

Gasoline Retail Price – Oregon Considerations

Tips for Reducing Transportation Fuel Use

- Avoid high speeds. As speed increases, aerodynamic drag on the car increases exponentially. For example, driving 62 mph instead of 75 mph reduces fuel consumption about 15 percent.
- Don't accelerate or brake hard. Anticipating traffic and applying slow steady acceleration and braking may increase fuel economy by as much as 20 percent.
- Keep air pressure in tires at the level recommended by the manufacturer.
- Use air conditioning sparingly. When the air conditioner is on, it puts an extra load on the engine, using more fuel. The defroster on most vehicles also uses the air conditioner.
- Keep windows closed. Open windows, especially at highway speeds, increase drag, and decrease fuel economy by as much as 10 percent.
- Service your vehicle regularly. Dirty air filters, old spark plugs, and low fluid levels can worsen fuel economy.
- Use cruise control. Maintaining a constant speed over long distances often saves gas.
- Avoid carrying heavy loads. Remove sand bags from your truck in the spring and pack lightly for long trips.
- Avoid idling a long time. If you anticipate stopping for more than a minute, shut off the car. Restarting uses less fuel than idling.
- Buy a fuel-efficient car. Small vehicles with manual transmission usually provide great fuel economy.

Source: www.portlandgasprices.com

Transportation Fuel Prices On Monday, March 22, 2004

\$2.11 Highest national gasoline retail price – regular grade – California

\$1.74 National average gasoline retail price – regular grade

\$1.69 National average diesel retail price – regular grade

\$1.60 Lowest national gasoline retail price – regular grade – North Carolina, Missouri \$1.83

Oregon average retail price – regular grade

Six states have gas prices higher than Oregon (AK, AZ, CA, HI, ID, NV)

\$1.82 is average price in Washington State (\$0.23 state tax)

\$1.82 is average price in Idaho State (\$0.25 state tax)

One Year Ago, March 22, 2003

\$1.70 National average gasoline price – regular grade

\$1.74 Oregon average gasoline price – regular grade

\$1.81 National average diesel price – regular grade

Estimated component costs of Oregon gasoline

March 2004

\$0.94	Crude delivered for refinement
\$0.31	Refining
\$0.15	Distribution and marketing
\$0.184	Federal tax
<u>\$0.246</u>	State of Oregon tax
\$1.83	

Influences on global price

As an international commodity, crude oil price is based on global demand
Organization of Petroleum Exporting Countries quotas (wellhead production)
Demand (much higher during the Northern Hemisphere summer)
Composite refinery capacity and throughput rates
Futures prices of crude in the commodities market (selling price in future)
Demand for other petroleum products shifts crude availability for gasoline
Constraints to supply from political unrest (e.g. Nigeria, Venezuela...)

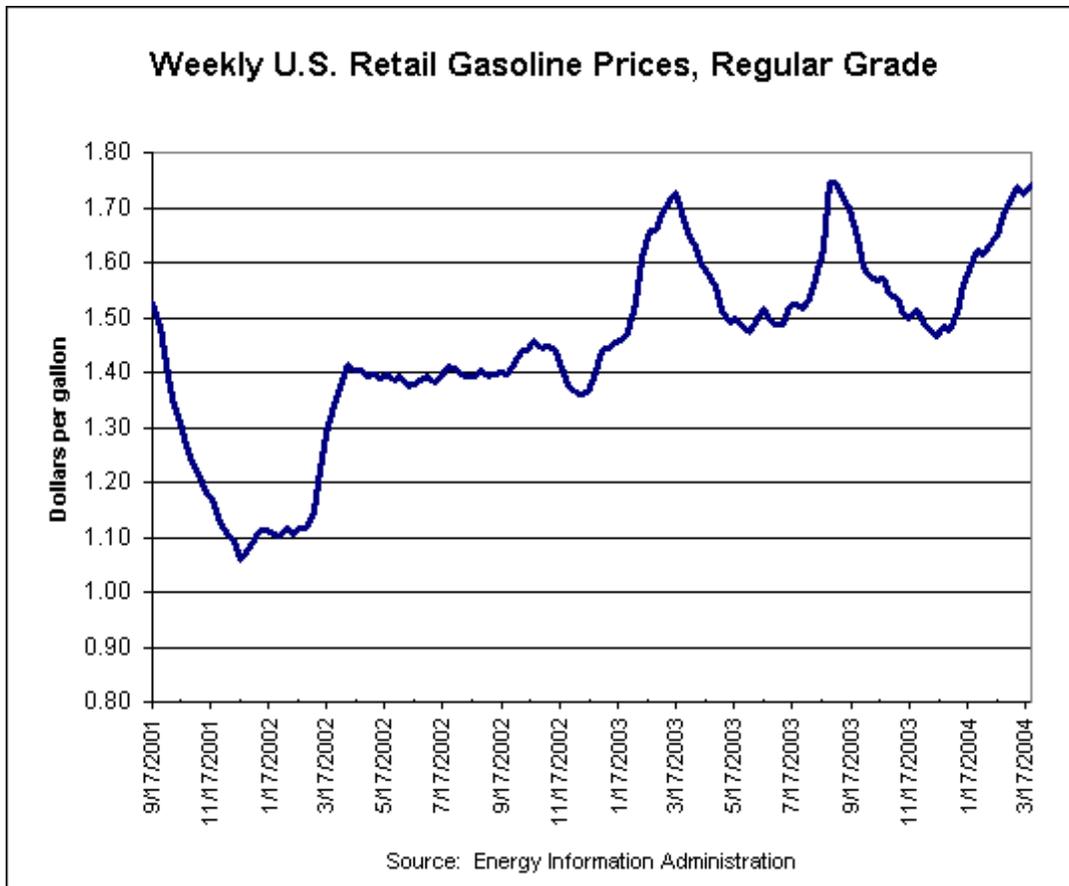
Influences on national or regional price

Over 80% of the crude oil refined for Oregon use comes from Alaska
Oregon gets most of refined petroleum products from four Puget Sound refineries
Unexpected slowdowns or shutdowns in those four adversely impacts local cost
Over 90% of Oregon supply delivered on Olympic Pipeline from Anacortes, WA.
As many as 26 different blends of gasoline are made nationwide
Seasonal changeover from heating oils to gasoline
Seasonal changeover of gasoline formulations and higher summer demand
Distance from refineries increases transportation cost of fuel
No new refineries serving North America in more than a dozen years
Ethanol-blended fuel taxed lower than regular gasoline
West coast (PADD 5) historically has slightly higher than national average prices

2001 Oregon data

3.8 million motor vehicles registered for use in Oregon (3.0 million passenger)
More than one car for every man, woman and child (3.4 million people)
National average is 765 vehicles per 1,000 people
China has one car for every 200 people

31 billion vehicle miles traveled by passenger vehicles in Oregon
Enough for 120,000 trips to the moon,
Approximately 8,700 vehicle miles traveled for every person
10,300 average vehicle miles traveled (VMT) per passenger vehicle
19.1 average miles per gallon fuel (mpg) economy for Oregon passenger vehicles
1.5 billion gallons of taxed gasoline use
190 million gallons of taxed diesel used
\$990 gasoline cost in 2003 per typical passenger vehicle use in Oregon
(10,300 vmt/19.1mpg*\$1.85 per gallon)
1,797 fuel dispensing sites in Oregon
28,192 certified fuel-dispensing pumps in Oregon



Other price considerations

Biggest influences on recent gasoline price variability (last six to twelve months)

- Global barrel price

- OPEC production quotas

- Recoverable Crude Reserve changes (recent re-statements by oil producers)

- Political issues impacting crude supply from Nigeria and Venezuela

- Refinery production capacity variation (regional)

Variables remaining relatively the same during recent gas price increases

- Federal tax on fuels

- State tax on fuels

- Pipeline wholesale distribution cost

- Marketing and distribution cost

Estimates of influence of certified fuel dispensing has on Oregon retail gasoline price

- Assume 4,000 certified for retail fuel dispensing in Oregon (quite high #)

- Assume 30 hours worked per week (15 million hours per year at 50 weeks)

- Assume minimum wage (\$7.05 per hour)

- Assume 25% other payroll expenses (SAIF, Workers Comp, benefits...)

- \$52.9 million per year in fuel dispensing costs

- \$0.035 per gallon distributed across 1.5 billion gallons of taxed gasoline sales

- \$0.07 per gallon if we assume half Oregon's gas is self-serve (low likelihood)