What Do We Pay for in a Gallon of Regular Grade?



Source: Energy Information Administration

What are the components of the retail price of gasoline?

The cost of crude oil as a share of the retail price varies over time and among regions of the country. In 2007, the price of crude oil averaged about $68 per barrel and accounted for about 58% of the national average retail price of a gallon of regular grade gasoline (Figure 1). In comparison, in 2005 the average crude oil price was $50 per barrel and the crude oil cost was 53% of the retail price. From 2000 to 2007 the average crude oil price was about $39 per barrel and the crude oil cost share of the retail gasoline prices averaged 48%.

Federal, State, and local government taxes are the next largest part of the retail price of gasoline. In 2007, taxes (not including county and local taxes) accounted for about 15% of the cost of a gallon of regular gasoline. Federal excise taxes were 18.4 cents per gallon and State excise taxes averaged 21.5 cents per gallon.[2] Eleven States levy additional State sales and other taxes, some of which are applied to the Federal and State excise taxes. Additional county and city taxes can have a significant impact on the price of gasoline in some locations. From 2000 to 2007, taxes averaged about 24% of the retail gasoline price.

[2]Energy Information Administration, Petroleum Marketing Monthly, December 2007, Table EN1 at

Refining costs and profits were about 17% of the national average retail price of regular gasoline in 2007, close to the 2000 to 2007 average of 16%. This component's share varies from region to region mainly due to the different gasoline formulations required in different parts of the country.

Distribution, marketing, and retail dealer costs and profits in 2007 were 10% of the gasoline price, down from the 2000 to 2007 average of 12%. Most gasoline is shipped from the refinery first by pipeline to terminals near consuming areas where it may be blended with other products (such as ethanol) to meet local government and market specifications, and is then delivered by tanker truck to individual stations. Some retail outlets are owned and operated by refiners, while others are independent businesses that purchase gasoline from refiners and marketers for resale to the public. The price on the pump includes the retailer's cost to purchase the finished gasoline and the costs of operating the service station. It also reflects local market conditions and factors, such as the desirability of the location and the marketing strategy of the owner.

Why do gasoline prices fluctuate?

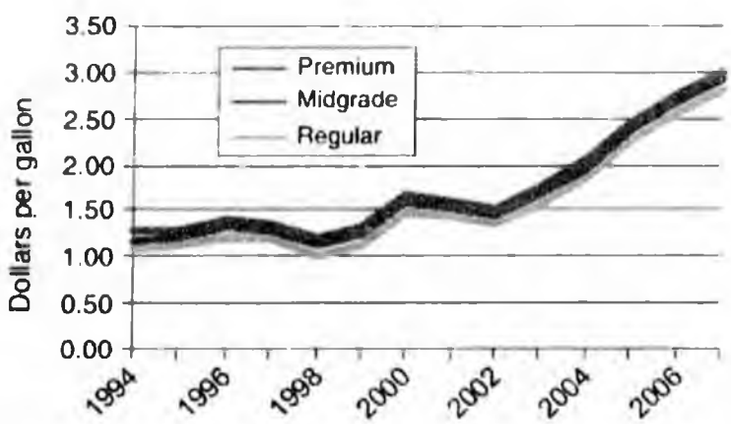
Retail gasoline prices are mainly affected by crude oil prices and the level of gasoline supply relative to demand. Strong and increasing demand for gasoline and other petroleum products in the United States and the rest of the world is exerting intense pressure on available supplies. Even when crude oil prices are stable, gasoline prices fluctuate due to seasonal demand and local retail station competition. Gasoline prices can change rapidly if something disrupts the supply of crude oil or if there are problems at refineries or with delivery pipelines.

Seasonal demand for gasoline Retail gasoline prices tend to gradually rise in the spring and peak in late summer when people drive more, and then drop in the winter. Good weather and vacations cause U.S. summer gasoline demand to average about 5% higher than during the rest of the year. If crude oil prices do not change, gasoline prices typically increase by 10-20 cents from January to the summer.

Crude oil supply and prices – Crude oil prices are determined by worldwide supply and demand. Events in crude oil markets that caused spikes in crude oil prices were a major factor in all but one of the five major run-ups in gasoline prices between 1992 and 1997, according to the National Petroleum Council's study "U.S. Petroleum Supply - Inventory Dynamics." Rapid gasoline price increases occurred in response to crude oil shortages caused by the Arab oil embargo in 1973, the Iranian revolution in 1978, the Iran/Iraq war in 1980, and the Persian Gulf conflict in 1990. The cost of crude oil has been the main contributor to recent increases in gasoline prices. World crude oil prices reached record levels in 2007 due mainly to high worldwide oil demand relative to supply. Other factors contributing to higher crude oil prices include political events and conflicts in some major oil producing regions, as well as other factors such as the declining value of the U.S. dollar (the currency at which crude oil is traded globally).

The Organization of Petroleum Exporting Countries (OPEC) has significant influence on world oil prices, because its members produce over 40% of the world's crude oil and have more than two-thirds of the world's estimated crude oil reserves. OPEC members are also the only countries that have "spare production capacity" and the ability to bring more oil into production relatively quickly. Since it was organized in 1960, OPEC has tried to keep world oil prices at a target level by setting production levels for its members.

Figure 2. Average Annual U.S. Motor Gasoline Prices, 1994 to 2007, by Grade.



Gasoline supply and demand imbalances – Gasoline prices tend to increase as the available supply of gasoline grows smaller relative to real or expected demand or consumption. The supply of gasoline is a function of crude oil supply and refining, imports of refined gasoline, and gasoline inventories (stocks). Stocks are the cushion between major short-term supply and demand imbalances, and their levels can have a significant impact on gasoline prices. If

refinery or pipeline problems and/or reductions in imports cause supplies to decline unexpectedly, gasoline inventories (stocks) may drop rapidly. This may cause wholesalers to bid higher for available supply over concern that future supplies may not be adequate. Imbalances have also occurred when a region has changed from one fuel type to another (e.g., to cleaner-burning gasoline) as refiners, distributors, and marketers adjust to the new product. Gasoline may be less expensive in one summer when supplies are plentiful vs. another summer when they are not. Prices for all commodities fluctuate, but gasoline prices are generally more volatile than prices of other goods. For example, consumers generally have options to substitute between food products when prices change but most do not have that option for fueling their vehicles

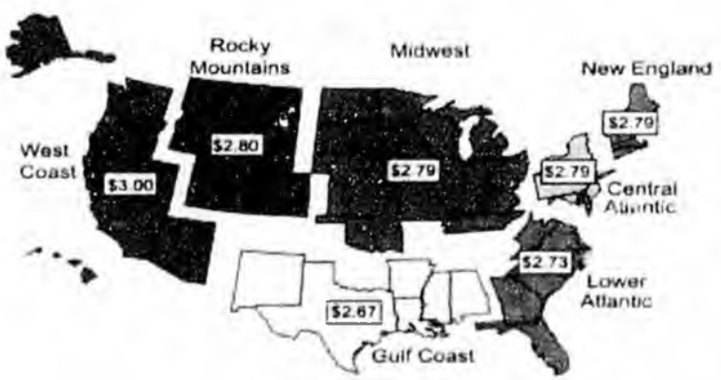
Why are gasoline prices higher in some regions than in others?

Although price levels vary over time, En. y Information Administration (EIA) data indicate that average retail gasoline prices are often highest in certain States or regions (Figure 3). Besides taxes, there are other factors that contribute to regional and even local differences in gasoline prices:

Distance from supply – Retail gasoline prices tend to be higher with greater distance from the source of supply: ports, refineries, and pipeline and blending terminals. About 66% of the crude oil processed by U.S. refineries in 2007 was imported, with most transported by ocean tankers. The U.S. Gulf Coast is the source of about 40% of the gasoline produced in the United States and the starting point for most major gasoline pipelines.

Supply disruptions - Any event that slows or stops production of gasoline for even a short time, such as planned or unplanned refinery maintenance or the refinery shutdowns that occurred when the Hurricanes Katrina and Rita hit the Gulf Coast in 2005, can prompt bidding for available supplies. If the transportation system cannot support the fl ow of surplus supplies from one region to another, prices will remain comparatively high.

Figure 3. 2007 Average Regular Grade Gasoline Prices at Retail Outlets by Region (dollars per gallon, including taxes).



Source: Energy Information Administration, *EIA-878, Motor Gasoline Price Survey*

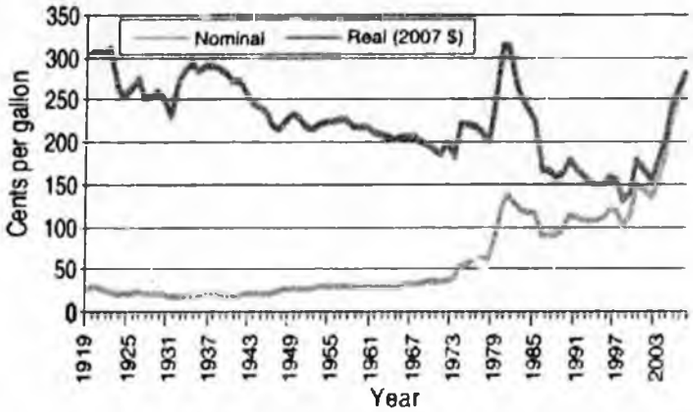
Retail competition and operating costs – Pump prices are often highest in locations with few retail gasoline stations. Even stations located close together have may have different traffic patterns, rents, and sources of supply that influence their pricing. Drivers face a trade-off between stations with high prices and the inconvenience of driving further to find a station with lower prices.

Environmental programs - Some areas of the country are required to use special "reformulated" gasoline with additives to help reduce carbon monoxide, smog, and air toxics that result when gasoline is burned or when gasoline evaporates during fueling. Other environmental programs put restrictions on fuel transportation and storage. These programs tend to add to the cost of producing, storing, and distributing gasoline. About a third of the gasoline sold in the U.S. is reformulated. Each oil company prepares its own formulation to meet Federal emission standards.

How do gasoline prices in 2007 compare with historical prices?

There are two ways to compare recent prices with historical prices. One is to compare the price actually paid at the pump or the "nominal" price. The other is to compare the "real" price, which is the price adjusted for inflation, so that prices in the past are in "today's" dollar value. The figure below shows the average annual nominal and real prices of regular gasoline from 1919 to 2007, where the real price is based on the value of the dollar in 2007. During that period, consumers paid the highest prices for gasoline in real terms in the early 1920's and 1980's.

Figure 4. Historical Average Annual Gasoline Prices - Nominal and Real (Regular Grade).



Source: Energy Information Administration, *Short Term Energy Outlook, January 2007*

Why are California Gasoline Prices more Variable Than others?

California prices are higher and more variable than prices in other States because there are relatively few supply sources of its unique blend of gasoline outside the State. The State of California's reformulated gasoline program is more stringent than the Federal government's. In addition to the higher cost of this cleaner fuel, there is a State sales tax of 7.25 percent on top of an 18.4 cent-per-gallon Federal excise tax and an 18.0 cent-per-gallon State excise tax.

California refineries need to be running near full capacity to meet the State's gasoline demand. If more than one of its refineries experiences operating problems at the same time, California's gasoline supply may become very tight and prices can soar. Even when supplies can be obtained from some Gulf Coast and foreign refineries, they can take a relatively long time to arrive due to California's substantial distance from those sources. The farther away the necessary relief supplies are, the higher and longer the price spike will be.

California was one of the first States to ban the gasoline oxygenate additive methyl tertiary butyl ether (MTBE) after it was detected in ground water. Ethanol, a non-petroleum product usually made from corn, is being used in place of MTBE. Gasoline with ethanol requires changes in the way gasoline is produced and distributed. Some supply dislocations and price surges occurred in the summer of 2003 as the State moved to ethanol and away from MTBE. Similar problems have also occurred as a result of other fuel transitions.

The Energy Information Administration(EIA) is an independent statistical agency, within the U.S. Department of Energy, whose purpose is to provide reliable and unbiased energy information.

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This and other consumer-oriented brochures can be accessed on the Web at:
http://tonto.eia.doe.gov/reports/reportsA.asp?type=other

For links to current gasoline prices and analyses, see:
http://tonto.eia.doe.gov/oog/info/gdu/gasdiesel.asp

EIA's Web Site: **www.eia.doe.gov**

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Diesel Fuel Prices
What Consumers Should Know

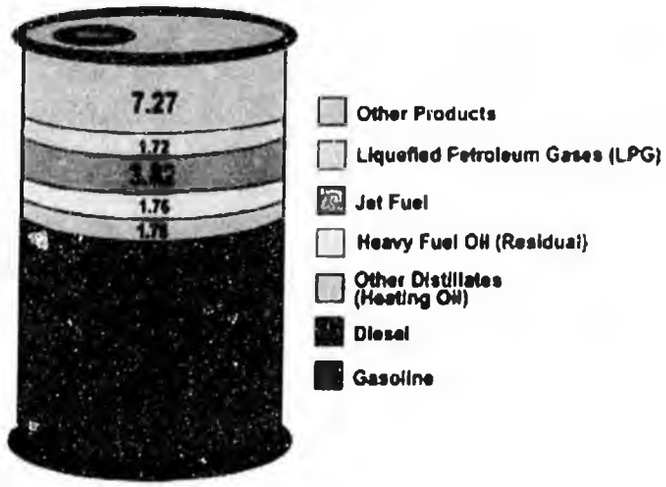
INTRODUCTION

Diesel fuel is the common term for the motor vehicle fuel used in the compression ignition engines named for their inventor, the German engineer Rudolf Diesel, who patented his original design in 1892. While diesel engines are capable of burning a wide variety of fuels, (see Biodiesel below) diesel fuel refined from crude oil is the most widely used today. Diesel fuel is important to America's economy, quality of life, and national security. This Energy Information Administration (EIA) brochure discusses the factors that affect and determine diesel fuel prices.

How Diesel Fuel Is Made

Petroleum diesel is a "distillate" refined from crude oil. There are various grades or types of distillates, but Number 2 (No. 2) distillate is the primary source for the motor diesel fuel consumed in the United States. It is also used as a fuel oil for heating buildings and by industry. Diesel fuel is No. 2 distillate with a relatively low sulfur content. New U.S. Environmental Protection Agency (EPA) standards for diesel fuel sulfur content were implemented in 2006. By June 1, 2006, 80 percent of the on-highway diesel fuel sold in the United States had to be Ultra-Low Sulfur Diesel (ULSD) fuel with a sulfur content of no more that 15 parts per million (ppm), replacing most Low Sulfur Diesel (LSD) fuel, which contains a maximum of 500 ppm sulfur. By December 1, 2010, all on-highway diesel fuel must be ULSD fuel. The diesel fuel standards for off-highway consumption began a phase-in period in 2007. Nearly all diesel fuel used in the United States will be ULSD by the end of 2014.

Figure 1. Products Made From a Barrel of Crude Oil (Gallons)



Source: Energy Information Administration

Biodiesel

One of the fuels that Rudolf Diesel originally considered for his engine was vegetable seed oil, an idea that is now coming back as so-called "biodiesel." Biodiesel can be manufactured from vegetable oils, animal fats, or recycled restaurant grease. It is biodegradable and can reduce vehicle emissions of particulates, carbon monoxide, and hydrocarbons. Blends of 20 percent biodiesel with 80 percent petroleum diesel (B20) can generally be used in unmodified diesel engines. Biodiesel may be one of the "additives" used to improve lubricity of ULSD fuel, which is negatively affected by the removal of sulfur to meet the ULSD standards. Biodiesel production increased from very little 10 years ago to about 75 million gallons in 2005 and to about 450 million gallons in 2007. Most biodiesel is produced from soybean oil at about 105 facilities and is available in every State.(Source: National Biodiesel Board, http://www.biodiesel.org/) More information on biodiesel is available on the web site of DOE's Office of Energy Efficiency and Renewable Energy: http://www.eere.energy.gov/afdc/fuels/biodiesel.html.

How Diesel is Used

Nearly all semi-trucks, delivery vehicles, buses, trains, ships, boats and barges, farm, construction and military vehicles and equipment have diesel engines. For the year 2007, diesel fuel accounted for about 18 percent of total refined petroleum products and 82 percent of the total distillate consumed in the United States. On-highway motor vehicles use about 75 percent of total diesel fuel, with the rest consumed by "off-highway" construction, farming equipment, military and railroad vehicles and equipment, and marine craft.[1]

[1]Sources: *Petroleum Supply Monthly* June 2008 with data for April 2008 (http //www eia doe gov/oil_gas/fwd/psm html) and *Fuel Oil and Kerosene Sales 2006*(http //www eia doe gov/oil_gas/petroleum/data_publications/fuel_oil_and_kerosene_sales/foks html)

Where Diesel Fuel Comes From and How It's Supplied to Retailers

Most diesel fuel consumed in the United States is produced in U.S. refineries. In 2007, about 4.5 percent was imported from foreign countries, mainly Canada, and the Virgin Islands. U.S. refineries produce diesel fuel from domestically produced and imported crude oil, of which about 66 percent was imported in 2007. Most diesel fuel is transported by pipeline (some by barge and rail) from refineries and ports to terminals near major consuming areas, where it is loaded into tanker trucks for delivery to retail service stations.

WHAT ARE THE COMPONENTS OF THE RETAIL PRICE OF DIESEL FUEL?

The cost to produce and deliver diesel fuel to customers includes the costs of crude oil, refinery processing, marketing and distribution, and retail station operation. The retail pump price reflects these costs and the profits (and sometimes losses) of the refiners, marketers, distributors, and retail station owners. The relative share of these cost components to the retail price varies over time and among regions of the country. Figure 2 illustrates the percentage share for each major cost element of the national average retail price as of May 2008.

The price at the pump also includes Federal, State, and local taxes. In 2008, Federal excise taxes were 24.4 cents per gallon and State excise taxes averaged about 22.0 cents per gallon.[2] Some States and county and city governments levy additional taxes. The retail price also reflects local market conditions and factors such as the location and the marketing strategy of the owner. Some retail outlets are owned and operated by refiners, while others are independent businesses that purchase diesel fuel for resale to the public.

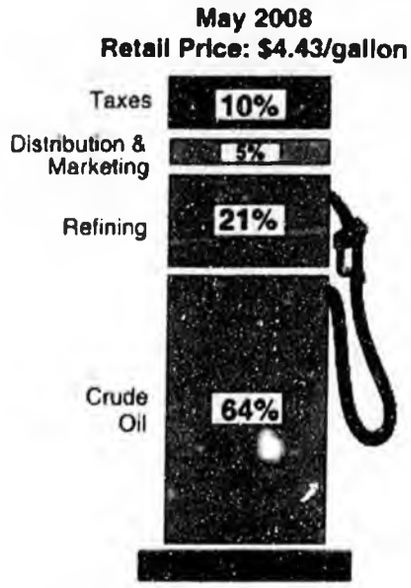
[2] Energy Information Administration, *Petroleum Marketing Monthly*, May 2008, Explanatory Notes, Table EN1 (http //www eia doe gov/oil_gas/fwd/pmm html).

Why are diesel fuel prices higher than gasoline prices?

Historically, the average price of diesel fuel has been lower than the average price of gasoline. However, this is not always the case. In some winters where the demand for distillate heating oil is high, the price of diesel fuel has risen above the gasoline price. Since September 2004, the price of diesel fuel has been generally higher than the price of regular gasoline all year round for several reasons. Worldwide demand for diesel fuel and other distillate fuel oils has been increasing steadily, with strong demand in China, Europe, and the United States, putting more pressure on the tight global refining capacity. In the United

States, the transition to ultra-low-sulfur diesel fuel has affected diesel fuel production and distribution costs. Also, the Federal excise tax on diesel fuel is 6 cents higher per gallon (24.4 cents per gallon) than the tax on gasoline.

Figure 2. What We Pay For in a Gallon of Diesel Fuel



Source: Energy Information Administration

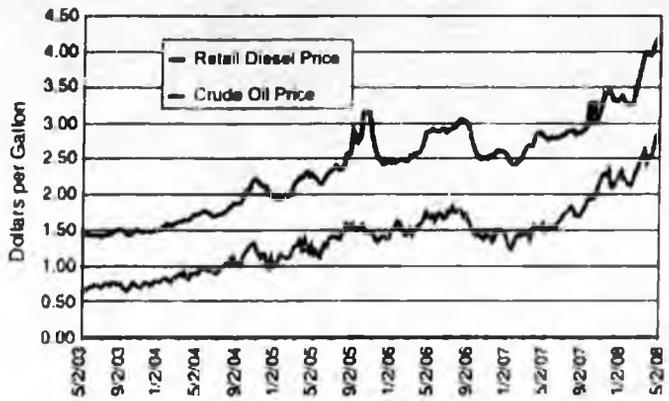
WHAT ARE THE MAIN FACTORS THAT AFFECT DIESEL PRICES?

Besides excise taxes, the following are the main factors that affect diesel fuel prices:

Cost and supply of crude oil Crude oil prices are determined by worldwide supply and demand, and over the past few years increasing demand has put intense pressure on available supplies. The Organization of Petroleum Exporting Countries (OPEC) exerts significant influence on prices by setting an upper production limit on its members who produce about 40 percent of the world's crude oil. OPEC countries have essentially all of the spare production capacity, and possess about two-thirds of the world's estimated crude oil reserves. Prices spike in response to disruptions in the international and domestic supply of crude oil, such as the Arab oil embargo in 1973, the Iran/Iraq war in 1980, the current war in Iraq, unrest in the Niger River delta region of Nigeria, and the hurricanes in the Gulf of Mexico in 2005.

Tight refining capacity and international diesel fuel demand U.S. refineries have been operating at around 90-percent capacity over the last 10 years. Most other countries rely even more heavily on distillates and diesel fuel than does the United States, and refining capacity is tight worldwide. U.S. diesel fuel prices are more and more affected by competing international demand for refined distillates.

Figure 3. Diesel Fuel Prices Follow Crude Oil



Source: Energy Information Administration

Product supply/demand imbalances. Prices of transportation fuels are generally more volatile than prices of other commodities because the U.S. vehicle fleet is so heavily dependent on petroleum and few alternative fuels are available. If supply declines unexpectedly due to refinery problems or lagging imports, diesel inventories (stocks) may decline rapidly. When stocks are low and falling, some wholesalers and marketers may bid higher for available product. If the diesel fuel transportation system cannot support the flow of surplus supplies from one region to another quickly, prices will remain comparatively high. These are normal price fluctuations experienced in all commodity markets.

Seasonality in the demand for diesel fuel and distillates. While U.S. diesel fuel demand is fairly consistent and generally reflects the overall health of the economy, prices tend to gradually rise during the fall, decline in the late winter, rise through the early spring, and then drop a bit in the summer. Seasonal upward pressure on diesel prices also results from demand by farmers in the summer, cold weather in the winter, and stores building up inventories during the winter holiday season.

Transportation Costs. Transportation costs generally increase with increasing distance between the retail location and distribution terminals and refineries. Areas farthest from the Gulf Coast (the source of nearly half of the diesel fuel produced in the United States) tend to have higher prices.

Regional operating costs and local competition. The cost of doing business by individual dealers can vary greatly depending on where the dealer is located. These costs include wages and salaries, benefits, equipment, lease/rent, insurance, overhead, and State and local fees. Even retail stations next to each other can have different traffic patterns, rents, and sources of supply that affect their prices. The number and location of local competitors can also affect prices.

OUTLOOK FOR 2008 AND 2009

Retail diesel fuel prices are likely to remain elevated as long as crude oil prices and world demand for distillate fuels remain high. According to EIA's June 2008 Short-Term Energy Outlook, national average retail diesel fuel prices will peak in the third quarter of 2008 at $4.75 before falling to $4.11 per gallon by the fourth quarter of 2009, primarily due to the forecast for the price of West Texas Intermediate crude oil to average between $121 and $133 per barrel during this same period. However, the recent volatility seen in crude oil and petroleum product prices, if continued, may significantly alter these price projections.

The phase-in of the U.S. Environmental Protection Agency's (EPA) sulfur standards for diesel fuels has the potential to continue to influence diesel fuel prices. The logistics of delivery of ULSD to retail service stations can be a challenge. Most ULSD travels through pipelines on the way to bulk terminals for final transfer by tanker truck to retail stations. Other diesel fuels and petroleum products with a higher-sulfur content in the pipeline, storage, and local distribution systems might contaminate ULSD (jet fuel, for example, can have 3,000 ppm of sulfur). If contaminated, it may not be possible to correct a ULSD fuel batch by blending with additional low-sulfur product, and contaminated batchs have to be returned to a refinery for reprocessing, a difficult and expensive problem. Even without potential delivery problems, it costs relatively more to produce ULSD fuel.

Why are West Coast diesel fuel prices higher and

more variable than others?

Diesel prices on the West Coast, especially in California (CA), are relatively higher than other regions of the country, partly because of taxes, but mainly because of supply issues. The State of California assesses a combined State and local sales and use tax of 7.25 percent on top of the 24.4 cents/gallon Federal excise tax and an 18.0 cents/gallon State tax. Washington's tax of 34 cents/gallon is one of the highest in the country. Besides taxes, West Coast retail prices are more variable than others because there are relatively few supply sources: 21 of the 36 refineries located in West Coast states are in CA. California refineries need to be running at near full capacity just to meet in-state demand. If more than one refinery in the region experiences operating difficulties at the same time, the diesel supply may become very tight and prices may spike. The West Coast's substantial distance from Gulf coast and foreign refineries is such that any unusual increase in demand or reduction in supply results in a large price response in the market before relief supplies can be delivered. The farther away the necessary relief supplies are, the higher and longer the price spike will be.

FUEL SURCHARGES

Many transportation companies and freight carriers include a fuel-cost surcharge in their rates and invoices to cover increases in the cost of diesel fuel. There is no Federal regulation of fuel surcharges, and EIA does not calculate fuel surcharges or review fuel surcharge formulas. Companies that apply surcharges use their own formula for calculating their surcharge. EIA's retail diesel price data (see below) are often cited as a refererice by companies that have fuel surcharges. Every company has its own method for calculating surcharges. Many major carriers have infromation on how they claculate their surcharges on their web sites. EIA cannot and does not endorse a particular method, but you can perform an Internet search for "fuel surcharge trucking" for more information.

Every Monday, EIA conducts a survey of retail on-highway diesel fuel prices from a sample of approximately 350 truck stops and retail service stations around the country. The survey results are published by 5:00 p.m. Monday (or on Tuesday when there is a Federal holiday on Monday). The results are compiled into a U.S. average price and average prices for eight regions of the country and California. These survey results are made available through EIA's Motor Fuels Price Hotline (202-586-6966), EIA's web page, and by E-mail listserves (regular and wireless). You can access the results as well as details on the survey at: http://tonto.eia.doe.gov/oog/info/gdu/gasdiesel.asp

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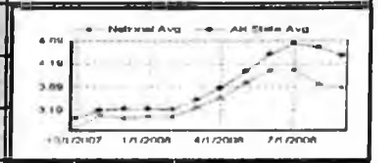
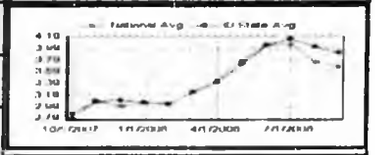
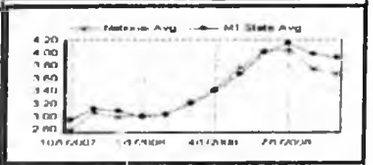
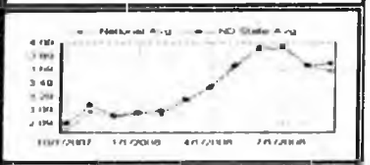
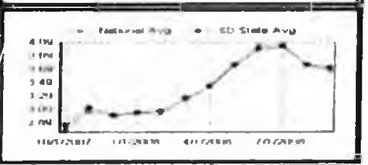
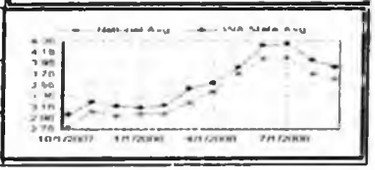
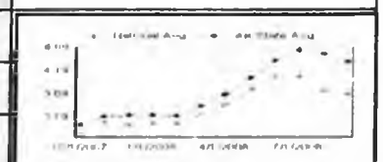
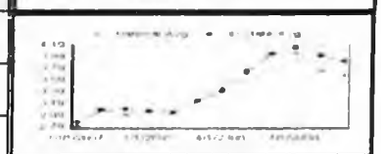
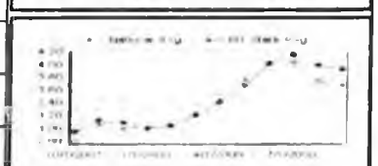
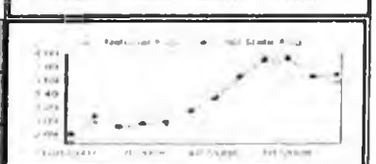
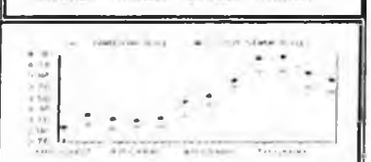
GAS PRICE COMPARISION CHART AS OF SEPTEMBER 4, 2008								
	REGULAR	MID	PREMIUM	DIESEL	*LESS STATE SALES TAX*	NET COST LESS TAXES (REG. GAS)	NET COST LESS TAXES (DIESEL)	ONE YEAR COMPARISONS
USA AVERAGE	$3.678	$3.835	$3.951	$4.267	*$0.203*	$3.475	$4.064	☆ = US AVERAGE
USA ONE MONTH AGO	$3.871	$4.037	$4.159	$4.644	*$0.203*	$3.568	$4.441	○ = STATE AVERAGE
USA ONE YEAR AGO	$2.792	$2.963	$3.071	$2.937	*$0.203*	$2.589	$2.734	
ALASKA AVERAGE	$4.447	$4.617	$4.856	$5.006	*NOW AT 0.00*	$4.447	$5.006	
ALASKA ONE MONTH AGO	$4.646	$4.824	$5.074	$5.246	*$0.080*	$4.566	$5.266	
ALASKA ONE YEAR AGO	$3.056	$3.234	$3.419	$3.009	*$0.080*	$2.976	$2.929	
IDAHO AVERAGE	$3.899	$4.038	$4.128	$4.344	*$0.250*	$3.649	$4.094	
IDAHO ONE MONTH AGO	$4.109	$4.255	$4.351	$4.787	*$0.250*	$3.859	$4.537	
IDAHO ONE YEAR AGO	$2.781	$2.935	$3.017	$3.030	*$0.250*	$2.756	$2.780	
MONTANA AVERAGE	$3.939	$4.090	$4.202	$4.337	*.270 (gas), diesel (.275)*	$3.669	$4.062	
MONTANA ONE MONTH AGO	$4.074	$4.230	$4.346	$4.623	*.270 (gas), diesel (.275)*	$3.804	$4.348	
MONTANA ONE YEAR AGO	$2.945	$3.071	$3.219	$3.051	*.270 (gas), diesel (.275)*	$2.675	$2.776	
NORTH DAKOTA AVERAGE	$3.800	$3.918	$4.092	$4.290	*$0.230*	$3.570	$4.060	
NORTH DAKOTA ONE MONTH AGO	$3.999	$4.122	$4.238	$4.691	*$0.230*	$3.769	$4.461	
NORTH DAKOTA ONE YEAR AGO	$3.191	$3.302	$3.420	$3.116	*$0.230*	$2.961	$2.886	
SOUTH DAKOTA AVERAGE	$3.712	$3.855	$4.013	$4.110	*$0.220*	$3.492	$3.890	
SOUTH DAKOTA ONE MONTH AGO	$3.838	$3.987	$4.150	$4.541	*$0.220*	$3.618	$4.321	
SOUTH DAKOTA ONE YEAR AGO	$3.071	$3.268	$3.402	$3.078	*$0.220*	$2.851	$2.858	
WASHINGTON AVERAGE	$3.874	$3.997	$4.112	$4.477	*$0.310*	$3.564	$4.167	
WASHINGTON ONE MONTH AGO	$4.129	$4.260	$4.382	$4.807	*$0.310*	$3.819	$4.597	
WASHINGTON ONE YEAR AGO	$2.856	$2.959	$3.106	$3.111	*$0.310*	$2.546	$2.801	

GAS PRICE COMPARISION CHART AS OF SEPTEMBER 4, 2008								
	REGULAR	MID	PREMIUM	DIESEL	*LESS STATE SALES TAX*	NET COST LESS TAXES (REG. GAS)	NET COST LESS TAXES (DIESEL)	ONE YEAR COMPARISONS
USA AVERAGE	$3.678	$3.835	$3.951	$4.267	*$0.203*	$3.475	$4.064	= US AVERAGE
USA ONE MONTH AGO	$3.871	$4.037	$4.159	$4.644	*$0.203*	$3.568	$4.441	○ = STATE AVERAGE
USA ONE YEAR AGO	$2.792	$2.963	$3.071	$2.937	*$0.203*	$2.589	$2.734	
ALASKA AVERAGE	$4.447	$4.617	$4.856	$5.006	*NOW AT 0.00*	$4.447	$5.006	
ALASKA ONE MONTH AGO	$4.646	$4.824	$5.074	$5.246	*$0.080*	$4.566	$5.266	
ALASKA ONE YEAR AGO	$3.056	$3.234	$3.419	$3.009	*$0.180*	$2.976	$2.929	
IDAHO AVERAGE	$3.899	$4.038	$4.128	$4.344	*$0.250*	$3.649	$4.094	
IDAHO ONE MONTH AGO	$4.109	$4.255	$4.351	$4.787	*$0.250*	$3.859	$4.537	
IDAHO ONE YEAR AGO	$2.781	$2.935	$3.017	$3.030	*$0.250*	$2.756	$2.780	
MONTANA AVERAGE	$3.939	$4.090	$4.202	$4.337	*.270 (gas), diesel (.275)*	$3.669	$4.062	
MONTANA ONE MONTH AGO	$4.074	$4.230	$4.346	$4.623	*.270 (gas), diesel (.275)*	$3.804	$4.348	
MONTANA ONE YEAR AGO	$2.945	$3.071	$3.219	$3.051	*.270 (gas), diesel (.275)*	$2.675	$2.776	
NORTH DAKOTA AVERAGE	$3.800	$3.918	$4.032	$4.200	*$0.230*	$3.570	$3.970	
NORTH DAKOTA ONE MONTH AGO	$3.806	$3.922	$4.038	$4.501	*$0.230*	$3.576	$4.271	
NORTH DAKOTA ONE YEAR AGO	$3.191	$3.302	$3.420	$3.116	*$0.230*	$2.961	$2.986	
SOUTH DAKOTA AVERAGE	$3.712	$3.855	$4.013	$4.110	*$0.220*	$3.492	$3.890	
SOUTH DAKOTA ONE MONTH AGO	$3.838	$3.987	$4.150	$4.541	*$0.220*	$3.618	$4.321	
SOUTH DAKOTA ONE YEAR AGO	$3.071	$3.268	$3.402	$3.078	*$0.220*	$2.851	$2.858	
WASHINGTON AVERAGE	$3.874	$3.997	$4.112	$4.477	*$0.310*	$3.564	$4.167	
WASHINGTON ONE MONTH AGO	$4.129	$4.260	$4.382	$4.807	*$0.310*	$3.819	$4.597	
WASHINGTON ONE YEAR AGO	$2.856	$2.959	$3.106	$3.111	*$0.310*	$2.546	$2.801	

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72 Month Average Retail Price Chart

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Customize price charts

Area 1: USA Average | Time Period: 6 Year | US $/G | Create Chart
Area 2: Alaska, AK | Show Crude Oil Price | Canadian c/L
Area 3:

Step One - Select a single city in order to identify price trends or to identify a historical price most accurately. Select multiple cities to compare pump prices between cities.

Step Two - Selection of time duration will define how long into history the prices will be displayed. In some cities only limited price history information is available and in those cases the line will be flat for extended periods.

Step Three - When comparing US cities to Canadian cities you have a choice of price units. The standard unit of measure in the US is dollars per gallon and in Canada the standard is cents/liter. Comparison of US and Canadian cities is done using recent currency exchange rates and uses the conversion factor of 1 US gallon being equal to 3.78 liters. For simple plotting of US cities use dollars per gallon ($/G) and for simple plotting of Canadian cities use cents/liter (c/L).

Step Four - Click the "Create Chart" button to create the chart.

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Comparing gas prices

Anchorage and Alaska are among the most expensive places to buy gas in the U.S.. Prices for major U.S. cites as of 5 pm Thurday

Top 5 most expensive cities		Top 5 most expensive states	
Anchorage	**4.37**	Hawaii	4.55
Honolulu	4.36	**Alaska**	**4.51**
San Francisco	4.30	California	4.16
San Jose	4.22	Utah	4.10
New York City	4.16	Washington	4.10
Top 5 cheapest cities		**Top 5 cheapest states**	
Columbus	3.55	Kansas	3.63
Wichita	3.54	Minnesota	3.62
Des Moines	3.52	South Carolina	3.61
Oklahoma City	3.50	Oklahoma	3.57
Tulsa	3.49	Missouri	3.53

Source: gasbuddy.com

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Small decline in Anchorage gas prices

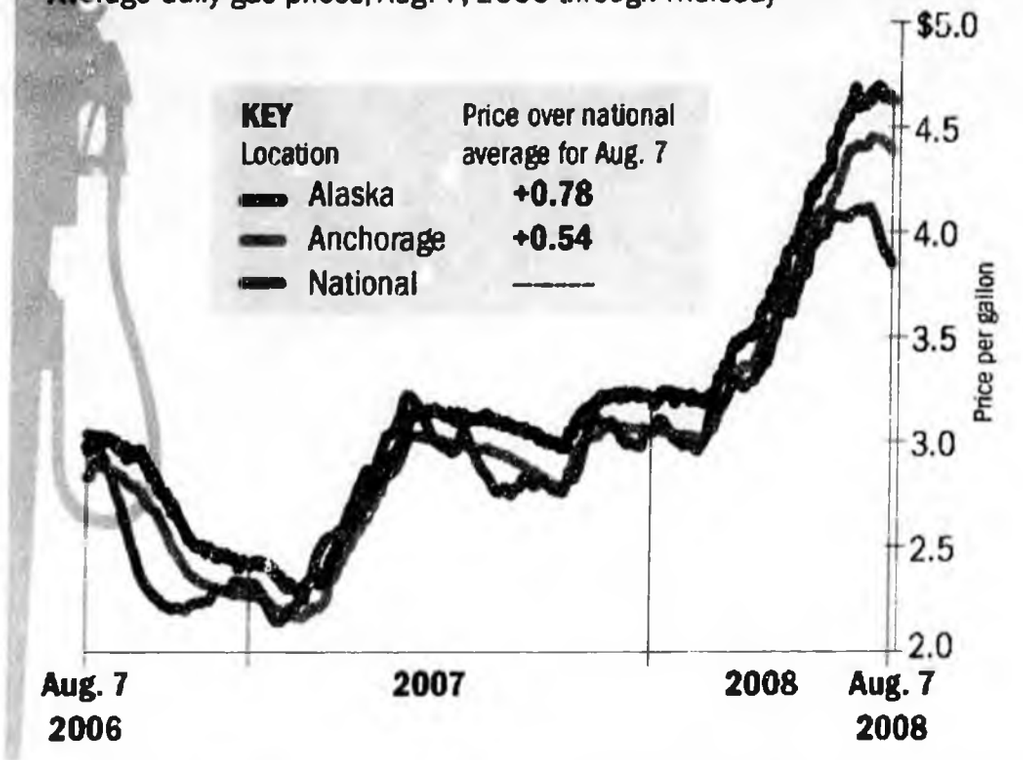
Gas prices for selected major U.S. cities

Selected cities	One year ago	One month ago	Prices Thursday	Difference from last month
Anchorage	2.95	4.39	4.37	-2
Spokane	2.98	4.13	4.06	-7
Seattle	2.84	4.36	4.07	-29
Portland	2.73	4.22	3.89	-33
Boise	2.95	4.11	4.02	-9
San Francisco	3.18	4.59	4.29	-30
Fresno	2.92	4.55	4.05	-50
Denver	2.88	3.95	3.85	-10
Columbus OH	2.74	3.97	3.63	-34
Nashville	2.71	3.98	3.68	-30
Minneapolis	2.83	3.94	3.62	-32
Scranton PA	2.77	4.04	3.74	-30
Columbia SC	2.59	3.90	3.55	-35
Kansas City MO	2.77	3.99	3.78	-21

Source: gasbuddy.com

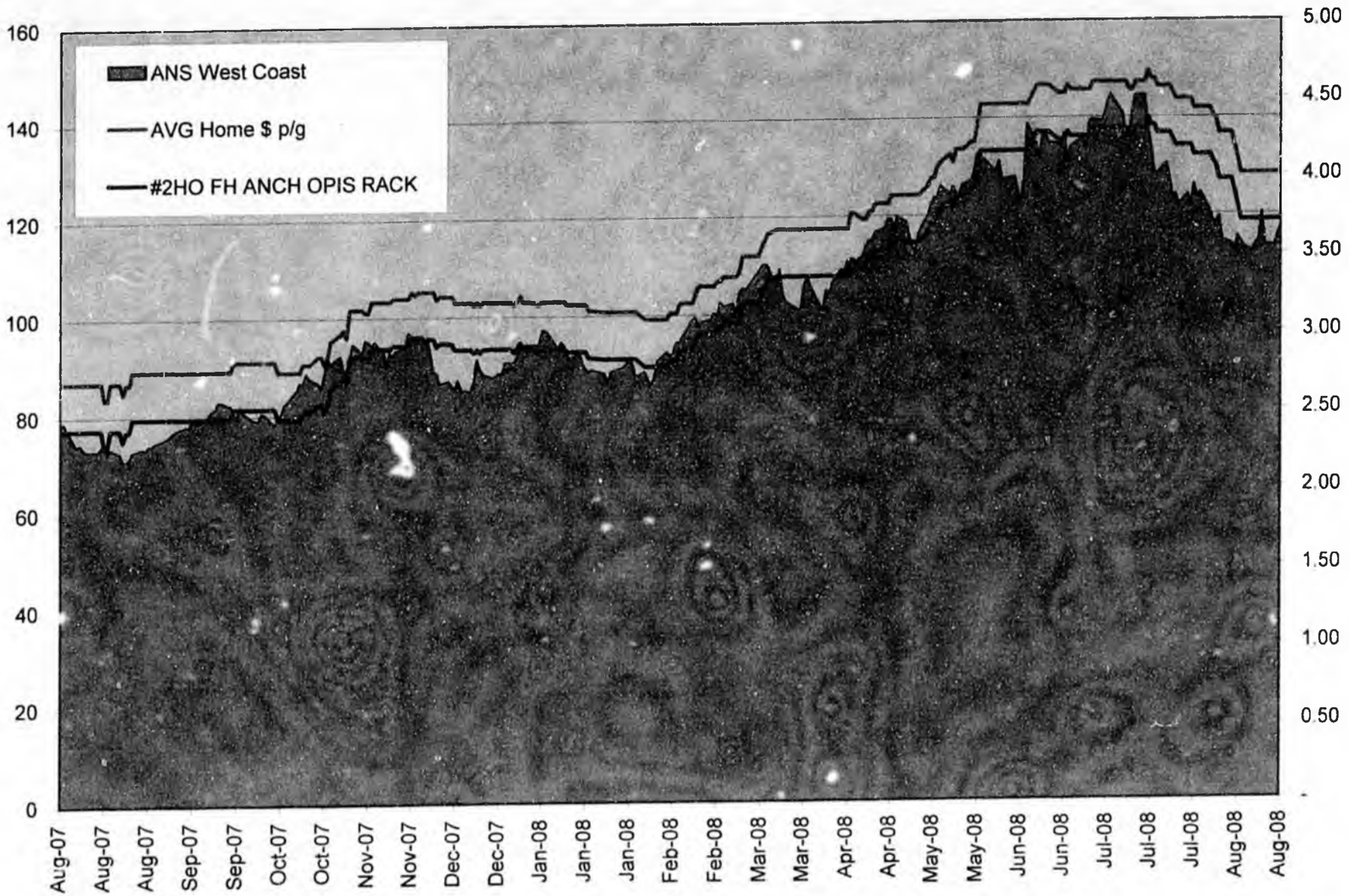
Alaskans paying more at the pump

Average daily gas prices, Aug. 7, 2006 through Thursday



Source: AAA MountainWest

RON ENGSTROM / Anchorage Daily News


ANS West Coast
AVG Home $ p/g
#2HO FH ANCH OPIS RACK
160
140
120
100
80
60
40
20
0
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
-
Aug-07
Aug-07
Aug-07
Sep-07
Sep-07
Oct-07
Oct-07
Nov-07
Nov-07
Dec-07
Dec-07
Jan-08
Jan-08
Jan-08
Feb-08
Feb-08
Mar-08
Mar-08
Apr-08
Apr-08
May-08
May-08
Jun-08
Jun-08
Jul-08
Jul-08
Jul-08
Aug-08
Aug-08

Date	ANS West Coast	#2HO FH ANGH OPIS RACK	AVG Home $ p/g	Avg Com. $ p/g	
8/1/2007	$78.53	$ 2.42	$ 2.72	$ 2.59	
8/2/2007	$78.86	$ 2.42	$ 2.72	$ 2.59	
8/3/2007	$77.48	$ 2.42	$ 2.72	$ 2.59	
8/6/2007	$74.06	$ 2.42	$ 2.72	$ 2.59	
8/7/2007	$74.42	$ 2.42	$ 2.72	$ 2.59	
8/8/2007	$73.60	$ 2.42	$ 2.72	$ 2.59	
8/9/2007	$73.04	$ 2.42	$ 2.72	$ 2.59	
8/10/2007	$72.92	$ 2.42	$ 2.72	$ 2.59	
8/13/2007	$73.07	$ 2.42	$ 2.72	$ 2.59	
8/14/2007	$73.83	$ 2.42	$ 2.72	$ 2.59	
8/15/2007	$74.78	$ 2.31	$ 2.61	$ 2.48	
8/16/2007	$72.45	$ 2.31	$ 2.61	$ 2.48	
8/17/2007	$73.43	$ 2.42	$ 2.72	$ 2.59	
8/20/2007	$72.57	$ 2.42	$ 2.72	$ 2.59	
8/21/2007	$70.92	$ 2.35	$ 2.65	$ 2.52	
8/22/2007	$70.76	$ 2.41	$ 2.71	$ 2.58	
8/23/2007	$71.43	$ 2.41	$ 2.71	$ 2.58	
8/24/2007	$72.79	$ 2.49	$ 2.79	$ 2.66	
8/27/2007	$73.42	$ 2.49	$ 2.79	$ 2.66	
8/28/2007	$73.18	$ 2.49	$ 2.79	$ 2.66	
8/29/2007	$74.01	$ 2.49	$ 2.79	$ 2.66	
8/30/2007	$73.86	$ 2.49	$ 2.79	$ 2.66	
8/31/2007	$74.54	$ 2.49	$ 2.79	$ 2.66	
9/4/2007	$75.55	$ 2.49	$ 2.79	$ 2.66	
9/5/2007	$76.23	$ 2.49	$ 2.79	$ 2.66	
9/6/2007	$76.80	$ 2.49	$ 2.79	$ 2.66	
9/7/2007	$77.20	$ 2.49	$ 2.79	$ 2.66	
9/10/2007	$77.99	$ 2.49	$ 2.79	$ 2.66	
9/11/2007	$77.73	$ 2.49	$ 2.79	$ 2.66	
9/12/2007	$79.41	$ 2.49	$ 2.79	$ 2.66	
9/13/2007	$79.59	$ 2.49	$ 2.79	$ 2.66	
9/14/2007	$78.60	$ 2.49	$ 2.79	$ 2.66	
9/17/2007	$80.07	$ 2.49	$ 2.79	$ 2.66	
9/18/2007	$81.01	$ 2.49	$ 2.79	$ 2.66	
9/19/2007	$81.43	$ 2.49	$ 2.79	$ 2.66	
9/20/2007	$82.82	$ 2.49	$ 2.79	$ 2.66	
9/21/2007	$82.92	$ 2.49	$ 2.79	$ 2.66	
9/24/2007	$82.15	$ 2.49	$ 2.79	$ 2.66	
9/25/2007	$80.88	$ 2.55	$ 2.85	$ 2.72	
9/26/2007	$79.40	$ 2.55	$ 2.85	$ 2.72	
9/27/2007	$81.98	$ 2.55	$ 2.85	$ 2.72	
9/28/2007	$80.76	$ 2.55	$ 2.85	$ 2.72	
10/1/2007	$79.34	$ 2.55	$ 2.85	$ 2.72	
10/2/2007	$79.15	$ 2.55	$ 2.85	$ 2.72	
10/3/2007	$79.04	$ 2.55	$ 2.85	$ 2.72	
10/4/2007	$80.54	$ 2.55	$ 2.85	$ 2.72	
10/5/2007	$80.32	$ 2.55	$ 2.85	$ 2.72	
10/8/2007	$78.12	$ 2.55	$ 2.85	$ 2.72	
10/9/2007	$79.36	$ 2.48	$ 2.78	$ 2.65	

10/10/2007	$80.40	$ 2.48	$ 2.78	$ 2.65	
10/11/2007	$82.18	$ 2.48	$ 2.78	$ 2.65	
10/12/2007	$82.79	$ 2.48	$ 2.78	$ 2.65	
10/15/2007	$85.23	$ 2.48	$ 2.78	$ 2.65	
10/16/2007	$86.71	$ 2.48	$ 2.78	$ 2.65	
10/17/2007	$86.50	$ 2.53	$ 2.83	$ 2.70	
10/18/2007	$88.67	$ 2.53	$ 2.83	$ 2.70	
10/19/2007	$87.70	$ 2.53	$ 2.83	$ 2.70	
10/22/2007	$86.66	$ 2.58	$ 2.88	$ 2.75	
10/23/2007	$85.67	$ 2.58	$ 2.88	$ 2.75	
10/24/2007	$88.20	$ 2.53	$ 2.83	$ 2.70	
10/25/2007	$91.91	$ 2.58	$ 2.88	$ 2.75	
10/26/2007	$90.56	$ 2.68	$ 2.98	$ 2.85	
10/29/2007	$92.23	$ 2.72	$ 3.02	$ 2.89	
10/30/2007	$89.08	$ 2.75	$ 3.05	$ 2.92	
10/31/2007	$89.08	$ 2.70	$ 3.00	$ 2.87	
11/1/2007	$92.19	$ 2.88	$ 3.18	$ 3.05	
11/2/2007	$94.63	$ 2.88	$ 3.18	$ 3.05	
11/5/2007	$92.68	$ 2.88	$ 3.18	$ 3.05	
11/6/2007	$95.40	$ 2.86	$ 3.16	$ 3.03	
11/7/2007	$95.07	$ 2.86	$ 3.16	$ 3.03	
11/8/2007	$94.16	$ 2.93	$ 3.23	$ 3.10	
11/9/2007	$95.02	$ 2.93	$ 3.23	$ 3.10	
11/12/2007	$93.32	$ 2.93	$ 3.23	$ 3.10	
11/13/2007	$89.87	$ 2.93	$ 3.23	$ 3.10	
11/14/2007	$92.79	$ 2.93	$ 3.23	$ 3.10	
11/15/2007	$92.13	$ 2.95	$ 3.25	$ 3.12	
11/16/2007	$93.15	$ 2.95	$ 3.25	$ 3.12	
11/19/2007	$93.69	$ 2.95	$ 3.25	$ 3.12	
11/20/2007	$96.93	$ 2.95	$ 3.25	$ 3.12	
11/21/2007	$96.09	$ 2.99	$ 3.29	$ 3.16	
11/22/2007	$96.09	$ 2.97	$ 3.27	$ 3.14	
11/23/2007	$96.23	$ 2.99	$ 3.29	$ 3.16	
11/26/2007	$95.75	$ 2.99	$ 3.29	$ 3.16	
11/27/2007	$92.47	$ 2.99	$ 3.29	$ 3.16	
11/28/2007	$88.67	$ 2.99	$ 3.29	$ 3.16	
11/29/2007	$88.56	$ 2.94	$ 3.24	$ 3.11	
11/30/2007	$86.26	$ 2.96	$ 3.26	$ 3.13	
12/3/2007	$86.86	$ 2.96	$ 3.26	$ 3.13	
12/4/2007	$85.87	$ 2.96	$ 3.26	$ 3.13	
12/5/2007	$85.04	$ 2.92	$ 3.22	$ 3.09	
12/6/2007	$86.98	$ 2.92	$ 3.22	$ 3.09	
12/7/2007	$85.03	$ 2.92	$ 3.22	$ 3.09	
12/10/2007	$84.61	$ 2.92	$ 3.22	$ 3.09	
12/11/2007	$86.77	$ 2.90	$ 3.20	$ 3.07	
12/12/2007	$91.24	$ 2.92	$ 3.22	$ 3.09	
12/13/2007	$89.10	$ 2.90	$ 3.20	$ 3.07	
12/14/2007	$88.12	$ 2.92	$ 3.22	$ 3.09	
12/17/2007	$87.48	$ 2.92	$ 3.22	$ 3.09	
12/18/2007	$87.73	$ 2.92	$ 3.22	$ 3.09	
12/19/2007	$88.31	$ 2.92	$ 3.22	$ 3.09	
12/20/2007	$88.20	$ 2.92	$ 3.22	$ 3.09	

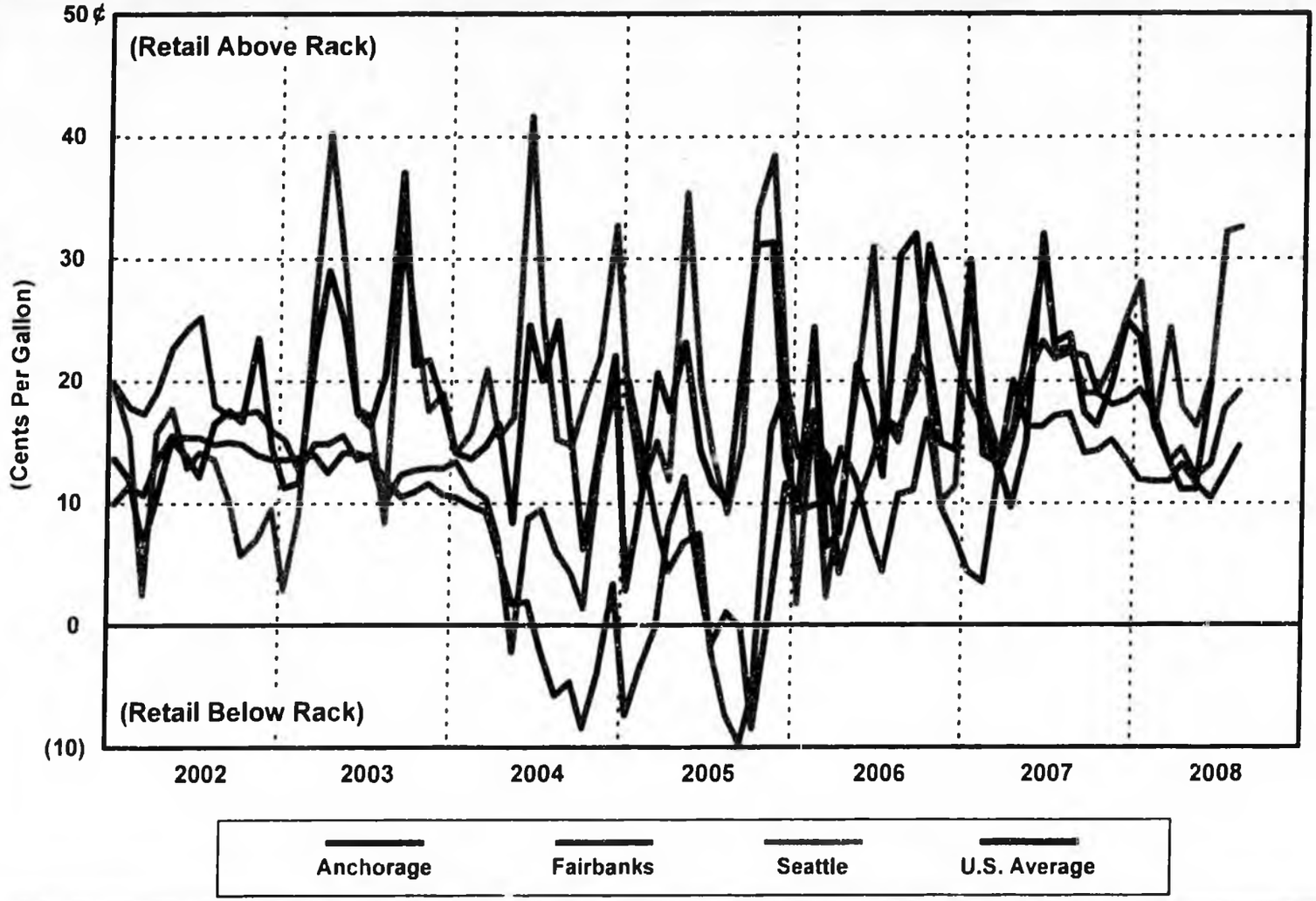
12/21/2007	$90.50	$ 2.92	$ 3.22	$ 3.09	
12/22/2007	$90.50	$ 2.92	$ 3.22	$ 3.09	
12/23/2007	$90.50	$ 2.92	$ 3.22	$ 3.09	
12/24/2007	$90.50	$ 2.90	$ 3.20	$ 3.07	
12/26/2007	$93.47	$ 2.96	$ 3.26	$ 3.13	
12/27/2007	$94.12	$ 2.92	$ 3.22	$ 3.09	
12/28/2007	$94.12	$ 2.92	$ 3.22	$ 3.09	
12/29/2007	$94.12	$ 2.92	$ 3.22	$ 3.09	
12/30/2007	$94.12	$ 2.92	$ 3.22	$ 3.09	
12/31/2007	$94.12	$ 2.90	$ 3.20	$ 3.07	
1/1/2008	$94.12	$ 2.90	$ 3.20	$ 3.07	
1/2/2008	$97.12	$ 2.92	$ 3.22	$ 3.09	
1/3/2008	$96.98	$ 2.92	$ 3.22	$ 3.09	
1/4/2008	$96.21	$ 2.92	$ 3.22	$ 3.09	
1/7/2008	$93.39	$ 2.92	$ 3.22	$ 3.09	
1/8/2008	$94.63	$ 2.92	$ 3.22	$ 3.09	
1/9/2008	$93.97	$ 2.92	$ 3.22	$ 3.09	
1/10/2008	$92.01	$ 2.90	$ 3.20	$ 3.07	
1/11/2008	$90.99	$ 2.90	$ 3.20	$ 3.07	
1/14/2008	$92.50	$ 2.90	$ 3.20	$ 3.07	
1/15/2008	$90.20	$ 2.90	$ 3.20	$ 3.07	
1/16/2008	$89.14	$ 2.90	$ 3.20	$ 3.07	
1/17/2008	$88.43	$ 2.86	$ 3.16	$ 3.03	
1/18/2008	$88.87	$ 2.86	$ 3.16	$ 3.03	
1/22/2008	$88.15	$ 2.85	$ 3.15	$ 3.02	
1/23/2008	$85.94	$ 2.85	$ 3.15	$ 3.02	
1/24/2008	$88.36	$ 2.85	$ 3.15	$ 3.02	
1/25/2008	$88.69	$ 2.85	$ 3.15	$ 3.02	
1/28/2008	$89.34	$ 2.85	$ 3.15	$ 3.02	
1/29/2008	$89.99	$ 2.85	$ 3.15	$ 3.02	
1/30/2008	$90.68	$ 2.85	$ 3.15	$ 3.02	
1/31/2008	$90.10	$ 2.85	$ 3.15	$ 3.02	
2/1/2008	$87.31	$ 2.85	$ 3.15	$ 3.02	
2/4/2008	$88.37	$ 2.80	$ 3.10	$ 2.97	
2/5/2008	$86.76	$ 2.80	$ 3.10	$ 2.97	
2/6/2008	$85.49	$ 2.80	$ 3.10	$ 2.97	
2/7/2008	$86.86	$ 2.80	$ 3.10	$ 2.97	
2/8/2008	$90.52	$ 2.80	$ 3.10	$ 2.97	
2/11/2008	$92.44	$ 2.80	$ 3.10	$ 2.97	
2/12/2008	$91.63	$ 2.84	$ 3.14	$ 3.01	
2/13/2008	$92.12	$ 2.84	$ 3.14	$ 3.01	
2/14/2008	$94.31	$ 2.84	$ 3.14	$ 3.01	
2/15/2008	$94.35	$ 2.90	$ 3.20	$ 3.07	
2/19/2008	$98.86	$ 2.90	$ 3.20	$ 3.07	
2/20/2008	$99.59	$ 2.96	$ 3.26	$ 3.13	
2/21/2008	$97.38	$ 3.01	$ 3.31	$ 3.18	
2/22/2008	$98.51	$ 3.01	$ 3.31	$ 3.18	
2/25/2008	$99.03	$ 3.01	$ 3.31	$ 3.18	
2/26/2008	$100.43	$ 3.01	$ 3.31	$ 3.18	
2/27/2008	$99.49	$ 3.04	$ 3.34	$ 3.21	
2/28/2008	$102.44	$ 3.04	$ 3.34	$ 3.21	
2/29/2008	$101.69	$ 3.07	$ 3.37	$ 3.24	

3/3/2008	$102.30	$ 3.07	$ 3.37	$ 3.24	
3/4/2008	$99.37	$ 3.07	$ 3.37	$ 3.24	
3/5/2008	$104.37	$ 3.10	$ 3.40	$ 3.27	
3/6/2008	$105.32	$ 3.20	$ 3.50	$ 3.37	
3/7/2008	$105.00	$ 3.20	$ 3.50	$ 3.37	
3/10/2008	$107.75	$ 3.20	$ 3.50	$ 3.37	
3/11/2008	$108.60	$ 3.20	$ 3.50	$ 3.37	
3/12/2008	$109.77	$ 3.25	$ 3.55	$ 3.42	
3/13/2008	$110.18	$ 3.30	$ 3.60	$ 3.47	
3/14/2008	$110.09	$ 3.34	$ 3.64	$ 3.51	
3/17/2008	$105.53	$ 3.37	$ 3.67	$ 3.54	
3/18/2008	$109.27	$ 3.37	$ 3.67	$ 3.54	
3/19/2008	$104.33	$ 3.37	$ 3.67	$ 3.54	
3/20/2008	$102.64	$ 3.37	$ 3.67	$ 3.54	
3/24/2008	$100.91	$ 3.37	$ 3.67	$ 3.54	
3/25/2008	$100.97	$ 3.37	$ 3.67	$ 3.54	
3/26/2008	$105.90	$ 3.37	$ 3.67	$ 3.54	
3/27/2008	$107.58	$ 3.37	$ 3.67	$ 3.54	
3/28/2008	$105.62	$ 3.37	$ 3.67	$ 3.54	
3/31/2008	$101.58	$ 3.37	$ 3.67	$ 3.54	
4/1/2008	$100.98	$ 3.37	$ 3.67	$ 3.54	
4/2/2008	$104.83	$ 3.37	$ 3.67	$ 3.54	
4/3/2008	$103.83	$ 3.37	$ 3.67	$ 3.54	
4/4/2008	$106.23	$ 3.37	$ 3.67	$ 3.54	
4/7/2008	$109.09	$ 3.37	$ 3.67	$ 3.54	
4/8/2008	$108.50	$ 3.37	$ 3.67	$ 3.54	
4/9/2008	$110.87	$ 3.37	$ 3.67	$ 3.54	
4/10/2008	$110.11	$ 3.47	$ 3.77	$ 3.64	
4/11/2008	$110.14	$ 3.47	$ 3.77	$ 3.64	
4/14/2008	$111.76	$ 3.43	$ 3.73	$ 3.60	
4/15/2008	$113.79	$ 3.43	$ 3.73	$ 3.60	
4/16/2008	$114.93	$ 3.48	$ 3.78	$ 3.65	
4/17/2008	$114.86	$ 3.48	$ 3.78	$ 3.65	
4/18/2008	$116.69	$ 3.53	$ 3.83	$ 3.70	
4/21/2008	$117.48	$ 3.53	$ 3.83	$ 3.70	
4/22/2008	$119.37	$ 3.53	$ 3.83	$ 3.70	
4/23/2008	$119.40	$ 3.58	$ 3.88	$ 3.75	
4/24/2008	$117.21	$ 3.58	$ 3.88	$ 3.75	
4/25/2008	$119.70	$ 3.58	$ 3.88	$ 3.75	
4/28/2008	$118.75	$ 3.58	$ 3.88	$ 3.75	
4/29/2008	$115.63	$ 3.58	$ 3.88	$ 3.75	
4/30/2008	$113.46	$ 3.58	$ 3.88	$ 3.75	
5/1/2008	$112.52	$ 3.58	$ 3.88	$ 3.75	
5/2/2008	$116.32	$ 3.58	$ 3.88	$ 3.75	
5/5/2008	$119.97	$ 3.64	$ 3.94	$ 3.81	
5/6/2008	$121.84	$ 3.69	$ 3.99	$ 3.86	
5/7/2008	$123.53	$ 3.69	$ 3.99	$ 3.86	
5/8/2008	$123.69	$ 3.76	$ 4.06	$ 3.93	
5/9/2008	$125.96	$ 3.79	$ 4.09	$ 3.96	
5/12/2008	$124.23	$ 3.84	$ 4.14	$ 4.01	
5/13/2008	$125.80	$ 3.79	$ 4.09	$ 3.96	
5/14/2008	$124.22	$ 3.87	$ 4.17	$ 4.04	

5/15/2008	$124.12	$ 3.87	$ 4.17	$ 4.04	
5/16/2008	$126.29	$ 3.87	$ 4.17	$ 4.04	
5/19/2008	$127.05	$ 3.92	$ 4.22	$ 4.09	
5/20/2008	$129.07	$ 3.92	$ 4.22	$ 4.09	
5/21/2008	$132.57	$ 4.04	$ 4.34	$ 4.21	
5/22/2008	$130.21	$ 4.16	$ 4.46	$ 4.33	
5/23/2008	$131.59	$ 4.16	$ 4.46	$ 4.33	
5/27/2008	$128.85	$ 4.16	$ 4.46	$ 4.33	
5/28/2008	$131.03	$ 4.16	$ 4.46	$ 4.33	
5/29/2008	$126.62	$ 4.16	$ 4.46	$ 4.33	
5/30/2008	$127.35	$ 4.16	$ 4.46	$ 4.33	
6/2/2008	$127.76	$ 4.16	$ 4.46	$ 4.33	
6/3/2008	$124.31	$ 4.16	$ 4.46	$ 4.33	
6/4/2008	$122.30	$ 4.16	$ 4.46	$ 4.33	
6/5/2008	$127.79	$ 4.16	$ 4.46	$ 4.33	
6/6/2008	$138.54	$ 4.16	$ 4.46	$ 4.33	
6/9/2008	$134.35	$ 4.28	$ 4.58	$ 4.45	
6/10/2008	$131.31	$ 4.28	$ 4.58	$ 4.45	
6/11/2008	$136.38	$ 4.28	$ 4.58	$ 4.45	
6/12/2008	$136.74	$ 4.28	$ 4.58	$ 4.45	
6/13/2008	$134.86	$ 4.28	$ 4.58	$ 4.45	
6/16/2008	$134.61	$ 4.23	$ 4.53	$ 4.40	
6/17/2008	$134.01	$ 4.23	$ 4.53	$ 4.40	
6/18/2008	$136.68	$ 4.23	$ 4.53	$ 4.40	
6/19/2008	$131.18	$ 4.28	$ 4.58	$ 4.45	
6/20/2008	$133.87	$ 4.25	$ 4.55	$ 4.42	
6/23/2008	$135.25	$ 4.25	$ 4.55	$ 4.42	
6/24/2008	$135.65	$ 4.25	$ 4.55	$ 4.42	
6/25/2008	$133.28	$ 4.25	$ 4.55	$ 4.42	
6/26/2008	$138.89	$ 4.25	$ 4.55	$ 4.42	
6/27/2008	$139.46	$ 4.30	$ 4.60	$ 4.47	
6/30/2008	$139.10	$ 4.30	$ 4.60	$ 4.47	
7/1/2008	$140.07	$ 4.30	$ 4.60	$ 4.47	
7/2/2008	$142.97	$ 4.30	$ 4.60	$ 4.47	
7/3/2008	$144.59	$ 4.30	$ 4.60	$ 4.47	
7/7/2008	$140.67	$ 4.30	$ 4.60	$ 4.47	
7/8/2008	$135.34	$ 4.30	$ 4.60	$ 4.47	
7/9/2008	$135.35	$ 4.25	$ 4.55	$ 4.42	
7/10/2008	$140.95	$ 4.25	$ 4.55	$ 4.42	
7/11/2008	$144.38	$ 4.30	$ 4.60	$ 4.47	
7/14/2008	$144.48	$ 4.30	$ 4.60	$ 4.47	
7/15/2008	$138.04	$ 4.37	$ 4.67	$ 4.54	
7/16/2008	$133.90	$ 4.32	$ 4.62	$ 4.49	
7/17/2008	$128.59	$ 4.32	$ 4.62	$ 4.49	
7/18/2008	$128.18	$ 4.27	$ 4.57	$ 4.44	
7/21/2008	$130.34	$ 4.27	$ 4.57	$ 4.44	
7/22/2008	$127.25	$ 4.27	$ 4.57	$ 4.44	
7/23/2008	$122.94	$ 4.23	$ 4.53	$ 4.40	
7/24/2008	$124.04	$ 4.19	$ 4.49	$ 4.36	
7/25/2008	$121.76	$ 4.19	$ 4.49	$ 4.36	
7/28/2008	$124.03	$ 4.19	$ 4.49	$ 4.36	
7/29/2008	$121.49	$ 4.19	$ 4.49	$ 4.36	

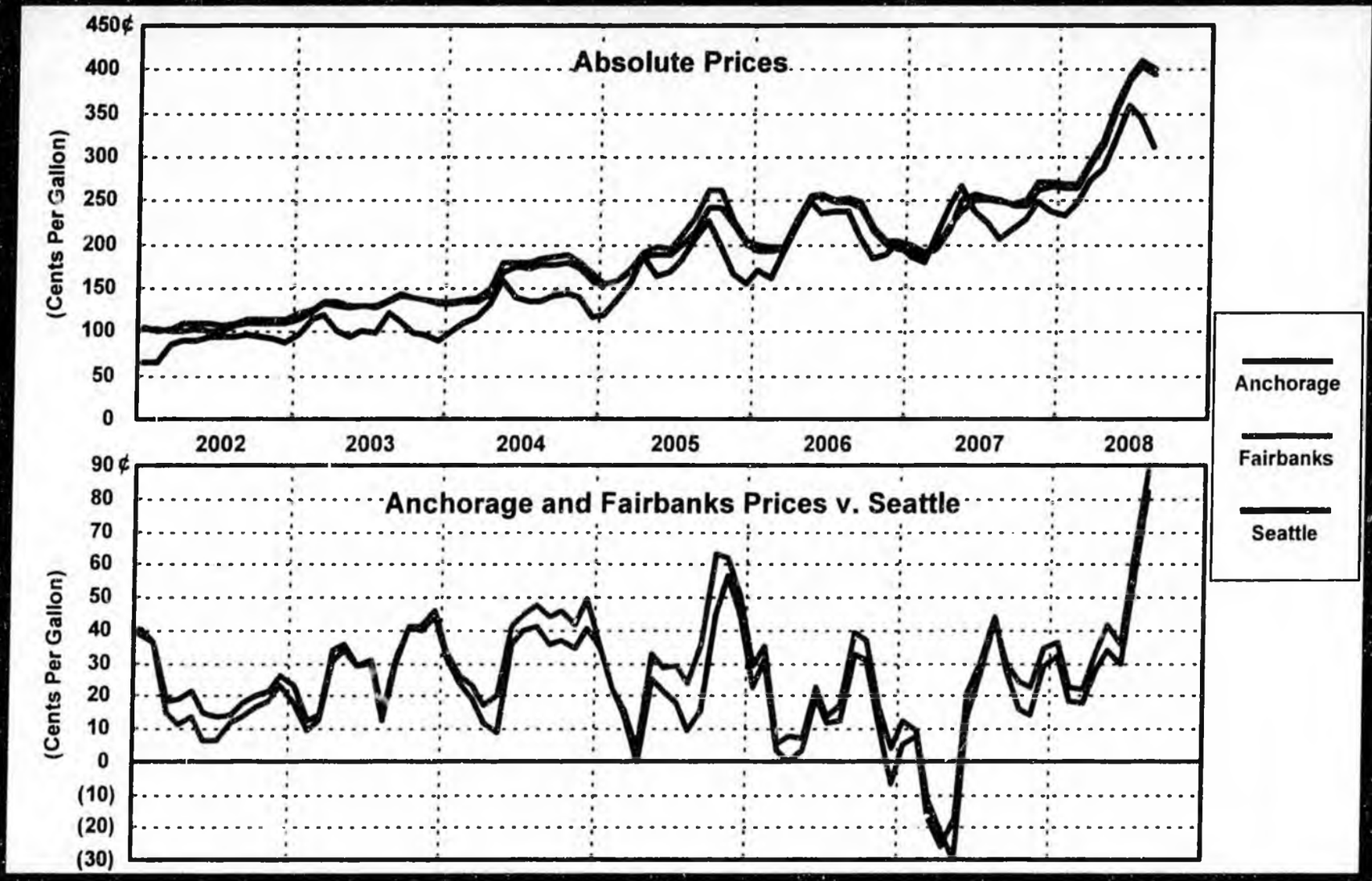
7/30/2008	$126.07	$ 4.13	$ 4.43	$ 4.30	
7/31/2008	$123.38	$ 4.13	$ 4.43	$ 4.30	
8/1/2008	$124.40	$ 4.13	$ 4.43	$ 4.30	
8/4/2008	$120.71	$ 4.13	$ 4.43	$ 4.30	
8/5/2008	$118.47	$ 4.09	$ 4.39	$ 4.26	
8/6/2008	$117.88	$ 4.06	$ 4.36	$ 4.23	
8/7/2008	$119.32	$ 3.97	$ 4.27	$ 4.14	
8/8/2008	$114.50	$ 3.97	$ 4.27	$ 4.14	
8/11/2008	$113.75	$ 3.97	$ 4.27	$ 4.14	
8/12/2008	$112.31	$ 3.89	$ 4.19	$ 4.06	
8/13/2008	$115.30	$ 3.81	$ 4.11	$ 3.98	
8/14/2008	$114.31	$ 3.71	$ 4.01	$ 3.88	
8/15/2008	$113.07	$ 3.71	$ 4.01	$ 3.88	
8/18/2008	$112.17	$ 3.71	$ 4.01	$ 3.88	
8/19/2008	$113.83	$ 3.71	$ 4.01	$ 3.88	
8/20/2008	$114.28	$ 3.71	$ 4.01	$ 3.88	
8/21/2008	$120.23	$ 3.71	$ 4.01	$ 3.88	
8/22/2008	$113.54	$ 3.71	$ 4.01	$ 3.88	
8/25/2008	$113.34	$ 3.71	$ 4.01	$ 3.88	
8/26/2008	$115.57	$ 3.71	$ 4.01	$ 3.88	
8/27/2008	$117.45	$ 3.71	$ 4.01	$ 3.88	

Comparison of Rack to Retail Regular Unleaded Gasoline Prices (Before Taxes)
Anchorage, Fairbanks, Seattle and U.S. Average
January 2002 - August 2008



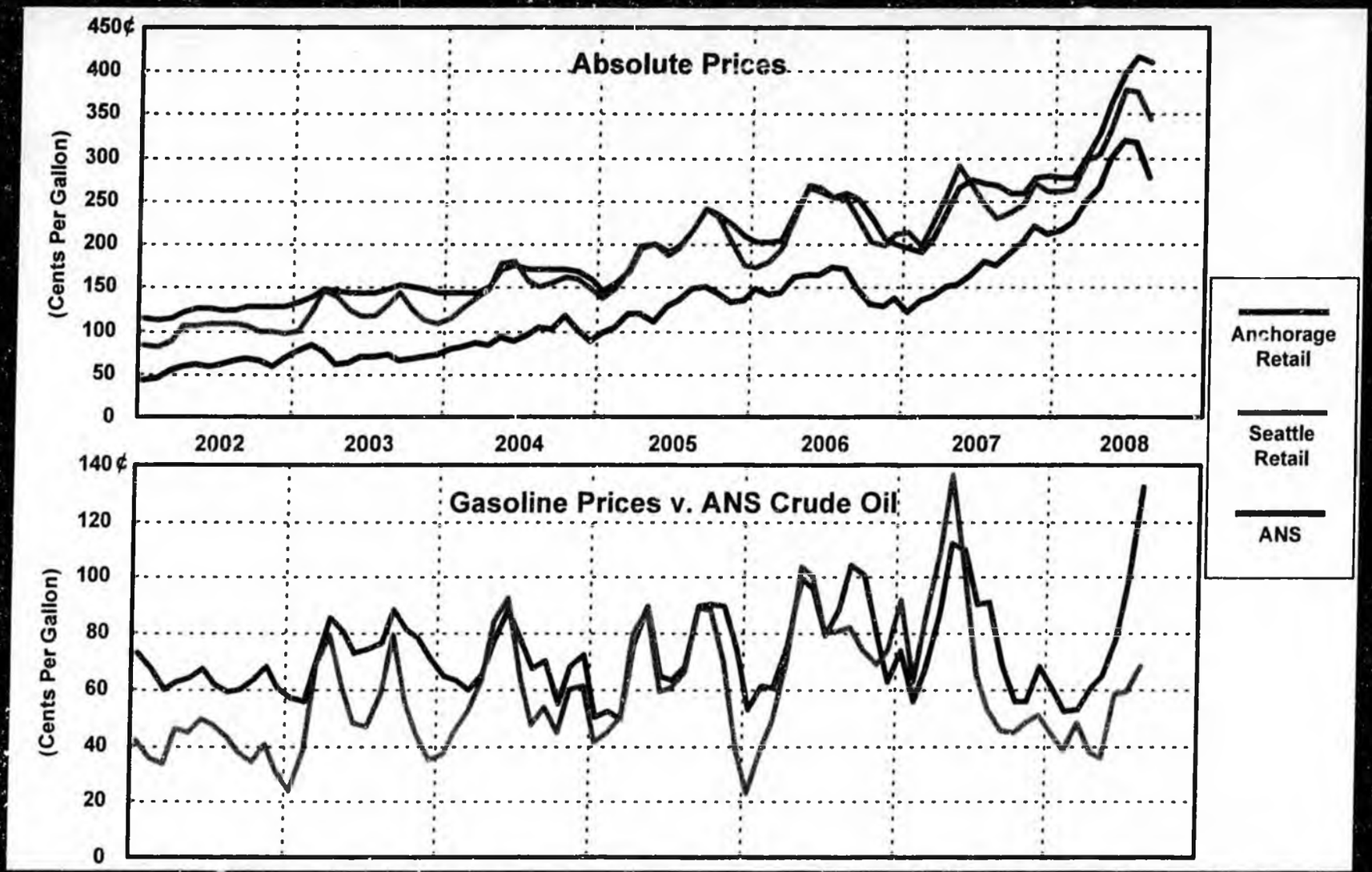
Source: EIA; Oil & Gas Journal; OPIS.

Comparison of Regular Unleaded Branded Rack Gasoline Prices (Before Taxes)
Anchorage, Fairbanks and Seattle
January 2002 - August 2008



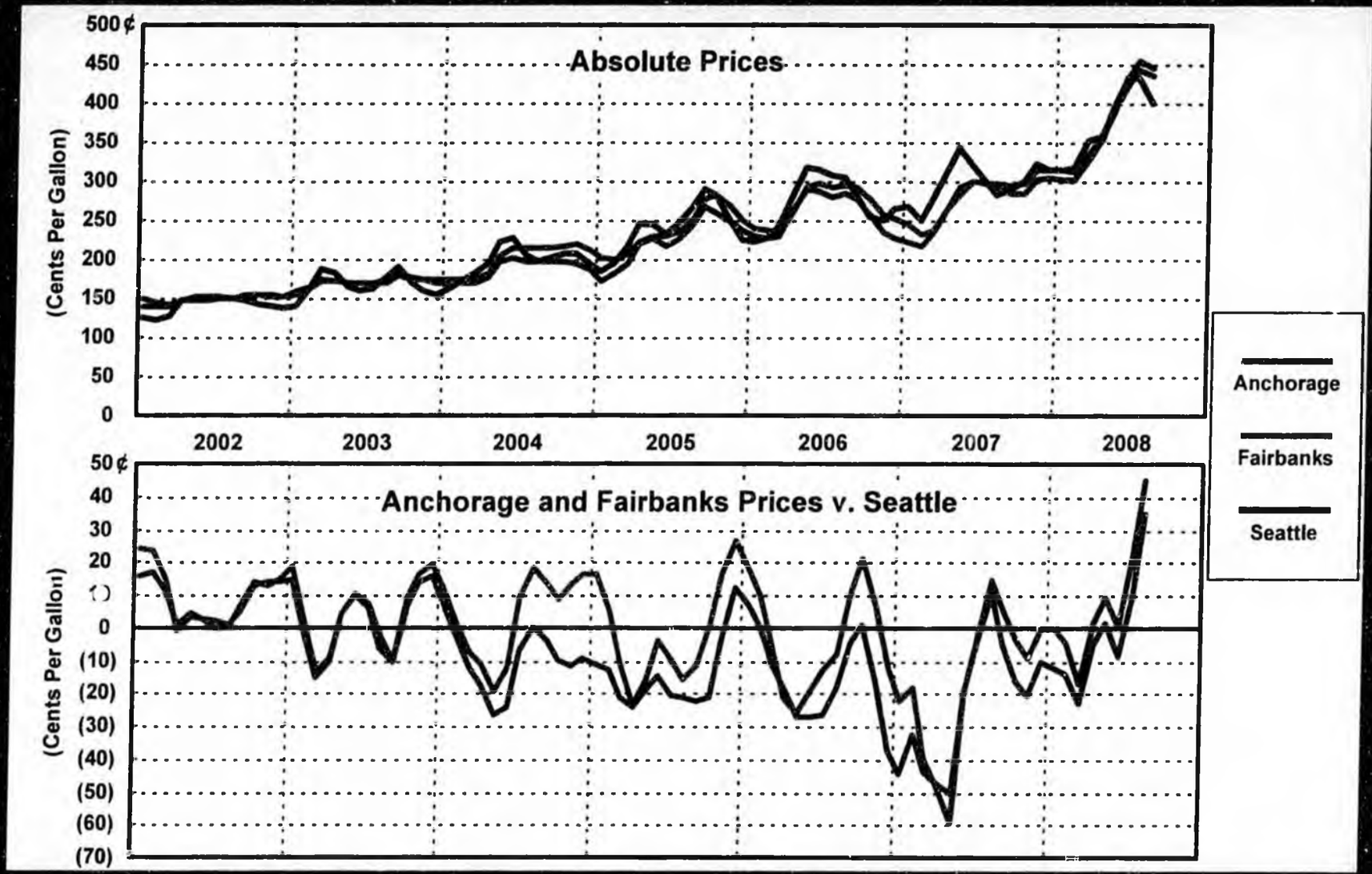
Source: EIA; OPIS.

Comparison of Regular Unleaded Gasoline Prices and ANS Crude Oil Prices
Anchorage and Seattle (Before Taxes)
January 2002 - August 2008



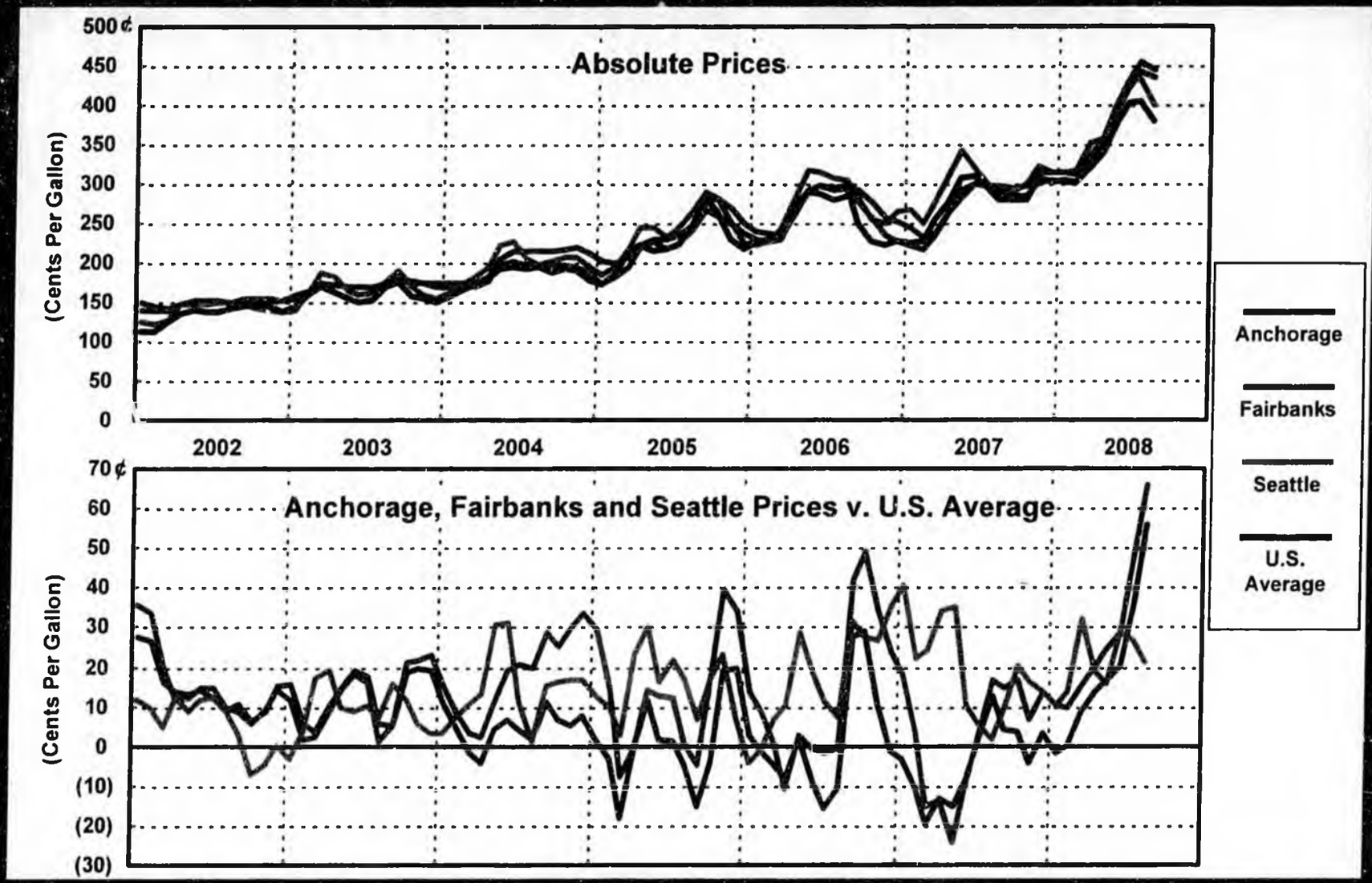
Source: OPIS; Platt's.

Comparison of Regular Unleaded Retail Gasoline Prices (After Taxes)
Anchorage, Fairbanks and Seattle
January 2002 - August 2008



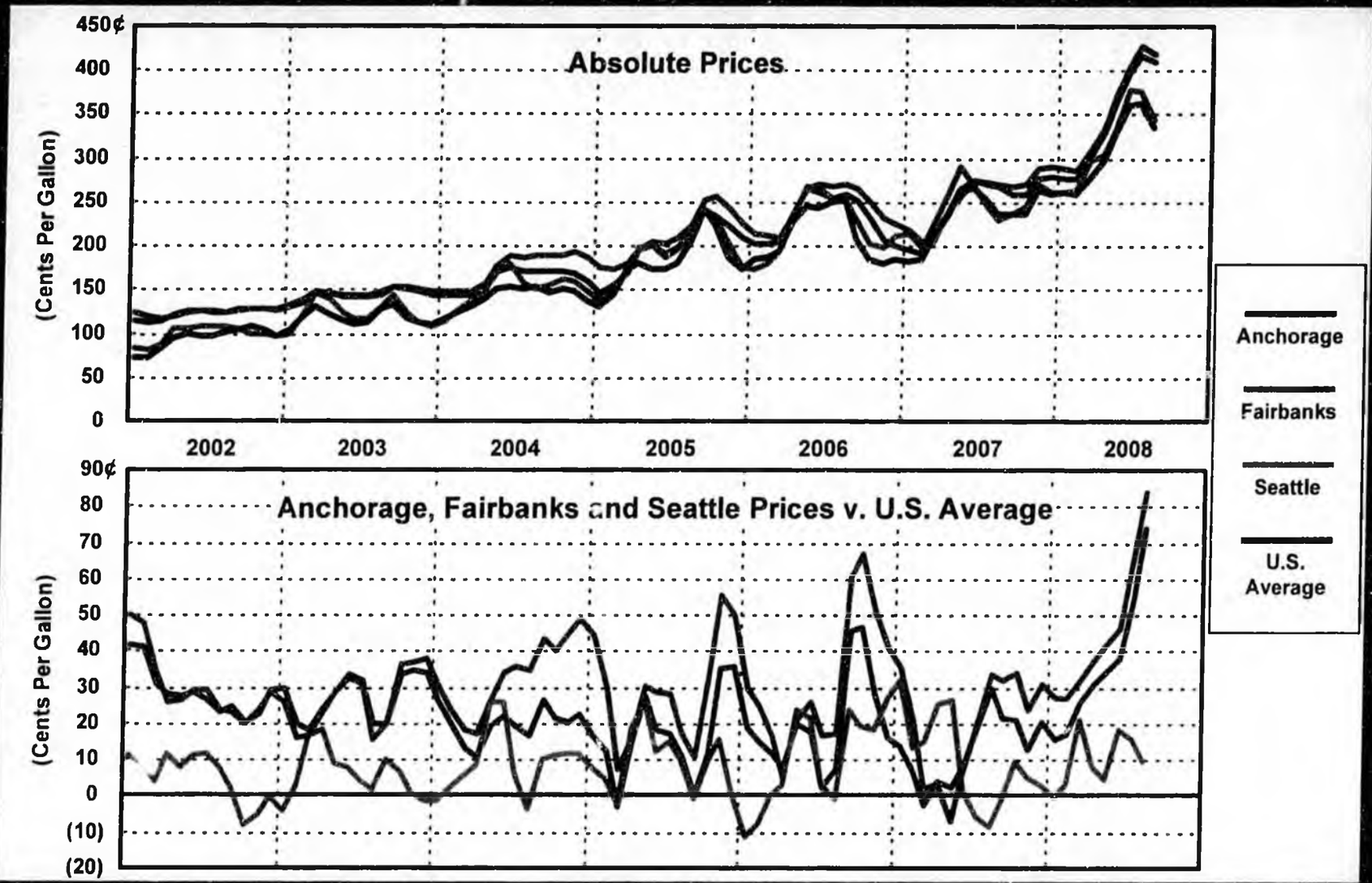
Source: OPIS.

Comparison of Regular Unleaded Retail Gasoline Prices (After Taxes)
Anchorage, Fairbanks, Seattle and U.S. Average
January 2002 - August 2008



Source: Oil & Gas Journal; OPIS.

Comparison of Regular Unleaded Retail Gasoline Prices (Before Taxes)
Anchorage, Fairbanks, Seattle and U.S. Average
January 2002 - August 2008



Source: EIA; Oil & Gas Journal; OPIS.

Summary of State Taxes on Motor Gasoline

Period	Alaska	Washington	U.S. Average
	(Cents Per Gallon)		
	(1)	(2)	(3)
Jan 2002 - Jun 2003	8.0¢	23.0¢	22.3¢
Jul 2003 - Jun 2005	8.0	28.0	23.1
Jul 2005 - Jun 2006	8.0	31.0	24.9
Jul 2006 - Jun 2007	8.0	34.0	25.4
Jul 2007 - Jun 2008	8.0	36.0	25.2
Jul 2008 - Aug 2008	8.0	37.5	26.0

3

AndrewHalcro.com 9/8/08

Why are gas prices so high in Alaska?

As Alaska State lawmakers begin an inquiry into why gasoline prices in Alaska are not falling as fast as the rest of the country, be prepared for the same answer a similar inquiry reached in 2002 under former Governor Tony Knowles; economics.

With a small market for supply and demand and refineries that aren't as effecient, the lack of competition and the cost of doing business in Alaska are higher than lower 48 markets, thus keeping retail prices higher.

The state's largest refinery, owned by Flint Hills, at North Pole, is 30 years old. It burns costly oil to power the refinery instead of cheaper natural gas as at most Lower 48 refineries. At today's spot market prices, natural gas is selling at the equivalent of $45 oil – but Flint Hills is paying royalty rates of $100+ for state royalty oil.

The refinery at peak capacity could process 220,000 barrels a day, but last year it averaged just 60,000 barrels a day (more inefficiency). It processes what the market demands, no more. Flint Hills is the fourth owner of the plant (that says something about its profitability?). About 60% of its refined product is jet fuel, the rest is gasoline and other products.

The other refineries in the state are Petro Star (North Pole and Valdez) and Tesoro (Kenai). The Tesoro plant produces gasoline, low-sulfur diesel, jet fuel and other products. The two smaller Petro Star refineries produce kerosene, diesel, jet fuel, home heating fuel – no gasoline, according to Petro Star's Web site.

Acording to industry data profiling profitability for fuel marketers, Anchorage ranks as the tenth worst earning market in the western region. The average margin in Anchorage is 10 cents per gallon compared to Medford, Oregon at 52 cents per gallon and Bellingham, Washington at 38 cents per gallon.

Local Alaska refiners like Tesoro have welcomed the legislature's inquiry according to a recent story in the Anchorage Daily News.

"That's fine. We wish them the best. We'll help," Kip Knudson, spokesman for Tesoro Alaska Co., said of the state investigations. Tesoro makes much of the state's gasoline at its Nikiski refinery, and it owns or supplies dozens of gas stations.

Investigators are likely to find the high prices are the result of market forces, Knudson said.

As for why Alaska prices aren't dropping as fast as in the Lower 48, he said Alaska is a small market and "smaller markets tend to be slower in response."

Assistant Attorney General Ed Sniffen said that could be because competition isn't as intense here as Outside. "There's never an incentive to drop prices unless your competitors are dropping prices," he said.

While many have raised the point that Alaska's proximity to oil & gas resources should provide lower cost at the pump. that doesn't reflect natural market competition. In many Alaska markets, prices are based on a gallon of gas refined in Puget Sound and the cost of transporting it back to Alaska.

The high crude oil prices of recent months have made it even worse for gasoline prices in Alaska. Since gasoline from Puget Sound sets the price for Alaska, the higher shipping costs (tanker charges, to cover the oil burned by the tanker) have driven up the gasoline price in Alaska.

Alaska has already investigated high gas prices back in 2002 under the administration of former Gov. Tony Knowles. The investigation carried out by former Attorney General Bruce Bothello found no antitrust violations.

The state of Washington also investigated high gas prices recently, concluding in April that fuel supply and transportation costs, increasing worldwide demand for oil and refinery crunches influenced prices at the pump -- not illegal price manipulation.

It is also worth mentioning that the legislature recently voted to suspend the state's gasoline tax to help consumers. The state's gas tax at eight cents per gallon is the lowest in the country and hasn't been raised since 1961.

adn.com
Anchorage Daily News

Oil's plunging in price, so why isn't gasoline?

RECOUPING COSTS: Experts say gas prices never went high enough.

By KEVIN G. HALL
McClatchy Newspapers
(09/07/08 01:31:24)

WASHINGTON -- Oil prices have fallen more than 26 percent from their July 11 record high of $147.27 a barrel, and all evidence points to further declines. The price Americans pay at the gas pump has fallen by a more modest 12 percent at Friday's national average of $3.67 a gallon.

That's led some consumers to wonder if they're being gouged. Here are some explanations for why the price of gasoline, while falling, isn't moving in lockstep with falling oil prices.

Q. Why aren't gasoline prices mirroring oil's slide?

A. "Because they didn't go up high enough in the first place," explains Phil Flynn, an expert in oil contracts for Alaron Trading in Chicago. "The truth of the matter is when crude oil went up to $147 a barrel, the refiners weren't able to pass on the entire cost of crude at the pump."

In mid-March, oil prices were just under $100 a barrel and gasoline stood at an average of $3.27 a gallon. When oil hit $147, it was a 47 percent jump. Gasoline prices peaked 84 cents higher, a rise of about 25 percent.

Q. In other words, oil refiners weren't able to pass along all their rising oil costs to consumers and now they're trying to take profits on the downside?

A. That seems to be the case. The soaring oil prices clearly were not responding to simple supply and demand. Prices shot up earlier this year in part because of factors like a weakening dollar, inflation and fears of a U.S. financial meltdown. Investing in oil contracts became a safety hedge, kind of like investing in gold on fears the dollar would weaken further. (Gold prices, too, have since fallen dramatically.)

Even as evidence mounted that demand for oil and gasoline was falling, especially in the United States, oil prices moved up despite the contrary demand signals.

Q. So gasoline prices should have been higher than the record $4.11 a gallon nationwide average on July 17?

A. "Had the cost of gasoline kept up with the cost of crude ... gasoline prices at the peak should have been 20 percent to 25 percent higher," said Flynn, adding that refiners had to eat a lot of the rising costs and now "are trying to make back some of the money as prices go back down."

Q. Well that's the view of an oil trader. Who else shares that view?

A. The AAA Motor Club believes that gasoline prices did not match the run-up price and thus won't likely parallel the drop in oil prices.

"We're in general agreement. Definitely when oil got to $147 a barrel back in July, that cost was not fully passed along to the consumer because, as many Americans know, we were making fewer visits to the gasoline station for most of this spring and summer," said Geoff Sundstrom, a national spokesman for AAA. "And so to a certain degree the profit margins at your local gasoline station were slim to none. ... I don't think it has anything to do with manipulation."

Q. What's going to happen to gasoline prices going forward?

A. On just supply-demand variables, everything points to further drops in oil and thus gasoline. Thursday's gasoline inventory report from the Energy Information Administration showed that last week's gasoline supply fell by 1 million barrels, not the 1.8 million expected in most forecasts. That pushed prices for next-month oil delivery down to $107.92 Thursday on the New York Mercantile Exchange.

Americans are simply driving less and switching to more fuel-efficient vehicles. Gasoline consumption fell by 1.6 percent over the peak summer season in July and August, the EIA said, and that's the first time that's happened in 16 years. And a weakening global economy means even less demand for oil and gasoline.

"We believe that as long as the oil price stays near current levels ... the nationwide average price would hit $3.50 a gallon sometime this month," said Sundstrom. "We're talking about an additional decline of 15 cents to 17 cents per gallon."

If oil prices fall below $100 a barrel after the hurricane season -- predicted by some analysts -- Americans could be looking at $3 a gallon gasoline later this year.

A lot of factors would have to come together for that to happen, however. And the oil export cartel OPEC meets Wednesday, with some members like Iran vowing to slash production to prevent prices from falling under $100 a barrel.

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House speaker asks for legislative investigation into high gas prices

By Tim Bradner
Alaska Journal of Commerce
Publication Date: 09/07/08

Alaska's House speaker has asked for a legislative investigation of gasoline prices in the state. Rep. John Harris, R-Valdez, has asked the Judiciary Committee of the state House to initiate an inquiry.

"We expect the committee to take some action fairly soon. We'd like to know why fuel prices are still high in Alaska even though the price of crude oil is dropping," Harris said Sept. 2.

Gasoline prices in the Lower 48 states are averaged $3.68 per gallon last week but averaged $4.50 per gallon in Alaska, Harris said.

"It just doesn't make sense to me, and to other Alaskan consumers, that when the price of crude oil goes up the price at the pump goes up too, right away. Yet, when the price of crude goes down, the price at the pump is a lot slower to drop," Harris said. "It seems logical that fuel prices should move in tandem with crude prices, and we want to know why it dosn't in our state."

Rep. Jay Ramras, R-Fairbanks, chairman of the House Judiciary Committee, will lead the inquiry, Harris said. A separate investigation of fuel prices in the state is under by the state Attorney General. Harris said he expects the Legislature's investigation to work in tandem with that of the attorney general.

Alaska has four refineries but only two - a plant near Fairbanks operated by Flint Hills Resources and a second refinery near Kenai operated by Tesoro - supply gasoline in the state. Flint Hills purchases all of its crude oil from the state of Alaska through a long-term royalty oil sales contract. Tesoro purchases crude oil from Cook Inlet and North Slope producers but also imports crude. Both companies were unavailable for comment.

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Gas prices 9/4/08

PRINT

The tax is off, price stays high

THAT SUDDEN DROP in the price of a gallon of gas in Alaska has to do with only one thing: The temporary suspension of the 8-cent-a-gallon state tax on motor fuel. Thank the Legislature for that, as one of its energy relief act during the last special session.

The price drop, in other words, was not the result of any decision by gasoline station owners to get prices here more i line with the rest of the country — where prices at the pump have fallen precipitously and rapidly over the past few weeks.

In fact, the problem here has prompted yet another call . . .

(cont'd from front page) for an investigation as to why Alaska motorists are paying so much.

House Speaker John Harris, a Republican from Valdez, put it this way:

"It just doesn't make sense to me — and to other Alaskan consumers — that when the price of crude oil goes up, the price at the pump goes up, too, right away. Yet when the price of crude goes down, the price at the pump is slower to drop."

Much slower, in fact.

To try to find out why, Harris has called upon Rep. Jay Ramras, R-Fairbanks, the chairman of the House Judiciary Committee, to open an investigation of retail gas prices in Alaska.

He wants to know, he said, "what actions the Legislature can take to make sure Alaskans are treated fairly in the future."

When Harris wrote to Ramras seeking a formal inquiry, he said the average price of gasoline Outside was $3.68 a gallon, compared to an average of $4.50 in Alaska.

"As we enter the winter season," he said, when more fuel and home heating oil will be purchased, it would be helpful t have retail prices that are closer to the national average."

Helpful, indeed. We hope Ramras hops to it on this one.

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Anchorage Daily News

Investigation to start on high gas prices

(08/30/08 11:44:18)

State lawmakers will start investigating why gas prices are so high in the state.

House Speaker John Harris on Friday sent a letter asking House Judiciary Chairman Jay Ramras to open an investigation.

Specifically, Harris asked Ramras to look at why Alaska prices are not falling as fast as they are in the Lower 48.

Harris says the average price of a gallon of gasoline in Alaska is $4.50 or more, while it's fallen to an average of $3.68 elsewhere in the country.

"It just doesn't make sense to me - and to other Alaskan consumers - that when the price of crude oil goes up, the price at the pump goes up, too, right away. Yet, when the price of crude goes down, the price at the pump is a lot slower to drop," Harris said.

Motorists will soon get a break at the pumps, courtesy of the energy relief package passed by the Legislature. Part of the plan is eliminating the 8 cents a gallon state tax for a year.

That starts Monday, but consumers may not get immediate relief. It will start only after retailers clear inventory and start selling tax-free fuel from their suppliers, said Ed Sniffen, a state assistant attorney general who specializes in consumer protection.

He said retailers also are on the honor system to pass the break along to motorists.

Democratic lawmakers and Gov. Palin asked Attorney General Talis Colberg to look into gas prices. Sniffen has started that investigation, and says of recent gasoline pricing trends: "It's really looking fishy to me."

Petroleum economist Barry Pulliam of the Los Angeles consulting firm Econ One has been hired to help with the investigation. Sniffen said formal demands for records from refiners and others might be issued, Sniffen said.

"That's fine. We wish them the best. We'll help," said Kip Knudson, spokesman for Tesoro Alaska Co. Tesoro makes much of the state's gasoline at its Nikiski refinery, and it owns or supplies dozens of gas stations.

Knudson said the investigations will likely show the high prices are the result of market forces. Prices aren't dropping here as fast as other places because Alaska is a smaller market, and "smaller markets tend to be slower in response."

Sniffen said that could be because competition is not as intense in Alaska as the Lower 48.

"There's never an incentive to drop prices unless your competitors are dropping prices," he said.

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Anchorage Daily News

Want cheaper gas? Move to another city

ANCHORAGE TOPS NATION: Prices in many major cities have dropped below $4 a gallon.

By BETH BRAGG
bbragg@adn.com

(08/08/08 02:08:27)

You just got off the phone with your brother-in-law in Portland, Ore., who said he's finally taking the family on vacation now that gas is down to $3.89 a gallon.

You head to your neighborhood gas station in Anchorage -- and pay $4.37 a gallon.

As the sky-high cost of crude oil begins to come back down to earth, gas prices in major cities around the United States are falling daily.

Except here.

While the per-gallon price of gas in Portland dropped 33 cents in the past month, it fell only two pennies here in Anchorage, according to statistics compiled daily by the Web site gasbuddy.com.

It's down 29 cents a gallon, to $4.07, in Seattle. Nine cents, to $4.02, in Boise. Thirty cents, to $4.29, in San Francisco. Thirty-two cents, to $3.62, in Minneapolis.

On Thursday afternoon, Anchorage had the highest gas price of any major city in America, according to the Web site. Higher than San Francisco. Higher than Honolulu (although that city was running neck-and-neck with us through most of the day).

So as you watch the dollars add up as you fill your tank, you might ponder the reasons why gas prices are defying national trends:

• Must be the high cost of shipping things to Alaska.

Wrong. According to the state Department of Revenue, 95 percent of all gasoline consumed in Anchorage and the rest of the state is refined right here in Alaska. No shipping costs, except those involved with trucking it from refineries in Nikiski, North Pole and Valdez.

• Gotta be those darn taxes.

Wrong. At eight cents a gallon, Alaska's motor fuel tax is the lowest in the nation. If you want to blame the government for high gas prices, go to California. The state tax on gas there is 56.5 cents a gallon, the highest in the nation.

• Surely there's a conspiracy among producers, wholesalers or retailers.

Don't be so sure. The state attorney general, which investigated that very thing less than 10 years ago, has received no evidence of collusion. The 1999 investigation, which lasted more than two years, ended after the Department of Law failed to find sufficient evidence that anti-trust laws were violated.

'RED FLAGS'

So far, the state hasn't launched another investigation to see if illegal practices are keeping Anchorage and Alaska gas prices so high. But that could change.

"If something doesn't happen to correct itself soon, it's going to raise some red flags for us," said Ed Sniffen, a consumer protection lawyer for the state.

"I don't know why we haven't dropped to less than $4 a gallon. We should get there soon. When I saw that Seattle dropped below $4, I thought for sure we'd be right on their coattails, but boy, the market was slow to react. And I start to raise my eyebrows."

He's not alone.

Denise Harris, a spokeswoman for the AAA Auto Club, said it's curious that Anchorage prices aren't falling as fast as they are in the Lower 48.

"It seems to happen every time prices start falling elsewhere. Alaska's doesn't fall. It's not surprising, but that doesn't make it right," she said. "The funny thing is (Alaska prices) are pretty reactive on the way up, but slower on the way down."

SOME THEORIES

Why? We asked, and all we got were guesses, albeit educated ones. Most involve that familiar Economics 101 rule of supply and demand.

• Paul Laird, general manager of the Alaska Support Industry Alliance: "My guess is that demand up here has not fallen as precipitously as in the Lower 48 and therefore retailers are not feeling as compelled to drop prices as quickly. That's capitalism."

Johanna Bales, state Department of Revenue: "We get complaints all the time. We tell them it's a fair market and people charge what they think the market can bear. If we're getting most of our (gas) from in-state refineries, you've gotta look at our salaries, which are generally higher. But really, I have no idea. There's no good answer other than it's what the market bears."

Bales says she hears often from consumers who repeat the answers they get from the guy at the gas pump or the driver delivering home heating fuel.

"A lot of time distributors will say, 'It must be the tax.' Alaska's tax is the lowest in the nation, and there's no tax at all on home heating fuel," she said.

• Kip Knudson, spokesman for Tesoro Alaska, whose Nikisk refinery supplies much of the gas pumped in Southcentral: "My chief economist tells me it's because small markets generally respond to price changes slower. And Alaska is a tiny, tiny market when it comes to motor fuels.

"People don't understand that it's a free market. It's not a regulated industry. ... It can only be explained by market forces."

• Tom Kloza, chief oil analyst for the Oil Price Information Service: "I'm not sure why the retail numbers in Alaska are so much above (the) Lower 48 range. While U.S. demand is down on a nationwide basis it may be that some of the energy-active states have stronger demand. This is the case in Texas, albeit to a small degree.

"... I'm not familiar with any particular global or local problem that has kept Alaska prices so high. Needless to say, it's a market that doesn't have many of the high-volume chains (that operate) in the Lower 48."

• Matt Berman, an economist for UAA's Institute of Social and Economic Research, when interviewed recently by The Associated Press, chalked up high prices to Alaska's small market and high shipping costs.

A lack of competition lets in-state refineries charge gas stations at a rate close to what the stations would pay for importing gas, he said. And because the price to ship gas from the Lower 48 is steep, the refineries can sell at a price that approaches what stations would pay for imported gas, Berman said.

• Sniffen, the consumer protection lawyer for the state: "People say, wait a minute, it only costs this much to get oil, this much to refine it, this much to get it to the station, so how come we're paying so much more? There's no requirement that any of the people in that chain can only make so much profit. There's no law saying you can only make so much profit in America.

"... There's a fundamental misperception that retailers should only sell for what it cost them and a little bit more. No law says they have to do that. You have to rely on the market to do that."

PARALLEL PRICING

The only thing the law can do, Sniffen said, is punish collusion -- an illegal pact between competitors to set their prices at an agreed level.

He doesn't know of any state that regulates gasoline prices. Hawaii tried it, he said, but the law was repealed quickly after most or all retailers priced their gas at the maximum allowed by the state.

Often what consumers think is that collusion is actually a legal practice called parallel pricing, Sniffen said. It's particularly common thing among gas retailers.

"Prices are displayed for everyone to see, so you get parallel pricing, which happens when one station owner says, 'Joe down the street raised his prices, I'm gonna raise mine.' There's no collusion there. He just steps out in the street and looks at the sign. That's not illegal. People try to match other people's prices all the time."

Find Beth Bragg online at adn.com/contact/bbragg or call 257-4309.

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The Bismarck Tribune

02-15-2008: news-state

North Dakota refinery expansion a plus, but carries risk, official says

By DALE WETZEL
Associated Press Writer

North Dakota would reap greater benefits from refining its crude oil instead of exporting it, but the strategy carries risk and requires added pipeline space to ship gasoline, a state regulator says.

"When you figure in all the multipliers that go with an expanded refinery - the additional jobs, the sales tax revenue ... it's always better to add value locally," said Lynn Helms, director of the state Department of Mineral Resources.

However, "the only way that you can economically build or expand a refinery is if you've got the pipeline infrastructure to move the refined products to a market," Helms said. "You cannot, in today's market, build a refinery and truck the refined products to gas stations, or to jet airplanes, or whatever."

Helms spoke Thursday to the Legislature's interim Budget and Finance Committee. It is examining the effects of increased oil production on North Dakota's tax collections, and the risks of relying on oil price forecasting in state budgeting.

The panel's chairman, Rep. Al Carlson, R-Fargo, asked Helms to speculate about the economic benefits and risks of an expansion of North Dakota's refinery capacity. North Dakota has one oil refinery, the Tesoro Corp. facility near Mandan.

The subject is likely to arise in this fall's campaign for governor. Republican Gov. John Hoeven is seeking his third term. A potential rival, Sen. Tim Mathern, D-Fargo, has discussed developing a state-owned oil refinery, and a group of Democratic legislators have formed a committee to study the subject.

North Dakota's oil production has been rising, spurred by development in the Bakken shale rock formation in the western part of the state. Oil production has spiked in some newly explored regions in Mountrail and Dunn counties.

Daily production has risen from 113,000 barrels in December 2006 to 135,000 in December 2007, according to Department of Mineral Resources statistics.

In Dunn County, December production jumped from 3,053 barrels daily in December 2006 to almost 8,000 barrels daily last December. In Mountrail County, it rose from 1,948 barrels daily to almost 13,500 barrels during the same time period.

North Dakota has difficulty exporting its crude oil because of competition for pipeline space from Montana and Canadian oil, although the situation is easing because of construction of added pipeline capacity, Helms said.

TransCanada Corp.'s proposed Keystone pipeline, which would take Canadian crude to Illinois and Oklahoma, would clear even more space for North Dakota crude exports, he said.

Fueling Alaska: there aren't a lot of new customers, so those in the retail and wholesale fuel business have to provide quality service at competitive prices. (Industry Overview)

Article from: Alaska Business Monthly Article date: November 1, 2002 Author: Jones, Patricia

Despite a growing number of vehicles on the nation's roads, few, if any, full-service gas stations remain. Remember those corner service stations from years ago? A friendly smile and oil check accompanied the gas-pumping and cash-collecting service provided by the mom and pop-owned and -operated business.

Now, drivers have many more choices of locations, as gas stations crowd busy corners and sprout up seemingly overnight in the parking lots of large retail chain stores such as Fred Meyer, Wal-Mart and Safeway. Few gas stations remain truly independently owned, as bulk purchasing power puts additional pressure on locally owned operations.

"We supply gas to Safeway, and we see that increasing volumes are going to those stores, those high volume retailers," said Ron Noel, vice president of Tesoro Alaska, which, in addition to operating a refinery at Nikiski, oversees 33 company-owned or independently owned gas retail stores throughout Alaska. "It's having a competitive effect on the rest of the market."

That trend of fuel sales shifting toward new high-volume stations has certainly been noticed by Alaska-owned retailers.

A SMALLER PIECE OF THE PIE

"We've seen that the retail margins have shrunk over the last couple years," said Jim Boltz, chief operating officer of Petro Star, which owns nine retail gas stations in the Fairbanks area and one each in Kodiak and Dutch Harbor. "You just have to be very, very competitive and run a better operation. It makes for a much more difficult market for us to sustain."

In addition to its retail fuel stations, Petro Star operates wholesale fuel sales under its subsidiaries, Sourdough Fuel in the Interior and North Pacific Fuel in Valdez, Kodiak and Dutch Harbor.

And finally, Petro Star, which is owned by the Arctic Slope Regional Corp., refines North Slope crude in two locations-North Pole and Valdez.

"That's not necessarily an advantage over other distributors," Boltz said. "We distribute fuels just about statewide ... from the Interior throughout."

Williams Alaska Petroleum, Alaska's other large refiner of petroleum-based retail products, is also noticing an impact in the retail market.

"Safeway and the other big box stores... depending on the location of our store, we see a little bit of an impact," said Jeff Cook, vice president of external affairs at Williams Alaska Petroleum. "For the consumers, stores are getting better; we have the added convenience of credit card readers on all the pumps and there's some moderation in prices from the competition."

Williams operates the state's largest oil refinery and owns 29 retail fuel stations in Alaska.

"The Alaska retail market is certainly not growing-gas demand is constant," Cook added. "It's probably hurting the small independents more."

Gus Johnson, one of those few remaining independent fuel distributors and retailers, thinks a little differently. President of Alaska Petroleum, a fuel distributorship based in North Pole, Johnson said his small corporate size gives him flexibility that larger companies and big retail chains don't have.

"I can change my prices every day, if I want to, just as long as I pay the bills and employ Alaskans," he said.

His company also owns and operates two gas stations in Fairbanks, both called The Gas Line. His second store opened in January on the Steese Highway. Now he's watching as the neighboring Safeway store on College Road is constructing a gas outlet in its parking lot.

The addition of big box stores to the retail fuel market"... hurts the bigger guys, with multiple stores. A little guy like me, with only one stockholder in the company, I don't have bunch of stockholders to answer to and look for profit," Johnson said. "In the Gas Line, against Williams or Tesoro, I have an advantage because they have to answer to stockholders and I don't have to."

FOUR REFINERY CHOICES

Retailers must obtain their fuel products from some source and in Alaska, it's one of four refineries. Williams's North Pole taps directly off the transAlaska oil pipeline. Tesoro converts some North Slope crude and Cook Inlet crude oil to retail products in its plant in Nikiski, and PetroStar refines North Slope crude in its plants in both Valdez and North Pole.

Those four refineries supply the entire state, with exception of some Southeast communities, with gasoline, jet fuel, diesel, home heating oil and other petroleum-based products created in the refining and distillation processes.

"They are refiners, but they have to sell me the fuel just the same as anybody else," Johnson said. "Almost everybody in the Fairbanks area buys from Williams. Tesoro tried trucking to Fairbanks from Kenai, but it was not competitive."

So Alaska's wholesale fuel distributors have limited choices for the source of their products, but it's a steady stream they can rely on, thanks to proximity to the natural energy resource.

"We buy mostly from Williams and Petro Star, some from Tesoro ... wherever we can get the best buy to pass on to customers," said Marc Wery, operations manager of Interior Fuels.

Strictly a wholesale distributor and propane supplier in Fairbanks, Interior Fuels is owned by Service Oil & Gas in Glennallen, which also has branches in Anchorage, Palmer, Wasilla, Talkeetna, Valdez and Delta Junction. Service Oil does sell retail fuel-gasoline and diesel-at their Wasilla and Palmer locations.

"The markets are a little different. Right now, Fairbanks is pretty well shutting down on construction and in Palmer, it's still going strong," Wery said. "And now, in Fairbanks, people are thinking about home heating oil."

One thing remains constant throughout the state-competition for customers. The supply or number of purchasers is not growing, according to both wholesale and retail fuel companies.

"I usually tell people it's a state with two roads and a half-million people. Alaska is not a growing market," said Noel. "Tesoro's challenge is to make our products more attractive to our customers in convenience, price and in-store offerings."

WHOLESALE TRENDS

In the wholesale market, fewer players are providing the same service now, compared to 20 or more years ago, according to Johnson at Alaska Petroleum.

"When I started in 1980, there were 17 businesses selling oil in the area, and now it's down to seven. The bigger ones bought up the little ones," said Johnson. "It's competitive-we travel all over trying to steal customers from someone else in the home heating oil business. We gain every year, so we must be doing something right."

Other wholesale distributors agree, saying customers shop for the best price.

"It's an extremely competitive market. You see some variance on the products and buying power, but basically, to be number one, you have to provide a very good service and at a very competitive rate," Wery said. "It's a very sensitive market. People seem to feel that fuel companies are getting rich and taking advantage of the consumer, but there's a lot of cost and risk in this business."

For example, Interior Fuel's fuel delivery trucks must operate throughout the harshest conditions that Mother Nature can deliver in the Tanana Valley.

"On the heating oil end, we work our trucks the hardest when it's 50 below," Wery said. "Maintenance is the highest because we're always trying to run in extreme conditions."

In an effort to increase efficiency of such home heating oil deliveries, Sourdough Fuel has set up in Fairbanks two bulk plants, which are supplied from the company's refinery in North Pole.

"It does make it more convenient for delivery trucks," said Boltz, at Petro Star. "It helps us to minimize the distance the trucks have to drive between fill-ups."

Wholesale fuel distributors deal with a variety of customers, ranging in size from large users of fuel, such as construction firms, down to homeowners who have a 200-gallon tank filled on an as-needed basis.

"With home heating oil, you have to keep the service good ... the margin and profit isn't as high as it seems," said Wery. "A lot of money changes hands, but there's not a lot of

profit."

Other than card lock systems in the Matanuska Valley, Service Oil and Gas has opted to stay out of the retail fuel market. "It's just better to focus on the other direction we're headed," Wery said. "In retail sales, you have the extra high investment on the store and the return isn't great."

CREDIT REIGNS

Another changing trend in the retail market is the electronic method of paying. Cash isn't king any more, unless one is willing to pre-pay for fuel. Instead, many now rely on plastic to power their fuel purchases, without ever stepping foot inside the convenience stores that have replaced automobile service stations.

And while it may save time for motorists in a hurry, credit card payments have been implemented by industry in an effort to reduce fuel theft.

"Nationwide, drive-offs are a big problem everywhere. Many places are pre-pay exclusively," said Cook, at Williams Alaska Petroleum.

In Alaska, drive-off theft accounts for about 260,000 gallons of fuel lost annually by Williams, Cook said. And the problem isn't just here.

"Some states have a potential fine, jail time and you can lose your license," he said. "But with all the other crime, police do not have the time or ability to chase all those (drive-offs) down."

A CHANGE OF HANDS

Still unknown is how Alaska's fuel supply and retail industry might change, with new ownership of the Williams Alaska Petroleum assets. The Tulsa-based parent company announced earlier this year plans to sell its Alaska assets, which include the 29 retail stations, the 100,000-square-foot cargo facility at Anchorage International Airport and the North Pole refinery.

Currently, the Williams refinery produces about 70,000 barrels a day of retail products. The bulk of that, about 41,000 barrels, is distilled into jet fuel, which is then shipped to Anchorage. The remaining mix includes about 6,000 barrels of gasoline, 9,000 barrels of diesel, 8,000 barrels of naphtha and about 2,500 barrels of a special turbine fuel produced for Golden Valley Electric Association and Alyeska Pipeline Service Co.

"We're still talking about a sale by the end of the year," said Cook, in mid-September.

At that time, no word had surfaced about what company or companies might be negotiating for such a purchase. An independent investment firm is handling the sale transaction and negotiations, Cook added.

"For 99.9 percent of our employees who are working here, they'll still be working after it's sold," he said. "There's just two or three of us at the top who are wondering what will happen."

Others in the retail and wholesale market wonder the same. "It won't do anything to us, but we're just waiting to see who it is," said Noel, at Tesoro. "We assume that the company that will take over the refinery will also take the convenience stores."

Wery, at Interior Fuels, is also watching the ownership change closely. "We're not sure what their pricing philosophy will be ... goals for the future, where their focus will be," he said. "It's hard to say, and unknowns in business is not where you want to be."

Knight Ridder Tribune

Price Falls at Gas Pump, but Alaska Still Above Average.

Article from: Knight Ridder/Tribune Business News
Article date: February 22, 1998 More results for: gas prices in alaska

By Mike Hinman, Anchorage Daily News
Knight Ridder/Tribune Business News

Feb. 21--Lower oil prices have brought Anchorage residents a drop in gasoline prices, but they still are paying well above the national average for a gallon of gas.

Prices in Anchorage have fallen 7 or 8

cents a gallon since last summer, with the most recent drop occurring in the last week when two refineries lowered their prices.

But the average price per gallon of gasoline nationwide has dropped 20 cents since the end of August, according to Joe Lastelic with the American Petroleum Institute in Washington, D.C. The price is below $1 per gallon in parts of California, Georgia and isolated spots elsewhere in the Lower 48.

The national average retail gasoline price has fallen to $1.04 per gallon of regular unleaded as of Feb. 16, according to Lastelic. The American Automobile Association, which does its own gas-price survey, pegs the national average at $1.11.

The price in Anchorage was as low as $1.19 on Friday, but above $1.20 at most gas retailers.

So why are Alaska prices falling so much more slowly and why are they well above the national average when Alaska has two refineries in the Railbelt?

That's a mystery, if you talk to the retailers, wholesalers and refiners of gasoline. Each says it has passed along lower oil prices to its customers.

State Rep. Jerry Sanders, R-Anchorage, wants to address the question of why gasoline and diesel costs are high and what kind of an economic effect high fuel prices have on the state.

Sanders called a hearing of the House Economic Development Committee for Tuesday to answer some of those questions.

"I think, and I can't condemn this, that they sell for what the market will bear," Sanders said.

"There's not enough competition. We're isolated and we get taken advantage of."

Among the experts called to testify Tuesday is David Reaume, a Juneau-based economist who has researched Alaska gasoline pricing in the past.

If the companies in the gasoline industry were seriously competing in Alaska, prices would be lower, Reaume said.

Jeff Cook, vice president of external affairs for Mapco Alaska Petroleum Inc., one of the state's gasoline refiners, said he wouldn't comment on Sanders' remarks other than to say Alaska has good competition.

Don Heep, senior vice president of administration for Tesoro Alaska Petroleum Co., another refiner, said he had no comment.

The recent gasoline price drops stem from falling crude oil prices caused by a worldwide glut of oil, according to Lastelic of the Petroleum Institute. Several large oil developments have come on line in the past year, and demand in fast-growing Asian countries is below projections because of their currency and economic crises, he said. Beyond that, a mild U.S. winter has cut demand, he said.

In Anchorage, gasoline prices dropped abruptly in the last week.

At Garrett's Tesoro, which has two gas stations in Anchorage, the price fell about a week ago when the wholesaler told the station about a price reduction, said owner Nelson Garrett. The station's prices then fell another 4 cents a gallon Thursday night, he said.

The later price drop is in anticipation of the wholesaler lowering its prices, Garrett said.

"This time we're going down without a phone call," Garrett said. "There's kind of a gas war going on right now."

Still, compared with a year ago, pump prices have dropped considerably, but gas hasn't kept up with the price reduction of oil.

Alaska oil prices on West Coast open markets have fallen by about a third since mid-October, and closed Friday at $13.36 per 42-gallon barrel.

However, the price from Alaska refineries to wholesalers has remained about the same since summer, until late last week, according to Jerry Blackburn from Petro Products Inc., an independent gasoline wholesaler.

"It kind of stabilized until last weekend," when Tesoro dropped its price 7 cents a gallon on Friday and Mapco followed suit on Monday, Blackburn said.

Linny Pacillo, owner of the independent gas station Courtney's Tudor Service, agreed that the wholesale price of gas has remained about level since summer. When the wholesale price drops, Pacillo passes it along to her customers.

"It's pretty straightforward," Pacillo said.

Heep of Tesoro Alaska said the Tesoro refinery sets its prices according to the competition.

"Sometimes we lead, sometimes we follow," he said.

Gasoline prices don't immediately respond to an oil-price drop, Heep and the gas retailers said.

The price Alaska refineries pay for oil is based on an average monthly price of what the state receives for its oil in California, according to Kevin Banks, a petroleum market analyst for the state. That average price can't be determined until the end of the month.

"It will take a while for us to get the benefit of that $13," Heep said. "Maybe

next month."

In general, Alaska gas prices will run higher than some found in the Lower 48, spokesmen for the refineries said.

"We're a relatively small state," said Cook of Mapco Alaska. Other costs of doing business account for the price difference from Outside, including the higher cost of doing business in Alaska and the lower economies of scale because of the smaller market, he said.

The future may hold cheaper prices yet for Anchorage.

"I would look for (prices) to go down more," Garrett said.

More articles like this:

Magazine

How higher oil prices affect states, companies, consumers
National Petroleum News; April 1, 1991 ; Emond, Mark; 787 words... Higher oil prices became traumatic after...related to higher oil prices were studied by two...are hurt by higher oil prices, and the degree is...much more by higher oil prices than people in the...hurt. How do higher oil prices affect oil ...

Wisconsin State Journal :

GOOD NEWS FOR SUMMER GAS PRICES THE DECLINE IS EXPECTED TO CONTINUE...
Wisconsin State Journal (Madison, WI); April 9, 2003 ; 384 words...keep sliding to a

4

TESORO

Alaska House Judiciary Committee Hearing

September 10, 2008

Kip Knudson

Tesoro Is An Independent Refiner

Kenai, Alaska
- 72,000 bpd
- Key products: Jet & Gasoline

Martinez, California
- 166,000 bpd
- Key products: CARB Gasoline & CARB Diesel

Wilmington, California
- 100,000 bpd
- Key products: CARB Gasoline & CARB Diesel

Kapolei, Hawaii
- 94,000 bpd
- Key products: Jet& Gasoline

Tesoro System Highlights:

- Headquartered in San Antonio, Texas
- 7 Refineries
- 660,000 bpd total crude capacity
- Retail network of over 900 sites
- 5,500 Employees

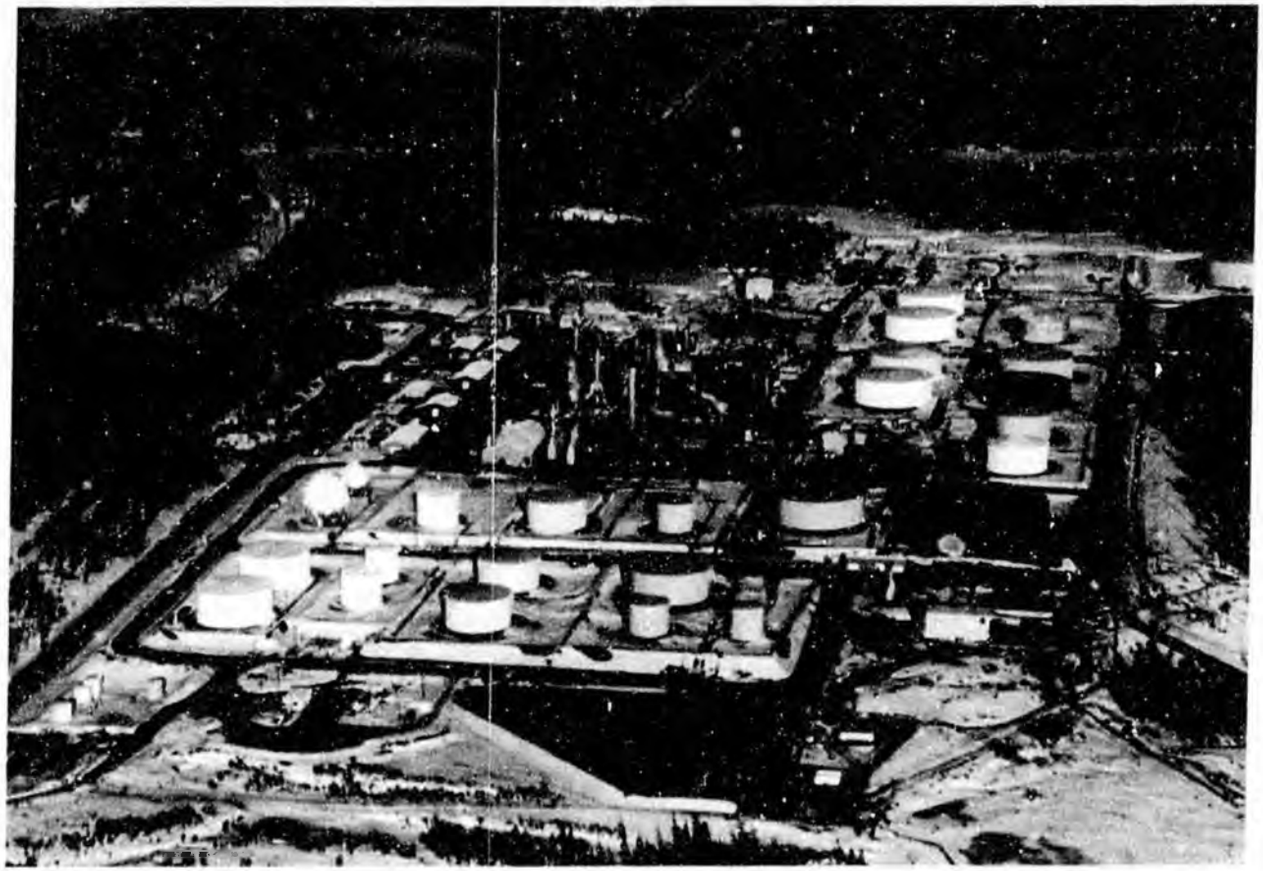
Anacortes, Washington
- 115,000 bpd
- Key products: Gasoline & Diesel

Salt Lake City, Utah
- 58,000 bpd
- Key products: Gasoline & Diesel

Mandan, North Dakota
- 58,000 bpd
- Key products: Gasoline & Diesel

Tesoro Alaska

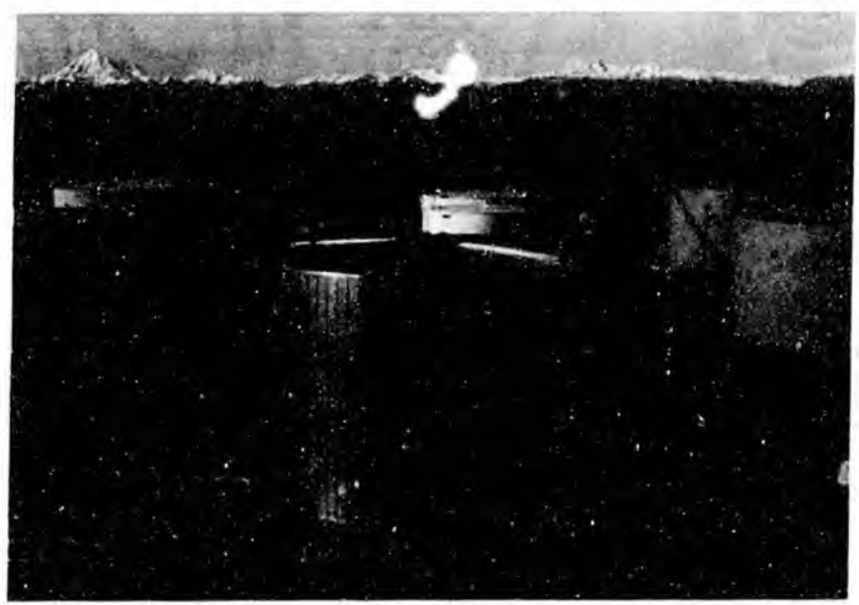
- Kenai Refinery
- Distribution
- Retail



TESORO

Kenai Refinery

- 72,000 bpd nameplate capacity
- Employs over 200 people
- Award-winning safety record
- Product mix
  - Propane
  - Gasoline
  - Jet Fuel
  - Diesel Fuel
  - Heavy Vacuum Gas Oil
  - Fuel Oil / Bunker
  - Road Asphalt



TESORO

Crude Types

- Alaska North Slope - approximately 50%
- Cook Inlet - approximately 25%
- Light Foreign - approximately 25%

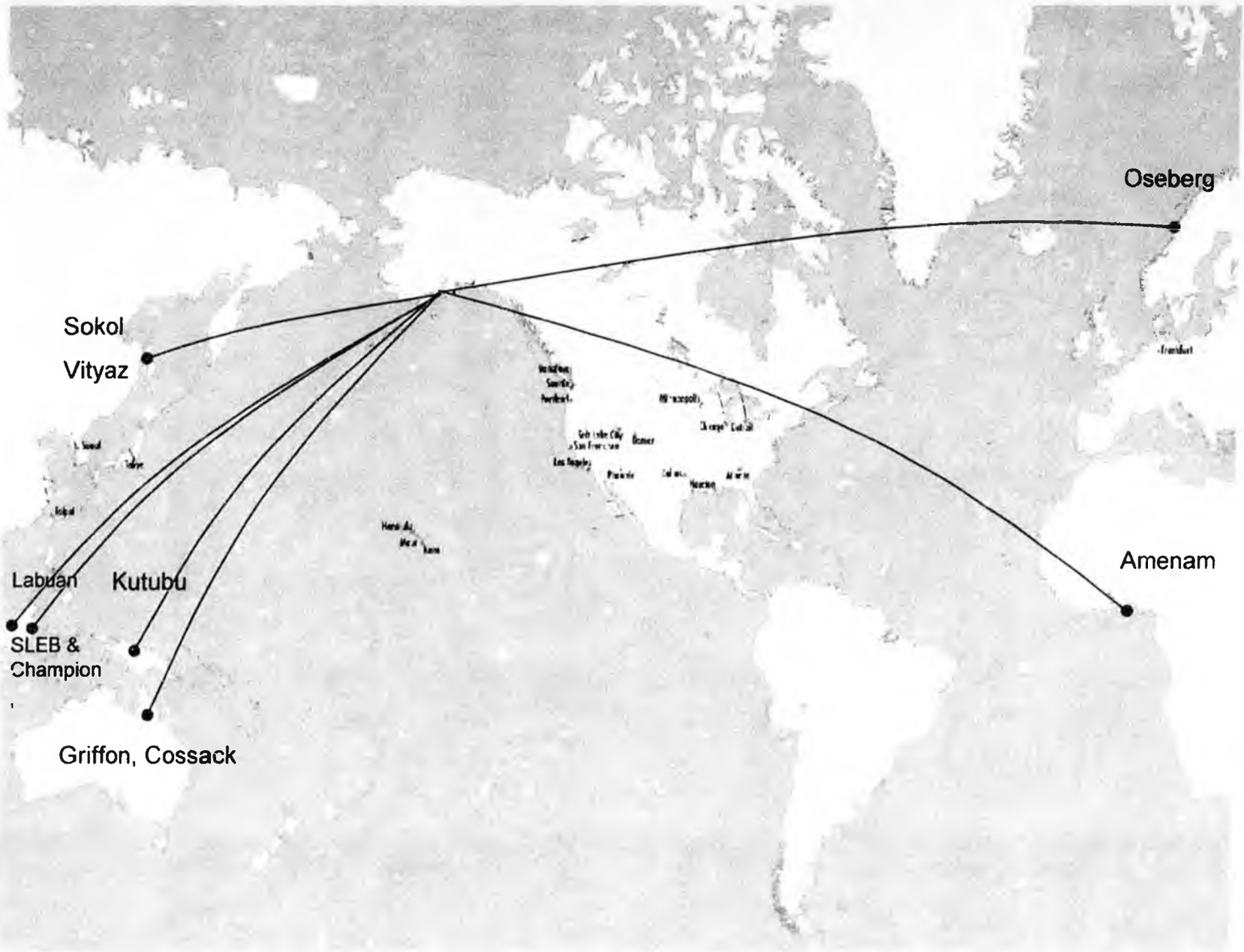
TESORO

Crude Types

- Alaska North Slope - approximately 50%
- Cook Inlet - approximately 25%
- Light Foreign - approximately 25%

TESORO

Foreign Crude



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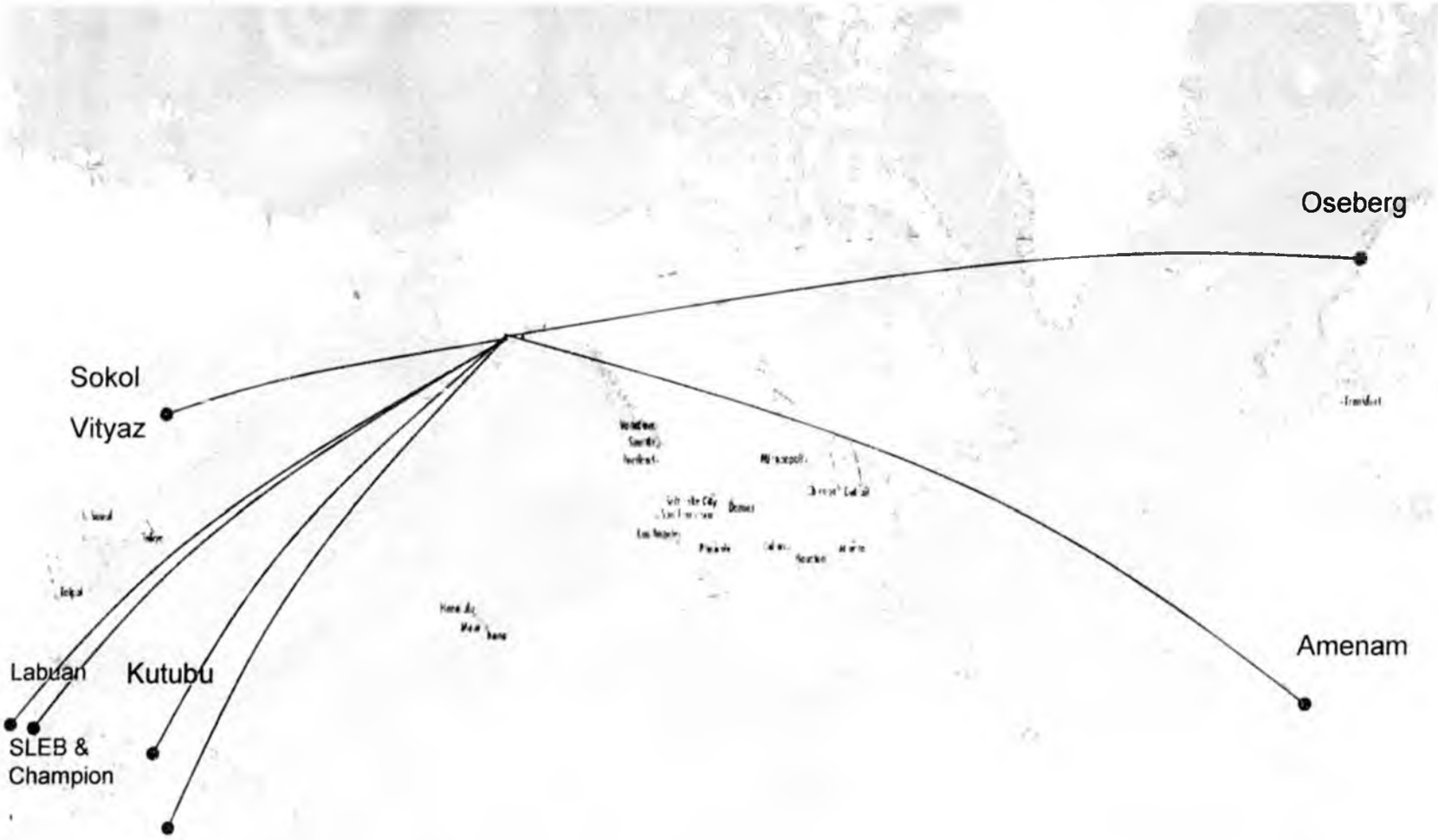
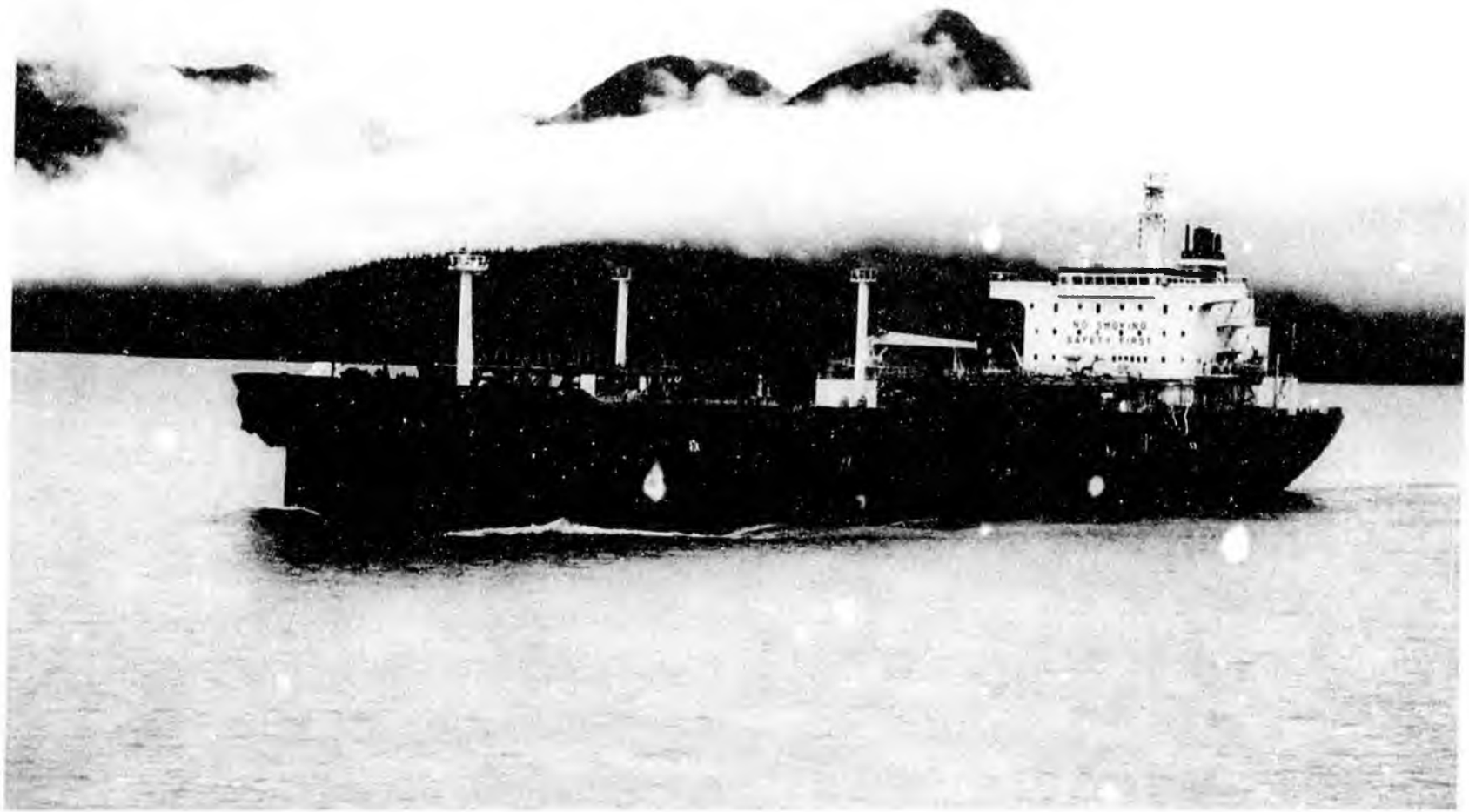
Foreign Crude



TESORO

Chartered Vessels



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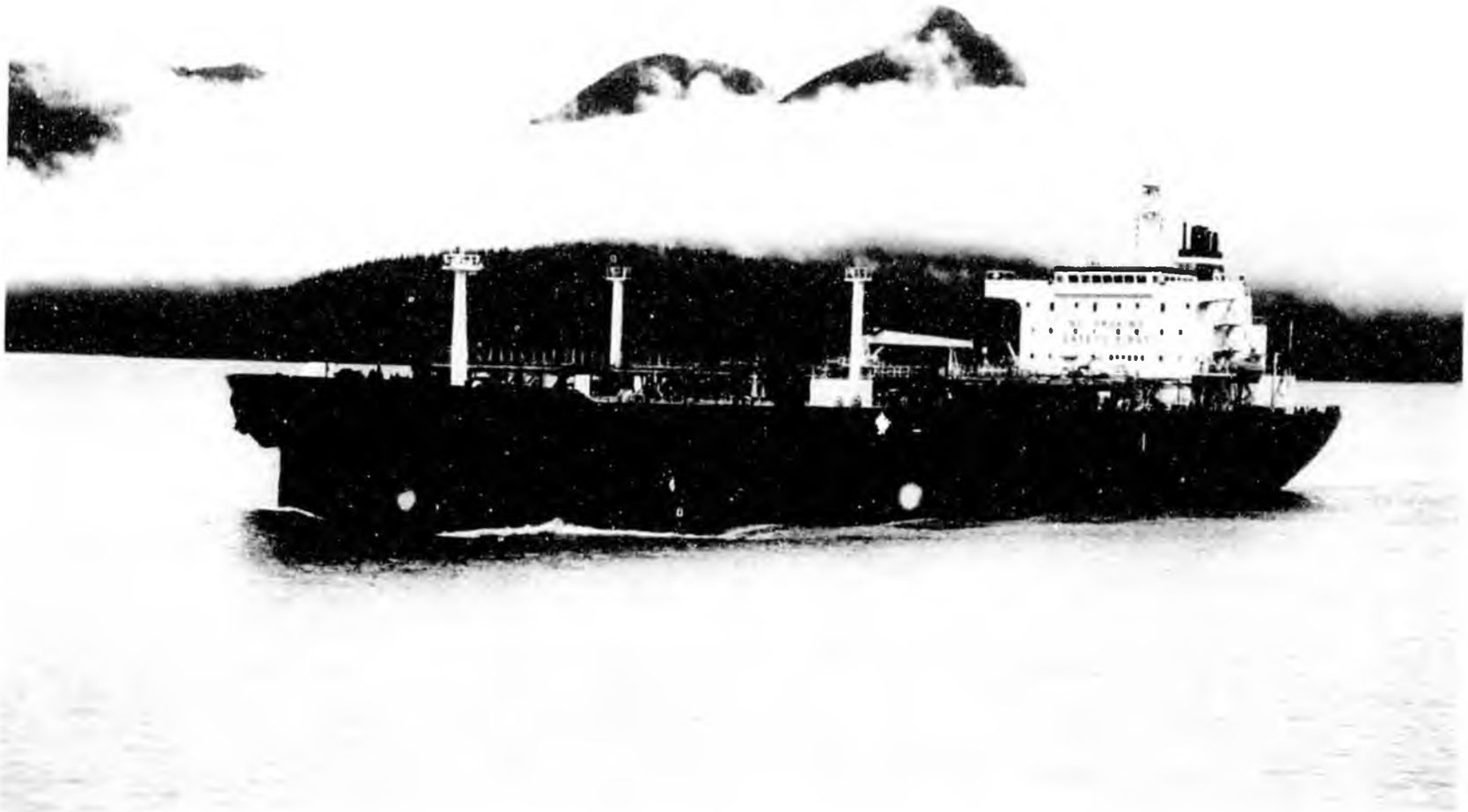
Chartered Vessels



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Chartered Vessels

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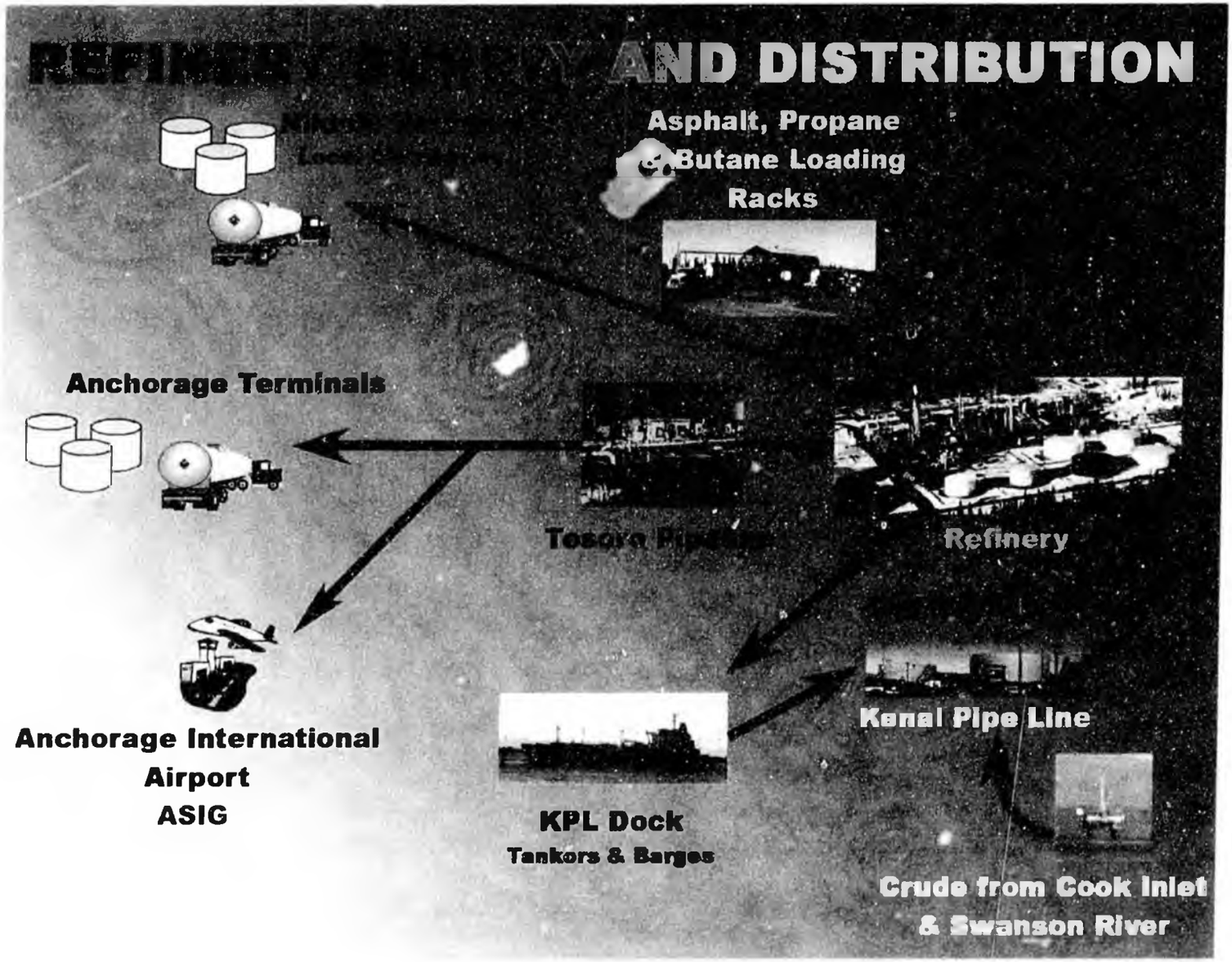
Products Distribution



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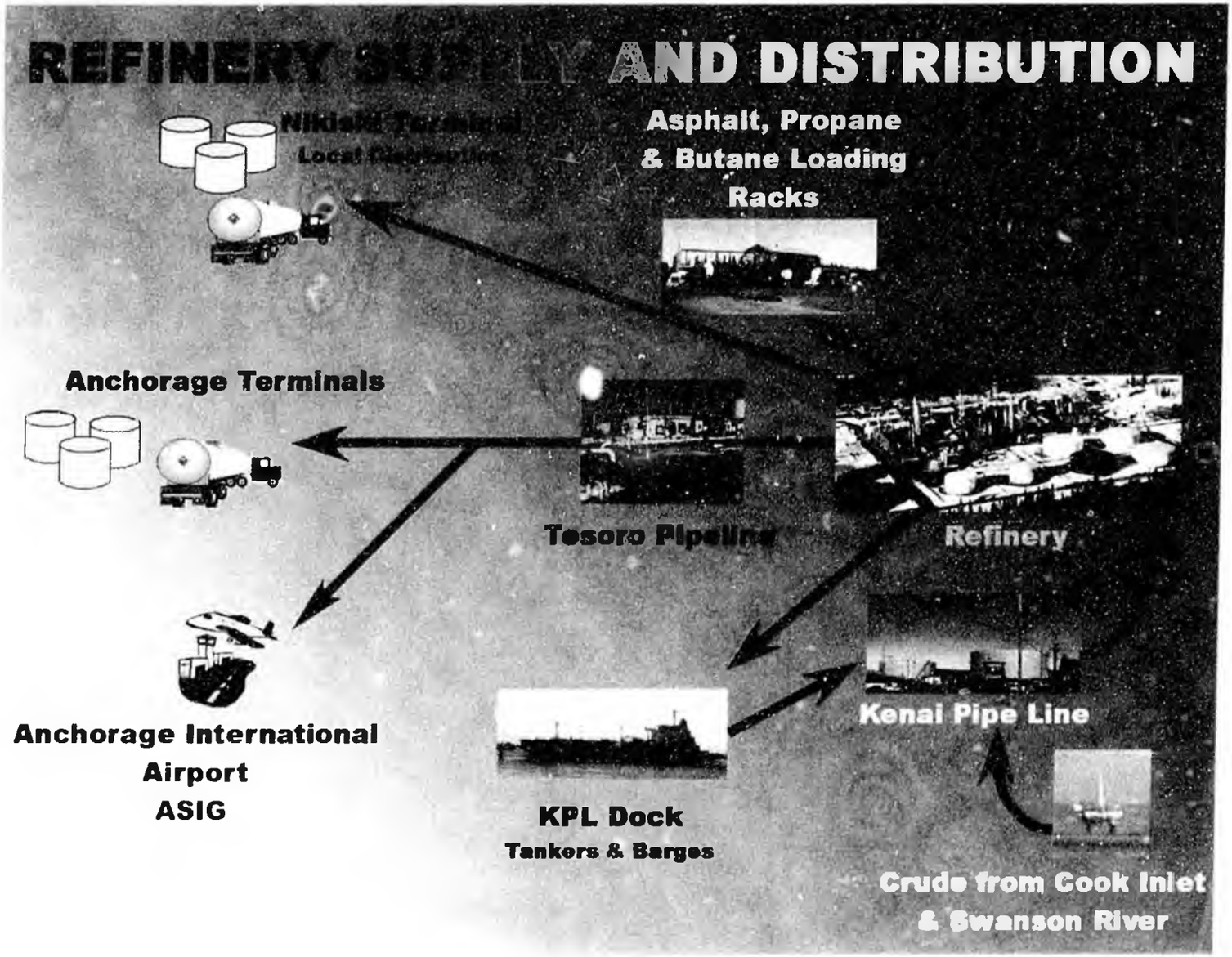
Products Distribution



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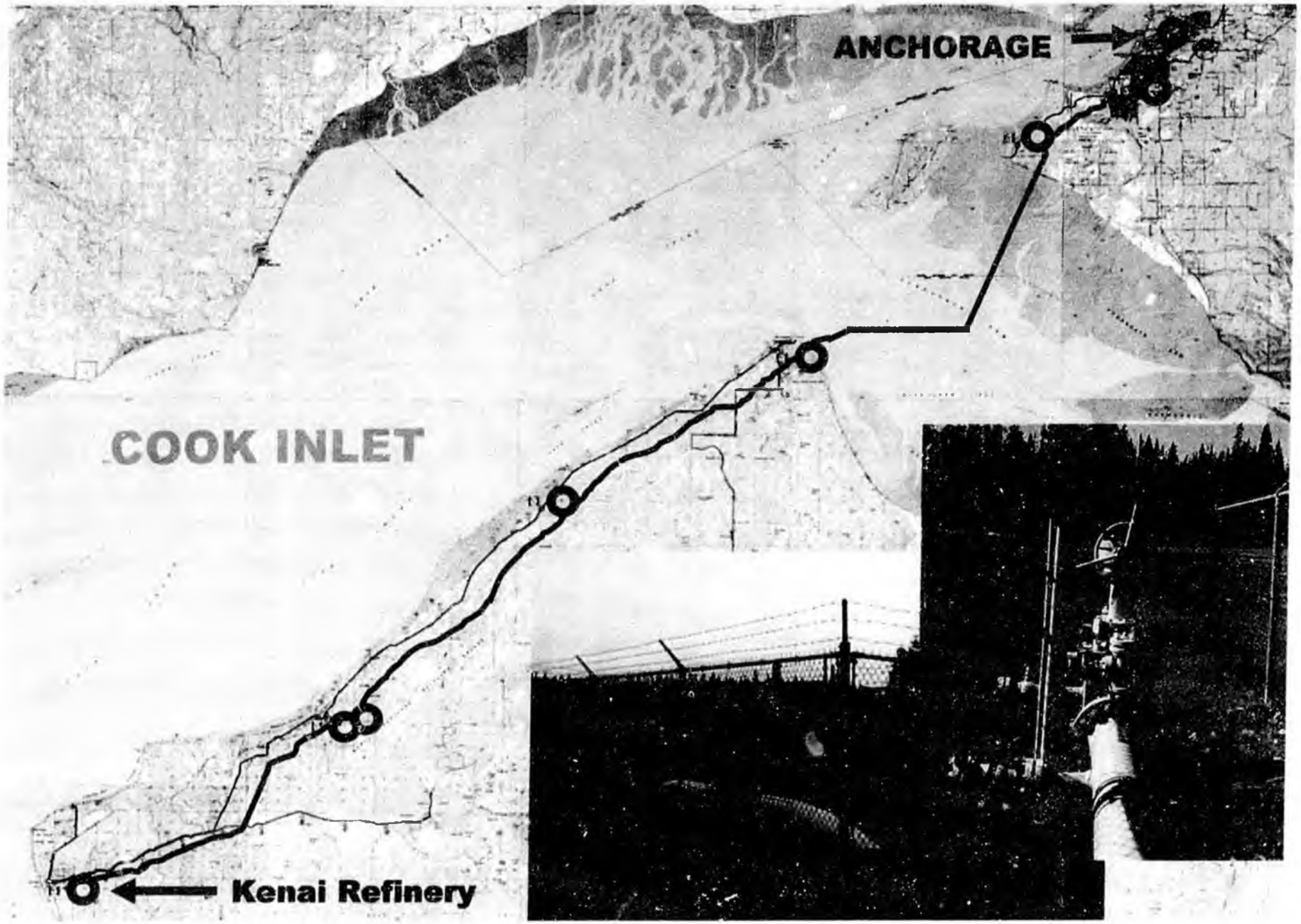
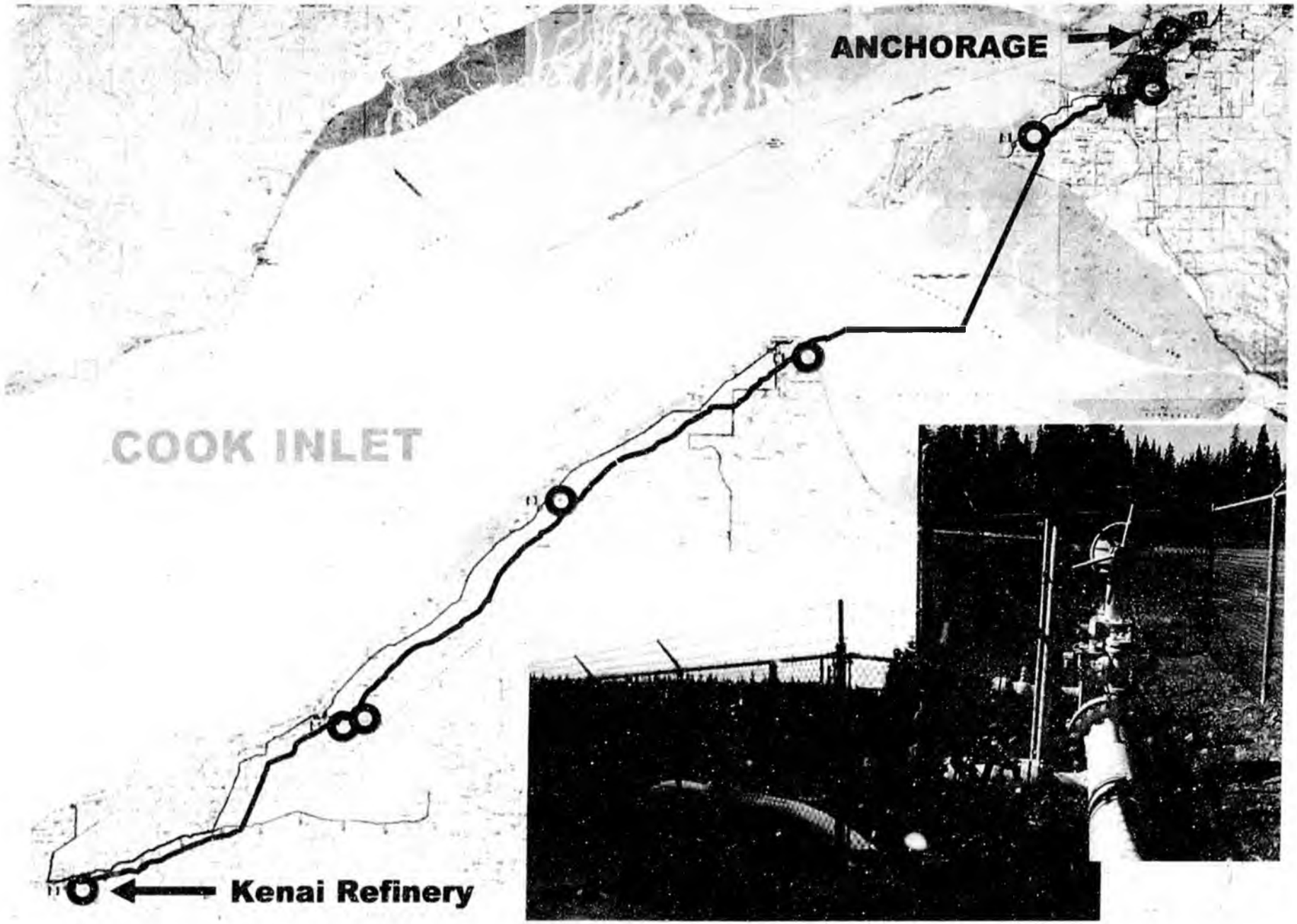
Tesoro Alaska Pipeline



Tesoro Alaska Pipeline



Anchorage Terminals

Anchorage Terminal # 2

Anchorage Terminal # 1

Tesoro Alaska Pipeline
Receiving Station

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Anchorage Terminals

Anchorage Terminal # 2

Anchorage Terminal # 1

Tesoro Alaska Pipeline
Receiving Station

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Retail Operations

- 31 company-owned convenience stores - 29 sell fuel
- Over 58 branded dealers

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What Makes Up Gas Prices?

- Cost of crude oil
- Cost to refine
- Cost to distribute
- Cost of marketing
- Taxes
- Competition

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Cost Factors

Different cost factors respond to different market conditions:

- Cost of Crude - global factors
  - Supply and demand
  - Value of the dollar
  - Geopolitical concerns
  - Flow of investment funds
- Refining/Distribution Costs - global/regional factors
  - Electricity/natural gas costs
  - Environmental regulations
  - Equipment costs
  - Availability of qualified labor

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The Market Sets The Price

The price of gasoline is set by competition and local market characteristics, not cost plus:

- Large spot market price- LA, SF, Seattle
  - Global competition
  - Import/Export flows
- Wholesale terminal prices
  - Pipeline flows
  - Tank sizes
  - Trucking rates
- Retail prices
  - Market size
  - Seasonality
  - Station count
- Alaska has unique characteristics

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