

DoD CUSTOMER FUEL PRICES

The Department of Defense procures only refined fuel products. The fuel prices identified in the following table include the cost of the crude oil, refining, inventory control, transportation, and storage.

The DoD makes its refined fuel purchases in a two-step process involving both the Defense Logistics Agency (DLA) and the individual Service or Agency customers. The DLA, through its Defense Energy Support Center operating under the Defense Working Capital Fund (DWCF), purchases most of the fuel and subsequently sells it primarily to DoD customers. This operation permits the Department to take advantage of price breaks for large quantity purchases and allows the DoD customer to plan on a stabilized price for all products during that fiscal year.

Based on current economic assumptions, the FY 2003 budget has established the stabilized composite price of \$35.28 per barrel to be charged to DoD customers in FY 2003. This price is anticipated to result in adequate revenue to fully finance the Defense Working Capital Fund's costs of anticipated fuel purchases and the costs of FY 2003 operations. The FY 2003 stabilized composite price declines by nearly 16 percent from the FY 2002 stabilized price of \$42.00 per barrel. The decline reflects projected decreases in fuel costs.

The following table reflects the composite price and stabilized prices by fuel product that DoD customers are paying and will pay for fuel in each fiscal year.

| <u>Product Type</u> | <u>(Rates in Dollars)</u> | | | | | |
|----------------------------|----------------------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | <u>FY 2001</u> | | <u>FY 2002</u> | | <u>FY 2003</u> | |
| | <u>Gallon</u> | <u>Barrel</u> | <u>Gallon</u> | <u>Barrel</u> | <u>Gallon</u> | <u>Barrel</u> |
| AVGAS OCONUS | 3.76 | 157.92 | 4.63 | 194.46 | 3.60 | 151.20 |
| AVGAS CONUS | 1.22 | 51.24 | 1.29 | 54.18 | 1.06 | 44.52 |
| Motor Gas Leaded | 1.27 | 53.34 | 1.17 | 49.14 | .97 | 40.74 |
| Motor Gas Unleaded | 1.09 | 45.78 | 1.26 | 52.92 | .86 | 36.12 |
| Premium | 1.17 | 49.14 | 1.41 | 59.22 | .97 | 40.74 |
| Midgrade | 1.13 | 47.46 | 1.22 | 51.24 | .85 | 35.70 |
| Regular | 1.07 | 44.94 | 1.07 | 44.94 | .75 | 31.50 |
| Gasohol | 1.10 | 46.20 | 1.20 | 50.40 | .99 | 41.58 |

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| <u>Product Type</u> | (Rates in Dollars) | | | | | |
|----------------------------|---------------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | <u>FY 2001</u> | | <u>FY 2002</u> | | <u>FY 2003</u> | |
| | <u>Gallon</u> | <u>Barrel</u> | <u>Gallon</u> | <u>Barrel</u> | <u>Gallon</u> | <u>Barrel</u> |
| Jet Fuel | | | | | | |
| Widecut | 1.21 | 50.82 | 1.09 | 45.78 | 1.10 | 46.20 |
| Commercial Grade | 1.00 | 42.00 | 1.06 | 44.52 | 1.13 | 47.46 |
| JP-5 | 1.03 | 43.26 | 1.02 | 42.84 | .86 | 36.12 |
| JP-8 | 1.01 | 42.42 | 1.00 | 42.00 | .84 | 35.28 |
| Distillates | .98 | 41.16 | .96 | 40.32 | .81 | 34.02 |
| Diesel (Generic) | .95 | 39.90 | 1.15 | 48.30 | .90 | 37.80 |
| Diesel KSN PC&S | .96 | 40.32 | 1.10 | 46.20 | .92 | 38.64 |
| Diesel KS1 PC&S | 1.00 | 42.00 | 1.14 | 47.88 | .95 | 39.90 |
| Diesel FS2 PC&S | .85 | 35.70 | .88 | 36.96 | .69 | 28.98 |
| Diesel FS1 PC&S | .96 | 40.32 | .98 | 41.16 | .73 | 30.66 |
| Diesel DFA High Sulfur | 1.00 | 42.00 | 1.07 | 44.94 | .89 | 37.38 |
| Diesel DLA Low Sulfur | 1.17 | 49.14 | 1.31 | 55.02 | 1.08 | 45.36 |
| Diesel DL1 Low Sulfur | 1.07 | 44.94 | 1.18 | 49.56 | .98 | 41.16 |
| Diesel DF1 High Sulfur | .95 | 39.90 | .95 | 39.90 | .84 | 35.28 |
| Diesel DF2 High Sulfur | .87 | 36.54 | 1.02 | 42.84 | .86 | 36.12 |
| Diesel DL2 Low Sulfur | 1.00 | 42.00 | 1.13 | 47.46 | 1.01 | 42.42 |
| Residuals | .65 | 27.30 | .70 | 29.40 | .70 | 29.40 |
| Navy Reclaimed | .35 | 14.70 | .50 | 21.00 | .58 | 24.36 |
| Into Plane Jet Fuel | 1.27 | 53.34 | 1.18 | 49.56 | 1.27 | 53.34 |
| Into Plane AVGAS | 1.50 | 63.00 | 1.37 | 57.54 | 1.54 | 64.68 |
| Bunker - Marine | .96 | 40.32 | .89 | 37.38 | .82 | 34.44 |
| Bunker - Intermediate | .67 | 28.14 | .56 | 23.52 | .51 | 21.42 |
| Local Purchase | | | | | | |
| Bunker | - | - | - | - | 1.25 | 52.50 |
| Jet Fuel | 1.50 | 63.00 | 1.66 | 69.72 | 1.66 | 69.72 |
| Ground Fuel | 1.43 | 60.06 | 1.43 | 60.06 | 1.43 | 60.06 |
| Special Fuels 2 (JP-TS) | 3.25 | 136.50 | 3.45 | 144.90 | 3.75 | 157.50 |
| Special Fuels 1 (JP-7) | 3.00 | 126.00 | 3.00 | 126.00 | 3.00 | 126.00 |
| Composite Price | 1.01 | 42.42 | 1.00 | 42.00 | .84 | 35.28 |
| Budgeted DWCF Cost | 1.06 | 44.69 | .86 | 36.03 | .84 | 35.32 |