



**Testimony of Bill Douglass**

**CEO**

**Douglass Distributing Company**

**On behalf of**

**The National Association of Convenience Stores**

**Before the**

**House Judiciary Committee, Anti-Trust Task Force**

**Hearing to Examine the Consumer Effects of Rising Gas Prices**

**May 7, 2008**

**The Association for Convenience & Petroleum Retailing**

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Chairman Conyers, Representative Chabot, members of the Anti-Trust Task Force, good morning. My name is Bill Douglass and I am CEO of Douglass Distributing Company headquartered in Sherman, Texas. My company owns and operates 15 convenience stores outside the greater Dallas-Fort Worth area. In addition, we supply motor fuels to 150 independent retailers.

I testify today on my behalf as an independent business owner and on behalf of the National Association of Convenience Stores (NACS), of which I served as Chairman of the Board from 2004-2005. NACS is an international trade association that represents the convenience and petroleum retailing industry. In 2007, our industry generated \$577.4 billion in sales, sold approximately 80 percent of the gasoline in the United States and employed 1.7 million workers.

I am pleased to be invited to discuss the impact of higher motor fuels prices on the nation's petroleum retailers and their customers. To help the committee better understand the retail petroleum marketplace, my testimony will focus on the composition of the retail market, the criteria influencing retail motor fuel prices, and policy options for Congress to provide price relief to the market.

As you consider the overall impact of higher gasoline prices on your constituents and the economy in general, I want to stress that you should also be very concerned about how our industry is being hurt by higher gasoline prices. These higher prices have led to reduced – and sometimes negative – gross profit margins, increased inventory costs resulting in extensions of credit lines and associated interest payments, and higher fees assessed by the credit card companies. These have all combined to put an increasing number of retailers on the brink of bankruptcy.

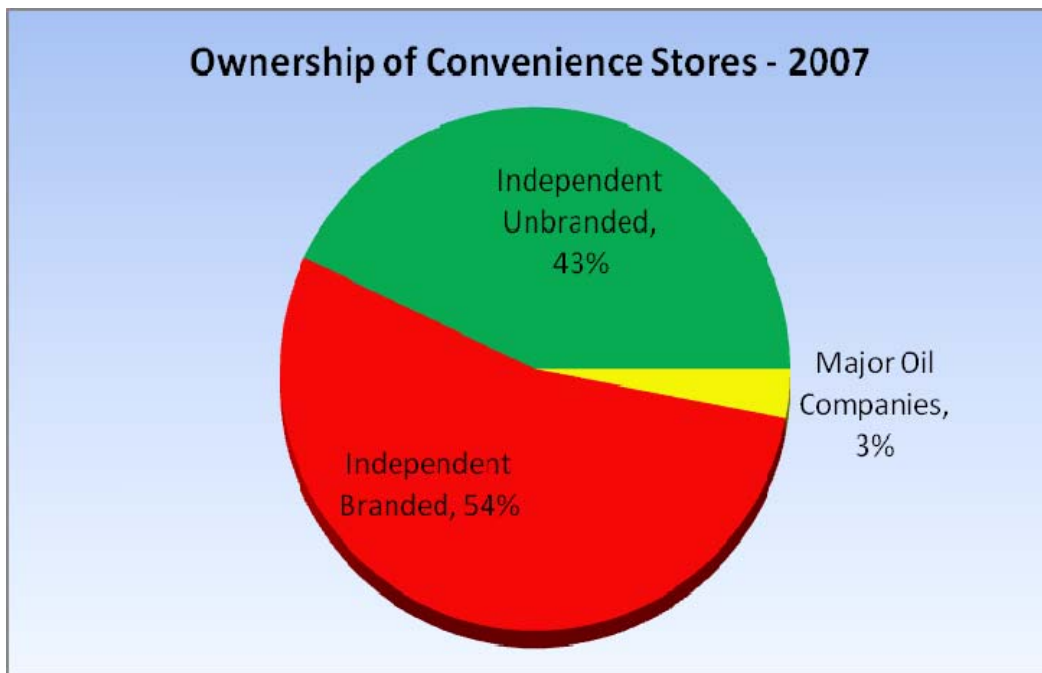
### **The Retail Petroleum Marketplace**

The retail petroleum market is the most transparent and competitive market for consumer goods in the nation. For no other product can consumers comparison shop for the best value while driving down the road at 45 miles per hour. Retailers advertise their motor fuels prices on large signs along the side of the road, empowering consumers to wield an amazing influence on pricing decisions made in a highly competitive market.

Yet, while most consumers can quote the price of gasoline at their neighborhood store, very few understand who owns that neighborhood store.

Our industry is dominated by small, independent businesses. Despite common misperceptions, the major integrated oil companies no longer have a significant presence in the retail marketplace and they are actively reducing their presence even further. This confusion is probably because most fuel retailers are small businesses that lack branding expertise of their own and they have chosen to sell a major refiner's brand of gas. Consequently, customers presume that the canopy signage also indicates ownership of the facility. However, of the more than 115,000 convenience stores that sell motor fuel, the majority – nearly 60% – are owned and operated by individuals that have just one store. By contrast, the major integrated oil companies own and operate fewer than 3% of all retail locations, and this number is declining rapidly.

Below is a snapshot of the composition of the retail market:



Source: NACS, TDLinx, *National Petroleum News*

Petroleum retailers rely on their daily retail sales to generate sufficient revenues to cover their expenses and provide a modest profit. Just as we do not benefit from the corporate revenues generated by the companies that provide snack or drink items sold inside our stores, we do not benefit from the revenues generated by our petroleum suppliers. On average, over the course of a year, we sell about 4,000 gallons of fuel a day. The average net profit per gallon is about 1.5 cents per gallon. This means we generate about \$60 in profit per day at the pump. Therefore, when you read about earnings reports released by the major integrated oil companies, remember that those profits were generated from business interests other than retail (primarily crude oil and refining operations) and that your neighborhood convenience store is not sharing in those profits. In fact, on average convenience stores/gas stations in 2007 saw an average pre-tax profit of only \$23,335 per store, which includes both profits at the pump and inside the store.

### **Competition Drives Price**

Although motor fuels are the major source of revenues, representing 71 percent of a store's overall sales, they account for only 34 percent of a store's profits. Consequently, it has become essential for retailers to price motor fuels at a level that is sufficiently competitive in the market to generate enough customer traffic to generate sales inside the store, where the majority of profits are generated. Meanwhile, competition for the consumer has become even more intense as retail prices have escalated.

In February 2008, NACS released its 2008 *Consumer Fuels Report*, which examined information obtained through interviews with more than 1,200 consumers nationwide. NACS sought a better understanding of consumers' behavior with regards to the retail marketplace. What we learned helps explain why retailers are unable to generate significant profits at the dispenser:

- 73% of consumers report that price is the most important factor when choosing a retailer from whom to purchase gasoline.
- 45% say that high gas prices have a “very significant” effect on their spending behavior.
- 29% say they will drive 10 minutes out of their way – a 20-minute roundtrip – to save 3 cents per gallon.

The bottom line is consumers feel the pressure of higher gasoline prices; they are shopping for the best-priced gasoline; and they will go out of their way to save as little as a few cents per gallon. In addition, the competitive market has become even more so with the popularity of gasoline pricing websites which enable consumers to plan their routes to seek out lower prices.

As a retailer, I understand that if I price my gasoline higher than my competitors, I will lose customers, compromising my ability to sell items like sandwiches and coffee, which provide me with most of my operating margin dollars.

In my market, I am competing with retail formats that are quite different from my own, which makes my challenge all the greater. About 10 years ago, grocery stores and mass merchandisers began selling motor fuels with the intent to attract additional customers by posting the lowest price in the market. Competition forced the rest of the motor fuel retailers in the market to lower our prices. But our businesses do not have the same economies of scale as these larger operators and we are unable to absorb lower margins on fuel sales as easily as they can. Yet the need to attract customers requires that we try our best to remain competitive with these other retailers. Unfortunately, this increased price competition does not allow us to pass through changes in the wholesale cost of our motor fuel inventories, which reduces our profitability.

### **Higher Retail Costs Do Not Mean Higher Retail Profits**

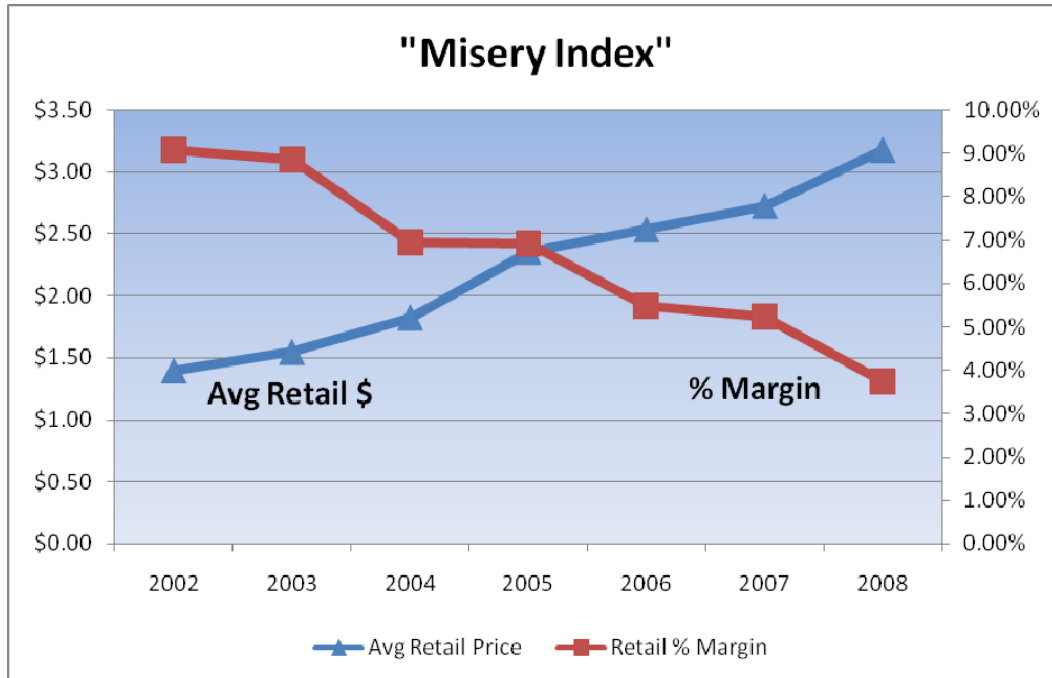
The competition isn't the only thing that has changed. So has our supply structure. Only just a few years ago, retailers would receive notification of wholesale price changes once a day. The retail price set in the morning was often sufficient to cover operations for the entire day. More recently, however, due to the dynamic nature of the market and the advent of technology, wholesale prices fluctuate several times throughout the day. Given the slim operating margins on which retailers operate, they must ensure that the gallons they sell will generate sufficient revenues to purchase the replacement gallons at the new wholesale price. In a perfect world, if they learn their next load will cost an additional 10 cents per gallon, they would increase their retail prices 10 cents to cover the next shipment. However, they don't know if and when their competitors receive similar price increases, since each supply arrangement can be different.

This leaves retailers with two choices: increase prices to match the wholesale price increase and know you will lose customers, or try to minimize your price increase to maximize your customers. Most retailers take the second option and profit margins are squeezed or eliminated. According to the U.S. Energy Information Administration, the statistical arm of the U.S. Department of Energy, it may take several weeks before a change in the wholesale price of gasoline may be fully reflected in the retail price. (Source: U.S. Energy Information Administration, “Gasoline Price Pass-through,” January 2003)

If competition determines retail prices, wholesale costs determine retailer profitability. According to the Oil Price Information Service (OPIS), which supplies gas price numbers to AAA,

the average national retail price for regular unleaded gasoline through April 2008 was \$3.178 per gallon, while the average gross margin was 11.9 cents—an historic low margin of 3.74%.

The following chart demonstrates the decline in retailer margins as retail gasoline prices have climbed since 2002:

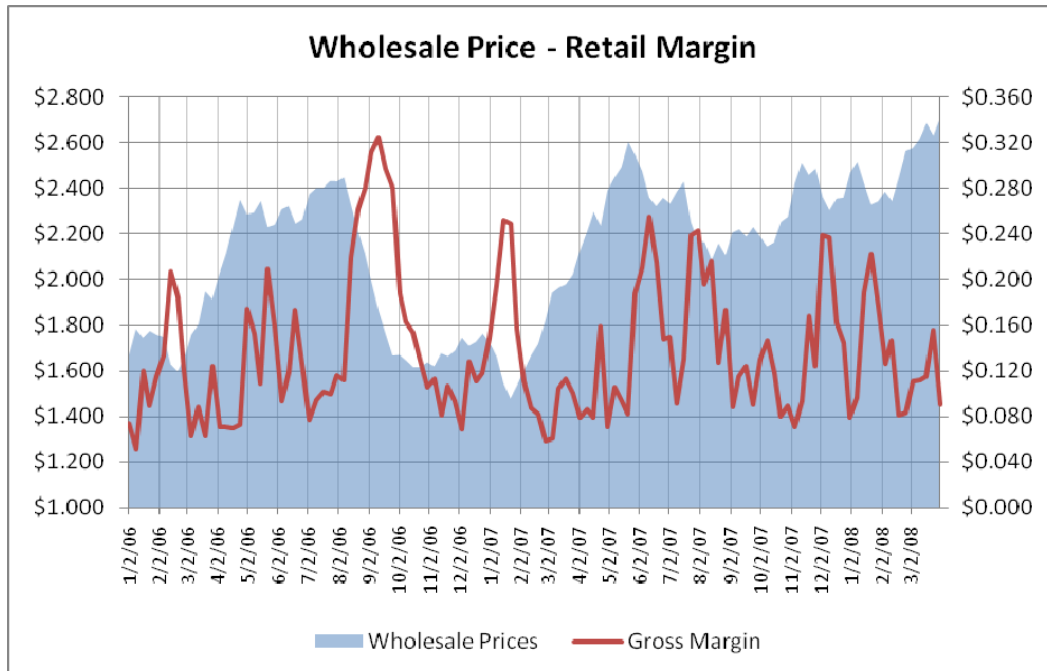


Source: NACS (2002-2007); Oil Price Information Service (2008)

It is important to remember when considering profitability in the petroleum industry, one must not take a snapshot approach. At any given time throughout the year, a retailer may be losing money per gallon sold or may be making more than the industry averages. However, only by analyzing a complete market cycle can one obtain a clear understanding of a retailer’s potential profitability.

Because of the market delay in passing through wholesale price changes, during periods of escalating wholesale prices, retailers typically experience a decline in gross margins. However, the opposite is true when wholesale prices decline – retailers seek to completely pass through costs previously incurred and to recover their lost margins by holding retail prices steady for as long as competition may allow. But at some point, one retailer in a market will begin to drop prices in search of additional customer volume, and others will follow suit to avoid losing in-store sales. This is why it is necessary to look at a retailer’s operation from the perspective of a complete market cycle, the duration of which can vary greatly.

The following chart demonstrates the impact of changing wholesale gasoline prices on retailer gross margins:



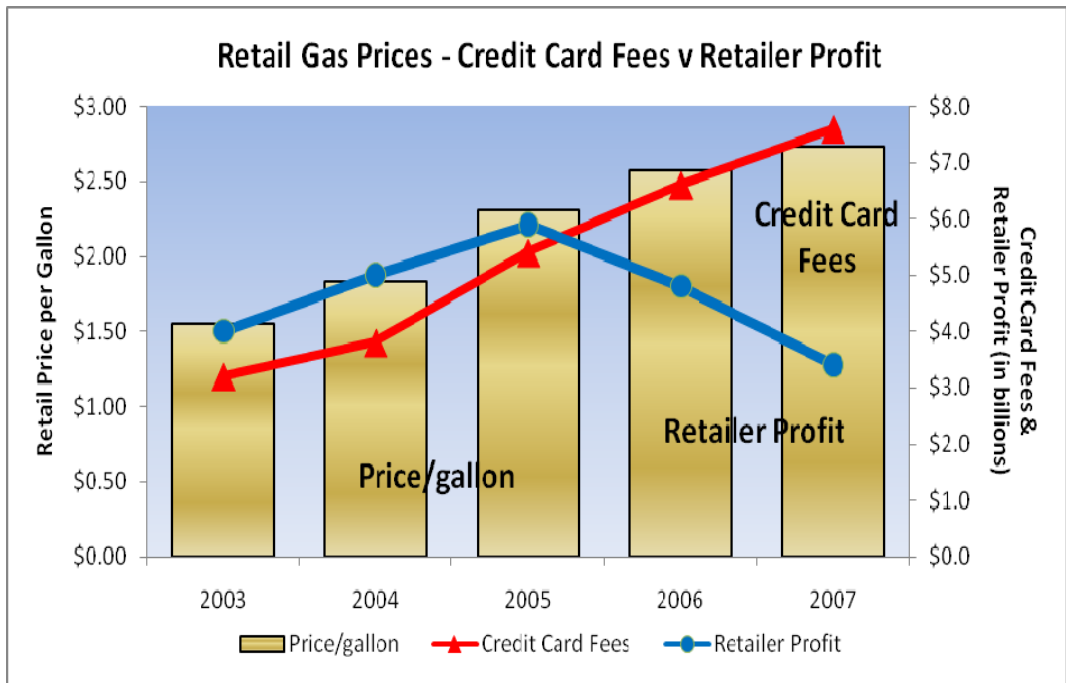
Source: Oil Price Information Service

### Credit Card Fees Further Reduce Profitability

A significant cost not represented in the OPIS report of average gross margins is credit card fees. Whenever a consumer uses a credit card to purchase any product or service, the banks that issue the card and that process the transaction collect a set of fees. For petroleum retailers, this typically equates to about 2.5 percent. As gasoline prices have gone up, so have the costs associated with these transactions.

According to OPIS data, the retail price of gasoline has increased from a 2006 annual average of \$2.56 to a 2008 annual average of \$3.18 and retailer gross margins declined from 13.8 cents per gallon to 11.9 cents. Meanwhile, credit card fees have increased from 6.4 cents to 7.9 cents per gallon. While this increase may not seem significant, to the retailer this automatically reduces potential profitability. Subtracting credit card fees from the OPIS reported margins during that time period, retail gross margins declined from 7.4 cents per gallon to 4.0 cents, and that is before all other operating expenses.

In fact, the convenience and petroleum retailing industry paid \$7.6 billion in fees in 2007 while generating only \$3.4 billion in pre-tax profit. The net effect is that the industry's credit card fees are now more than double the industry's pretax profits.

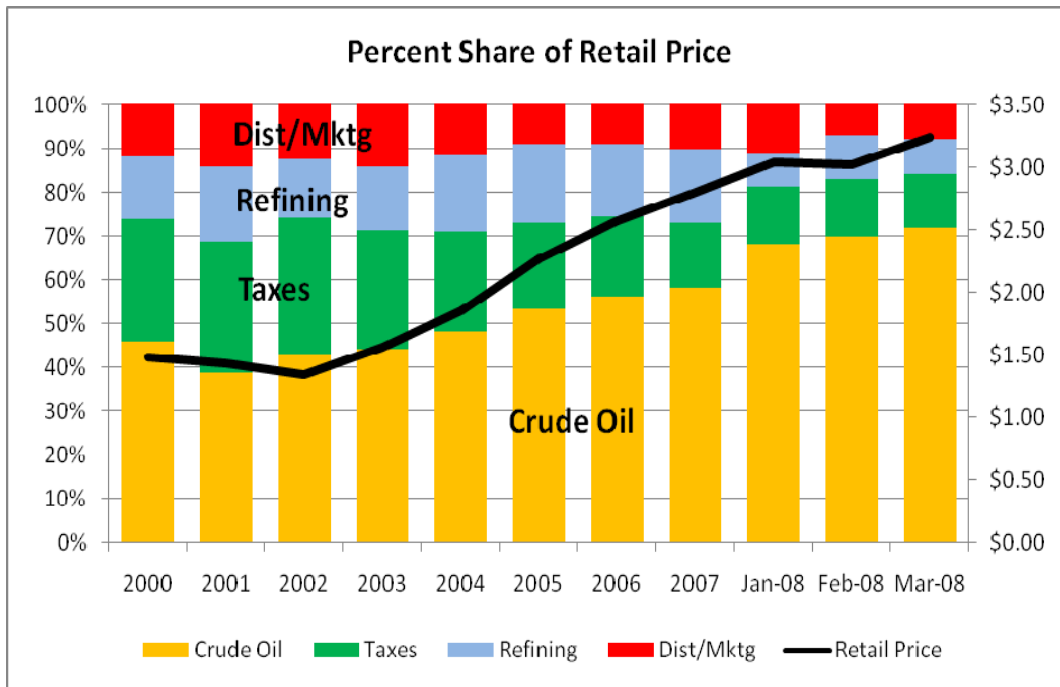


Source: NACS

Compounding the impact of credit card fees is the fact that consumers are increasingly turning to this form of payment as prices increase. Plastic payment has become the default currency. An increasing number of consumers do not have sufficient cash flow to cover increasing fuel expenses, leaving credit as their best option to finance purchases, despite the high interest rates associated with these cards.

### Crude Oil Drives Wholesale Costs

The price of crude oil is the largest single factor in the retail price of gasoline. Each month, the U.S. Energy Information Administration reports the breakdown of retail gasoline prices into four sectors: crude oil, taxes, refining, and distribution/marketing. This last category includes all the factors that are incurred after the product leaves the refinery, including pipelines, terminals, distribution and retail. The latest data available is for March 2008 and indicates that crude oil at the time contributed 71.8% to the retail price of gasoline. This is a sharp departure from historic norms. Crude oil's average contribution from 2000 through 2005 was only 45.3%. Meanwhile, the relative contribution of the other components has declined:



Source: U.S. Energy Information Administration

### Retailers Struggle with Liquidity

The overall impact on retailers of higher crude oil prices, and the resulting increase in wholesale and retail gasoline prices, is profound. Not only have consumers become more price sensitive, resulting in lower margins, but the overall economics of retail operations have become more challenging. As gross margins have remained static on a cents-per-gallon basis over the past few years, inventory costs have not.

### Inventory Costs Outpace Margins

	Avg. Rack Price w/ Tax & Freight	Cost of 9,000 Gal. Delivery	Gross Margin per Delivery	Margin as % of Cost
<b>2006</b>	\$2.420	\$21,780	\$1,242	5.70%
<b>2007</b>	\$2.640	\$23,760	\$1,242	5.22%
<b>Through April 28, 2008</b>	\$3.048	\$27,432	\$1,071	3.90%

Source: Oil Price Information Service

The combination of increased inventory costs with declining profitability has created a liquidity crisis for retailers. Retailers now must pay more for their fuel inventory, reducing cash flow and increasing liabilities. Compounding this increase in costs, many retailers incur additional fuel surcharges for each delivery as their distributors seek to cover the increased expense of the fuel required to power their trucks. (Similar surcharges also apply to the delivery of in-store items.) This has greatly reduced the ability of cash flow from fuel sales to purchase replacement gallons.

Consequently, many retailers are forced to extend their lines of credit to keep fuel in their tanks. This has brought with it additional costs. In addition, terms extended to retailers may have historically required payment within 10 days. Now that creditors are seeking to ensure their own



liquidity, these terms may have been reduced to 7 days or even fewer. Many of these creditors are actually wholesale distributors, like me, servicing multiple retailers and they are running into their own credit limits in their efforts to keep their customers supplied with fuel. As more inventory is purchased on credit, the additional payments of interest have further reduced cash flow.

After months of operating on credit, while wholesale costs have continued to increase and gross margins have remained stagnant or declined, many retailers are approaching the limit of their available credit. This is especially true in my market.

The following OPIS data represents average conditions for the Dallas-Fort Worth market in Texas. You can see that in all but three weeks, the credit card companies have made more on each gallon sold than have the retailers. More critically, retailer profit after credit card fees was less than one penny in eight weeks and was actually negative in six weeks. I must remind the Committee that these numbers are averages, which means that some retailers did better than the numbers represented below, while others did worse.

### **Market Performance in Dallas-Fort Worth**

	<b>Retail Price</b>	<b>Gross Margin (cpg)</b>	<b>Credit Card Fees (cpg)</b>	<b>Retailer Profit (cpg)</b>
January 7	\$2.925	7.5	7.3	2.0
January 14	\$2.929	18.1	7.3	10.8
January 21	\$2.867	20.8	7.2	13.6
January 28	\$2.827	15.0	7.1	7.9
February 4	\$2.816	10.8	7.0	3.8
February 11	\$2.798	11.9	7.0	4.9
February 18	\$2.850	3.7	7.1	-3.4
February 25	\$2.988	5.1	7.5	-2.4
March 3	\$3.039	9.5	7.6	1.9
March 10	\$3.086	8.2	7.7	0.5
March 17	\$3.162	9.8	7.9	1.9
March 24	\$3.152	10.8	7.9	2.9
March 31	\$3.186	5.9	8.0	-2.1
April 7	\$3.242	8.3	8.1	0.2
April 14	\$3.286	7.9	8.2	-0.3
April 21	\$3.377	3.8	8.4	-4.6
April 28	\$3.485	8.0	8.7	-0.7
<b>2008 Average</b>	<b>\$3.060</b>	<b>9.7</b>	<b>7.6</b>	<b>2.1</b>

Source: Oil Price Information Service

My company not only operates convenience stores, we also distribute motor fuel to 150 stores in Texas. From my perspective, I can assure you that times are tough. Many retailers cannot survive on the margins available in my market. When you layer on top of that the increased cost of inventory, the extension of credit lines and the associated interest payments, and ultimately the fees assessed by the credit card companies, the number of retailers on the brink of bankruptcy is now at a dangerous level.

My comments are not simply gloom-and-doom projections, they are fact. In the past four months, 10 of the dealers to whom I supply motor fuel have relinquished to me the deeds to their

business. They are so leveraged with their efforts to maintain adequate motor fuel inventories, so burdened by low margins and high credit card fees, that they simply have reached the point where they can no longer service their financial obligations. This is a serious situation—retailers are being forced out of business because they are unable to charge sufficient prices at retail to cover the increasing costs of inventory and operating expenses.

### **What Can Be Done?**

So what can the government do to help? I do not envy your position. Your constituents are asking you to “do something,” to “do anything.” Unfortunately, there is no magic potion available to correct the imbalances in the market in the time frame that public sentiment desires. Consequently, I strongly caution you against implementing knee-jerk reactions driven by public uproar. Such actions often carry with them consequences which are much more disruptive than the current market situation. Rather, I encourage you to focus on policy changes that can benefit the long term stability of the marketplace, which will in turn benefit consumers.

I suggest you focus on two areas. First, since the driving force behind retail gasoline prices is clearly the elevated price of crude oil, your attention must be focused on that component of the system. Regardless of external influences, economics dictates that when supplies for any object are greater than the relative demand, prices will decline. There are numerous examples throughout the history of the petroleum market that support this argument. Today’s crude oil prices are largely related to the international relationship between supply and demand. If substantial inventories of additional crude oil were brought onto the market, this would have a deflationary effect on crude oil prices.

Perhaps even more importantly, however, an increase in supply would send a signal to the non-commercial market traders. A significant factor influencing crude oil prices has been the entry of investors seeking a safe haven from the volatility of the real estate and stock markets. This huge influx of capital into the crude oil markets has violated the traditional supply-demand equation and grossly inflated prices. However, additional supplies should have a dampening effect on prices. It is therefore conceivable that non-commercial investors would begin to transfer their speculative capital away from the crude oil commodities market and invest in markets with more favorable economic indicators for long-term return. This would help restore crude oil prices to a more rational level.

Second, Congress can take action to help retailers get out of the spin cycle and remain solvent, thereby preserving the competitive nature of the market. More of my dealer customers would be able to cover their expenses if they were not forced to turn over more than half of their gross fuel margin dollars to the credit card companies. Chairman Conyers and Congressman Cannon have introduced H.R. 5546, the Credit Card Fair Fee Act, to give retailers the ability to negotiate with Visa and MasterCard. This is critical legislation that could help reduce the financial burden facing retailers and provide them with the opportunity to remain competitive in the market without sacrificing the future of their business. I urge you to move forward quickly to enact this legislation.

Thank you for the opportunity to share the perspective of the nation’s convenience and petroleum retailing industry on the retail motor fuels market. I look forward to your questions and to working with you to create a system that addresses our nation’s motor fuels challenges and can affect permanent change to a system that frustrates both consumers and retailers alike.

## 2006 Average Weekly Prices and Margins<sup>1</sup>

Date	Crude Price	Rack Price	Retail Price	Net Retail <sup>2</sup>	Gross Margin	Credit Cards <sup>3</sup>
<b>January 2, 2006</b>	\$59.82	\$1.668	\$2.197	\$1.742	\$0.074	\$0.055
9-Jan	\$63.39	\$1.782	\$2.292	\$1.833	\$0.051	\$0.057
16-Jan	\$63.74	\$1.743	\$2.323	\$1.863	\$0.120	\$0.058
23-Jan	\$66.79	\$1.774	\$2.323	\$1.863	\$0.089	\$0.058
30-Jan	\$66.82	\$1.757	\$2.332	\$1.872	\$0.115	\$0.058
6-Feb	\$66.59	\$1.747	\$2.342	\$1.880	\$0.133	\$0.059
13-Feb	\$63.06	\$1.627	\$2.296	\$1.834	\$0.207	\$0.057
20-Feb	\$59.37	\$1.596	\$2.241	\$1.780	\$0.184	\$0.056
27-Feb	\$59.93	\$1.657	\$2.238	\$1.777	\$0.120	\$0.056
6-Mar	\$62.27	\$1.758	\$2.281	\$1.820	\$0.062	\$0.057
13-Mar	\$60.89	\$1.801	\$2.381	\$1.889	\$0.088	\$0.060
20-Mar	\$62.64	\$1.946	\$2.472	\$2.008	\$0.062	\$0.062
27-Mar	\$61.36	\$1.912	\$2.500	\$2.036	\$0.124	\$0.063
3-Apr	\$65.67	\$2.021	\$2.558	\$2.092	\$0.071	\$0.064
10-Apr	\$66.56	\$2.112	\$2.650	\$2.182	\$0.070	\$0.066
17-Apr	\$68.85	\$2.231	\$2.769	\$2.300	\$0.069	\$0.069
24-Apr	\$71.87	\$2.347	\$2.891	\$2.420	\$0.073	\$0.072
1-May	\$70.38	\$2.284	\$2.927	\$2.458	\$0.174	\$0.073
8-May	\$72.14	\$2.291	\$2.912	\$2.444	\$0.153	\$0.073
15-May	\$71.50	\$2.342	\$2.917	\$2.450	\$0.108	\$0.073
22-May	\$69.07	\$2.228	\$2.903	\$2.437	\$0.209	\$0.073
29-May	\$70.35	\$2.238	\$2.861	\$2.397	\$0.159	\$0.072
5-Jun	\$71.53	\$2.305	\$2.863	\$2.398	\$0.093	\$0.072
12-Jun	\$71.54	\$2.319	\$2.902	\$2.438	\$0.119	\$0.073
19-Jun	\$69.48	\$2.243	\$2.880	\$2.416	\$0.173	\$0.072
26-Jun	\$69.94	\$2.262	\$2.852	\$2.388	\$0.126	\$0.071
3-Jul	\$72.65	\$2.372	\$2.915	\$2.449	\$0.077	\$0.073
10-Jul	\$74.65	\$2.399	\$2.960	\$2.493	\$0.094	\$0.074
17-Jul	\$75.21	\$2.400	\$2.967	\$2.501	\$0.101	\$0.074
24-Jul	\$73.98	\$2.429	\$2.995	\$2.528	\$0.099	\$0.075
31-Jul	\$73.87	\$2.428	\$3.010	\$2.544	\$0.116	\$0.075
7-Aug	\$75.20	\$2.444	\$3.022	\$2.556	\$0.112	\$0.076
14-Aug	\$75.63	\$2.325	\$3.011	\$2.544	\$0.219	\$0.075
21-Aug	\$71.79	\$2.211	\$2.937	\$2.472	\$0.261	\$0.073
28-Aug	\$72.12	\$2.114	\$2.858	\$2.395	\$0.281	\$0.071
4-Sep	\$70.06	\$1.983	\$2.757	\$2.295	\$0.312	\$0.069
11-Sep	\$67.53	\$1.859	\$2.643	\$2.184	\$0.325	\$0.066
18-Sep	\$63.98	\$1.760	\$2.514	\$2.057	\$0.297	\$0.063
25-Sep	\$61.40	\$1.665	\$2.400	\$1.946	\$0.281	\$0.060
2-Oct	\$61.94	\$1.668	\$2.310	\$1.856	\$0.188	\$0.058
9-Oct	\$59.77	\$1.643	\$2.258	\$1.806	\$0.163	\$0.056
16-Oct	\$58.58	\$1.614	\$2.219	\$1.768	\$0.154	\$0.055
23-Oct	\$58.48	\$1.615	\$2.194	\$1.744	\$0.129	\$0.055
30-Oct	\$58.88	\$1.636	\$2.191	\$1.741	\$0.105	\$0.055
6-Nov	\$58.55	\$1.618	\$2.181	\$1.731	\$0.113	\$0.055
13-Nov	\$59.96	\$1.675	\$2.206	\$1.756	\$0.081	\$0.055
20-Nov	\$57.56	\$1.662	\$2.218	\$1.768	\$0.106	\$0.055
27-Nov	\$57.24	\$1.686	\$2.230	\$1.779	\$0.093	\$0.056
4-Dec	\$62.02	\$1.744	\$2.263	\$1.812	\$0.068	\$0.057
11-Dec	\$62.32	\$1.708	\$2.287	\$1.836	\$0.128	\$0.057
18-Dec	\$61.91	\$1.725	\$2.288	\$1.836	\$0.111	\$0.057
25-Dec	\$62.40	\$1.762	\$2.333	\$1.880	\$0.118	\$0.058
1-Jan	\$60.66	\$1.722	\$2.323	\$1.870	\$0.148	\$0.058
<b>2006 Average</b>	<b>\$65.92</b>	<b>\$1.960</b>	<b>\$2.558</b>	<b>\$2.097</b>	<b>\$0.138</b>	<b>\$0.064</b>

**Source:** Crude Prices: Energy Information Administration, date is set to date reported by OPIS  
Rack, Retail, Margin Data: Oil Price Information Service (OPIS), *Retail Fuel Watch*

<sup>1</sup> Crude prices are expressed as \$/barrel; other prices are \$/gallon.

<sup>2</sup> Net Retail: Retail price less local, state and federal taxes and 1.5 cents freight

<sup>3</sup> Estimated at 2.5% of the retail price

### 2007 Average Weekly Prices and Margins<sup>4</sup>

Date	Crude Price	Rack Price	Retail Price	Net Retail <sup>5</sup>	Gross Margin	Credit Cards <sup>6</sup>
<b>January 8, 2007</b>	\$57.76	\$1.661	\$2.309	\$1.856	\$0.195	\$0.058
15-Jan	\$54.11	\$1.544	\$2.248	\$1.796	\$0.252	\$0.056
22-Jan	\$51.51	\$1.477	\$2.176	\$1.726	\$0.249	\$0.054
29-Jan	\$53.57	\$1.538	\$2.145	\$1.695	\$0.157	\$0.054
5-Feb	\$57.11	\$1.604	\$2.168	\$1.715	\$0.111	\$0.054
12-Feb	\$58.99	\$1.667	\$2.207	\$1.754	\$0.087	\$0.055
19-Feb	\$58.41	\$1.716	\$2.253	\$1.798	\$0.082	\$0.056
26-Feb	\$59.57	\$1.816	\$2.329	\$1.874	\$0.058	\$0.058
5-Mar	\$61.64	\$1.940	\$2.459	\$2.000	\$0.060	\$0.061
12-Mar	\$60.85	\$1.963	\$2.527	\$2.067	\$0.104	\$0.063
19-Mar	\$57.94	\$1.977	\$2.550	\$2.090	\$0.113	\$0.064
26-Mar	\$58.26	\$2.021	\$2.583	\$2.121	\$0.100	\$0.065
2-Apr	\$64.18	\$2.124	\$2.667	\$2.203	\$0.079	\$0.067
9-Apr	\$64.82	\$2.203	\$2.755	\$2.289	\$0.086	\$0.069
16-Apr	\$62.85	\$2.294	\$2.840	\$2.373	\$0.079	\$0.071
23-Apr	\$63.06	\$2.233	\$2.859	\$2.392	\$0.159	\$0.071
30-Apr	\$65.26	\$2.389	\$2.928	\$2.459	\$0.070	\$0.073
7-May	\$63.82	\$2.444	\$3.021	\$2.549	\$0.105	\$0.076
14-May	\$61.90	\$2.490	\$3.055	\$2.583	\$0.093	\$0.076
21-May	\$63.61	\$2.601	\$3.158	\$2.683	\$0.082	\$0.079
28-May	\$64.89	\$2.541	\$3.203	\$2.728	\$0.187	\$0.080
4-Jun	\$63.94	\$2.471	\$3.156	\$2.681	\$0.210	\$0.079
11-Jun	\$65.90	\$2.357	\$3.085	\$2.612	\$0.255	\$0.077
18-Jun	\$66.62	\$2.319	\$3.005	\$2.534	\$0.215	\$0.075
25-Jun	\$68.78	\$2.356	\$2.973	\$2.503	\$0.147	\$0.074
2-Jul	\$69.13	\$2.331	\$2.952	\$2.481	\$0.150	\$0.074
9-Jul	\$71.78	\$2.384	\$2.948	\$2.475	\$0.091	\$0.074
16-Jul	\$72.79	\$2.426	\$3.032	\$2.556	\$0.130	\$0.076
23-Jul	\$74.92	\$2.250	\$2.967	\$2.489	\$0.239	\$0.074
30-Jul	\$75.15	\$2.168	\$2.885	\$2.411	\$0.243	\$0.072
6-Aug	\$76.75	\$2.162	\$2.830	\$2.358	\$0.196	\$0.071
13-Aug	\$71.92	\$2.084	\$2.771	\$2.300	\$0.216	\$0.069
20-Aug	\$72.05	\$2.157	\$2.754	\$2.284	\$0.127	\$0.069
27-Aug	\$70.19	\$2.105	\$2.747	\$2.278	\$0.173	\$0.069
3-Sep	\$72.93	\$2.204	\$2.762	\$2.292	\$0.088	\$0.069
10-Sep	\$75.96	\$2.218	\$2.804	\$2.333	\$0.115	\$0.070
17-Sep	\$78.95	\$2.185	\$2.778	\$2.309	\$0.124	\$0.069
24-Sep	\$82.26	\$2.228	\$2.787	\$2.318	\$0.090	\$0.070
1-Oct	\$81.70	\$2.186	\$2.786	\$2.316	\$0.130	\$0.070
8-Oct	\$80.59	\$2.143	\$2.758	\$2.289	\$0.146	\$0.069
15-Oct	\$81.46	\$2.161	\$2.747	\$2.279	\$0.118	\$0.069
22-Oct	\$87.80	\$2.251	\$2.801	\$2.331	\$0.080	\$0.070
29-Oct	\$89.23	\$2.273	\$2.832	\$2.362	\$0.089	\$0.071
5-Nov	\$93.46	\$2.418	\$2.961	\$2.489	\$0.071	\$0.074
12-Nov	\$95.81	\$2.510	\$3.076	\$2.603	\$0.093	\$0.077
19-Nov	\$93.56	\$2.456	\$3.092	\$2.624	\$0.168	\$0.077
26-Nov	\$97.93	2.483	\$3.076	\$2.607	\$0.124	\$0.077
3-Dec	\$92.47	\$2.359	\$3.066	\$2.598	\$0.239	\$0.077
10-Dec	\$88.71	\$2.301	\$3.004	\$2.538	\$0.237	\$0.075
17-Dec	\$91.18	\$2.352	\$2.981	\$2.514	\$0.162	\$0.075
24-Dec	\$91.16	\$2.356	\$2.966	\$2.500	\$0.144	\$0.074
31-Dec	\$95.64	\$2.466	\$3.011	\$2.545	\$0.079	\$0.075
<b>2007 Average</b>	<b>\$72.21</b>	<b>\$2.180</b>	<b>\$2.785</b>	<b>\$2.318</b>	<b>\$0.138</b>	<b>\$0.070</b>

**Source:** Crude Prices: Energy Information Administration, date is set to date reported by OPIS  
Rack, Retail, Margin Data: Oil Price Information Service (OPIS), *Retail Fuel Watch*

<sup>4</sup> Crude prices are expressed as \$/barrel; other prices are \$/gallon.

<sup>5</sup> Net Retail: Retail price less local, state and federal taxes and 1.5 cents freight

<sup>6</sup> Estimated at 2.5% of the retail price

## 2008 Average Weekly Prices and Margins<sup>7</sup>

Date	Crude Price	Rack Price	Retail Price	Net Retail <sup>8</sup>	Gross Margin	Credit Cards <sup>9</sup>
<b>January 7, 2008</b>	\$98.17	\$2.514	\$3.078	\$2.610	\$0.096	\$0.077
14-Jan	\$94.76	\$2.417	\$3.074	\$2.606	\$0.189	\$0.077
21-Jan	\$91.51	\$2.327	\$3.016	\$2.549	\$0.222	\$0.075
28-Jan	\$89.41	\$2.340	\$2.983	\$2.516	\$0.176	\$0.075
4-Feb	\$91.14	\$2.383	\$2.976	\$2.509	\$0.126	\$0.074
11-Feb	\$89.08	\$2.341	\$2.954	\$2.487	\$0.146	\$0.074
18-Feb	\$94.13	\$2.444	\$2.992	\$2.525	\$0.081	\$0.075
25-Feb	\$99.61	\$2.560	\$3.112	\$2.643	\$0.083	\$0.078
3-Mar	\$100.84	\$2.573	\$3.153	\$2.684	\$0.111	\$0.079
10-Mar	\$103.44	\$2.613	\$3.195	\$2.725	\$0.112	\$0.080
17-Mar	\$109.35	\$2.682	\$3.269	\$2.797	\$0.115	\$0.082
24-Mar	\$105.28	\$2.629	\$3.257	\$2.785	\$0.156	\$0.081
31-Mar	\$104.49	\$2.708	\$3.268	\$2.798	\$0.090	\$0.082
7-Apr	\$103.46	\$2.739	\$3.304	\$2.830	\$0.092	\$0.083
14-Apr	\$109.71	\$2.800	\$3.360	\$2.884	\$0.084	\$0.084
21-Apr	\$114.33	\$2.924	\$3.459	\$2.982	\$0.057	\$0.086
28-Apr	\$118.53	\$3.009	\$3.576	\$3.098	\$0.089	\$0.089
<b>Average</b>	<b>\$97.23</b>	<b>\$2.588</b>	<b>\$3.178</b>	<b>\$2.708</b>	<b>\$0.119</b>	<b>\$0.079</b>

**Source:** Crude Prices: Energy Information Administration, date is set to date reported by OPIS  
Rack, Retail, Margin Data: Oil Price Information Service (OPIS), *Retail Fuel Watch*

<sup>7</sup> Crude prices are expressed as \$/barrel; other prices are \$/gallon.

<sup>8</sup> Net Retail: Retail price less local, state and federal taxes and 1.5 cents freight

<sup>9</sup> Estimated at 2.5% of the retail price