12147 HOUSE JUDICIARY

REPRESENTATIVE GRUENBERG noted that the committee is questioning whether the increase in gasoline price is due to those in the petroleum industry or due to those in the transportation industry.

MR. WEST said:

> The fact that we are able to ship gas from the ... state of Washington economically points to the fact that the ... refiner's price in Alaska is relatively high. Were that not the case, I think it's obvious that we could ship the product from Alaska, economically, rather than having to go to Seattle to get it. Which doesn't necessarily mean that ... transportation cost is solely to blame for higher prices in Alaska; we think also that limited refining capacity there is part of the problem.

CHAIR RAMRAS pondered whether refiners in Alaska set their prices based on what it would cost an outside refiner to ship petroleum products to Alaska from the Lower 48.

MR. WEST said that from an economic standpoint, it's hard to imagine how the wholesale price in Seattle and the cost of shipping wouldn't, to some extent, influence and perhaps discipline the price that refineries in Alaska are charging.

[illegible] PM

CHAIR RAMRAS asked how Safeway views its gasoline sales.

MS. WOOD indicated that because Safeway is primarily in the business of selling groceries, it views its gasoline sales as a customer convenience. Particularly as gasoline prices escalate, selling gasoline at lower prices provides Safeway's customers with another form of a reward for shopping there, and Safeway has found that providing discounts for gasoline is viewed by its customers as a more meaningful reward than providing discounts for grocery items.

MR. WEST added, though, that Safeway still expects its fuel department to show a profit at the end of the year and certainly not to lose money.

CHAIR RAMRAS surmised that the assumption of Safeway's customers is that Safeway's posted retail gasoline prices - before any reward discounts are applied - really are comparables with those of nearby competitors.

MS. WOOD, in response to comments and questions, relayed that Safeway's divisions are looked at as a whole, and that Safeway's costs are reflected in its retail prices.

MR. WEST, in response to comments and questions regarding Safeway's profit margins and costs in the different states in which it operates, declined to answer on the basis that that information is proprietary.

MS. WOOD added that research of rack price data would reveal whether, in each state in which it operates, Safeway's retail prices are a consistent percentage higher than its wholesale costs.

2:43:25 PM

REPRESENTATIVE ROSES relayed that back when he owned two car washes that also sold gasoline, it was not his intention to make money on his gasoline sales, and, in fact, he occasionally sold gasoline for less than he bought it for because his goal was to encourage customers to use his car wash services. Back then, he noted, his average price markup was $.05/gallon, and almost all gasoline stations were full service stations, and a lot were owned by mechanics who also happened to sell gasoline. Back then, the retail market was extremely competitive, and one of the advantages he obtained when he became a branded retailer for Union 76 gasoline products was that he didn't have to pay a fee on any sales paid for with a Union 76 credit card, whereas the fee he was charged for all other credit card sales was about 2 percent. He then reiterated some of his comments from earlier in the meeting, and indicated that even when he was able to buy gasoline products for a lower price from his distributor, he still had to mark up his retail prices such that he could afford to pay the [potentially] higher cost of his next purchase.

[The chairing site muted audio due to teleconference interference; therefore, no audio is available for that timeframe.]

2:51:25 PM

REPRESENTATIVE ROSES provided anecdotal information about his experience as a gas station owner, and recalled how state and federal taxes were simply included as part of the price he paid for a load of fuel; therefore, when he was also charged a corporate tax, it was based on his gross sales, which included federal and state taxes, and so he was taxed on the money he was paying for taxes. He remarked that gasoline is not a product upon which to make money, because the retail gasoline industry is too competitive, too regulated, and too restrictive.

CHAIR RAMRAS surmised that retailers aren't making a profit, and therefore any profit to be made in this industry must be being made by either the distributors or the refiners, though the latter only with difficulty.

REPRESENTATIVE ROSES pointed out that transportation costs must also be factored in.

CHAIR RAMRAS suggested, though, that some retailers are very close to a refinery and so therefore don't bear much in the way of transportation costs but still charge retail prices competitive with those stations that have to have their fuel transported in from further away.

REPRESENTATIVE HAWKER noted, though, that some of those stations are located in areas that have a sales tax.

REPRESENTATIVE ROSES indicated that depending on what a refinery is charging, a retail station owner might be able to purchase gasoline from further away and have it shipped for less cost than he/she could buy it for from a nearby refinery.

5:01:21 PM

LISA SUNDBORG, Office Manager, Alaska Petroleum Distributing Inc., relayed that her company delivers fuel, both wholesale and retail; that it purchases fuel from the two refineries in North Pole - the one owned by Flint Hills Resources, and the one owned by Petro Star Inc. (PSI); that it purchases all its ultra-low-sulfur diesel and all of its gasoline products from Flint Hills Resources, as well as some home heating oil - both number 1 and number 2; that it primarily purchases its home heating oil - both number 1 and number 2 - from PSI; that it doesn't have any storage facilities; that it has about 17 trucks; and that it goes to the refinery, loads the fuel, and then delivers the fuel, and then - hopefully - collects payment for it. She noted that at one point her company had two gasoline stations but had closed one of them because it couldn't compete with any of the "box stores," since they could buy and then sell fuel at the pump cheaper than her company could buy it from the refinery.

In response to a question, she said the company's trucks, in addition to hauling home heating oil, haul gasoline to its remaining station and bulk [amounts of gasoline] to Prudhoe Bay and other locations.

CHAIR RAMRAS asked whether it would be easy to buy trucks and go into the business of hauling fuel.

MS. SUNDBORG said permits would have to be acquired, and one would have to have enough funds to buy the product to begin with. For example, the majority of the cost her company contends with is the cost of the product itself, and the company generally sells its product for about 14 percent more than it paid for it. In response to a question, she said her company really only delivers gasoline to two gasoline stations - the one owned by the company and another one - and although it had delivered to other gasoline stations in the past, it isn't now because that's such a hard market; a station has to able to pay for product up front before her company will deliver it.

CHAIR RAMRAS offered his understanding that the markup for distributing fuel is not extraordinary.

MS. SUNDBORG concurred, adding that at the company's gasoline station, the pump price is $4.20, but the company is purchasing product for $3.77 and then paying federal tax of approximately $.18, thus resulting in a markup of only $.25. And although her company doesn't charge itself to deliver that fuel, it still costs the company something to deliver it. Again, on most days, box stores in the area are selling gasoline cheaper than her company can buy it for. In response to a question, she indicated that all of her company's costs are significantly higher now than they used to be. In response to comments, she relayed that when the gasoline stations near her company's station decide to drop their retail prices, the company's station must also drop its prices, even if it means losing money, or it won't have any customers.

[illegible] PM

MR. SNIFFEN said he thought he'd heard Ms. Sundborg say that her company purchases ultra-low-sulfur fuel from Flint Hills Resources, but had heard someone else say earlier that Tesoro owns the only refinery in Alaska that can produce ultra-low-sulfur fuel.

MR. COOK explained that Flint Hills Resources purchases ultra-low-sulfur fuel from that Tesoro refinery and then resells it at its own rack.

MR SNIFFEN asked Ms. Sundborg whether Flint Hills Resources and PSI have different prices for home heating oil.

MS. SUNDBORG said no, their prices are pretty much the same; the difference is that PSI provides a different payment option, which her company prefers.

MR. SNIFFEN asked Ms. Sundborg whether she perceives competition occurring between PSI and Flint Hills Resources.

MS. SUNDBORG said that credit terms are the driving factor for her company. In addition, though, PSI neither makes nor distributes ultra-low-sulfur fuel, so her company doesn't have a choice in where to obtain that product - it must get it from Flint Hills Resources. She noted that her company also delivers fuel to Flint Hills Resources, which prefers to use its own product. In response to a question, she clarified that her company also delivers gasoline in bulk to some commercial enterprises that aren't gas stations. In response to a further question, she surmised that a couple of reasons why her company doesn't have many gasoline stations as customers is because, one, most stations are branded stations and thus purchase only branded fuel, and, two, her company demands payment on delivery, which might not suit most independent stations.

3:15:33 PM

MR. SNIFFEN relayed that about a month ago, his office was directed to start investigating "these issues," and so started by requesting information from the refineries, the retailers, and the distributors, and has since received only cooperation from everyone. His office has also requested information from "Chevron" to try to find out why other gasoline retailers don't obtain product from the Lower 48, and what some of the barriers to that process might be. This information will be helpful in considering what he termed import parity, particularly as it pertains to Southcentral Alaska. Import parity illustrates the difference in what it would cost to bring fuel up from the Lower 48 and then sell it in Alaska's market, as opposed to simply getting fuel directly from one of Alaska's refineries. Import parity could illustrate, for example, whether Alaska's refineries are colluding with each other - he added, though, that at this point his office has no reason to believe that that's what's occurring.

MR. SNIFFEN said that if prices at Alaska's refineries get high enough, competitors might decide to just barge product up from the Lower 48. Mr. Sniffen indicated that Mr. Pulliam has relayed that import parity somewhat drives some of the pricing decisions being made by Alaska's refineries. Refiners must ensure that their prices stay at or below a certain level so as not to encourage the aforementioned type of competition. Knowing what it would really cost for someone to import fuel from the Lower 48 would assist the DOL in determining whether prices in Alaska are [significantly] above what one would expect in a market that's operating in a rational and normal manner.

MR. SNIFFEN referred to a pair of graphs in members' packets illustrating regular unleaded retail gasoline prices after taxes in Anchorage, Fairbanks, and Seattle between January 2002 and August 2008. The first graph illustrates absolute prices in those locations, and the second graph compares the prices in Anchorage and Fairbanks with those in Seattle. He explained that the prices in Seattle are used in calculating import parity. Generally, absolute prices in Anchorage and Fairbanks have pretty much paralleled the absolute prices in Seattle. He mentioned that there is another pair of graphs that illustrate these same things but include a national average price. He pointed out that all the issues which some have argued are responsible for increasing retail gasoline prices in Alaska - refining costs, labor costs, transportation costs, fuel costs, operating costs - are not new; those issues have been around for the last decade and have not changed significantly. These graphs show what the trends have been. He noted that in the aforementioned second graph, one can see that in 2007, the prices in Anchorage and Fairbanks were quite a bit lower than they were elsewhere in the country.

3:21:[illegible] PM

MR. SNIFFEN referred to another pair of graphs that illustrate regular unleaded gasoline prices in Anchorage and Seattle in comparison with the price of ANS crude between January 2002 and August 2008 before taxes. The graph illustrating absolute prices indicates that although Alaska's prices are higher, they have generally followed the trend of ANS crude prices. This rules out any argument that the percentage of how much higher Alaska's prices are has increased recently.

MR. SNIFFEN referred to another graph illustrating rack prices compared to retail regular unleaded gasoline prices in Anchorage, Fairbanks, Seattle, and the U.S. - on average - between January 2002 and August 2008 before taxes. This graph illustrates what the retail margins are, with the "zero line" illustrating the [rack rate]. Seattle's prices are always above the rack rate and spike much more drastically and more often than do the prices in Anchorage and Fairbanks; furthermore, the prices in Anchorage and Fairbanks have occasionally dropped below the rack rate. In 2008, the prices in Anchorage and Fairbanks had started to rise from the rack rate, with the rise in the price in Fairbanks paralleling the rise in the national average price, with the rise in the price in Anchorage being much less dramatic than either of those two, and with an incredible rise in the price in Seattle.

MR. SNIFFEN said this latter graph indicates that the current price increase is not due to retail or distribution pricing; instead, it seems to be the rack rate that drives price. For example, in August, the average rack rate in Alaska for Tesoro gasoline was $4.02, whereas in Seattle it was around $3.10; this approximate $.90 difference is high, he remarked, and should instead be around $.20-$.40. He said he is not so concerned that retailers are colluding to keep prices high, or that distributors are making a lot of profit; the data just doesn't support either of those things as the cause of Alaska's high prices. Therefore, the DOL will instead be focusing on refining issues and on why rack rates are what they are; they don't seem to be moving nearly as much [as they should].

3:26:08 PM

MR. SNIFFEN, referring to the arguments put forth earlier by the refiners that regulatory requirements and changes in fuel consumption have increased their costs, pointed out that those factors have also been present for the last decade. He indicated that his office, therefore, is questioning why the lag in a corresponding decrease in Alaska's retail prices has drug out for three or four months. He added, "It can't be an operational issue - ... we would have seen that kind of stuff happen before - so there is something else going on, ... [though] I'm not suggesting it's something that's illegal or violates any of our laws." If that lag is really due to the rapid increase in the price of crude oil, a similar lag would be taking place everywhere else in the country and it's not. Once the DOL receives the requested information from the refiners, it will have a better sense of what might be occurring.

MR. SNIFFEN indicated that it is important to know the causes so as to be able to take appropriate steps now and in the future should something similar occur again. He referred to the earlier discussion about possibly making changes to the restrictions regarding how much the state must sell its royalty oil for, though noted that such changes would raise other issues which would have to be addressed. In conclusion, he remarked that other graphs in members' packets detail information similar to that which the graphs that were discussed detailed - and all illustrate that Alaska's prices somewhat intersect with prices elsewhere up until June of this year, after which the differences in prices became more dramatic and the lag in any corresponding price decrease has been long.

CHAIR RAMRAS surmised that constituents would concur.

REPRESENTATIVE COGHILL said he was surprised to learn that one of the refiners has to import 25 percent of its crude oil in order to meet its demands. He indicated that he still has questions that remain unanswered such as whether there is some finished product being imported into Alaska that's affecting the retail price.

MR. SNIFFEN relayed that at the end of the aforementioned previous gasoline-pricing investigation, it was determined that Alaska was a net exporter of refined products. Alaska could refine all the fuel needed in the Railbelt, and have an excess supply of gasoline to sell outside of Alaska. He offered his belief that that is still true today, and that Alaska has the capacity to refine all the gasoline products that are used in Alaska. Usage in Anchorage and Fairbanks make up 70 percent of the state's total gasoline usage, with about 60 percent being used in Anchorage and about 10 20 percent being used in Fairbanks.

[illegible]:32:[illegible]1 PM

CHAIR RAMRAS said he intends to hold monthly meetings on this topic until such time as there is no longer a disparity between prices in Alaska compared with other states, and reiterated that the committee would be producing a report. He predicted that if someone undertook to import inexpensive gasoline to the state, the refineries' prices would snap back to something more conventional.

REPRESENTATIVE COGHILL indicated agreement with the intention of holding meetings until something can be resolved.

REPRESENTATIVE GRUENBERG asked Mr. Sniffen whether he could suggest a possible legislative solution.

MR. SNIFFEN said he is not sure that a "price gouging" statute would really resolve the issue, though it wouldn't be a bad idea for the state to have one. The question of when such a statute would be triggered should be considered. If it were triggered upon a declared state of emergency, for example, merely having high gas prices wouldn't reach that level even in times of economic distress. He indicated that the DOL has drafted such legislation in the past, though it never made it though the process, and he would be happy to share it with the committee. He also noted that currently, Alaska's antitrust law has no penalty provisions, though those of other states do, as does federal law. Under federal law, a violation carries with it a maximum penalty of $100 million for a corporation and $1 million for an individual; under Alaska law, a violation is merely a misdemeanor. The DOL prosecutes all antitrust violations occurring in the state, and "this" would be included as a consumer protection Act violation as well.

[illegible] PM

REPRESENTATIVE GRUENBERG expressed interest in pursuing a statutory solution.

[Following was a brief discussion regarding how the committee might be proceeding.]

REPRESENTATIVE COGHILL pointed out that although there is a refinery in his district, his constituents pay some of the highest prices [for gasoline and home heating oil].

REPRESENTATIVE GRUENBERG expressed disfavor with the fact that Alaska does not have what he characterized as a better antitrust law.

CHAIR RAMRAS expressed concern that the high retail prices of petroleum products are already causing damage to constituents.

[Following was another brief discussion regarding how the committee might be proceeding.]

MR. SNIFFEN, in response to a question, explained that Alaska's antitrust statute is patterned after federal law, but, again, is lacking penalty provisions. Although some issues regarding competition have been raised over the last few years, the DOL has not yet had a chance to focus on the state's antitrust law.

3:49:00 PM

REPRESENTATIVE KAWASAKI offered his understanding that an article in the Anchorage Daily News indicates that 95 percent of all the gasoline used in the state is refined in Alaska. He asked when the DOL will be able to release its findings regarding the current investigation.

MR. SNIFFEN said he hopes to be able to share some preliminary findings before the end of the year.

REPRESENTATIVE KAWASAKI asked how the DOL will determine the veracity of the argument that rack prices are driven by market forces.

MR. SNIFFEN said that the DOL is asking refiners how much it costs to produce "a unit," what those costs consist of, and what costs are variable from year to year. He surmised that many of those costs won't have actually changed. He went on to say:

> Based on that information, I can get a good idea of why [the rack price] ... should change - other than the crude price - and what's going into that decision. And so we'll have some economic answers [to the question of] ... what are the stimuli that would cause a [gasoline] producer to change their prices at the rack. ... We're going to try and dissect it out, to all its component parts as much as we can, and come up with how it is they're justifying their rack rates.

MR. SNIFFEN, in response to a question, said he doesn't think that this type of information was sought during the last investigation, and the report that was made public was just a summary of the DOL's confidential report. He mentioned that his office will also be seeking the aforementioned information from refiners outside of Alaska.

REPRESENTATIVE KAWASAKI - paraphrasing from the findings' portion of a document titled, "Alaska Petroleum Products Pricing Investigation Closing Report, Prepared by the Alaska Department of Law November 21, 2002", and noting its use of the term "parallel pricing" - asked for more information about parallel pricing.

MR. SNIFFEN explained that parallel pricing is what occurs when a person can see what a competitor is charging for a product or service and then sets the same price for his/her product or service. The existence of parallel pricing does not necessarily mean that collusion is occurring; it is simply that someone has matched an advertized price, and in the retail gasoline business, prices are displayed for everyone to see. The same can be said to some extent with regard to rack rates because there are services that track rack rates. He said that when considering the question of why retail prices are quick to increase and slow to decrease, one must realize that when the cost of fuel rises, there is an immediate economic incentive to raise retail prices, but when the cost of fuel decreases, there is no economic incentive to lower prices until the competition does so. The same is true of rack rates. One possible reason to lower one's rack rates before the competition does so would be to obtain more of the market share, but in Alaska, the market share for the refiners is pretty much already divided up due to the geographic locations of the refineries, and so not much change is going to occur. And given that, it's simply just easier for the refiners to maintain similar [high] rack rates.

3:57:[illegible] PM

CHAIR RAMRAS characterized the current situation regarding the refiners as a duopoly, and again predicted that if someone undertook to import inexpensive gasoline to the state, the refiners' rack rates would immediately drop.

MR. SNIFFEN concurred.

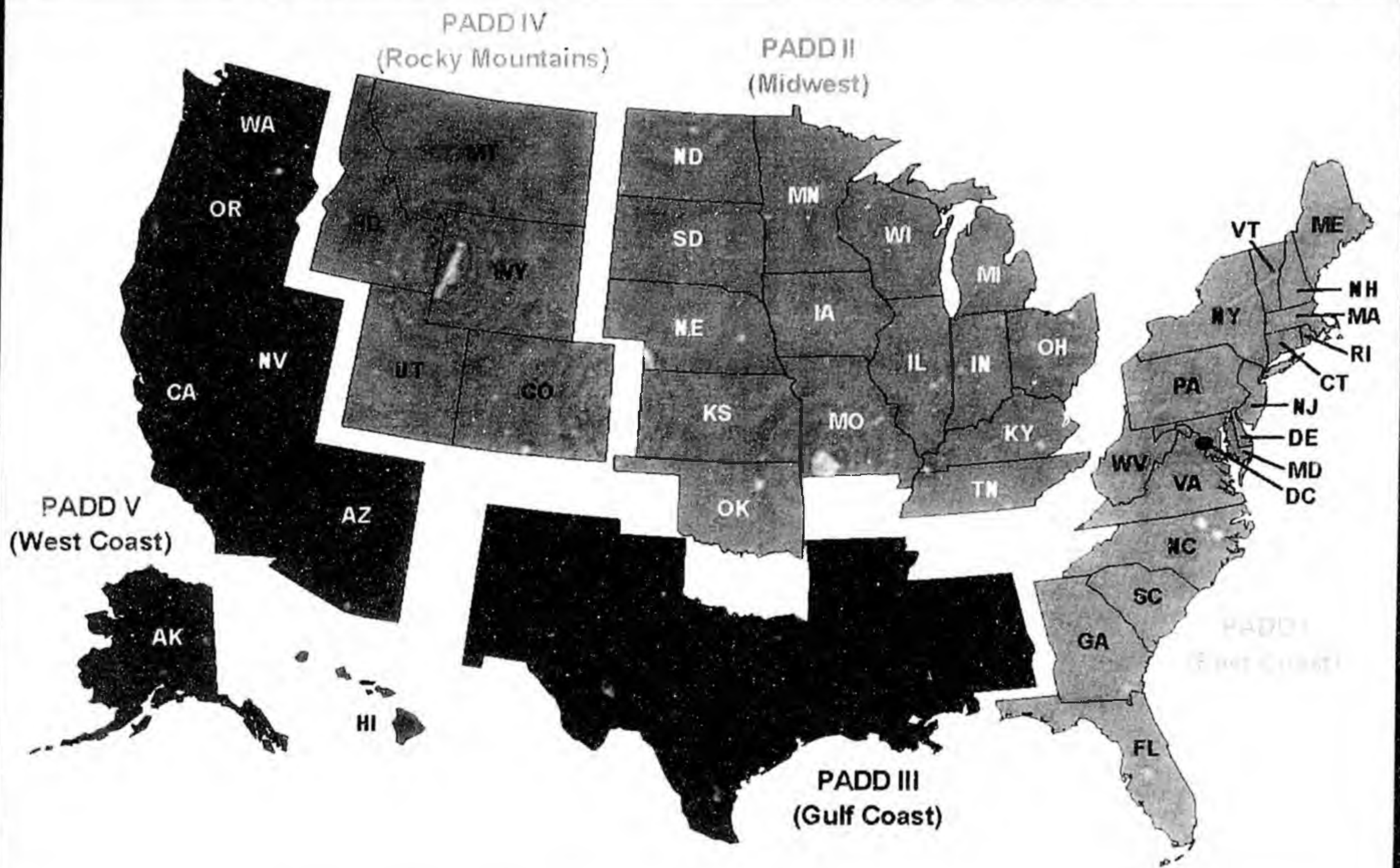
REPRESENTATIVE GRUENBERG posited that the aforementioned forthcoming committee report could provide guidance to the next legislature.

ADJOURNMENT

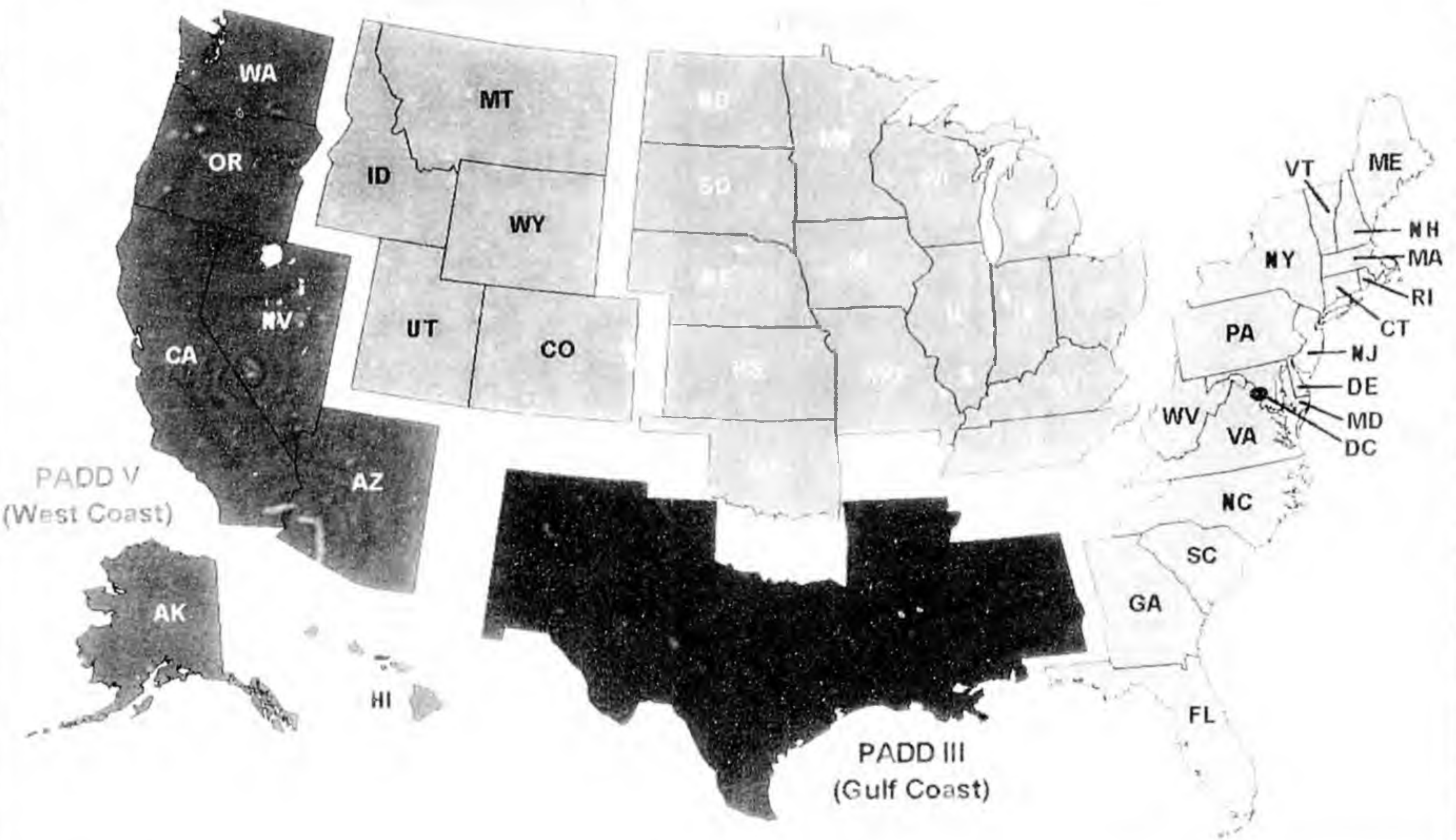
There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 4:01 p.m.

8

Petroleum Supply Regions



Petroleum Supply Regions



Motor Gasoline Sales: Selected States
January – December 2007

U.S. Rank	State	Volumes (Million Gals.) (1)	As Percent of Total U.S. (Percent) (2)
1	California	15,591	11.3%
.			
.			
16	Washington	2,780	2.0%
.			
.			
30	Oregon	1,533	1.1%
.			
.			
43	Hawaii	474	0.3%
.			
.			
50	*Alaska*	*268*	*0.2%*

Source: EIA, Prime Supplier Sales of Motor Gasoline by State.

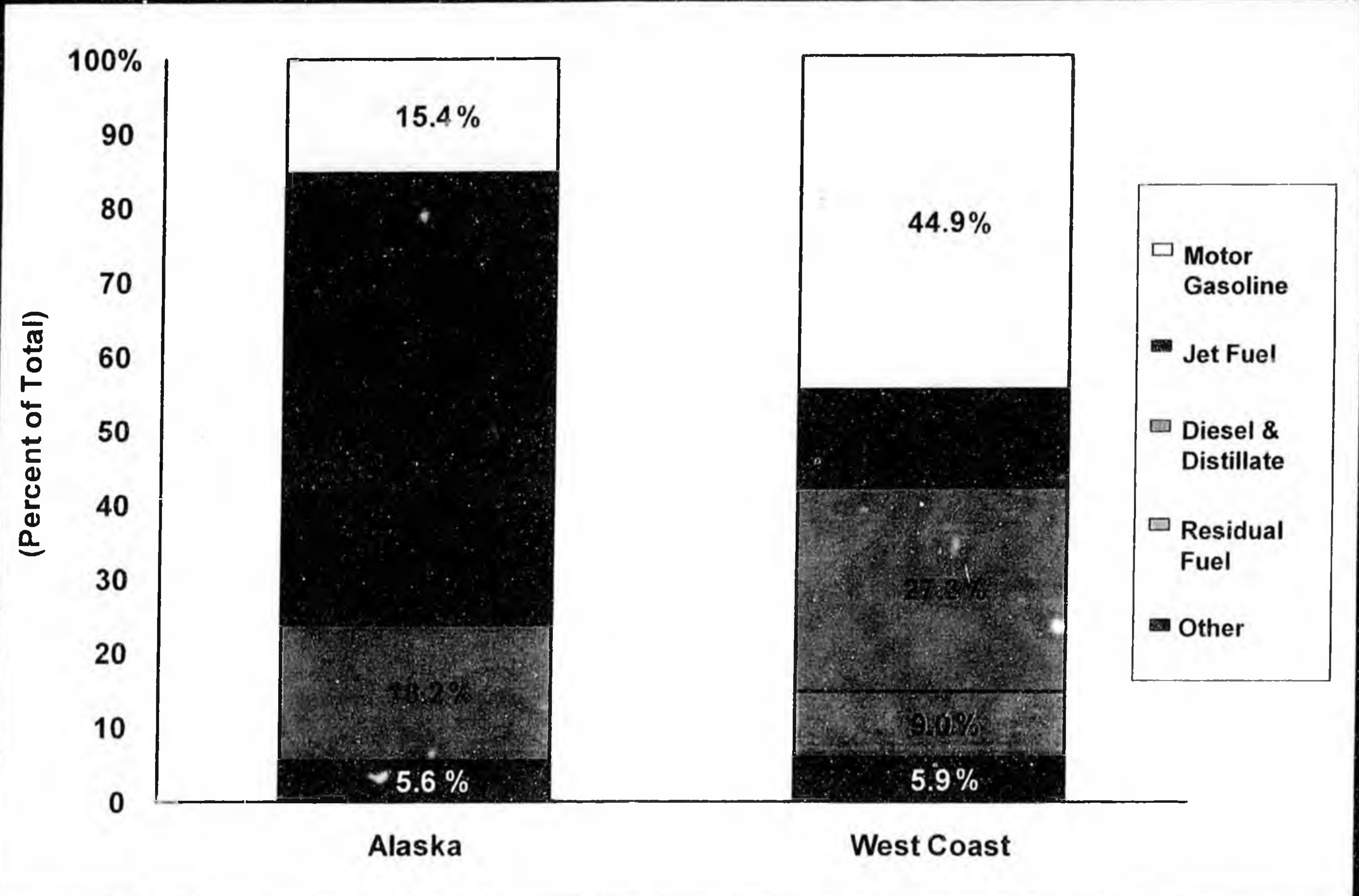
Summary of Gasoline Producing Refineries
Alaska v. West Coast (California and Washington)
2008

Description	Alaska	West Coast
(1)	(2)	(3)
Number of Refineries:	2	18
Number of Refiners:	2	10
Average Capacity (MB/D):	60 *	140
Average Complexity:	3.3	10.8

* Flint Hills refinery has throughput capacity of approximately 200 MBD but produces only about 50 MBD product.

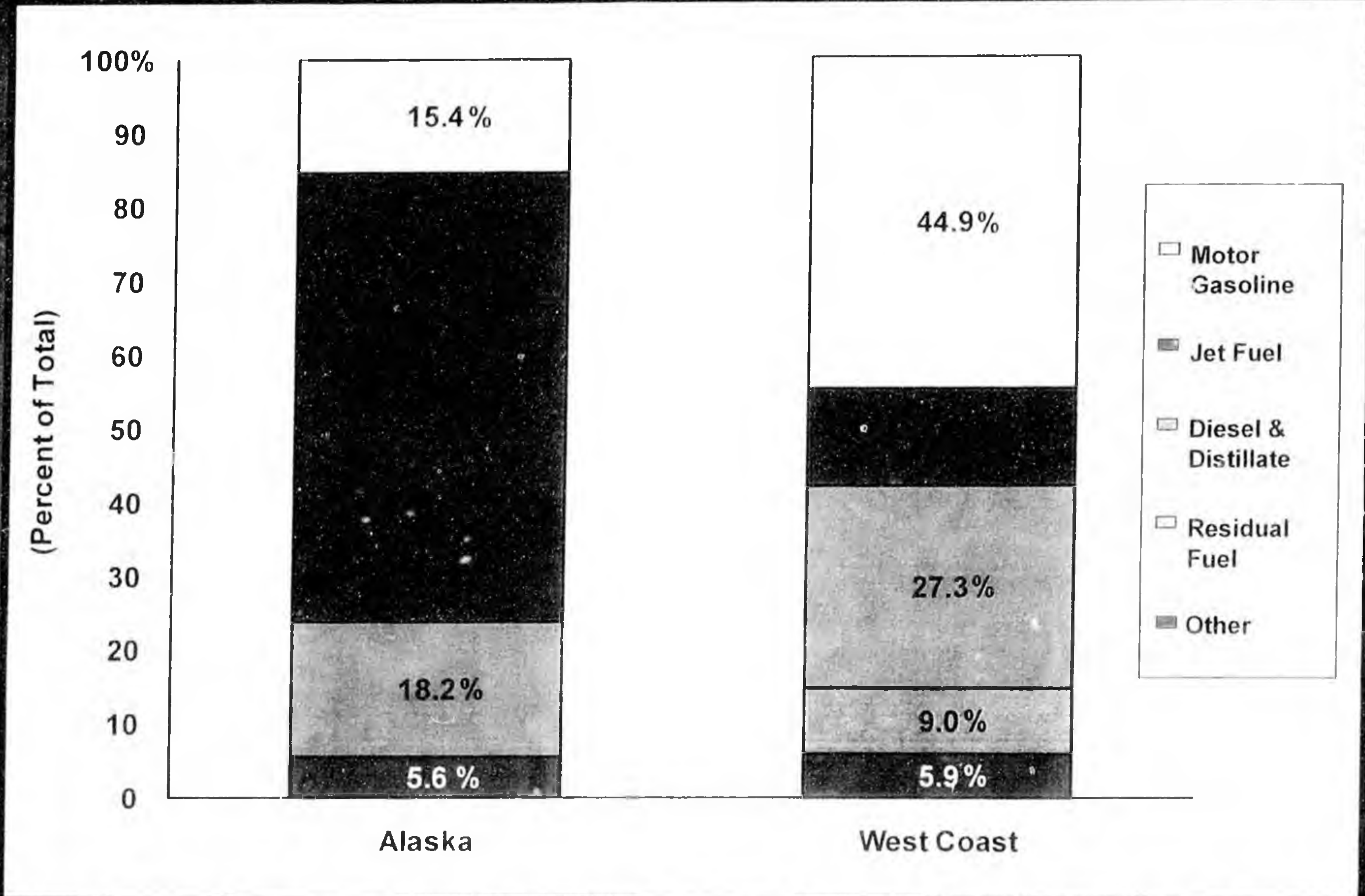
Source: Oil and Gas Journal.

Petroleum Product Sales in Alaska and West Coast (PADD V) 2007



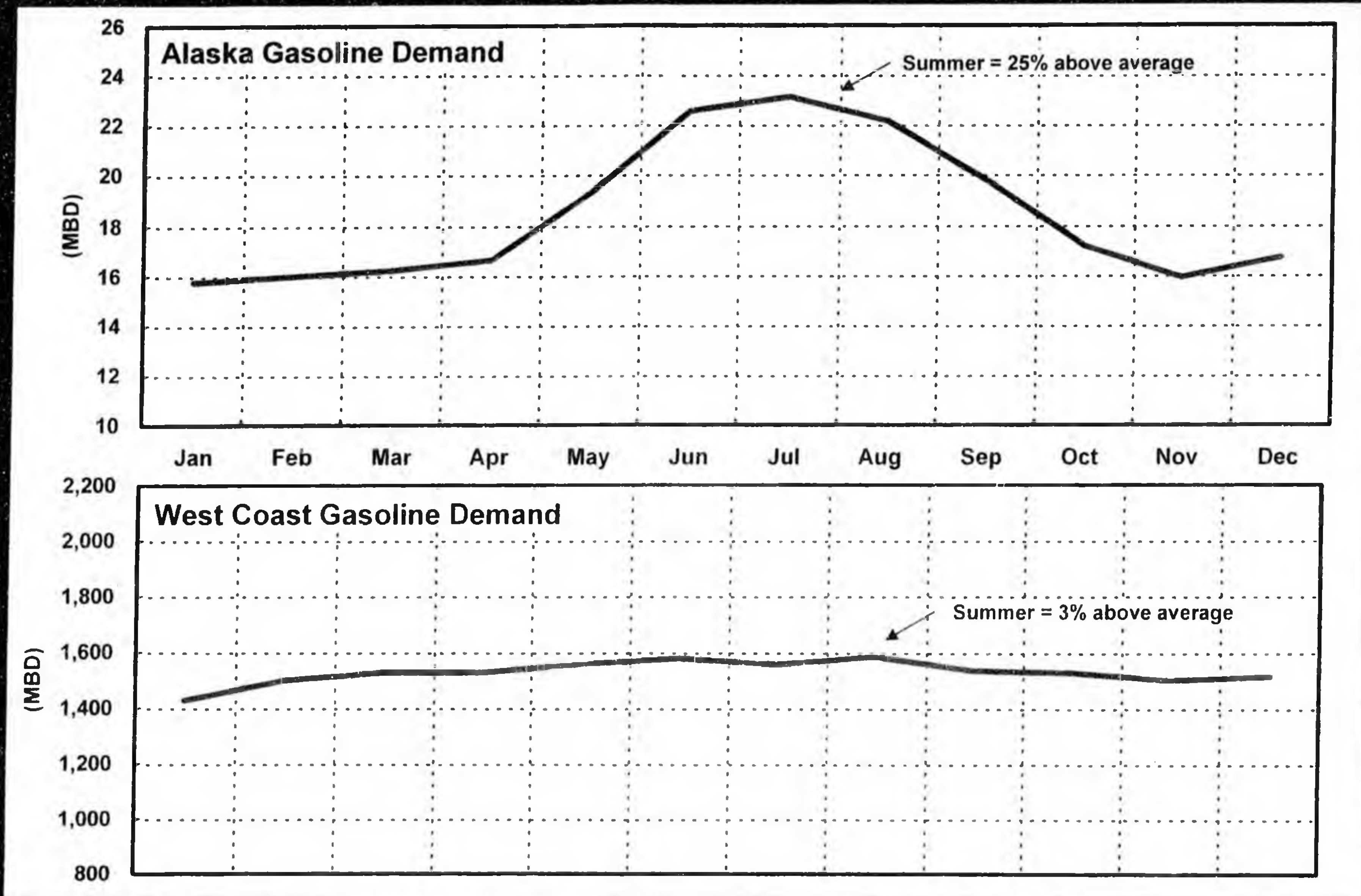
Source: EIA

Petroleum Product Sales in Alaska and West Coast (PADD V) 2007



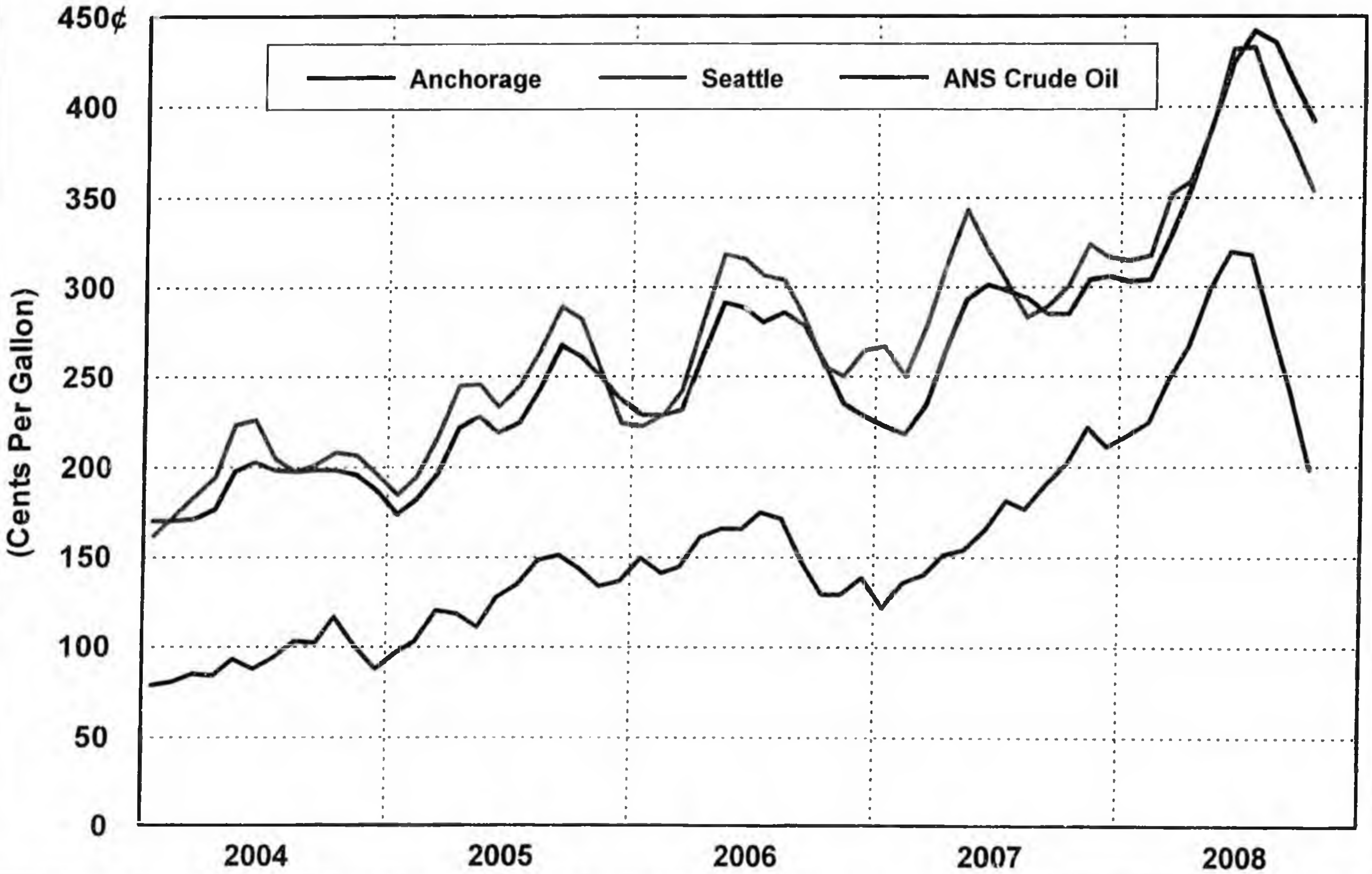
Source: EIA.

Gasoline Demand in Alaska is More Seasonal than West Coast 10-year Averages (1999-2008)



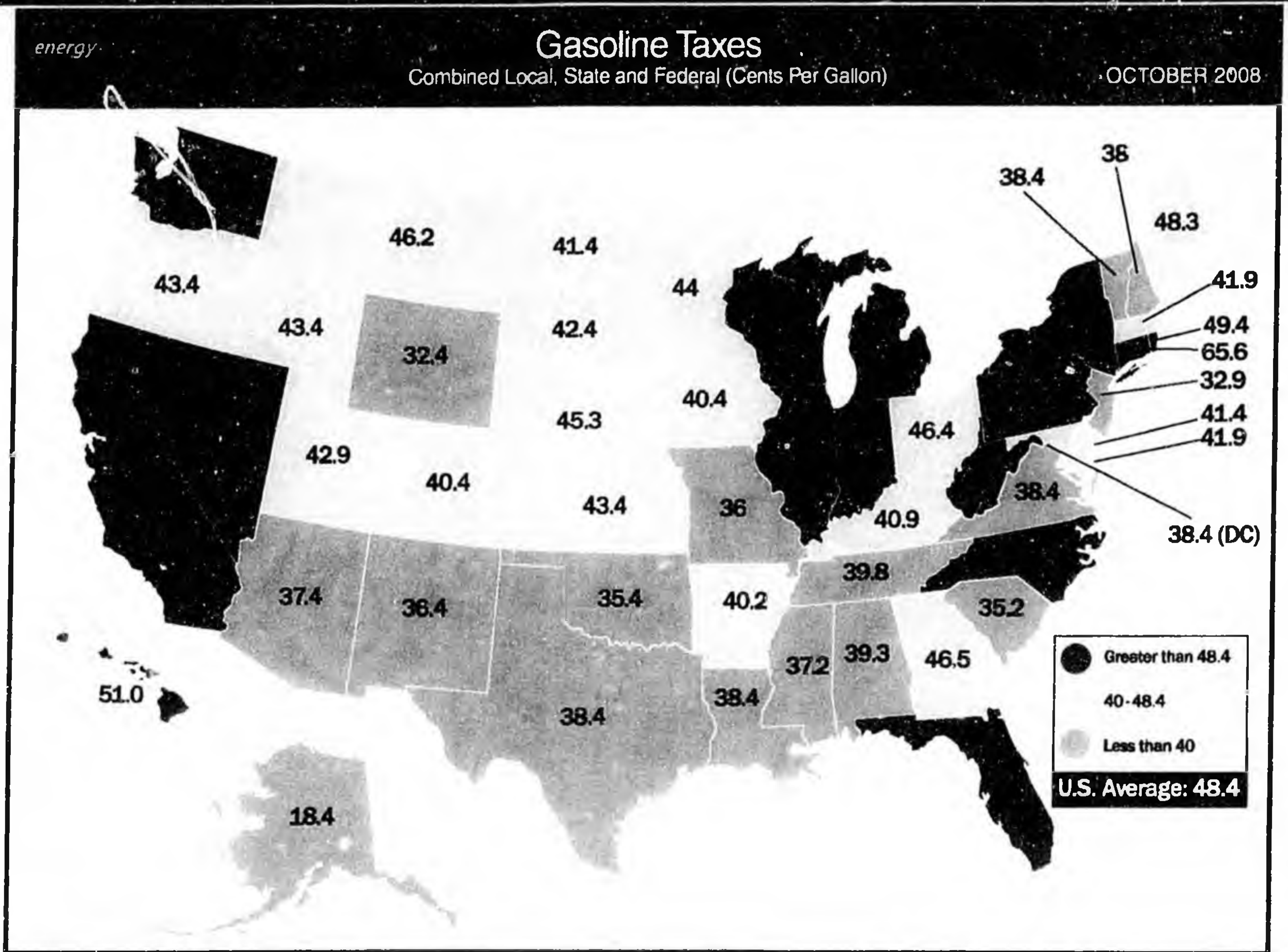
Source: EIA

Comparison of Regular Unleaded Retail Gasoline Prices (After Taxes)
Anchorage, Seattle and ANS Crude Oil
January 2004 – October 15, 2008



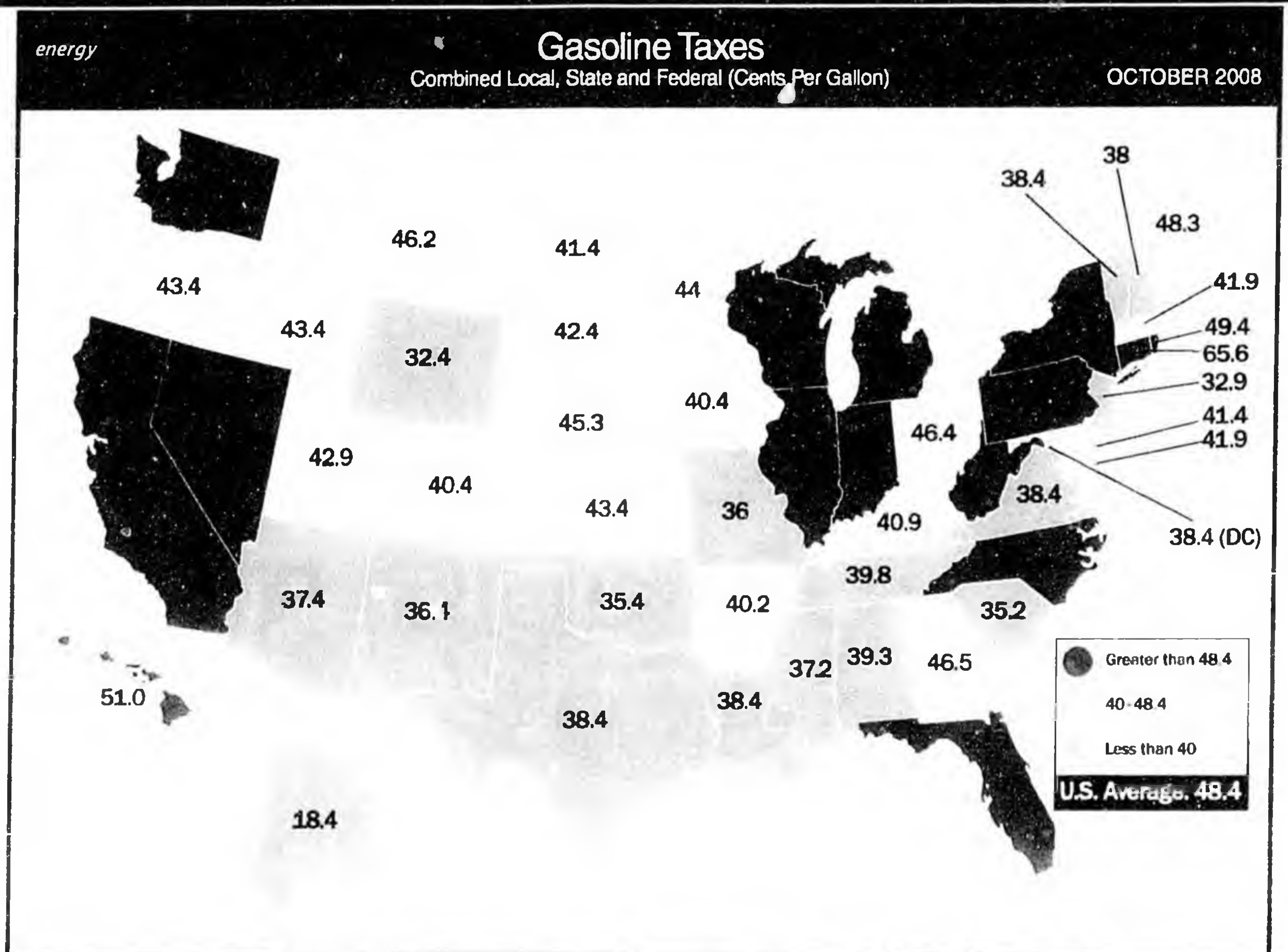
Source: AAA; OPIS; Platts.

Gasoline Taxes by State



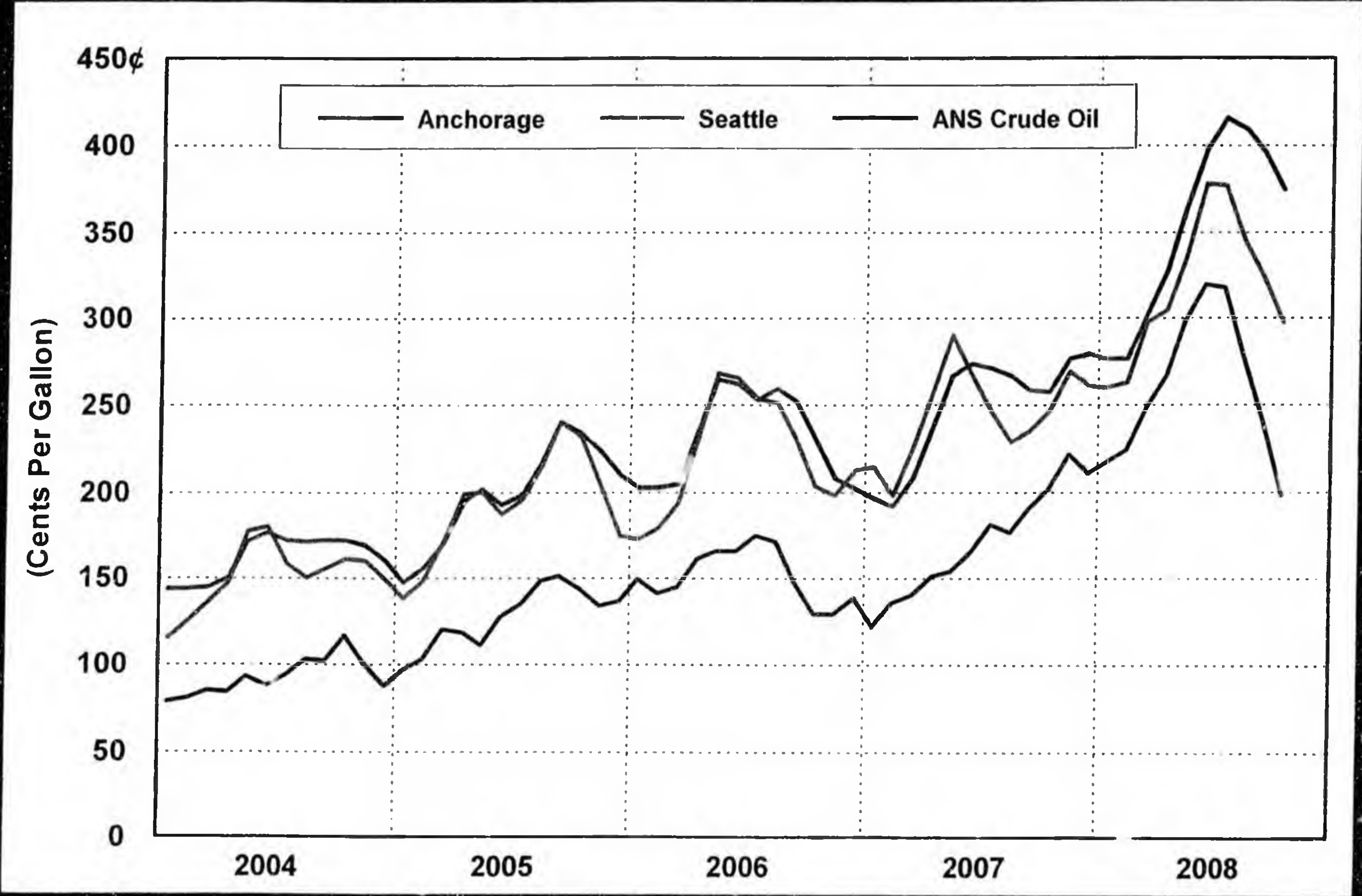
Source: API.

Gasoline Taxes by State



Source: API.

Comparison of Regular Unleaded Retail Gasoline Prices (Before Taxes)
Anchorage, Seattle and ANS Crude Oil
January 2004 – October 15, 2008



Source: AAA; EIA; OPIS; Platts.

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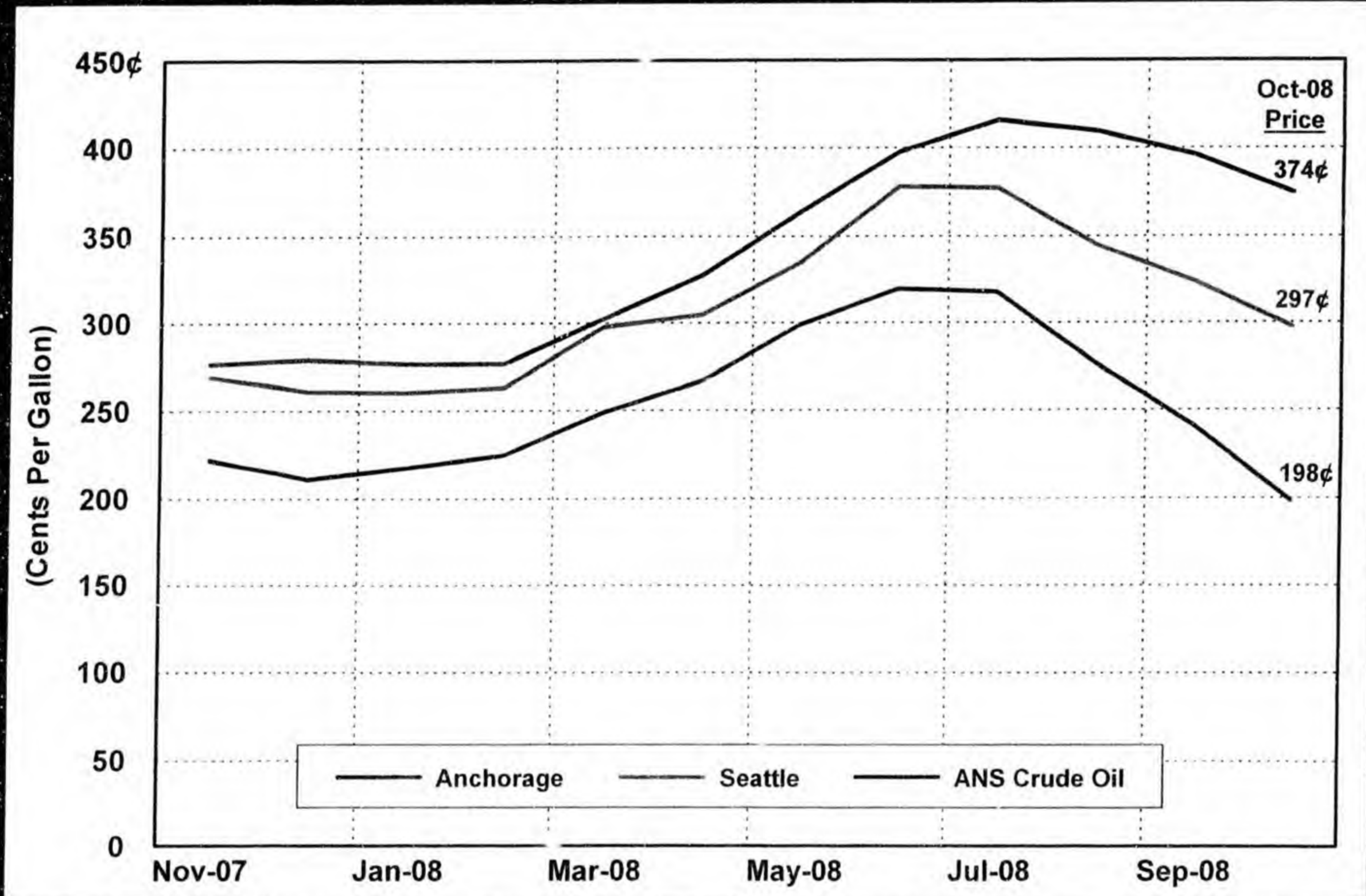
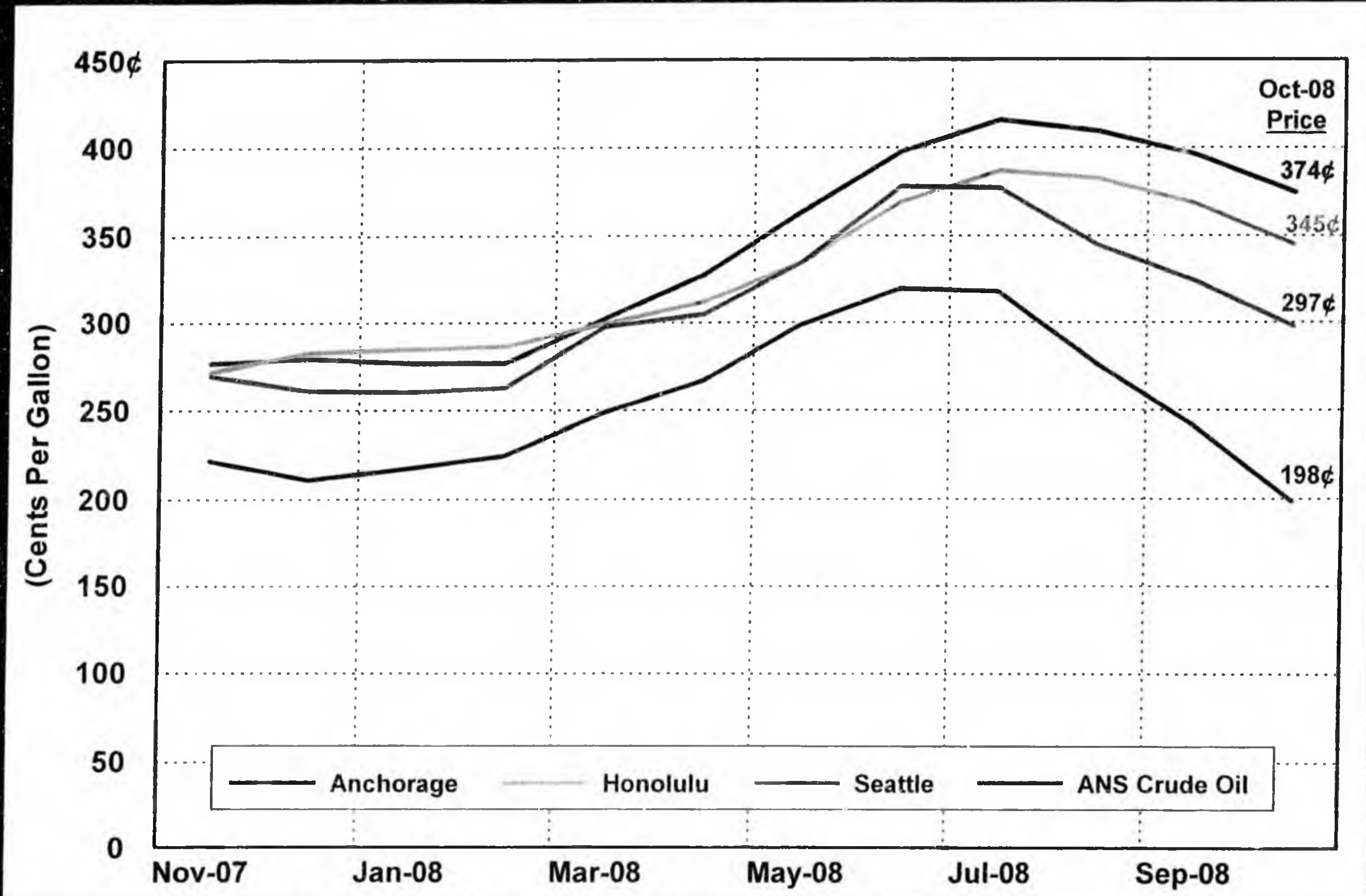
Comparison of Regular Unleaded Retail Gasoline Prices (Before Taxes)
Anchorage, Seattle and ANS Crude Oil
November 2007 – October 15, 2008



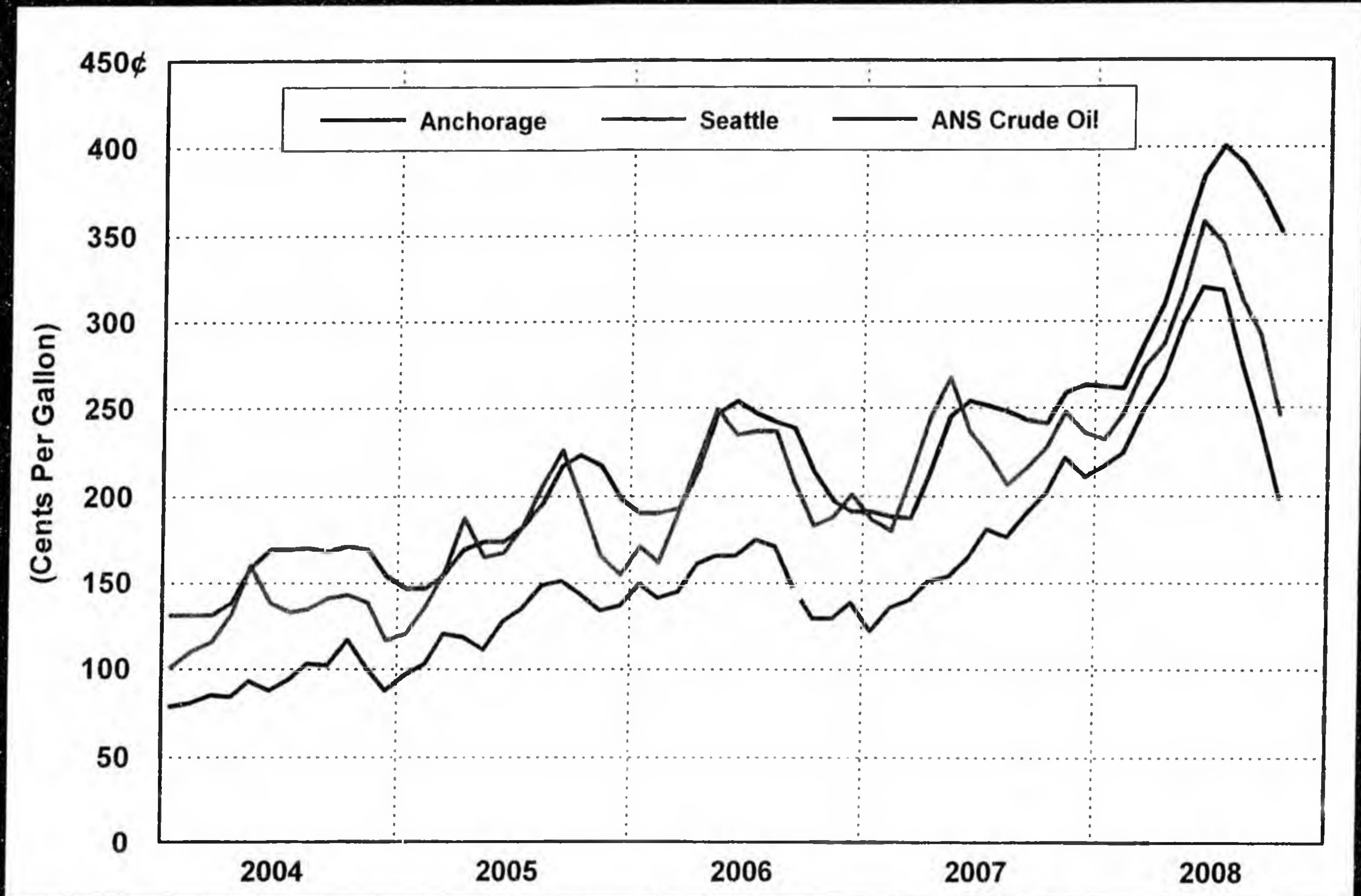
Source: AAA; EIA; OPIS; Platts

Comparison of Regular Unleaded Retail Gasoline Prices (Before Taxes)
Anchorage, Honolulu, Seattle and ANS Crude Oil
November 2007 – October 15, 2008



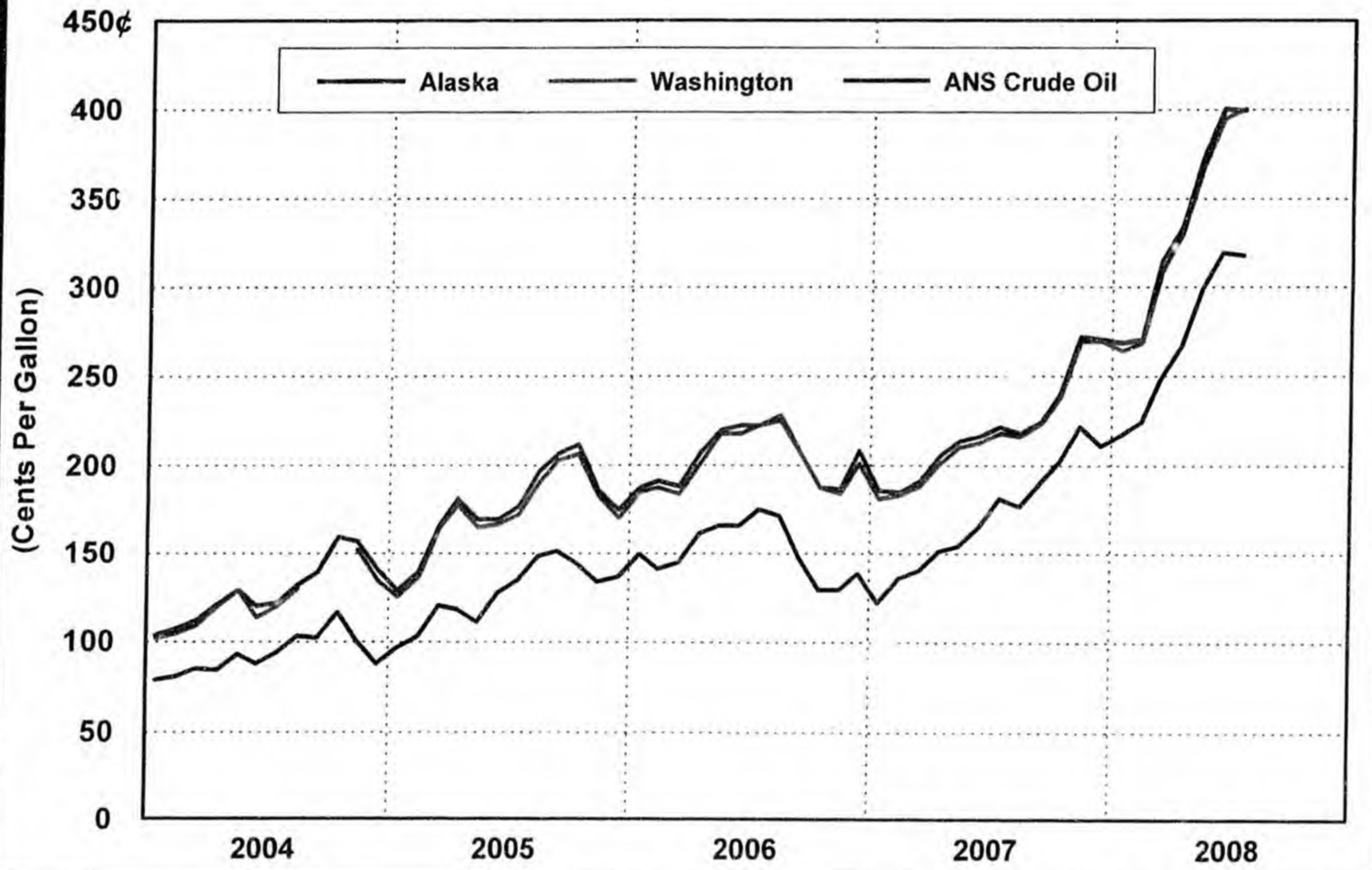
Source: AAA; EIA; OPIS; Platts.

Comparison of Regular Unleaded Rack Gasoline Prices (Before Taxes)
Anchorage, Seattle and ANS Crude Oil
January 2004 – October 15, 2008



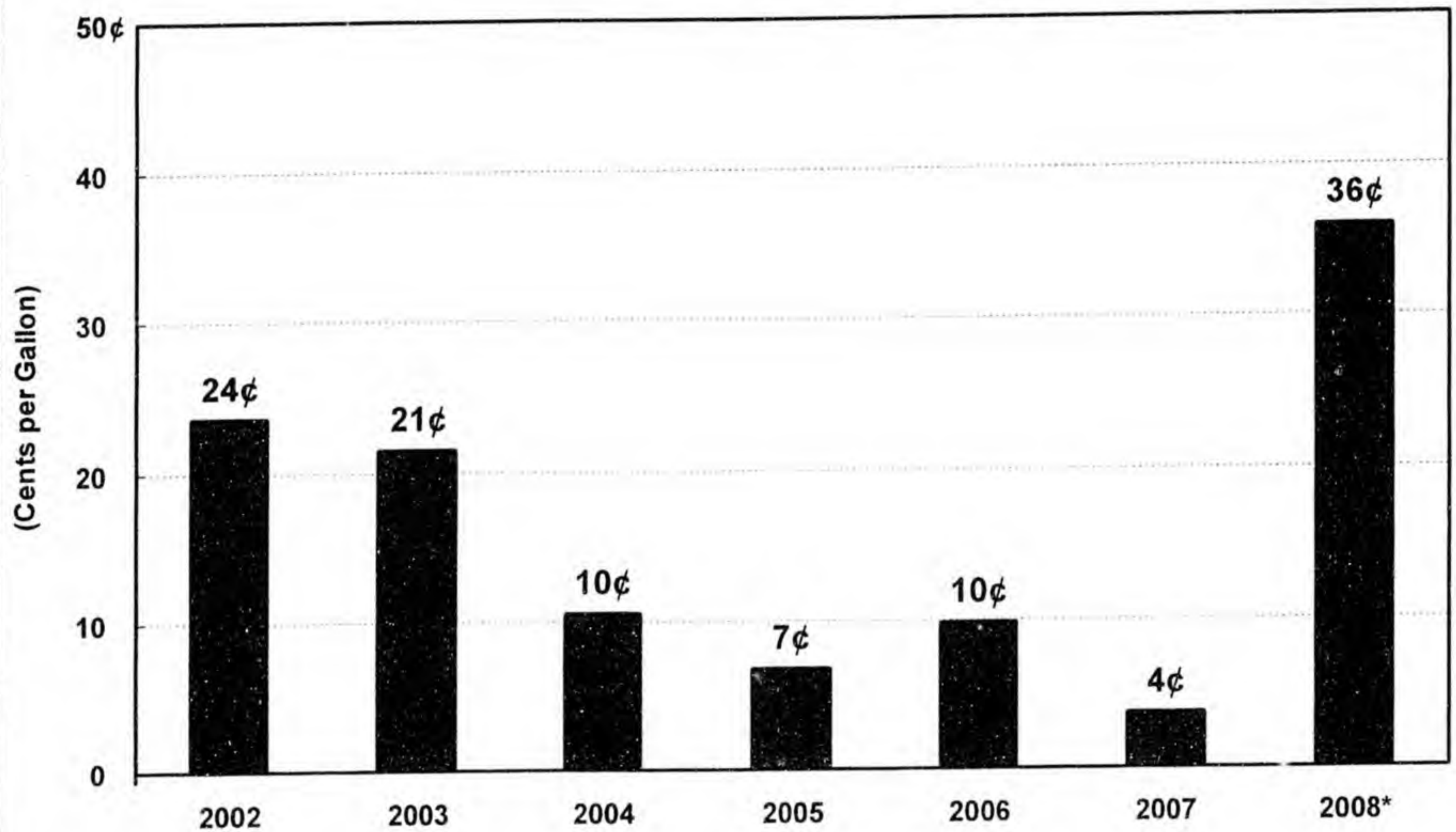
Source: OPIS; Platts.

Comparison of Kerosene-Type Jet Fuel Prices (After Taxes)
Alaska, Washington and ANS Crude Oil
January 2004 – July 2008



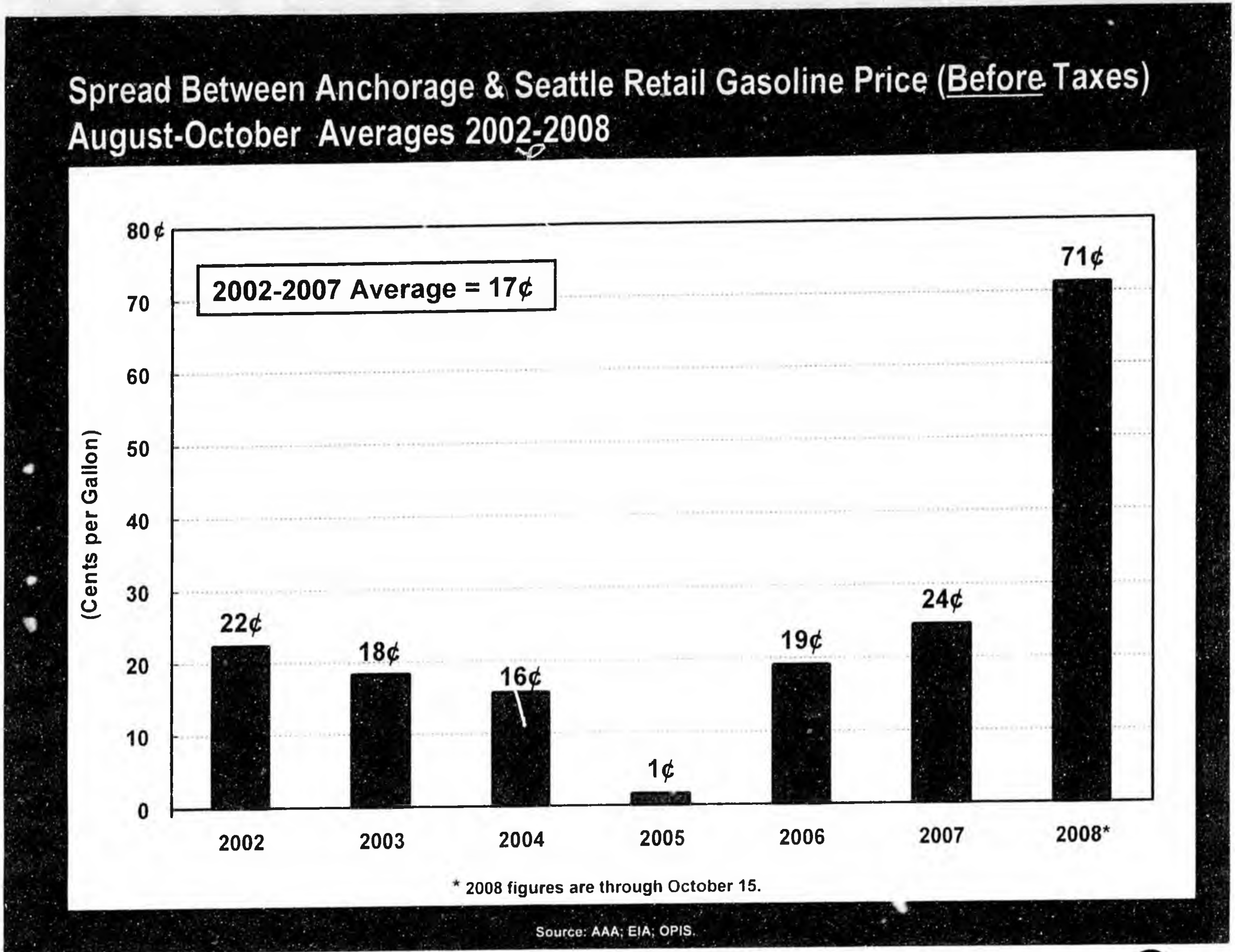
Source: EIA; Platts.

Spread Between Anchorage & Seattle Retail Gasoline Price (Before Taxes)
Annual Averages 2002-2008



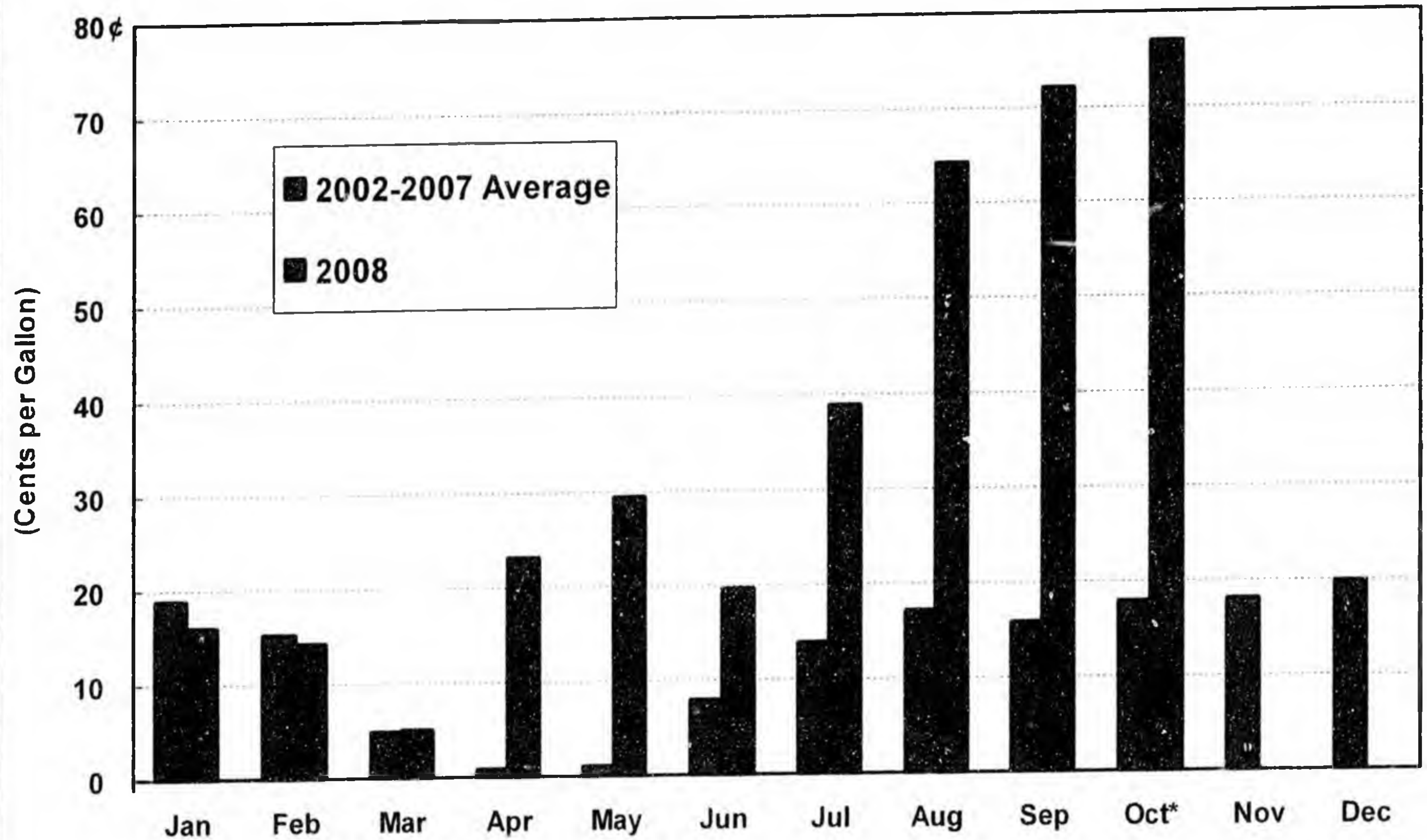
* 2008 figures are through October 15.

Source: AAA; EIA; OPIS.



Spread Between Anchorage & Seattle Retail Gasoline Price (Before Taxes)
August-October Averages 2002-2008
2002-2007 Average = 17¢
80¢
70
60
50
40
30
20
10
0
(Cents per Gallon)
22¢
18¢
16¢
1¢
19¢
24¢
71¢
2002
2003
2004
2005
2006
2007
2008*
* 2008 figures are through October 15.
Source: AAA; EIA; OPIS.

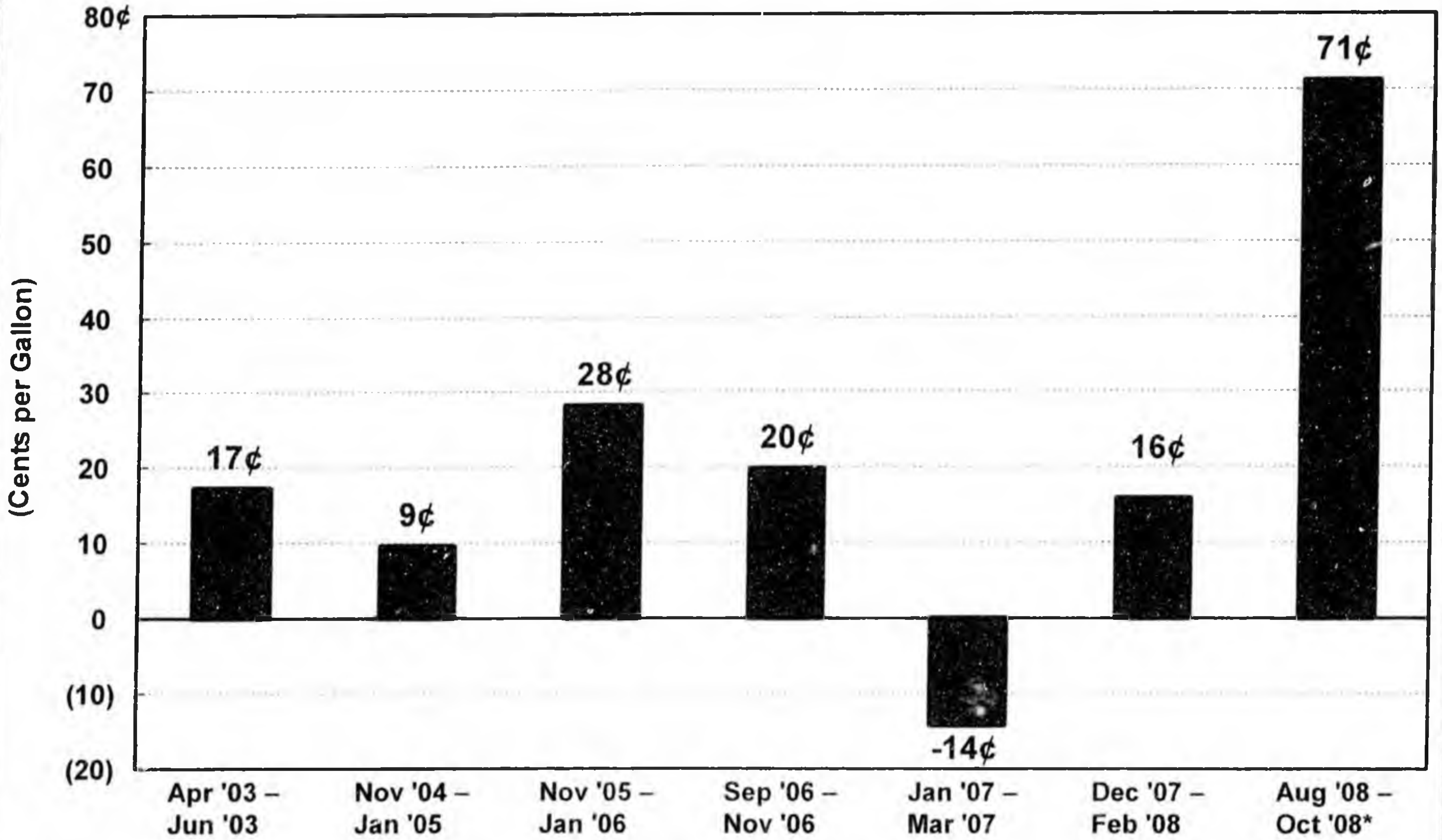
Spread Between Anchorage & Seattle Retail Gasoline Price (Before Taxes)
Monthly Averages 2002-2008



* 2008 figures are through October 15.

Source: AAA; EIA; OPIS.

Spread Between Anchorage & Seattle Retail Gasoline Price (Before Taxes) During Periods Following Sharp Crude Oil Price Decline 2002-2008



* 2008 figures are through October 15.

Source: AAA; EIA; OPIS.

9

Legislative Teleconference Network

SPONSOR: HOUSE JUDICIARY
SUBJECT: GAS PRICES
Date: 10/23/08

Please Print

NAME	CITY OF RESIDENCE	REPRESENTING	TESTIFY (Y or N)	BILL NO.
Daryl Nelson	Chugiak	Self		
Bonnie "	"	"		
Cody Rice	Anchorage	State of AK, Division of Oil and Gas	N	
Paul D Kendall	Anch	Citizen	Y	
Eric Auten	Palmer	Rep. Gatto	N	
[illegible] Gregory	Fairbanks	FAIR	N	
Wesley Loy	Anchorage	Anchorage Daily News	No	
Jeff Cook	Fairbanks	Flint Hills Resources Alaska	Yes	
Charles Laird	Eagle River	Consumer	N	
Tim Bradner	Anchorage	AK Journal of Commerce	N	
Barry Pulliam	Los Angeles	Attorney General's office	Y	
Ed Sniffen	Anchorage	Dept. of Law	Y	

Legislative Teleconference Network

SPONSOR: House Judiciary
SUBJECT: Gas Prices in Alaska
Date: 10/23/08

Please Print

NAME	CITY OF RESIDENCE	REPRESENTING	TESTIFY (Y or N)	BILL NO.
JERRY McCutcheon	Anch	SCZ	N	
Steve Ribuffo	Anch	Port of Anchorage	Y	

10

What's the deal? Last Thursday, October 16th I drove back to Homer from Anchorage. In Anchorage I paid $3.59 per gallon when I arrive five hours later, having driven 225 miles to Homer, gas was still priced $4.26 per gallon.

Why are we paying this price for the resource that is being removed from Cook Inlet and being processed nearby? "Outside" this week gas is priced less than three dollars a gallon.

Please look into the gas price discrepancy both on the Kenai Peninsula related to Anchorage and Alaska compared to the lower forty-eight states.

Thank you

Brenda Dolma

Jane Pierson

From: Sniffen, Clyde E (LAW) [ed.sniffen@alaska.gov]
Sent: Friday, October 24, 2008 11:30 AM
To: Avanti Corp.; Rep. Jay Ramras; Rep. Mike Hawker
Subject: RE: Gasoline prices

Mr Gardner:

Thank you for your e-mail and your interest in Alaska's gasoline prices. I'll try to answer as many of your questions as I can.

1. Tesoro has refiners across the West Coast, including Washington, California, Hawaii, Utah and North Dakota. Tesoro does ship some gasoline outside Alaska, but not much.

2. The demand for gasoline in Alaska is fairly static. Lowering prices does not mean Tesoro would sell more fuel if the other stations also lowered their prices.

3. Shell does not ship their fuel to a refinery in the lower 48 then back up to Anchorage.

4. Station owners cannot "switch" to different brands of gasoline unless they are independent stations. Most stations in Alaska are "Branded" stations and have contracts with Tesoro, Chevron, Shell, or other suppliers for the purchase and sale of fuel under a brand name.

5. The legislature is considering some kind of regulation for Alaska refineries, but this also has its problems. Hawaii tried to regulate the wholesale price of gasoline (i.e. the refineries) in 2004, and it did not work well. The Hawaii Legislature let that law lapse, and is not considering any new attempts to regulate gasoline.

6. Because the demand for fuel in Alaska is relatively small (the smallest in the nation), and is not growing much, the economics of adding additional refining capacity in Alaska (either from a state owned refinery or another private refinery) is questionable. We currently have enough refining capacity to meet the gasoline needs of the State. A new refinery would mean that an existing refinery would either lose market share, would have to reduce production (which is very costly) or would have to export gasoline. The impacts of this scenario on local gasoline prices is uncertain. Southeast communities would probably receive no benefit at all, unless the refinery was located in Southeast Alaska.

Gasoline pricing in Alaska is very complex, and the market for gasoline here is substantially different that just about any place in the U.S. Because the state does not regulate the price of gasoline, suppliers and retailers can price it however they want, so long as the price is not the result of illegal conduct like price fixing, or collusive conduct. Our current investigation is focused on whether there is such collusion between or among the suppliers and sellers of gasoline. We hope to publish some preliminary results from our investigation by the end of the year.

Thanks you again. Please let me know if you have any questions.

Clyde E. Sniffen Jr.
Senior Assistant Attorney General
Commercial and Fair Business Section
Alaska Department of Law
1031 West 4th Avenue #200
Anchorage, AK 99501
(907) 269-5200

From: Avanti Corp. [mailto:avanti@mtaonline.net]
Sent: Friday, October 24, 2008 10:58 AM

To: Sniffen, Clyde E (LAW); rep.jay.ramras@legis.state.ak.us; rep.mike.hawker@legis.state.ak.us
Subject: Gasoline prices

Gentlemen,
In reading the Anchorage Daily News today, "Local Gas Prices Still Lead nation". There are a few things that I am curious about.

Tesoro is opening new gas stations in the lower 48 and not in Alaska. Are they supplying those stations with their own fuel from Alaska?
If Tesoro and Flint Hills lowered their price, They would probably sell more fuel.
Shell Oil, ships their fuel to a refinery in the lower 48, and then ships it to Alaska in a Large Tanker Ship, and then delivers it to the local Stations while still being competitive with Tesoro and Flint Hills?
If a station owner switches to Shell gasoline, they receive a 4 cent per gallon discount for a few years. (told to me from a station owner 2 years ago)
The refineries should be regulated. Maybe the State of Alaska should build their own refinery to keep everyone competitive.
Have a great day and thank-you for your time.
Paul Gardner

Jane Pierson

From: John Manly

Sent: Tuesday, October 21, 2008 4:07 PM

To: Jane Pierson

Cc: John Bitney

Subject: gas prices

Hi, Jane --- I got a call from a constituent at Kenny Lake (actually, one of Woody's) who is upset about the disparity in pump prices between Alaska communities. For example, the price in Palmer is $3.55, but it's $4.21 in Glennallen/Kenny Lake. She said she was recently in Tok, where the price at the Tesoro was about 30 cents cheaper than at Glennallen, and when she asked the operator where they got their gas, he said it was delivered by Crowley from Glennallen. I don't know if the committee is going to be drilling down this far into this issue, but it would be nice if we could get some rational explanation for that kind of price structure.
Thanks --- John

Jane Pierson

From: Cheryl Hanson [chanson@dgsd.k12.ak.us]
Sent: Saturday, October 18, 2008 2:41 PM
To: Rep. Jay Ramras
Subject: Question For You

Follow Up Flag: Follow up
Flag Status: Red

Dear Representative Ramras,

My husband and I had the pleasure of speaking with Representative Harris during the Deltana Fair at the end of July. We had a very long discussion regarding many things.

One of the topics that we covered was the high price of gasoline in our state. My question was why were we paying so much more for our gasoline considering that we produce it in our state. Representative Harris' reply was that we had to keeping line with the national average.

Well the price for a barrel of oil is now down below $80 and I have yet to see that we are keeping up with the national average. I've been watching the prices at our pumps here in Delta and there have been very little adjustment.

One Day my husband and I were in one of the gasoline stations and when we asked the clerk behind the counter when we would see some relief. Her response was that it would be a slow adjustment. Also, because we get our fuel brought in from Anchorage there were added costs. We have always had our fuel brought in from Anchorage. Yet, if the price of barrel of oil goes up the price of gasoline at the pump can go up 25 cents overnight.

We then asked her who they got their fuel from and she said she could not tell us. She was then very defensive. My response to her was, "is it a secret?" And she responded by saying , "Yes, it is a secret."

My question to you is, when are we going to see a change? When are we going to be in-line with the national average? Also, what are you doing about the obvious 'price gouging?"

Thank you for your time,
Cheryl Hanson
Delta Junction

I hope that just because I live in an area that isn't a borough my concerns will matter.

Anchorage International Airport 10/23/08
Jet fuel prices

Are these excessive fuel prices passed on to the national and international users of jet fuel at Anchorage International ?

If not? Why not? If so? Why ? At onetime 'they' were bring in foreign jet fuel, are they still ?

What is the price of jet fuel at Anchorage international V. elsewhere? V. Prince George?

Prince George is after Anchorage International Airports business. Prince George asserts that they are now the low cost provider.

Once Prince George gets some Anchorage International's carriers they will take almost all of the rest of the international carriers thus it is critical to see that Anchorage International keeps competitive and act before the fact not after the fact. Not much point in closing the barn door after the horses are gone!

Jerry McCutcheon susitnahydronow@yahoo.com

//

World Business

Oil Falls Near $70 a Barrel, 16-Month Low, Alarming OPEC

By JAD MOUAWAD

Oil prices plummeted on Thursday, falling below $70 a barrel for the first time in 16 months, and prompting the OPEC cartel to call for an emergency meeting next week.

The rapid decline in prices had alarmed petroleum executives and oil producers who are becoming increasingly nervous that it is undermining the stability of energy markets.

Oil prices have dropped sharply in recent weeks amid the economic crisis and lower consumption in developed nations. In New York, oil futures fell as much as 8 percent, to $68.57 a barrel, on Thursday, their lowest since June 2007. At the close, oil was down $4.69 a barrel, to $69.85.

Oil has lost half its value since hitting a record closing price of $145.29 a barrel in July.

While not a quite rout, the precipitous drop undermines the elusive quest for stability that both oil producers and petroleum executives say they need to invest over the long term. Thursday's sharp decline moved OPEC members to schedule an emergency meeting for next week to look for ways to stem the price decline. Analysts expect the cartel's producers to reduce their production by about a million barrels a day.

The surprise announcement came a week after the Organization of the Petroleum Exporting Countries, which controls about 40 percent of the world's oil exports, said its members would meet in November "amid growing unease over the situation." But some OPEC members have been alarmed at the panic selling in the commodity markets and successfully lobbied for an earlier meeting.

The concern now for both producers and petroleum executives is that the fall-off in prices could crimp investments and reduce revenue. Iran's oil minister, Gholamhossein Nozari, told reporters in Tehran on Tuesday, "I think the low price is a real damage to the future of production."

The same question is also weighing on the mind of many energy experts: Is the oil industry about to repeat the errors of the past, and slash investments as prices fall? Since oil is a cyclical business, some energy analysts fear that today's downturn could set the stage for a new price rally if oil companies cut their exploration spending.

From its inception more than a century ago, the oil industry has gone through countless cycles, and oil companies have often underinvested in periods of falling prices. The price collapse of the 1980s forced companies to slash investments and prompted a wave of mega-mergers through the sector.

But the industry's retrenchment in the face of lower prices left the world scrambling for oil when demand from Asian and Latin American economies soared.

Now, after nearly a decade of growth, the economic slowdown means there will be less demand for energy in the foreseeable future.

These concerns were on the minds of petroleum executives who gathered at an industry conference in Venice last weekend. The titans of the oil industry worried that a prolonged recession, tighter credit and lower energy consumption would mean slower growth in energy supplies in coming years. The credit freeze has already forced some projects to be scaled back, some energy analysts said.

"This is a real test," Jeroen van der Veer, the chief executive of Royal Dutch Shell, said during an interview on the sidelines of the conference. "Some people will be overstretched and there will be some delays in some projects."

But if companies pared their investments, they would set the stage for a surge in prices when demand eventually picks up, said J. Robinson West, the chairman of PFC Energy, the consulting company that held the conference.

Many experts have warned that such a squeeze may occur in the next five years, and could once again propel oil prices into triple-digit territory. In the last decade, the growth in oil consumption has outpaced the ability of producers to increase production.

A senior oil executive said that the industry was determined not to let history repeat itself. Many oil executives do not expect the current crisis to fundamentally alter the fact that developing economies will need more energy. By 2030, more than three-quarters of the world's energy will still be derived from hydrocarbons, including oil, gas and coal.

"Investments in exploration and production are very much linked to the price of oil," said Didier Houssin, the head of oil markets at the International Energy Agency, which advises industrial nations on energy policy. "What we can fear is that the financial crisis leads to delays in many projects."

The drop in prices has already created problems for producers, who have become accustomed to high prices. Iran and Venezuela both need oil prices at $95 a barrel to balance their budgets, Russia needs $70, and Saudi Arabia needs $55 a barrel, according to Deutsche Bank estimates. Algeria's oil minister, Chakib Khelil, estimated on Thursday that the "ideal" price for crude oil was $70 to $90 a barrel.

In Russia, which is not part of OPEC, the drop in prices is threatening to the country's ability to bolster production. The Russian government has reportedly agreed to allocate $9 billion to its four major producers — Lukoil, Gazprom, Rosneft and TNK-BP — to help them cope with investment needs amid the credit crisis.

In the United States, Chesapeake Energy, a gas producer, has recently indicated that it will reduce its capital investments over the next few years in response to falling prices.

Global oil demand is undeniably slowing, particularly in developed nations. Japanese oil consumption dropped 12 percent in August, while in the United States, demand has been cut by 8 percent in September.

Still, consumption is growing in developing nations, albeit at a slower pace. The International Energy Agency expects global oil demand to grow by just 400,000 barrels a day this year, to 86.5 million barrels a day. At the beginning of the year, the agency was expecting growth of more than 2 million barrels for 2008.

"We pretty much know where supplies are going to come from in future years, but today the biggest uncertainty is demand," the chief executive of the French oil company Total, Christophe de Margerie, said.

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abc NEWS

How Decreases in Oil Translate at the Pump

The Average Price of Gas Dropped 4 Cents a Gallon Last Week

By RYAN OWENS, COLE KAZDIN and MUTALE NKONDE

July 21, 2008 —

Drivers received a brief reprieve from soaring gas prices when the price of oil dropped $16 a barrel last week, but consumers should pump the brakes on the idea of a large, instant price reduction at their local stations.

"I do not think that lower oil prices will mean lower prices at the pump immediately," said McGuire Energy Institute director Bruce Bullock.

Though the price decrease of crude oil last week was the biggest three-day drop in decades, it only resulted in easing the nation's average cost per gallon from $4.11 to $4.07, according to AAA.

Economists said roughly every dollar change in the price of oil moves the price of gasoline two-and-a-half cents. So, a $16 decline in oil prices should produce a 40-cent drop in gasoline prices.

But such a decrease takes time to show up at the pumps. AAA predicts if the price of oil can stay below $130 a barrel and that's a big if the price at the pump will decrease even more.

"We should see the national average price of gasoline drop from where it is today around $4.11 per gallon to below $4," said Geoff Sundstrom, of AAA.

Drivers aren't the only ones who would benefit from such a decline. The country's major airlines also need a break from sky-high jet fuel prices, which have grounded flights, forced carriers to raise ticket prices and lay off employees.

Oil would have to slide much further to take the pressure off the airline industry and McGuire Energy' Bullock predicted the price per barrel will likely increase.

"I think over time we will see $150 a barrel, certainly by the end of the year," Bullock said.

BREITBART.COM

Oil price slides below $72 to 13-month low

Oct 15 08:16 AM US/Eastern

AFP

The price of oil slumped below 72 dollars on Wednesday, its lowest level for more than 13 months, as recession fears raised concerns about a prolonged drop in energy demand, analysts said.

The global financial crisis will give a vicious twist to an economic slowdown and is hitting world demand for oil, although the effect on emerging economies is unclear, OPEC said on Wednesday.

The Organization of Petroleum Exporting Countries slashed its estimate of growth in demand this year and shaved its estimate for 2009, largely because of an "excessive" easing of demand in the United States, the single biggest energy market.

Prices also fell Wednesday on news that a Nigerian court has ordered Anglo-Dutch energy giant Royal Dutch Shell to hand over land to locals, a key demand of armed rebels camped in Nigeria's oil-producing region.

Brent North Sea crude for November delivery fell to 71.60 dollars a barrel -- the lowest level since August 2007 -- before recovering to 72.41 dollars, down 2.12 dollars compared to Tuesday's close.

New York's main contract, light sweet crude for November, shed 1.98 dollars to 76.65 dollars.

Brent crude has fallen by more than half from a record high 147.50 dollars in July, when prices rocketed on fears of supply disruptions.

Oil prices are sliding on "concerns that the coordinated action by central banks over the last week will not be enough to rescue economies from falling into a global recession and hence weighing on oil demand," Sucden analyst Nimit Khamar said.

A top US central banker, Janet Yellen, said Tuesday that the United States "appears to be in a recession." There are also growing fears Japan and Europe are heading for a spell of economic stagnation or recession.

The German economy is heading for a slowdown but the downturn will not be a long-lasting one, Chancellor Angela Merkel said Wednesday.

Meanwhile a Nigerian court ordered Shell to hand over land around its giant Bonny oil terminal to the local population, the multi-national said Wednesday.

"The ruling was given some months ago but we have appealed," Shell's spokesman in Nigeria, Precious Okolobo, told AFP.

He did not say whether oil lifting and export activities at the terminal, considered to be the largest in Africa, would be affected by the ruling.

Markets were meanwhile awaiting the latest weekly snapshot of US energy inventories due Thursday for a lead on the state of demand for oil in the world's biggest consumer of crude.

The Department of Energy's latest data on inventories has been delayed a day owing to a public holiday in the United States on Monday.

Oil traders were also looking ahead to an extraordinary meeting of OPEC on November 18 as member countries fret over falling prices, with some calling for cuts in output as a result.

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Study to look at oil, gas infrastructure

Firms to review, rank the risks along state's aging pipeline, oil fields

ANCHORAGE - A study of risks posed by Alaska's aging oil and gas infrastructure will begin this fall.

The study, authorized by the Alaska Legislature, involves a lengthy review and ranking of oil and gas-related risk along the 800-mile trans-Alaska oil pipeline, the Valdez tanker port, and North Slope and Cook Inlet fields. The study will not be finished until early 2010.

The study was an outgrowth of spills, leaks and corrosion discovered on the North Slope in recent years. The legislature approved $5 million for the study.

"Some of the things they should have done already," said Rep. David Guttenberg, D-Fairbanks, who has worked construction jobs on the North Slope.

Accidents on the Slope keep happening, he said, noting a high-pressure natural gas pipeline at Prudhoe Bay that blew up last week. The incident sent a pipe segment onto tundra and led to a shutdown at two oil production pads.

Leaks from two corroded oil pipes in 2006 caused half of Prudhoe Bay to shut down for weeks, temporarily slowing oil revenue to the state.

Prudhoe Bay oil field operator BP is replacing 16 miles worth of corroded pipe at a cost of $260 million.

Prudhoe Bay, the North Slope's oldest field, was built more than 30 years ago.

"No one has really taken a comprehensive look at the whole system before," said Ira Rosen, the Alaska Department of Environmental Conservation manager running the project.

The study group includes two consulting firms, Doyon Emerald of Anchorage and Houston-based ABS Consulting. The group will look at paperwork and it's unclear how much time it will spend in the field inspecting oil and gas equipment, Rosen said.

BP has a long history of cooperating with state agencies, said spokesman Steve Rinehart, but its participation in the study has not been determined.

"They haven't actually said what it is they'd like us to do yet," he said.

The scope of the study also has not been determined. The state this month is hosting public meetings to hear what Alaskans say the study should focus on.

A recent meeting in Fairbanks drew more regulators and contractors than members of the public, according to people who attended it. Some who attended came away with differing opinions on whether the study was on the right track.

Richard Fineberg, a longtime oil industry watchdog, said he is worried that the state's team will not spend enough time in the field or get access to important facts.

"It runs the risk of being a highly bureaucratized thing," he said.

An environmentalist who went to the meeting, Gabe Scott of Cordova, said the study should take a hard look at oil-field management and cost-cutting. He also says the study team should weigh the benefits of creating a citizen group to monitor the trans-Alaska oil pipeline.

Citizen groups backed financially by the oil industry monitor tankers in Cook Inlet and Prince William Sound, but do not monitor activity on the North Slope or in communities along the pipeline route, he said.

The public meeting for comment in Anchorage area is scheduled for Oct. 15.
Click here to return to story:
http://juneauempire.com/stories/100708/sta_341273560.shtml

Commodities

1 day   5 days   1 month   1 year

Light sweet crude	95.35	−11.54	−10.80%

Market Summary

At 5:14 PM ET: Nov. 08 light sweet crude futures and Dec. 08 gold futures are both down in after-hours electronic trading. Nov. 08 light sweet crude futures are down **$11.54**, or **10.80%**, at **$95.35** a barrel in Nymex trading and Dec. 08 gold futures are down **$0.00**, or **0.00%**, at **$894.40** an ounce. Dec. 08 [illegible] futures [illegible] down **$0.30** today, or **5.52%**, at **$5.13** a bushel.

MARKETS

U.S.   AMERICAS   EUROPE   ASIA   BONDS   COMMODITIES

S&P 500		Dow		Nasdaq	
1,106.42		10,365.45		1,983.73	
−106.85	−8.81%	−777.68	−6.98%	−199.61	−9.14%

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Light sweet crude	Nov. 08	277,407	95.35	[illegible]	95.04	106.91
					51.75	149.47
Brent crude	Nov. 08	920	93.98	[illegible]	94.41	99.10
					88.08	117.01
Heating oil	Nov. 08	54,414	[illegible]	[illegible]	2.70	3.02
					1.99	4.25
Natural gas	Nov. 08	131,995	7.19	[illegible]	7.14	7.61
					4.75	14.00
RBOB gasoline	Nov. 08	72,502	2.74	[illegible]	2.73	2.81
					1.96	3.55

Commodities

1 day 5 days 1 month 1 year

Light sweet crude 95.35 −11.64 −10.80%

Market Summary

At 5:14 PM ET, Nov. 08 light sweet crude futures and Dec. 08 gold futures are both down in after-hours electronic trading. Nov. 08 light sweet crude futures are down $11.64, or 10.80%, at $95.36 a barrel on Nymex trading, and Dec. 08 gold futures are down $0.00, or 0.00%, at $894.40 ... Nov. 08 ... futures ... down $0.30 ... 5.52% ... at $6.13 ...

Light sweet crude	Nov. 08	277,407	95.35	[illegible]	95.04 / 57.75	106.91 / 148.47
Brent crude	Nov. 08	920	93.98	[illegible]	94.47 / 86.09	99.10 / 117.91
Heating oil	Nov. 08	54,414	2.73	[illegible]	2.70 / 1.99	3.02 / 4.25
Natural gas	Nov. 08	131,495	7.16	[illegible]	[illegible] / 6.75	7.67 / 14.00
RBOB gasoline	Nov. 08	12,562	2.34	[illegible]	[illegible] / 1.96	[illegible]

- OIL
- GOLD
- CORN

At 3:14 PM ET

Light sweet crude ($/barrel)95.35–11 54–10.80%

Integrated Oil & Gas

1 DAY	5 DAY	1 MONTH	1 YEAR	MKT CAP
-1.33%	-0.75%	-5.45%	-8.77%	201.9B

The Integrated Oil & Gas industry consists of companies engaged in the exploration, production, refinement and distribution of oil and gas. Companies classified in this industry usually have global operations and significant activities in both Exploration & Production and Refining & Marketing operations. Companies in this industry are also frequently engaged in Energy Related Equipment & Services operations.

Integrated Oil & Gas

American Energy Pr[illegible]	4.1M	[illegible]	[illegible]	[illegible]
BP plc (ADR) [illegible]	170.2B	1.43	[illegible]	[illegible]
Chevron Corporation [illegible]	178.6B	[illegible]	[illegible]	[illegible]
China Petroleum & [illegible]	74.1B	[illegible]	[illegible]	[illegible]
Clayton Williams E[illegible]	941.6M	[illegible]	[illegible]	[illegible]
ConocoPhillips [illegible]	115.9B	[illegible]	[illegible]	[illegible]
Eagle Rock Energy [illegible]	846.0M	[illegible]	[illegible]	[illegible]
[illegible]	418.9B	[illegible]	[illegible]	[illegible]
[illegible]	29.1B	[illegible]	[illegible]	[illegible]
[illegible]	983.6M	[illegible]	[illegible]	[illegible]
Marathon Oil Corp [illegible]	28.6B	[illegible]	[illegible]	[illegible]
[illegible]	13.3B	[illegible]	[illegible]	[illegible]
Noble Energy [illegible]	10.3B	[illegible]	[illegible]	[illegible]
[illegible]	63.2B	[illegible]	[illegible]	[illegible]
[illegible]	17.2B	[illegible]	[illegible]	[illegible]
[illegible]	204.3B	[illegible]	[illegible]	[illegible]
[illegible]	38.8B	[illegible]	[illegible]	[illegible]
[illegible]	198.5B	[illegible]	[illegible]	[illegible]
[illegible]	201.2M	[illegible]	[illegible]	[illegible]
[illegible]	144.5B	[illegible]	[illegible]	[illegible]

Page 1 [illegible]

Sectors

MARKETS

AMERICAS EUROPE ASIA BONDS COMMODITIES

S&P 500	Dow	Nasdaq
1,106.42	10,365.45	1,983.73

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Markets

Integrated Oil & Gas

1 DAY	5 DAY	1 MONTH	1 YEAR	MKT CAP
−1.33%	−0.75%	−5.45%	−8.77%	201.9B

The Integrated Oil & Gas industry consists of companies engaged in the exploration, production, refinement and distribution of oil and gas. Companies classified in this industry usually have global operations and significant activities in both Exploration & Production and Refining & Marketing operations. Companies in this industry are also frequently engaged in Energy Related Equipment & Services operations.

Integrated Oil & Gas

Williams Companies	14.7B	2.07	17.45	23.06
[illegible] Energy	27.1B	4.4%	[illegible]	[illegible]
YPF SA (ADR)	19.0B	0.31	[illegible]	[illegible]

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MARKETS

U.S. AMERICAS EUROPE ASIA BONDS COMMODITIES

S.&P. 500		Dow		Nasdaq	
1,106.42		10,365.45		1,983.73	
−106.85	−8.81%	−777.68	−6.98%	−199.61	−9.14%

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Business

Oil Falls Sharply on Renewed Economic Fears

By JAD MOUAWAD

Oil prices dropped sharply on Monday as the House voted down a $700 billion bailout plan for the financial markets, raising the specter of slower economic growth and depressed demand for petroleum products. The House leadership, however, plans a second attempt to pass the bill.

Crude oil futures fell $10.68 to close at $96.21 a barrel on the New York Mercantile Exchange. They have lost nearly $25 since last Monday, and dropped sharply as the House voting began.

In the last two weeks, commodity markets have been shaken by the turmoil on Wall Street while still recovering from the impact of two powerful hurricanes in the Gulf of Mexico. After reaching $145.29 a barrel in July, prices had slumped to nearly $90 a barrel earlier this month as the nation's economic prospects dimmed. But in a wild market, they spiked back up last week on the back of tremendous uncertainty in the financial markets.

Anxiety once again gripped investors on Monday after Congressional leaders failed to garner enough votes to pass a compromise bailout agreement that was reached over the weekend. The plan, the biggest bailout in history, would have allowed the Treasury Department to buy back troubled assets held by banks and other financial institutions. It is unclear when the House can reschedule a vote, or whether it will pass this time.

Before the vote, investors were also reminded that the financial crisis was far from over. In the latest episode of the unfolding meltdown, Citigroup will buy the banking operations of the Wachovia Corporation, the government said Monday. Meanwhile, the Belgian, Dutch and Luxembourg governments partially nationalized the European financial conglomerate Fortis, another sign that the crisis that began because of sour home mortgages in the United States could be spreading.

Analysts at Barclays Capital said the frantic weekend negotiations that led to the bailout agreement "appear to have failed to revive market sentiment." As the economic situation deteriorates, the demand for commodities, including oil, is expected to slow.

"The outlook for global equity, interest rate and exchange rate markets has become increasingly uncertain," analysts at Deutsche Bank wrote in a note to investors. "We believe commodities will be unable to escape the contagion. From a commodity perspective our most pressing concern is to what extent the U.S. virus spreads globally and specifically to China."

The bank's analysts pared their expectations for next year as oil consumption drops because of slowing economic growth, reducing their oil and gas price forecasts by about 20 percent for 2009.

Concerns that the crisis might be spreading to Europe helped push down the value of the European common currency. The euro dropped against the dollar to $1.43 on Monday from $1.46 on Friday.

The weaker economic outlook could further push down oil prices in the coming months if demand for oil in developed countries keeps falling, according to Ben Dell, an analyst at Bernstein Research. He expects oil consumption could fall by 1.3 million barrels a day, or 2.6 percent, in the fourth quarter this year. That is much more than the 470,000 barrels a day drop forecast from the International Energy Agency.

"This dynamic is similar to that of the 1980s and suggests that investors could be increasingly concerned with the slowdown in Europe, Japan and the U.S.," he wrote in a note to clients.

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BACK PRINT

Oil Prices Plunge Despite OPEC Cuts

VIENNA, Austria, Oct. 24, 2008

(AP) An OPEC attempt to stem the free-fall in oil prices fizzled Friday with crude plunging to lows last seen 15 months ago on world economic fears, despite the 13-member group's decision to slash production by a daily 1 5 million barrels

Oil's imperviousness to production cutbacks - the most potent weapon in the OPEC arsenal - reflected the cartel's diminishing control over prices. And the language of an OPEC statement announcing the cut reflected how seriously it viewed the erosion of its revenues, as did the unusually short deliberations leading to the decision

"Oil prices have witnessed a dramatic collapse - unprecedented in speed and magnitude," said the 13-nation organization. "This slowdown in demand is serving to exacerbate the situation in a market which has been oversupplied with crude for some time "

It also warned of further hard times ahead for suppliers, saying "the fall in demand will deepen" in the coming months.

In more orderly economic times, any Organization of Petroleum Exporting Countries move to reduce output led to an upward spike on fears that demand would outstrip supply. But Friday's oil market reaction reflected present realities; with the financial vortex sucking the U.S. and other major consumers into recession - and even China's and India's booming economies slowing - even less oil at lower prices will have trouble finding a buyer.

"The power to influence oil prices is moving farther and farther away from OPEC," said oil trader and analyst Stephen Schork. "Everyone thought China and India would go on buying oil forever, but that's not the case

"The demand is no longer there," said Schork. "I think people fooled themselves when they said emerging markets could weather a U S downturn. That's yanked OPEC right out of its role as the key player "

Steeply dropping world stock markets that reflected fear of a global recession proved the dominant influence on oil markets, sidelining any OPEC hopes that its steepest output cut in five years would remedy crude's plunge

Major European bourses that were down more than 10 percent during the day improved by closing time but still suffered losses as high as 5 percent. Asian stocks also closed sharply down. Russia's two exchanges were shut down early because of double-digit losses and officials said they wouldn't resume trading until Tuesday

On Wall Street, the Dow Jones industrials were down 400 points well into the trading day

Benchmark crude futures were trading at US$64 60 a barrel on the New York Mercantile Exchange after falling as low as US$62 85 earlier in the day, shortly after OPEC announced its cut, to take effect starting next month

Crude prices have now fallen 56 percent from the highs reached in July, and more than US$41 per barrel in just the last 30 days

Reflecting the huge demand slump facing OPEC, a U.S. Department of Transportation report released Friday showed the largest monthly decline in miles driven in 66 years

Americans drove 5 6 percent less, or 15 billion fewer miles, in August 2008 compared with August 2007 - the biggest single monthly decline since the data was first collected regularly in 1942

In terms of overall use, the latest weekly report from the U.S. Department of Energy shows that crude demand has fallen in 38 of the past 42 weeks. U.S. demand is down nearly 10 percent during the past four weeks year on year

The figures are significant because the U.S. still consumes one out of every four barrels of oil produced

The 11 OPEC nations under quotas are already producing more than their allotments - overall output from them is about 300,000 barrels a day past the stated OPEC daily target of about 29 million barrels

So if they stop overproduction, and comply with the 1 5 million cut agreed on Friday, OPEC should end up producing about 1 8 million barrels less a day

But against increasingly alarming economic developments not only in America but in most corners of the world, even an OPEC cut closer to 2 million barrels a day is unlikely to turn near-term prices around

The cut reflected a compromise between OPEC members such as Iran and Venezuela, which were looking to yank up to 2 million barrels a day off the market, and oil powerhouse Saudi Arabia and its Gulf allies that are more open to U.S. appeals for plentiful crude on the market.

It also tried to balance OPEC members' concerns over eroding revenue with demands from the U.S. and other major consumers for affordable crude.

But the U.S. criticized the move.

"It has always been our view that the value of commodities, including oil, should be determined in open, competitive markets, and not by these kinds of anti-market production decisions," deputy press secretary Tony Fratto said Friday. "The high oil prices from the past year contributed to the slowdown in demand and the subsequent downturn in the economy, and we would ask that everyone keep that in mind going forward."

Still, OPEC officials left no doubt that they were ready to slice deeper quickly if Friday's decision does not end the price free fall.

Friday's meeting was called unexpectedly in response to prices that have entered a tailspin since their historic high of nearly US$150 in July. OPEC President Chakib Khelil said OPEC was ready to convene another emergency session before its next planned gathering in December in Algeria "if there are further decisions that have to be m 'e" on slashing prices.

"It's clear that the ministers are attempting to underpin at US$60 a barrel," said James Crawford an analyst with Inter Emirates. "B t where the market will settle remains open."

In an appeal to Russia and other major oil exporters outside OPEC, the oil ministers meeting in Vienna indirectly urged them not to undercut their efforts to prop up prices.

"OPEC cannot be expected to bear alone the burden of restoring equilibrium," said the statement.

OPEC Secretary-General Abdullah El-Badri said before a meeting with Russian President Dmitry Medvedev on Wednesday that he would not ask Russia for oil production cuts as global prices fall. Some analysts have said Russia was unlikely to agree to production cuts, given that it already is battling with falling output as West Siberian oil fields mature.

But others spoke of behind-the-scenes negotiations between Russia and OPEC on the issue.

El-Badri took pains Friday to emphasize that OPEC's move was predicated by a need not to raise prices but to put a floor underneath them. Iran, Venezuela and other OPEC members have suggested that, for them, selling oil under US$80 was a loss-maker, and Iraq said Thursday it would have to rethink next year's national budget if prices remain under that level.

El-Badri said OPEC could not be expected to solve the world's financial crisis - something the organization did not cause and could not cure.

"OPEC cannot bail out the problems of others," he said.

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LAND & LEASING

Potential Alaska state and federal oil and gas lease sales

Agency	Sale and Area	Proposed Date
DNR	Beaufort Sea Areawide	Oct. 22, 2008
DNR	North Slope Areawide	Oct. 22, 2008
DNR	Alaska Peninsula Areawide	May 2009
DNR	Cook Inlet Areawide	May 2009
DNR	Beaufort Sea Areawide	October 2009
DNR	North Slope Areawide	October 2009
DNR	North Slope Foothills Areawide	October 2009
MMS	Sale 209 Beaufort Sea	2009
MMS	Sale 211 Cook Inlet	2009
DNR	Alaska Peninsula Areawide	May 2010
DNR	Cook Inlet Areawide	May 2010
DNR	Beaufort Sea Areawide	October 2010
DNR	North Slope Areawide	October 2010
DNR	North Slope Foothills Areawide	October 2010
MMS	Sale 212 Chukchi Sea	2010
MMS	Sale 217 Beaufort Sea	2011
MMS	Sale 214 North Aleutian basin	2011
MMS	Sale 219 Cook Inlet	2011
MMS	Sale 221 Chukchi Sea	2012

Agency key: BLM, U.S. Department of the Interior's Bureau of Land Management, manages leasing in the National Petroleum Reserve-Alaska; DNR, Alaska Department of Natural Resources, Division of Oil and Gas, manages state oil and gas lease sales onshore and in state waters; MHT, Alaska Mental Health Trust Land Office, manages sales on trust lands; MMS, U.S. Department of the Interior's Minerals Management Service, Alaska region outer continental shelf office, manages sales in federal waters offshore Alaska.

● FINANCE & ECONOMY

Oil markets expected to remain tight

EIA says while current economic slowdown contributes to decline in demand, sluggish production expected to keep markets tight

PETROLEUM NEWS

The current slowdown in economic growth is contributing to the decline in oil demand and to a sharp decline in oil prices, but sluggish production growth is expected to keep oil markets relatively tight, the U.S. Department of Energy's Energy Information Administration said in its short-term energy report released Oct. 7.

The agency said strong global demand and low surplus production capacity contributed to the run up to record crude oil prices in July. While the current slowdown in economic growth is contributing to recent declines in oil demand and to the sharp decline in prices since July, absent a major world-wide economic downturn, EIA said it expects West Texas Intermediate crude oil prices to average $112 per barrel both this year and next.

A winter colder than last year is expected to contribute to high fuel use in many areas, with the National Oceanic Atmospheric Administration's most recent projection for the Lower 48 of a winter 2.4 percent colder than last winter, [illegible] than the 1971 to 2000 30-year average. EIA said average household expenditures for all space heating fuels are projected to average $1,137 for Oct. 1 through March 31, a [illegible] percent increase from last winter, with the largest increases for households using heating oil and natural gas.

Saudi production up

EIA said Saudi Arabia had higher crude oil production this summer which, combined with the demand response to extremely high prices and recent credit market problems that point to a lower trajectory for the world economy and oil consumption growth, is currently [illegible] forcing the sentiment of a loosening of the global oil balance." Because of those factors, recent supply disruptions in the Gulf of Mexico have not pushed up oil prices as much as if they had occurred earlier in the year.

But, the agency said, unless the global economy is weaker than expected, Organization of Petroleum Exporting Countries will not be able to meet the crude oil demand over the next six months. That combined with relatively low commercial oil inventories in Organization for Economic Cooperation and Development countries "suggest some upward pressure on prices."

EIA said the determining factor in price pressures may be whether non-OPEC oil production increases as expected next year.

Global oil consumption is expected to increase by some 300,000 barrels per day in 2008 and by almost 800,000 bpd in 2009. EIA said 2008 growth is nearly 150,000 bpd lower than in its September projection, "reflecting the deteriorating global economic outlook."

Natural gas use up

Natural gas consumption is expected to increase by 2.4 percent in 2008 and by 1.9 percent in 2009, EIA said, with U.S. marketed natural gas production expected to be up by [illegible] percent this year and by 4.[illegible] percent in [illegible]. Lower 48 non-Gulf of Mexico production continues to lead domestic production, with a growth of 9.7 percent expected this year.

U.S. imports of liquefied natural gas are below year-ago levels, with third quarter imported cargoes less than half what they were last year. "Demand growth in Europe and Asia combined with limited global supply increases to date continue to weigh on the market." EIA said LNG imports to the U.S. are not expected to increase in the remainder of the year. "2009 import growth remains vulnerable to additional delays in new capacity and unexpected maintenance on existing capacity."

LNG imports for 2008 are expected to total some 350 billion cubic feet; 480 bcf is expected in 2009 as more global LNG capacity comes online.

The September Henry Hub spot price averaged $7.88 per thousand cubic feet, down 62 cents from the average in August. EIA said the recent decline in prices was the result of demand loss associated with recent hurricanes in the Gulf of Mexico, moderate temperatures, lower oil prices and uncertainties over future economic growth.

Consumer prices for natural gas this winter, however, are expected to be up some 18 percent compared to last winter, "the result of the particularly high spot prices that were recorded earlier this year as a portion of the inventories for the upcoming heating season were being built."

EIA said beyond this winter the continued growth in on-shore U.S. production is expected to bring the natural gas price down, with the price expected to average $9.67 per thousand cubic feet this year and $8.17 in 2009, compared to $7.17 in 2007. ●

Elizabeth Brown

From: garry remsberg [cynnabelle@hotmail com]
Sent: Friday, October 24, 2008 2:39 PM
To: Timothy Clark; Jesse Kiehl; Rep. Jay Ramras
Subject: RE: High Juneau Gas Prices

I listened to the hearing on Thursday and read this write-up :

Lawmakers hold second hearing on gasoline prices

Story last updated at 10/24/2008 - 8:21 am
The Associated Press
ANCHORAGE - State lawmakers are not finding easy answers in their investigation into high gasoline prices.
After a second hearing Thursday, they still have more questions than answers why Alaskans pay 70 to 90 cents more per gallon than drivers in Seattle or Hawaii.
State Rep. Jay Ramras says the problem does not lie with retailers.
The Fairbanks Republican says that leaves the distributor and the refineries and lawmakers can't seem to "peel the onion back" to find answers.
Senior Assistant Attorney General Ed Sniffen says there is no price gouging law in Alaska that says they have to charge any specific price.
The Attorney General's office conducted a similar gasoline investigation in the late 1990s that produced inconclusive results.

So where does this "investigation" go from here?

Thanks.

Garry Remsberg

From: Timothy_Clark@legis.state.ak.us
To: cynnabelle@hotmail.com
Date: Wed, 15 Oct 2008 11:01:03 -0800
Subject: RE: High Juneau Gas Prices

Hi Garry.

I've just double-checked the committee schedules and the Judiciary hearing on gas pricing is indeed set for 9:30 Thursday the 23rd. (Sen. Elton's staff may have been mistaken due to an Energy Task Force meeting for the 21st.)

Tim

From: garry remsberg [mailto:cynnabelle@hotmail.com]
Sent: Wednesday, October 15, 2008 10:50 AM
To: Timothy Clark
Subject: RE: High Juneau Gas Prices

I received an e-mail from Kim Elton aide and he said there was a meting on Tuesday 21st:

"Sen. Elton asked me to reply to your message.

The Alaska Department of Law is looking at the very question you pose. The House Judiciary Committee will hold a meeting to hear from the department on Tuesday, October 21 at 10:00 am. The Juneau delegation will monitor the meeting by teleconference, and we're eager to hear whether there's a good explanation for the price differences you've noticed.

If you'd like to listen, the audio will be available live on the Internet at www.ktoo.org/gavel/audio.cfm. If you can't listen while the meeting's going on, Gavel to Gavel will archive the meeting on that same site and you can listen any time you'd like"

Has this meeting moved to Thursday 23rd at 9:30am?

Please let me know as there are many folks interested in hearing this meeting.

Thanks for your time.

Garry

From: Timothy_Clark@legis.state.ak.us
To: cynnabelle@hotmail.com
Date: Wed, 15 Oct 2008 10:26:59 -0800
Subject: RE: High Juneau Gas Prices

Hi Garry,

Just a quick update on the investigation into persistently high gas costs in the state

There is a Judiciary Committee hearing on the subject scheduled for 9 30 a m next Thursday, the 23rd They will probably be hearing from state attorney Ed Sniffen on the issue. You should be able to listen in by going to www ktoo org and clicking on "Gavel-to-Gavel."

Sincerely,

Tim Clark, Legislative Aide
Office of Representative Andrea Doll
Capitol Building, Room 426
Juneau, AK 99801
Ph. 907-465-3744
Fax 907-465-2273

Lawmakers hold second hearing on gasoline prices

St[illegible]y last updated at 10/24/2008 - 8:21 am

Th[illegible] ssociated Press

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9 Responses to "Lawmakers hold second hearing on gasoline prices"

REPORT ABUSE

REPORT ABUSE

REPORT ABUSE

REPORT ABUSE

REPORT ABUSE

REPORT ABUSE

How tough can this be??? What did you pay? How much did you charge? What is your overhead? Duh. I would like to use my life line.

REPORT ABUSE

8. [illegible] Says
October 24th, 2008 at [illegible]

Unfortunately, this is happening all over the country, not just in AK. Our government seems to allow it and it is one of many other things that's draining our country and putting us into the situation we are faced with now.

REPORT ABUSE

9. Curiosity Kills the Cat Says
October 24th, 2008 at [illegible]

Something must be going on ... anyone watching the gas price drop 10 cents a gallon in less than a week? Keep watching ... he keeps dropping ... but yet diesel isn't and neither is home heating oil.

REPORT ABUSE

Leave a Reply

Name (required)

Mail (will not be published) (required)

Website

Submit Comment

JUNEAUBLOGGER.COM

VoxBox
[illegible]

Tim on Sports
[illegible]

Sidewalk Poll
[illegible]

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House judiciary holds hearing on price of fuel

Thursday meeting from 9 30 a m to 4 30 p m in Anchorage seeks testimony from refineries

by Naomi Klouda
Homer Tribune
October 22, 2008

Where does fuel come from, and how much is paid for it, are questions the Alaska Attorney General's office and the Alaska Legislature's House Judiciary Committee is asking, to determine if Alaska consumers are getting a fair price

The price of crude is about the only known factor. Tuesday's close was $64.63 a barrel. The rest of the costs from refinery to pump are trade secrets we won't be told, but the investigation promises at least some public explanation in the coming months

Ed Sniffen, senior assistant attorney general, said he is looking at why summer gas prices did not go down in Alaska when they tumbled in the states

"We get calls every day from people saying 'I'm getting gouged by these gas prices,'" Sniffen said

Homer sits 85 miles from the oil refinery terminals at Nikiski that supply fuel to the town, much of it barged here by a private Seattle company called K-Sea Transportation

At the dock, Barge 282 pulled by the 100 foot tug Pacific Challenger drops off thousands of barrels of fuel twice a month. It also offloads fuel for Seldovia, Port Graham and Nanwalek before heading to Kodiak

That fuel is purchased by Petro Marine Services. HomeRun Oil purchases its fuel directly from Nikiski or at the Port of Anchorage and hauls it to Homer by its own 18-wheeler transport

There's no law broken when gas stations charge what they want, Sniffen said. Alaska doesn't have a law regulating the profits a company can make, following the free market system in American ideology, he said

"Yet, there was a little window of time starting in early June and lasting until early September when the prices of fuel seemed supra-competitively high, a bubble way above those levels for no specific reason," Sniffen said. "At no time in Alaska history, tracing the price of fuel back, did prices track in such a way

"Every place in the nation was going down and Alaska stayed the same for a long time," he said

That's when the AG office decided to start investigating the matter, conducting hearings with fuel retailers and wholesalers to figure out what was going on. In conjunction with the AG office's efforts, the House Judiciary Committee headed up by Rep. Jay Ramras, R-Fairbanks, also is looking into the matter. The committee convenes in Anchorage for a second time Thursday, now to hear from the refineries

"Certainly, we are seeing some weird things that suggest to me something fishy is going on," Sniffen said

The House can ask questions of Alaska's three petroleum refineries, Petro Star, Tesoro Alaska and Flint Hills, but they can't require them to answer specific cost and price questions because those are protected by confidentiality. "But the AG office can subpoena documents," Sniffen said

"We have a meeting with Tesoro on Wednesday and have requested documents," he said of the process so far. They also have requested information from Crowley and Delta Western, the two shipping companies in Southeastern Alaska that supply fuel

Petro Marine's director of marketing, Smokey Norton, said there are a number of reasons why consumers in Homer didn't see a price dip when the cost of crude tipped to $72 from a long haul of over $100 a barrel

"Crude could go down 10 percent and it doesn't mean it will travel down 10 percent on the street," Norton said. Right now wholesalers are still holding on to inventory from July when crude remained high, he said

"If you buy it at $2 a gallon, even though it goes down to $1 a gallon, consumers won't see that at the pump until (wholesalers) purchase new fuel at the lower price."

Norton estimated it takes at least a month for per-barrel prices to translate at the gas station. Other factors such as how much fuel is held in inventory and the costs from the refinery factor in to price passed on to consumers.

Ramras' office has been canvassing the state, gathering information about pump prices by region. Jane Pierson, Ramras' assistant, has found that among rural residents, Sitka currently is paying the lowest price, and receives its fuel from Seattle, at $3.30 a gallon. She likewise gathered numbers from Rep. Paul Seaton's Homer office on gas prices here. "You're paying as much or more than certain areas of southeast," she said.

Other than remote rural villages, some of the highest prices are in southeast, according to her findings. In Fairbanks, where a Flint Hills refinery is located, fuel costs comparable to Anchorage at about $3.40 a gallon.

"We're seeing bizarre anomalies in the mark... About every four days the price is going down, and then there's a spike that goes up," Pierson said. "It's a very strange market."

Only Flint Hills and Petro Star agreed to present at the Thursday House Judiciary Committee meeting, with Tesoro Alaska opting out, Pierson said.

The committee is looking at possible legislative measures, Pierson said. Hawaii tried to regulate fuel prices through legislative action then rescinded the law after it didn't prove effective.

"What happened in Hawaii was a cap – they had placed a top on fuel prices and so the prices rose to the cap and stayed there," Pierson said. "All fluctuations stopped there. We don't know if we want to go into an anti-gouging statute."

The only Alaska law currently in place that would apply to any price-fixing is an anti-trust law, which would only come into effect when refiners are in collusion to set prices, he said.

By the end of the year, he hopes to have information to be made public. The House Judiciary Committee, meanwhile, will likewise issue its findings and perhaps shape legislation to be taken up when the Legislature convenes in January.

435 E. Pioneer Ave. Homer, Alaska 99603
Phone: (907) 235-3714 Fax: 235-3716

Alaska lawmakers hold second hearing on gasoline prices

ANCHORAGE, Alaska -- State lawmakers are not finding easy answers in their investigation into high gasoline prices

After a second hearing Thursday, they still have more questions than answers why Alaskans pay 70 to 90 cents more per gallon than drivers in Seattle or Hawaii

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FreeDarfur

10.24.2008 8:22 a.m.
Suggest removal

They ADN in the extended version of this article stated that one of the contributing factors could be the two refineries in Fairbanks hold a duopoly and keep prices at a level that is just enough to ward off any new competitor from entering this market

kozloski

Flint Hills is trying to sell their refinery at North Pole The best way to make it attractive to a buyer is to improve the bottom line of the operation By increasing refining prices to the highest level that the market will stand and them some more they have increased their profits and enhanced the prospects of a sale The Tesoro refinery in Nikiski goes along with the game out of sheer greed Alaskans are the pawns in this scheme

silverwindrune

Not to mention we are paying the shipping on gas both was to Anchorage and to fairbanks Wheres a leader for real change when you need them

Oh and in the quite whispers of gas stations Flint hills is thinking of closeing down Hmmm I wonder if the state will buy it and use it to help us

[illegible] and those refinery's are buying the roilty oil from the state Should that be going out of state to bring in more money in steed of us buying it over and over again???

FreeDarfur

OPEC announced today that they will reduce production by 1.5 million barrels a day and the Brent dated crude closed at $60 a barrel Despite reduction the price of oil reduced itself This was not what OPEC expected Who knows what will happen next This State's economy based in oil isn't looking to good right now Does anyone think that if they could have sold the refinery Flint Hills would have done so There just aren't buyers out there for this market

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LETTER TO THE EDITOR

Gas price inquiry

Brian Stoffel North Pole

Published Friday, October 17 2008

Oct. 15, 2008

To the editor:

On Oct. 8, 2007, crude oil prices per barrel were $81. On Oct. 8, 2007, the national average retail price per gallon of gasoline was $2.77. On Oct. 14, 2008, crude oil prices per barrel were $81. On Oct. 14, 2008, the national average retail price per gallon of gasoline was $3.09.

On Oct. 13, 2007, the crude oil price per barrel was $81, and the Alaska average gasoline price per gallon was $2.80. On Oct. 14, 2008, the crude oil price per barrel was $81, and the Alaska average gasoline price per gallon was $3.94.

Why is the average price for a gallon of gasoline in Alaska 85 cents per gallon more than the national average when one year ago today it was virtually the same? Why is the average price for a gallon of gasoline in Alaska $1.14 higher than it was one year ago today? Why is the national retail fuel price average gasoline per gallon 32 cents higher than one year ago for the same price oil?

The Fairbanks Daily News-Miner on Aug. 30, 2008, ran a story about an investigation into price-fixing in Alaska. What happened to that investigation? What is the status of this inquiry? We Alaskans demand answers! It seems that our delegates in Juneau and Washington have forgotten us! Where do we turn? What is the answer to this problem?

Prices are in U.S. dollars and collected from plastemart.com, consumerreports.com, newsminer.com and alaskagasprices.com.

Community Discussion

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AKpatriot

10/16/2008, 11:55 p.m. Monopoly pricing. Not fun for the consumer.

Suggest removal

Alaska1

WA - Study
AK - Study

10/17/2008 12 44 a m
Suggest removal

Here Hear!!

On my to work tonight Tesoro on Peger was at 3.63! I was nearly giddy seeing that sign. and then I chuckled outloud and shook my head at myself for being happy about 3 63 a gallon I wasn't satisfied just happy to see the prices continuing to fall

I believe that a part of the reason of prices differences over a year ago is the demand for oil. That said however, we need to be looking into other ways to fule our vehicles. What about Compressed Gas (CG)

If we can put a man on the moon. and rescue men on their way to the moon (Apollo 13). we can damn sure figure out a way to fuel ourselves cheaper than we are at present

hairbrain

10/17/2008 2 53 a m
Suggest removal

Lets just keep voting people back into office like Mike Kelly and maybe we can keep screwing ourselves

jennings99705

10/17/2008 3 11 a m
Suggest removal

Let me stand up and be counted as one who is very upset with the current price of fuel I burn wood not because I like to but to offset the unnecessarily high price our state legislature and local refiners are extorting from us Fairbanks community is suffering from decreased air quality due to the increased wood and coal burning

Our state mandates that oil be sold to both of the local refiners at west coast price I recommend that the state drop troopergate and open the fuel gates buy selling oil to the 3 refineries on the Alaska pipeline at 1/2 price of west coast Maybe they are all too busy running for office

Both refiners in North Pole are responsible at the local level for fuel prices to remain high While they don't set the price for a barrel they do set the price per gallon

It is past time for the governor to get back in town pull off the lipstick and do the job she was hired to do Help the residents of this state

Shortpath

10/17/2008 3 12 a m
Suggest removal

I am currently in OKC and upon arrival drove down Meridian Avenue Lowest price I saw was 2 43 at a Seven-Eleven

Hopefully when I return at the end of the month it will be 3 43 in Fairbanks

Dirk

10/17/2008 3 55 a m
Suggest removal

May the owners of the refineries their immediate shareholders. and others who suck the life-blood from working people all the while killing the economy, find themselves in the bread line at a soup kitchen begging for food. cold to their bones. shivering and wishing for a home to lay their heads down in

Jay Ramras

10/17/2008 4 12 a m
Suggest removal

This is Jay Ramras

We hosted a hearing in Fairbanks in September on retail gasoline at the Legislative Information Office in the Alaska USA building It was well attended by R's and D's from Anchorage and Fairbanks

In attendance were the two in-state gasoline refiners. Flint Hills and Tesoro in Nikiski/Kenai along with distributors and representation from Safeway (telephonically) and local gasoline retailers along with Ed Sniffen the Attorney General's representative on Consumer Affairs

We determined that we effectively have a duopoly in Alaska and that there is no anti-trust issue as long as the two refiners don't speak to each other. We determined that Alaska prices have decoupled from other rural states with low population density—that Alaska prices mirrored North Dakota, for example, a year ago, but now Alaska prices are considerably higher than these other states' prices for retail gasoline.

We agreed to host another hearing in a month, and to continue to do so until we saw a recoupling of prices with these rural states that mirror our population base and low population density characteristics.

That next hearing will be in Anchorage next Thursday at 9 am. You can listen in by going to the Fairbanks LIO.

We will host a follow up hearing in November.

We will then issue a report, as we were charged to do. One of our recommmendations will be to encourage those elected in the next legislature to consider statutory changes that will be recommended by the Palin administration's Attorney General's office and their expert consultant, Barry Pulliam from Econ One. We also will encourage the next Legislature to maintain monthly hearings "to jawbone" through the public process the price of gasoline down until we see a recoupling in prices with our Lower '48 counterparts.

The unique characteristic that Lower '48 states have that we do not, it appears, is a road system that allows for more competition from surrounding refineries. Also, the feedstock for Flint Hills is crude oil rather than less expensive natural gas. For the Kenai refinery, they deal with the "bottoms" which is the last 1/3 of a barrel of oil that they claim they sell for a loss. Half of Kenai's crude comes from Cook Inlet, a quarter from Valdez and a quarter from around the world. They refine with natural gas, which is the equivalent feedstock of approx $40 per barrel of crude.

We inquired with former Gov Sheffield, director of the Anchorage Port, to see if we could import gasoline by tanker from Seattle where the rackrate has been consistently $0.30 per gallon lower than Alaska's. The port does not presently have that capacity.

The legislature has limited power to solve this problem, but we do have the ability to continue to have regular hearings and to shine sunlight on the pricing disparity. We will issue a report before January on retail gasoline. There should be monthly hearings until we see pricing parity with the Lower '48 reemerge.

Gov. Sheffield

Diane 343-6200

-Thursday-

978-5115

calendar

10/17/2008, 4:31 a.m.
Suggest removal

Jay, for your information and use. I am currently in Aberdeen, SD and the price for regular unleaded gas today is $2.79 per gallon! Keep the pressure on the refiners!

hairbrain

10/17/2008, 4:59 a.m.
Suggest removal

Bla. Bla. Bla. I'm going back into the bathroom to puke again!

Irusuallyright

10/17/2008, 5:08 a.m.
Suggest removal

Jay,

How did you determine the two refiners don't speak to each other? Did you take their word for it? If you ask me, they (the refiners) are not a very trustworthy source. I guess its just a coincidence their price is identical.

If the refiners could make a profit selling gasoline for $2.77/gal a year ago when oil was $81/bbl, what is their justification, other than greed, for charging $3.94/gal now when oil is back down to $81/bbl?

The legislature may not have the power to solve the problem, but surely the AG has the power to launch a more in-depth investigation.

Jay Ramras

10/17/2008, 5:25 a.m.

To Irusuallyright,

Energy Information Administration
Official Energy Statistics from the U.S. Government

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Short-Term Energy Outlook

November 12, 2008 Release
(Next Update: December 9, 2008)

Printer-friendly versions:
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Highlights | **Global Petroleum** | **U.S. Petroleum** | **Natural Gas** | **Electricity** | **Coal**

Highlights

- The current U.S. and global economic downturn has led to a decrease in global energy demand and a rapid and substantial reduction in crude oil and other energy prices. As a result, projections for both energy demand and prices are considerably lower than last month's *Outlook*.

- The monthly average price of West Texas Intermediate (WTI) crude oil fell from over $133 per barrel in July to about $77 per barrel in October, indicative of the abrupt decline in world petroleum demand growth. The annual average WTI price is now projected to be $101.45 per barrel in 2008 and $63.50 in 2009.

- The average U.S. prices for regular-grade gasoline and diesel fuel, at $2.22 and $2.94 per gallon respectively on November 10, were both more than $1.80 per gallon below their highs in mid-July. With a weak economy continuing through most of 2009, along with lower projected crude oil prices, the annual average retail gasoline and diesel prices in 2009 are projected to be $2.37 and $2.73 per gallon, respectively.

- Residential heating oil prices during the current heating season (October though March) are projected to average $2.75 per gallon, a reduction of about 17 percent from the 2007-2008 heating season. Residential propane prices are projected to average $2.22 this winter, a decrease of 10 percent from last winter. Residential natural gas prices are projected to average $13.02 per thousand cubic feet (Mcf), an increase of 2 percent from last winter.

- The impact of the economic downturn on demand is also lowering current and expected natural gas prices. The Henry Hub natural gas spot price is projected to average $9.27 per Mcf in 2008. The projected 2009 annual average Henry Hub price is $6.82 per Mcf compared with $8.17 in the previous *Outlook*.

Economic Outlook

The recent dramatic deterioration in the outlook for economic growth in the United States and the rest of the world has led to a significant reduction in this *Outlook*'s assumptions for world economic growth and projections of energy demand and prices. World real gross domestic product (GDP) growth is projected to slow from about 4 percent in 2006 and 2007 to about 2.5 percent this year and 1.8 percent in 2009. Last month's *Outlook* assumed world GDP would increase by 3.0 percent in 2008 and by 2.8 percent in 2009. Previous lows for world economic growth were 0.3 percent in 1982, 1.7 percent in 1993, and 1.5 percent in 2001.

The year-over-year changes in U.S. real GDP in last month's *Outlook* were 1.8 percent growth in 2008 and 0.8 percent growth in 2009. U.S. real GDP growth in the current *Outlook* has been lowered to 1.3 percent for 2008 and is projected to decline by 1.4 percent in 2009. The 2009 average unemployment rate has been raised from 6.2 percent to 7.9 percent in this forecast. The U.S. manufacturing production index was lowered by 1.1 percent and 7.0 percent for 2008 and 2009, respectively, with the 2009 growth rate of the index falling from a positive 0.5 percent (growth) to negative 5.5 percent (decline).

Global Petroleum

Price Summary

	Year				Percent Change		
	2006	2007	2008	2009	06-07	07-08	08-09
WTI Crude[a] ($/barrel)	66.02	72.32	*101.45*	*63.50*	9.5	*40.3*	*-37.4*
Gasoline[b] ($/gal)	2.58	2.81	*3.29*	*2.37*	8.9	*17.4*	*-28.0*
Diesel[c] ($/gal)	2.70	2.88	*3.81*	*2.73*	6.6	*32.2*	*-28.3*
Heating Oil[d] ($/gal)	2.48	2.72	*3.36*	*2.63*	9.5	*23.5*	*-21.7*
Natural Gas[d] ($/mcf)	13.75	13.00	*13.74*	*12.55*	-5.4	*5.7*	*-8.7*

[a] West Texas Intermediate [b] Average regular pump price
[c] On-highway retail [d] Residential average

Detailed STEO Information:
- **Query STEO database** assumptions, data, projections
- **Real Petroleum Prices** charts, data, projections

Related STEO Information:
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Other EIA Forecasts:
- **US Annual Energy Outlook**
- **International Energy Outlook**

Tables html - "Dynamic" table
pdf - printer-friendly table
All Tables in a single Excel file

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Overview

Rising prices, especially the high oil prices in the first half of 2008, and slowing global economic growth have caused oil demand growth to slow dramatically. The recent announcement by the Organization of the Petroleum Exporting Countries (OPEC) to lower its production target by 1.5 million barrels per day (bbl/d), effective November 1, is aimed at offsetting this lower oil demand and stabilizing prices at or above recent levels. OPEC members plan to meet again in Algeria on December 17 to review market conditions.

Future price levels will primarily depend on the magnitude and duration of the economic downturn as well as OPEC and non-OPEC behavior. Our current expectation of future oil prices assumes that the OPEC production cut may limit, but not reverse, the recent sharp fall in oil prices. We project oil prices to remain relatively flat, averaging $60 to $65 per barrel throughout 2009. The condition of the global economy is expected to remain the most important factor driving world oil prices.

Consumption. World oil consumption is projected to increase by almost 100,000 bbl/d in 2008 and to remain virtually flat in 2009. In both years, growth in countries outside of the Organization for Economic Cooperation and Development (OECD)— especially China, Latin America, and oil-exporters in the Middle East—offset projected sharp declines in oil consumption in OECD countries (World Oil Consumption). Between 2007 and 2009, non-OECD oil consumption is projected to rise by 2.3 million bbl/d compared with a decline of 2.2 million bbl/d in the OECD. We expect economic growth in non-OECD countries not to fall as precipitously as in the OECD countries, with the non-OECD countries maintaining modest oil demand growth.

Non-OPEC Supply. Non-OPEC supply is expected to decline in 2008, but growth should return in 2009 because of projects currently near completion. EIA expects non-OPEC supply to fall by 280,000 bbl/d in 2008. A combination of factors contributed to the decline in 2008, including project delays and large supply disruptions in Central Asia and the Gulf of Mexico. EIA projects that non-OPEC supply will grow by 500,000 bbl/d in 2009, with the largest sources of growth coming from the United States, Azerbaijan, and Brazil. In the United States, production of petroleum and other liquids is expected to rise by 450,000 bbl/d in 2009 because of the start-up of several offshore crude oil production platforms, recovery from hurricane-induced shut-ins, and continuing growth in fuel ethanol production.

Non-OPEC supply growth is at continual risk to unexpected disruptions or project delays, but the global economic slowdown brings additional difficulties as well. Lower oil prices bring into doubt the viability of some high-cost non-OPEC projects. If problems in global financial markets lead to delayed investment in existing and new oil fields, then even a short-lived economic downturn could have longer-term ramifications for world oil supply. This would heighten the risk of a return to a tight supply situation once the world economy (and thereby oil demand growth) recovers.

OPEC Supply. OPEC decided at its October meeting to cut its crude oil production targets by 1.5 million bbl/d in response to the global economic slowdown, weakening oil demand, falling oil prices, and in anticipation of rising non-OPEC supplies. The extent of actual OPEC compliance to its new production target is uncertain. This *Outlook* assumes that the recent sharp decline in oil prices will lead to compliance that is above historical levels. EIA projects that OPEC crude oil production will fall from 32.3 million bbl/d in October 2008 to 31.3 million bbl/d in the first quarter of 2009, where it will remain relatively stable through the end of 2009. This represents a decline of 1 million bbl/d from October 2008 production levels, or about 70 percent of the announced cut. Last month's assessment already had a 600,000-bbl/d reduction in OPEC crude production over this period, so the new estimate represents an additional 400,000-bbl/d cut from last month's *Outlook*.

Lower crude oil production, combined with planned increases in OPEC production capacity, suggests OPEC surplus production capacity could increase from 1.6 million bbl/d in the second quarter of 2008 to nearly 4 million bbl/d by the end of next year (OPEC Surplus Oil Production Capacity). Although it is possible that weak market conditions could delay some of these capacity expansion plans, EIA expects OPEC surplus production capacity to rise above 3 million bbl/d next year for the first time since 2003, which would provide Saudi decision makers with a cushion large enough to provide a capability to dampen the impact of future disruptions or geopolitical uncertainties on oil prices.

Inventories. Revised data indicate that OECD commercial inventories rose by 400,000 bbl/d in the second quarter of 2008, or at about half of the historic level of inventory build rate during this time of year. OECD commercial inventories stood at 2.6 billion barrels at mid-year, or 56 days of forward consumption cover. On the basis of days of forward cover, OECD commercial inventories are well above historic levels, and EIA projects that they will remain there through the end of 2009 (Days of Supply of OECD Commercial Stocks).

U.S. Petroleum

xls - chart and data in an Excel spreadsheet

All figures and data in a single Excel file

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Consumption. Consumption of all petroleum products is projected to decline substantially in 2008, driven down by the increase in prices and by a weakening economy during the second half of the year. Total domestic petroleum consumption is projected to average 19.6 million bbl/d in 2008, down 1.1 million bbl/d, or 5.4 percent, from the 2007 average (U.S. Petroleum Products Consumption Growth). This marks the first time since 1980 that annual total petroleum consumption is expected to decline by more than 1 million bbl/d. In 2008, motor gasoline consumption is projected to decline by 280,000 bbl/d, or 3 percent, and distillate fuel consumption is projected to decline by 250,000 bbl/d, or 6 percent. In 2009, total petroleum product consumption is projected to sink by a further 250,000 bbl/d, or 1.3 percent. This decline is more than twice that projected in the previous *Outlook*.

Production. In 2008, domestic crude oil production is projected to average 4.9 million bbl/d, down 120,000 bbl/d from 2007 levels. This is primarily due to the loss of production in the Federal Gulf of Mexico caused by Hurricanes Ike and Gustav (U.S. Crude Oil Production). Domestic crude oil production has been steadily declining since the 1970s, and the 2008 projection for crude oil production falls below 5 million bbl/d for the first time since 1946. However, domestic production is projected to increase in 2009 by 400,000 bbl/d to an average of 5.3 million bbl/d. Contributing to the increase in output are the Gulf of Mexico Thunder Horse platform, which is expected to come on stream later this year, and the Tahiti platform, expected to come on stream late in 2009.

Prices. As a result of world-wide economic stagnation, oil markets are expected to remain weak throughout the forecast. WTI prices are projected to average $101 per barrel in 2008. Under the current economic assumptions and assuming no major crude oil supply disruptions, WTI prices are expected to average $63.50 per barrel in 2009 (Crude Oil Prices). This is down from $112 per barrel average projected for 2009 in last month's *Outlook*. Further deterioration in actual or expected global economic growth as a fallout of the current financial crisis may lead to even lower oil prices.

Regular grade gasoline prices averaged $2.22 per gallon on November 10, down substantially from their July 14 peak of $4.11 per gallon. They are projected to average $2.37 per gallon in 2009, almost $1.20 per gallon below that projected in the previous *Outlook*. Because of the continued weakness in motor gasoline consumption, the difference between the price of gasoline and the cost of crude is expected to remain low throughout the forecast.

Residential heating oil retail prices this winter are projected to average $2.75 per gallon, a decrease of 56 cents from last winter's average. On-highway diesel fuel retail prices are projected to average $2.73 per gallon in 2009, down $1.08 from the 2008 average, compared with a 90-cent-per-gallon decline in the price of WTI crude oil. This narrowing of margins reflects a projected slowing of the growth in distillate fuel usage outside the United States and a weakening of refining margins during the economic slowdown.

Spot propane prices are strongly influenced by both crude oil and natural gas prices. Residential retail propane prices are projected to average $2.22 this winter (down from $2.68 in the previous *Outlook*), a decrease of about 10 percent from the 2007-2008 winter heating season. However, with current low inventories, propane markets are likely to remain relatively tight this winter, with the potential for upward pressure on residential propane prices if colder-than-expected weather occurs.

Natural Gas

Consumption. Total natural gas consumption is expected to increase by 1.1 percent in 2008 and fall by 0.2 percent in 2009 (Total U.S. Natural Gas Consumption Growth). Consumption in 2008 is projected to be higher in every sector except for electric power, led by 4.1- and 3.2-percent growth in the residential and commercial sectors, respectively. While very slight growth is expected in the residential and commercial sectors in 2009, the contracting economy is expected to cause a 2.2-percent decline in industrial sector consumption next year. The weakness in global economic growth could limit U.S. exports of natural-gas-intensive products and further reduce natural gas consumption by industrial consumers.

Production and Imports. Total U.S. marketed natural gas production is expected to increase by 6 percent in 2008 and by 2 percent in 2009. Production activity from unconventional fields in the States of Texas, Wyoming, and Oklahoma is expected to increase supply from the Lower-48 non-GOM by almost 10 percent this year. While continued onshore production growth is expected in 2009, lower average prices and poor economic conditions are expected to limit the expansion of supplies to 1.9 percent. For 2008, Federal GOM production is now expected to decline by 14.8 percent as repairs to supply infrastructure continue, while 2009 growth of 2.7 percent reflects the expectation of further recovery and less shut-in production during the 2009 hurricane season.

Strong global demand, supply constraints, and lower relative U.S. natural gas prices have all contributed to the decline in U.S. imports of liquefied natural gas (LNG), which are expected to fall from 770 billion cubic feet (Bcf) in 2007 to 350 Bcf in 2008, a reduction of 55 percent. LNG imports are expected to total about 410 Bcf in 2009. The limited natural gas storage facilities in LNG-consuming nations outside of the United States could lead to higher U.S. LNG import growth in 2009, particular during the storage injection season (April to September) as more global LNG capacity is brought online.

Inventories. On October 31, 2008, working natural gas in storage was 3,405 Bcf (U.S. Working Natural Gas in Storage). Current inventories are now 78 Bcf above the 5-year average (2003–2007) and 130 Bcf below the level during the corresponding week last year.

Prices. The Henry Hub spot price averaged $6.94 per Mcf in October, $0.94 per Mcf below the average spot price in September. The slowing economy, continued growth in domestic natural gas production, and the significant decline in oil prices have led to a dramatic shift in expectations for natural gas prices over the forecast. Still, household heating expenditures this winter are expected to be slightly higher than last year due to the pass-through of some higher-priced natural gas that was put in storage earlier in the year to meet winter demand. Beyond the winter, the weak economy and continued growth in onshore natural gas production are expected to keep prices relatively low. On an annual basis, the Henry Hub spot price, which averaged $7.17 per Mcf in 2007, is expected to average $9.25 per Mcf in 2008 and $6.82 per Mcf in 2009, $1.35 per Mcf lower than the forecast 2009 price in last month's *Outlook*.

Electricity

Consumption. The latter half of this summer was much cooler than the same period last year (U.S. Summer Cooling Degree-Days), especially in the upper Midwest and Northeast regions. As a result, residential electricity consumption is expected to fall 0.5 percent this year. The economic slowdown will impact consumption in all sectors during 2009, particularly the industrial sector, which is now expected to decline by 2.5 percent next year in contrast to the 0.2-percent decline projected in last month's *Outlook* (U.S. Total Electricity Consumption).

Prices. The recent drop in power generation fuel costs has caused some utilities to reconsider the steep price increases announced this past summer. However, fuel costs still remain high, and it is unlikely that electricity rates for most customers will fall significantly in the near term. U.S. residential electricity prices are expected to increase by about 6.5 percent in both 2008 and 2009 (U.S. Residential Electricity Prices).

Coal

Consumption. Although electric-power-sector coal consumption for the first half of 2008 grew by 1.3 percent, slow growth in summer electricity consumption is expected to keep annual growth flat in 2008. In 2009, weak economic growth, which will constrain growth in electricity consumption, coupled with projected increases from other generation sources (nuclear, natural gas, petroleum, and wind), will lead to a 0.4-percent decline in electric-power-sector coal consumption (U.S. Coal Consumption Growth).

Production. Growth in both domestic consumption and exports is expected to contribute to a 2.1-percent increase in coal production in 2008. Production is expected to decline by only 0.5 percent in 2009 as lower domestic consumption is nearly offset by continued export growth (U.S. Annual Coal Production).

Exports. In the first half of 2008, U.S. coal exports increased by 13 million short tons, or 50 percent, over first-half 2007 shipments. Strong global demand for coal, combined with supply disruptions in several key coal-exporting countries (Australia, South Africa, and China), were the primary factors behind the increase in U.S. coal exports. Although the supply disruptions have ended, continued robust worldwide demand for coal is projected to lead to an overall 40-percent increase in U.S. coal exports in 2008. Coal exports are projected to be 86.5 million short tons, a 5.5-percent increase, in 2009.

Suggest removal

The Attorney General's office has a separate investigation

Mr Sniffen is meeting early next week with corporate representatives from Tesoro's parent company from the Lower '48 Barry Pulliam, the economist from Econ One who is widely respected by both the legislative and executive branch and who was not available for our hearing in September will be joining us

The last time that an investigation was launched by the AG's office it was during the Knowles administration

It took several years to reach very negligible conclusion, chief amongst those conclusions was that there was no anti-trust violation between the refineries

We are working closely with Mr Sniffen He strikes me as knowledgeable trustworthy and a tough questioner He is definitely a proactive advocate for consumers across Alaska

I hope that the legislature is able to agitate the prices down through constant--albeit monthly--hearings bringing attention to the refiner's rack prices, and that we see a more in depth report emerge from the AG's office

When crude was at $70 last year we saw home heating oil at $2 50 to $2 75 for auto-fill customers I do not have the information with me at this early hour as to what retail gasoline was at the same time but I assume it was a lot cheaper than it is now

The refiners say they enjoy no economy of scale from the small refinery market in Alaska But as you and everyone reading these blogs know that rationale wears consumers' nerves thin very quickly

The price rises quickly with the price of crude, and then seems to come down at an unreasonably slow rate A reasonable person cannot reach the conclusion that there is any fairness to the consumer in the way the refineries explain the process

At the meeting next week I will ask Mr Sniffen from the AG's office when they anticipate issuing their report We will issue ours before the legislature convenes in January but we do not have access to the same confidential and proprietary information from the refiners that the AG's office enjoys

I hope this is helpful information to your question jay

JB

10/17/2008 6 06 a m
Suggest removal

Jay- we are going to pay how much more during those two months of talks? Lip service is easy! You are talking like a true politician explaining why something that should work is not Take a couple months discuss discuss, discuss All the while we are paying to much! I DO NOT CARE WHO SPEAK TO EACH OTHER! I care what I pay at the pump by comparison to the rest of our country and all of the rest that you said is what I called it already Lip service! Get off line go do your job to get reelected not commenting to sway voters and maybe we will get this straight Maybe
I am not down on Jay either I have known this man since he was in high school and I had worked for him prior to entering the Air Force while I finished college I do know that Jay has integrity when he bought the Food Factory from the IRS he paid more per dollar for the debts owed to other buisness in the area than he was required because he does care about this community and the only thing he really owns his name I do believe he does his best and I will probably vote for him again But I still say get off line and go do your job He-he feels good to tell a past employeer to go do HIS JOB!

hairbrain

10/17/2008 6 18 a
Suggest removal

JB thanks!!

FreeDarfur

10/17/2008 6 24 a m

I hate to tell you crude is at $68 a barrel OPEC is calling for an

Suggest removal

emergency meeting to look at cutting production due to the reduction for the need of oil and gas as a result of a global recession Only the US is not using the "r" word Go to "Bloomberg" and look at energy futures and prices My opinion, the companies know every Alaskan got an extra $1,200 and they are going to make sure they get it A bigger question is how will the legislator spend the surplus, knowing the hayday of $100 plus a barrel oil is over

pmcgraw

10/17/2008 6 31 a m
Suggest removal

A good friend of mine is paying 2 22 a gallon in Texas This is near all the hurricane damage and the still have higher taxes on fuel then we do This is outrageous

Pat

wlfe228

10/17/2008 6 42 a m
Suggest removal

Family back in Ohio is paying $2 30- $2 49 a gallon and oil is like $69 a barrel as of 10/16

Why can't we see some prices like that??

lakloey1

10/17/2008 7 04 a m
Suggest removal

I suggest the legislature not renew any royalty oil sales contract with Flint Hills unless and until they build a sulfur reduction unit on the refinery at North Pole Motor fuels have to be low sulfur and Kenai is the only place in state where it is made
If the state sells its oil at a lower cost to Flint Hills most of those savings will be seen in the jet fuel market That is most of what they make out there

1AkFox

10/17/2008 7 06 a m
Suggest removal

The price is high because the politicians take oil company donations and kiss their rump

And what do the companies get for their donations?

Dah, "the prices are high because of the lack of a competitive market" and price gouging protection

The royalty crude oil price going to the refinery is set by the state of Alaska and the state can set the price coming out AS-A-CONDITION OF-SALE any-time-it-chooses

This is how royalty oil price is set
AS 38 05 183 Sale of Royalty (e)

What is going on

Analogy A hay farmer harvest's his corp of hay and sells it to the feed store

The feed store marks up the hay's price

Now the farmer goes to the feed store and buys his hay BACK at the increased price because he did not save any hay for his own use

Feeling gouged the farmer complains to his political the price of hay is high! And the politician says "the price is high because of the lack of competition in the hay market"

Yesterday I noticed the price of our "HAY" at Farmer's Loop vs Bently Mall Safeway was IDENTICAL!

FreeDarfur

10/17/2008 7 09 a m
Suggest removal

Flint Hills produces primarily aviation fuel which is actually going down faster than gasoline Anchorage airport is dependent on Flint Hills and who controls the legislative body

konny6703

10/17/2008, 7 11 a m
Suggest removal

Sounds like you guys up there need to be asking Sara Palin "why is our gas so high?" I'm down here in the lower 48 enjoying $2 42 something seems strange

docalaska

10/17/2008, 7 18 a m
Suggest removal

I heard that FLint Hills made a long term contract to the military and when the price of oil went up they started losing money so they just raised the price of gas to make up the difference So we have to pay for their bad deals What I would like to know Jay is how much does it cost to make a gallon of gas and diesel There are no real transportation costs here in North Pole and we should have the cheapest gas in the country Also how much are the refineries and associated workers contributing to the politicians "reelection" funds Then we'll see why the price of gas will never go down and our legislators will sweep it under the tundra again

Fairbanksgas

10/17/2008 7 21 a m
Suggest removal

We also suspended out State gas tax since last year which makes our current prices even more suspicious Check out the picture at www fairbankgas com of the sign in Texas for $2 22 a gallon I guess that the hurricane affected gas prices less than our refinery oligopoly While you are at it surf over to www hawaiigasprices com Their prices are less than ours and that includes over 50 cents of State tax I guess that it is cheaper to ship your raw crude across the Pacific and refine it on a tropical island than to pump it out of North America's largest pipeline?

I have a chart at fairbanksgas com that compares Alaska US average and crude prices over the last few years There is no mystery here we are getting screwed big time by Flint Hills and Tesoro

FreeDarfur

10/17/2008 7 45 a m
Suggest removal

Kenney6703 At least she gave each Alaskan $1 200 to help cover the high cost of energy What did you get in your State from the government to help you?

Jay Ramras

10/17/2008 7 58 a m
Suggest removal

This is Jay Ramras

To docalaska

We have already set the agenda for our meeting scheduled on October 23rd

As I said you can attend the hearing by going to the LIO on the 3rd floor of the Alaska USA building at 9 am

The meeting for November which has not yet been scheduled will allow for public testimony

The Attorney General's representative Mr Sniffen will be there I encourage you to attend or to testify by phone (location Anchorage or Fairbanks not determined yet)and provide information documentation to the AG's people The Attorney General's investigation will be much more thorough than the report generated by the legislature

It would be very helpful if you would testify with your thoughts about Flint Hills jay

akblogger

[illegible]

Go Tesoro!!!!! Amazing how Tesoro is leading the fuel war in North Pole!! Yesterday dropped from $3.939 to $3.739. All fuel stations in Fairbanks remained the same. Hmm, amazing how one knows how to MARKET their customers and th eothers are greedy to get that last dime from us for fuel. Tesoro, YOU are a true leader is fule price reduction. At least here in North Pole. Nice little convenient store as well. Keep being THE leader and please keep those prices dropping. Soon you will need to build a much larger store as your Competitor, SOURDOUGH FUEL is way behind you. Guess we can judge who has the GREED!!!!

JP_offroader

10/17/2008 8:23 a.m.
Suggest removal

Mr. Ramras,
Thank you for stepping into the discussions and giving info. I am sure you knew this group of folks weren't yes men and women before you even started typing so I give kudos to you for stepping up and looking this in the eye.
To echo some of the other comments on here. Jay, we are getting taken to the cleaners by refined oil pricing. In my opinion, some of it has to do with the fact that we got a 1200 dollar energy rebate. Monthly meetings aren't gonna cut it. We need action.
Simply put, the price of gasoline and heating fuel is inflated. The price of diesel is inflated. Elected officials get paid to work for the majority of the citizens, and do what's best for the state. How are MY elected officials working on the problems that We ALL need help with?
Public testimony I have done and can do again. However, isn't this is what we elect local government officials for?

Please advise

JP_offroader

10/17/2008 8:25 a.m.
Suggest removal

ak...gger
I notice that Holiday dropped to 3.63 this morning. In FBX, it seems that Holiday and Tesoro match most of the time.

FYI in case you head into FBX and need fuel

FreeDarfur

10/17/2008 8:43 a.m.
Suggest removal

When you have a community that is so dependent on gas and oil for basic survival and has very few options from which to obtain the product do you expect the market will give you lower prices? Does anyone have the figures to show that there has been a consumption reduction in this community in response to the high cost. Or have we paid higher prices and continued to consume the same level of the product. Exactly what under the law can the legislators do? Are you people asking for price control?

bubwon

10/17/2008 8:47 a.m.
Suggest removal

FYI,
I left Fairbanks Saturday Morning to head south, paid $3.93. Filled up yesterday in Washington State for $3.09. In Oregon now, prices are around $3.40.

In between, paid $1.59 ca/litre in Northern BC. That hurt.

But what really got me thinking, was filling up for $1.19 ca/litre in Prince George.

Doing the math, 3.785 litres to a gallon, with the current exchange of $1.18 ca for every $1 us.

I come up with gas being about $3.82 gallon in Prince George. WOW things are really screwed up in this world. Never dreamed of the day when I would fill up before crossing into the US. No longer can we say Canada's gas prices are high!

(I did not fill before crossing back into the US and was happy with that decision when greeted with $3.09 / gallon in WA... but still was amazed!)