



Fuel Card Programs: *Indexed vs. Retail Based Pricing*

Key OFMS Staff

MICHAEL BISOGNO, CAFM
DIRECTOR
DIRECT: (804) 367-6526
MICHAEL.BISOGNO@DGS.VIRGINIA.GOV

CARL LOVELAND
BUSINESS MANAGER
DIRECT: (804) 367-4352
CARL.LOVELAND@DGS.VIRGINIA.GOV

SANDRA BAILEY
BUSINESS DEVELOPMENT COORDINATOR
DIRECT: (804) 367-4962
SANDRA.BAILEY@DGS.VIRGINIA.GOV

PATRICIA ROACH
FUEL SERVICES SPECIALIST
DIRECT: (804) 367-6935
PATRICIA.ROACH@DGS.VIRGINIA.GOV

OFFICE OF FLEET MANAGEMENT SERVICES
2400 W. LEIGH ST
RICHMOND, VA 23220
(804) 367-6525

When considering a fleet fuel card program, there are multiple pricing methods available. Each one has their own attributes, but it is often difficult to decide which method is right for you. As a government entity, this question is even more difficult to answer since there are so many stakeholders involved.

As a fleet owner, data and card controls are critical and it is here we often see the differential be-

tween credit cards and fleet fuel cards. To ensure you can identify fuel theft, vehicle usage, and other important controls you will need comprehensive Level III data collection combined with at the pump control. Credit cards simply don't offer those.

The State Motor Fuel Program utilizes an indexed based pricing methodology calculated from the Oil Price Index Service (OPIS) daily fuel report. This report provides third-party informa-

tion on the wholesale fuel prices at the terminals. The wholesale price is combined with a contracted adder to provide a regional daily price for gasoline. This indexed pricing is combined with all of the card controls and reporting tools available with the Voyager card.

The fuel card program offered under the State Motor Fuel Program has been designed to benefit the state and localities, but if comparing to another fuel card program be warned fuel cards are more often different than they are similar. It is important to spend time analyzing more than just the pricing and rebates offered, but also the trade-offs and constraints each program requires. Are you limited to certain stations? Are discounts contingent on certain purchase volumes? Are online reporting tools and card controls available?

Indexed Pricing

- Pricing is constantly measured and auditable with a third party. Pricing measurement and justification is simplified.
- Avoids exposure to over-pricing at the retail level
- Tax exemption for both Federal and State taxes occur at card provider level. No need to file for reimbursements.
- Pricing is regional vs. station to station.
- Pricing verifiable via third party vendor (OPIS)

Retail Pricing:

- To ensure program is economical, you are tied to fueling only at stations with the lowest price.
- Customer is at risk for retail pricing fluctuations (Quick to rise, slow to fall).



