



Upward Pressure on Gasoline Prices

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The second week of April has marked a slight decrease in fuel prices, but analysts are warning not to get too excited. Fuel prices are expected to increase a few more times before an expected peak sometime in May.

Higher gasoline prices are the result of global supply and demand and are determined, in part, by factors such as how much oil countries are pumping and how much oil is

in reserves, as well as the geopolitical stability of oil-rich countries. Of concern lately, is panic buying of gasoline in Europe and the adding to stockpiles in Asia because of the uncertainty about what Iran may do with respect to the Strait of Hormuz or what Israel may do with respect to Iran's nuclear program. Also, sanctions against oil exports from Iran and reduced refining capacity here and abroad are factors

that may cause gasoline prices to go higher.

Gasoline prices typically rise each spring as refiners draw down supply in order to switch from producing winter-grade fuel to producing summer blend fuel, which is less-polluting but more expensive to produce. This year, however, the annual spring surge in prices came earlier than usual.

Another cause of upward pressure on prices is the tight supply market caused by the closing of four refineries in the eastern U.S. Sunoco will add to this number by closing its refinery in Philadelphia this July, due to the cost of crude oil and financial pressures. Only part of this loss can be made up by increasing production at the remaining refineries.



STATE MOTOR FUEL CONNECTION



Continued from Page 1

According to AAA, the national average price for a gallon of regular gasoline is \$3.92 per gallon which is up 9 cents per gallon in the past month. The average retail gasoline cost in Virginia is currently \$3.89. The only certainty in fuel pricing over the next few months is that it will become more and more volatile.

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Working Together

While the State Motor Fuel Program is used by all state agencies to streamline procurement, increase accountability, and reduce the expense of fuel; it is offered on an optional basis to localities, institutions of higher education, and other public entities that wish to “piggyback” on to the contract to increase efficiency and save money.

Since the State Motor Fuel Program began in October 2010, 54 “non-mandated” accounts have enrolled to purchase Bulk Fuel and 126 accounts have enrolled to use the Voyager Fuel Card.

The following is a recommendation we received from King William County, which participates in the Voyager Fuel Card option:

“I work with the financial part of the State Motor Fuel Program for King William County. I feel the billing system is very user friendly and I receive my reports in a way that works great for posting to the appropriate departments. We had a contract that gave us a lower rate per gallon as well as removal of taxes but I had to do a lot of manual calculating when posting and we were very limited with one location to purchase from. Being in a rural area many times the employees had to go out of their way to refuel which wasted time and fuel. This current state contract is very convenient and user friendly. The employees enjoy this flexibility. I would encourage any agency that qualifies to come on board.”

Sandy Conley
Finance Specialist
King William County

Did You Know?

- Engine performance does not improve by using a higher octane fuel than the level specified by the vehicle manufacturer. Government vehicles are specified to run on 87UL gasoline.
- Your Voyager Fuel Card has a security feature that will “lock it out” at the pump after the third incorrect PIN entry. After the second attempt, see the station attendant for assistance or call the primary/secondary account contact to make sure your PIN is correct.
- There is up to three months worth of daily pricing data for Bulk Fuel and the Fuel Card on the OFMS website; www.dgs.virginia.gov/fleet. This tool is available for you to audit your invoices.
- A barrel of oil is equal to 42 U.S. gallons. The three largest components are finished motor oil (51.4%), distillate fuel oil (15.3%) and jet fuel (12.3%).
- The State Motor Fuel Program is approaching 18 million gallons.



VOYAGER FUEL CARD

Using the “Raw Data for Export” Report to Back up Invoices

The State Motor Fuel Program’s vendor for the Voyager Fuel Card provides online tools and several valuable reports through its website, www.mansfieldoil.com. By clicking on “Reports” you can view summaries by agency, sub agency, location and vehicle. The most detailed report is the “Raw Data for Export”, which details each transaction by vehicle, merchant, gallons, dollar amount of purchase and day/time of transaction. The Raw Data for Export is specifically available for your internal checks, audits and invoice confirmations.

The following are instructions for running a raw data report to back up an invoice:

1. Select “Raw Data for Export” from the Report menu
2. Enter starting and ending dates from the invoice at the top of the screen.
3. Choose “Post Dates Billed”
4. Choose a site: Choose “All”
5. Choose a Company: Select your location
6. Click on “view report”
7. To export data, select a format (PDF or Excel) and press “Export”
8. Name and Save the report on your system
9. Total the “Cost” column and this will be the amount of your invoice.

Bulk Fuel: Temperature Adjusted Gallons

After receiving a transport load of bulk fuel, you will notice that the Bill of Lading from the terminal shows both net and gross gallons for each product delivered. There is often confusion about the difference between the two numbers. Basically, gross gallons are the true gallons before any type of adjustment. Net gallons are the gross gallons corrected by temperature-adjusting to 60 degrees Fahrenheit. The industry standard for a gallon of gasoline is 60 degrees and was set in 1923 upon agreement between the oil industry and weights and measures. Sixty degrees was chosen because it approximated the average air temperature in the U.S.

Gasoline expands or contracts about 1% for every 15 degree change in the fuel’s temperature. In order to adjust for this, the net gallons will usually be less than the gross gallons in the warmer temperatures of summer. In the cooler temperatures of winter, the net gallons will typically be more than gross gallons. The calculations for diesel and gasoline are slightly different but the principal is the same.

The State Motor Fuel Program bills on net (temperature-adjusted) gallons throughout the year.