



# LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature  
Division of Legal and Research Services  
State Capitol, Juneau, AK 99801

(907) 465-3991 phone  
(907) 465-3908 fax  
[research@legis.state.ak.us](mailto:research@legis.state.ak.us)

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December 24, 2009

## Memorandum

TO: Senator Bill Wielechowski  
FROM: Chuck Burnham, Legislative Analyst  
RE: Components of Gasoline Prices in Alaska and Selected Jurisdictions, 2004-2009  
*LRS Report 10.098*

You asked about gasoline prices in Alaska. Specifically, you asked that we update Figures 1 and 2 from LRS Report 10.079 to include the time period January 2004 through August 2009.<sup>1</sup> The figures in question compared a number of components of Alaska gasoline prices to those in other jurisdictions. Attached are three figures that collectively update the information about which you were interested.

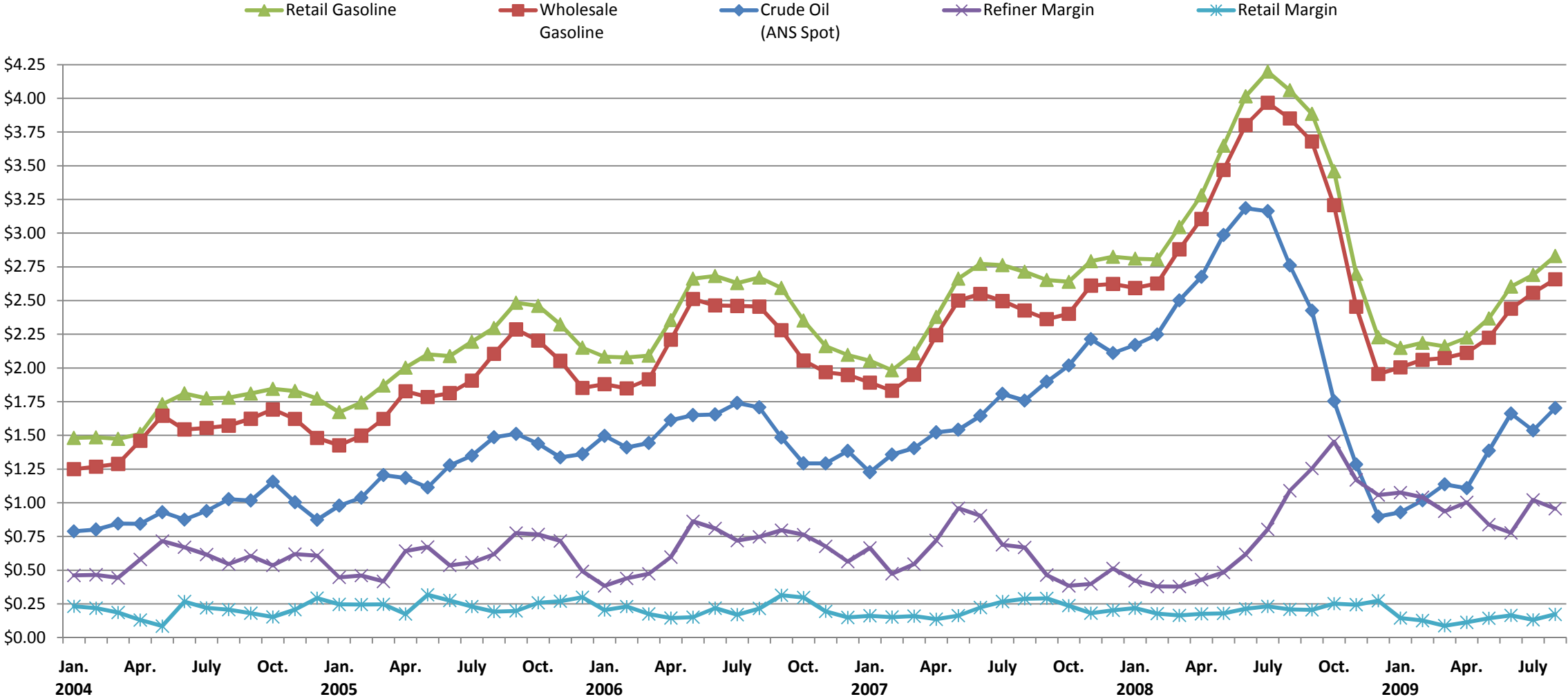
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I hope you find the attached information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

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<sup>1</sup> As you know, LRS Report 10.079 updated figures from LRS Report 09.053 to include more recent data.

Figure 1: Selected Components of Alaska Gasoline Prices, January 2004 to August 2009

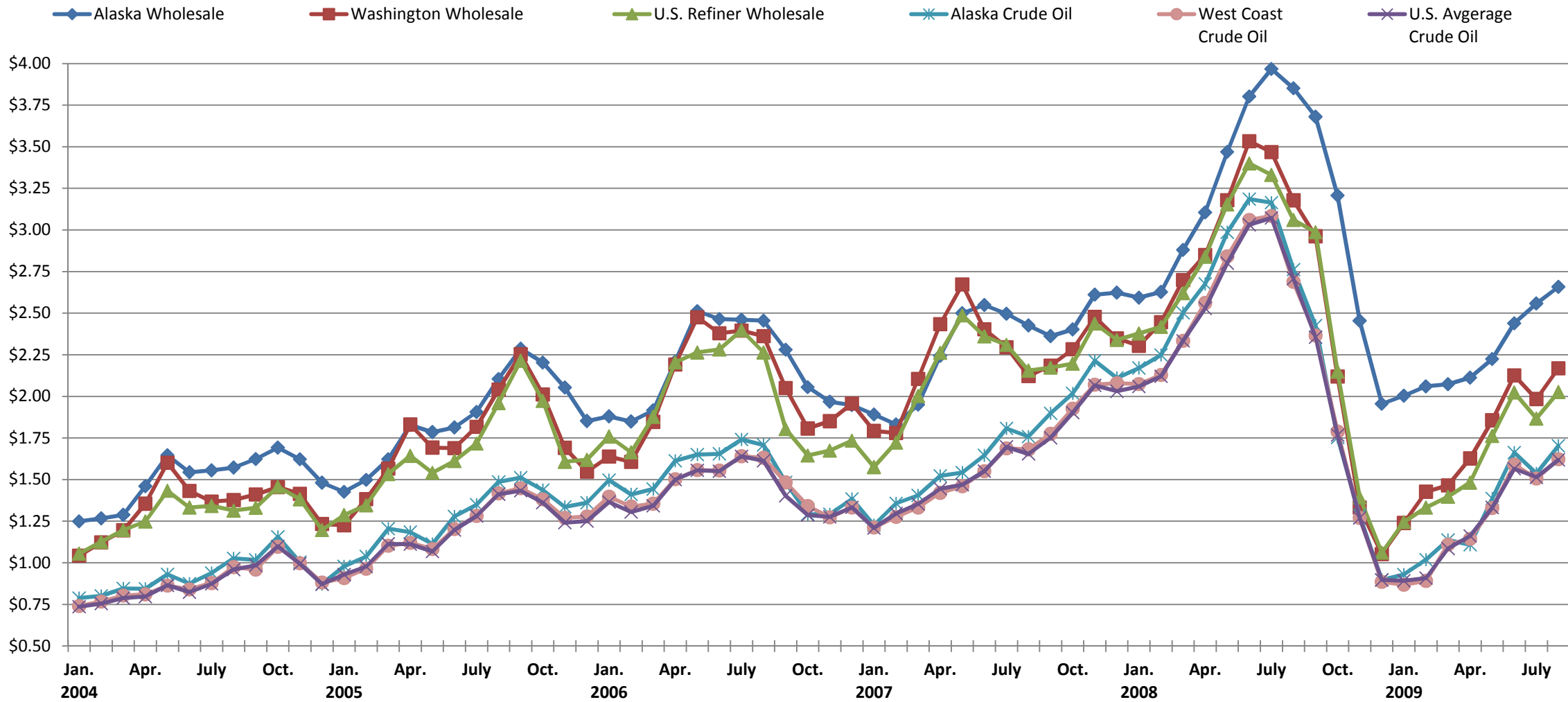


**Notes:** All dollar amounts are per gallon. We use the word "margin" to mean the proportion of gasoline costs attributable to a certain step in the process of bringing a gallon of gasoline to the retail market. In this context, only a percentage of the total margin is taken as profit.

- 1) "Retail Gasoline" is the average price of gasoline "at the pump" to end-users and include taxes.
- 2) "Wholesale Gasoline" is the average price of gasoline charged by Alaska refiners to resellers.
- 3) "ANS Spot" is the cost of Alaska North Slope crude oil on the commodity market. We calculated this cost by dividing the price per barrel by 42 (the number of gallons in a standard barrel).
- 4) "Refiner Margin" is refiner wholesale price minus ANS Spot prices.
- 5) "Retail Margin" is retail price minus wholesale price.

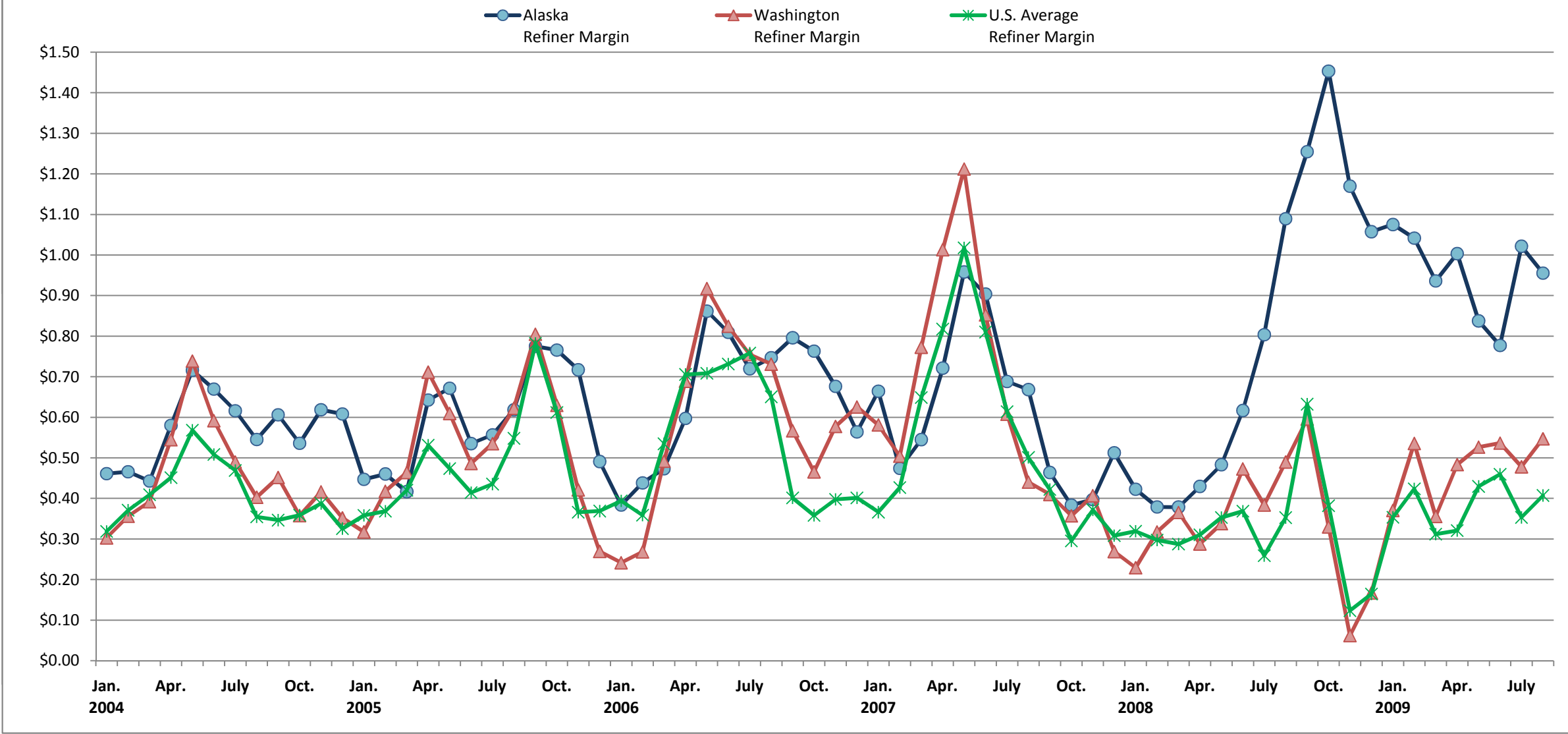
**Sources:** U.S. Department of Energy, Energy Information Administration, <http://www.eia.doe.gov/>; ANS Spot prices are from the Alaska Department of Revenue, Tax Division, <http://www.tax.state.ak.us/>.

Figure 2: Components of Retail Gasoline Prices in Selected Jurisdictions, January 2004 to August 2009



**Notes:** All dollar amounts are per gallon.  
Wholesale" in this context is the average price charged by refiners to resellers for all grades of gasoline.  
"Alaska Crude Oil" is the "ANS Spot price," or the cost of Alaska North Slope crude oil on the commodity markets. We calculated this cost by dividing the price per barrel by 42 (the number of gallons in a standard barrel). Spot prices do not include the costs of transporting crude oil to refineries.  
The "West Coast" and "U.S. Average" crude oil costs are "acquisition" costs--the prices refiners pay for crude oil delivered to their facilities.  
This chart updates components of LRS Report 09.053, Figure 2, December 2008.  
**Sources:** U.S. Department of Energy, Energy Information Administration, <http://www.eia.doe.gov/>. ANS Spot prices are from the Alaska Department of Revenue, Tax Division, <http://www.tax.state.ak.us/>.

**Figure 3: Average Refiner Margins for Gasoline in Alaska, Washington, and the U.S.,  
January 2004 to August 2009**



**Notes:** All dollar amounts are per gallon.  
"Refiner Margin" is refiner wholesale price minus ANS Spot price for Alaska and acquisition costs for Washington and the U.S. Average. We use the word "margin" to mean the proportion of gasoline costs attributable to a certain step in the process of bringing a gallon of gasoline to the retail market. In this context, only a percentage of the total margin is taken as profit.  
This chart updates components of LRS Report 09.053, Figure 2, December 2008.  
**Sources:** U.S. Department of Energy, Energy Information Administration, <http://www.eia.doe.gov/>. ANS Spot prices are from the Alaska Department of Revenue, Tax Division, <http://www.tax.state.ak.us/>.