

DOE/ES/29059-71

Iowa Department of Natural Resources



Iowa State Heating Oil and Propane Program *1996-1997 Winter Heating Season*

**Final Report
May 1997**

DISCLAIMER

This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.

MASTER

HH

DISTRIBUTION OF THIS DOCUMENT IS UNLIMITED

Prepared by the Iowa Department of Natural Resources
Energy and Geological Resources Division

DISCLAIMER

**Portions of this document may be illegible
in electronic image products. Images are
produced from the best available original
document.**

**Iowa Residential No. 2 Heating Oil and Propane Price Survey
1996 - 1997 Heating Season**

Introduction

This report summarizes the results of the residential No. 2 distillate fuel (home heating oil) and liquefied petroleum gas (propane) price survey over the 1996 -1997 winter heating season in Iowa. The Iowa Department of Natural Resources (Department) conducted the survey under a cooperative financial assistance grant with the U.S. Department of Energy's (DOE) Energy Information Administration (EIA).

Program Objective

The objective of the Iowa State Heating Oil and Propane Program is to develop a state-level, company-specific data collection effort so that retail price information on fuel oil and propane is collected by Department staff during the winter heating season. The second objective is to provide specific volume and retail price information to DOE's Energy Information Administration on No. 2 heating oil and propane on a semi-monthly basis.

Program Performance

The responsibilities of the Department included:

- Collection of semi-monthly price information on No. 2 home heating oil and propane from various Iowa based companies selected by DOE. Price information was collected each Monday from October 7, 1996 through March 3, 1997 and semi monthly from March 10, 1997 to March 31, 1997.
- Collection of annual sales volume data in thousands of gallons for propane for the period of September 1995 to August 1996. This information is collected from various Iowa based companies selected by DOE.
- Transmission of the collected data, within two working days, to EIA of the DOE using the Petroleum Electronic Data Reporting Option (PEDRO)

Iowa has participated in the program since 1987.

Retail No. 2 Home Heating Fuel Oil Prices

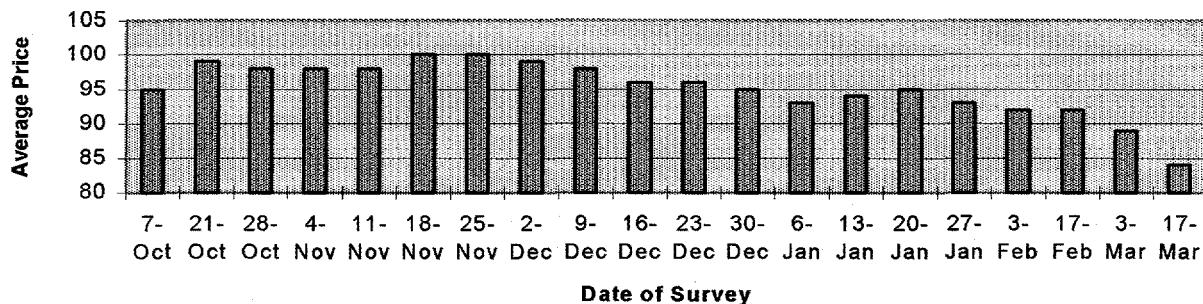
The average retail charge price of No. 2 home heating fuel oil in Iowa on October 7, 1996, was \$0.95 cents per gallon, excluding state sales tax. This price was 18 cents higher than the average three year price (1993, 1994 and 1995) of \$0.77 cents per gallon. The October 7, 1996, price was substantially closer to the average price (over \$1.00) for home heating oil during the Desert Shield and Desert Storm military operations of 1990 and 1991.

The average retail charge price for No. 2 home heating fuel oil for the 1996-97 heating season was \$0.94 cents per gallon, excluding state sales tax. The average retail charge price for No. 2 home heating fuel oil for the 1995-96 heating season was \$0.77 cents per gallon, excluding state sales tax. The average retail charge price over the 1994-95 heating season was \$0.75 cents per gallon, and for the 1993-94 heating season was \$0.73 cents per gallon, excluding state sales tax.

The average price for October heating oil increased 2 cents per year from 1993 to 1995. In October 1996 the average price was \$0.95 cents per gallon, excluding state sales tax.

This increase in average prices for all three winter heating seasons can be attributed to higher wholesale prices and higher worldwide crude oil prices over the three year period.

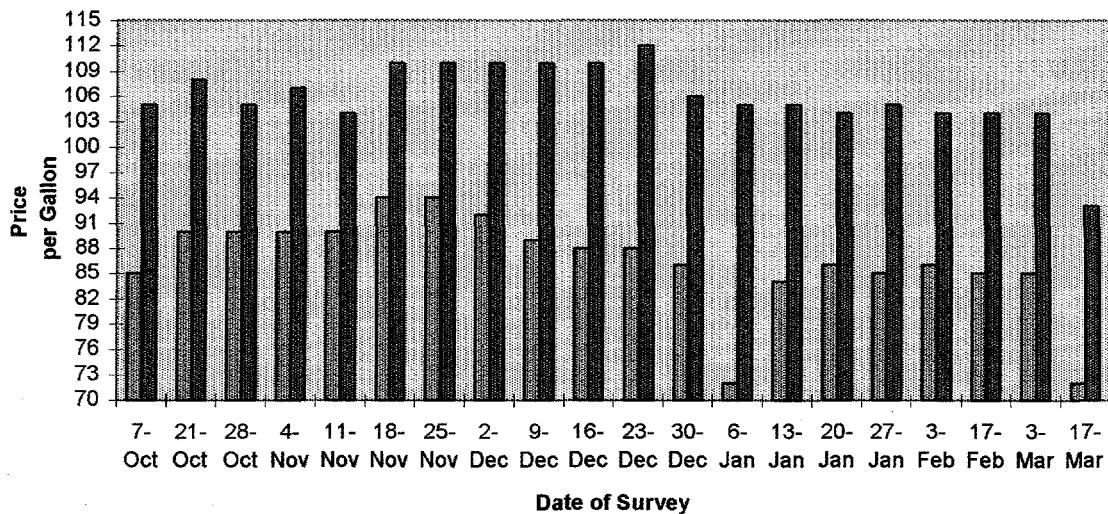
1996-97 Average Price of No. 2 Fuel Oil Per Survey



The 1996 - 97 winter heating season average price increase from retailers was \$.05 cents a gallon from \$0.95 to \$1.00 per gallon. The low to high price range from distributors for the 1996 - 97 winter heating season was from \$0.72 to \$1.12 per gallon. The 1995 - 96 winter heating season average price increase was \$.04 cents a gallon from \$0.77 to \$0.81 cents per gallon. The low to high price range from distributors for the 1995 - 96 winter heating season was from \$0.67 to \$0.97 cents per gallon.

1996-1997 Iowa Winter Fuels Price Survey Final Report

1996-1997 No. 2 Fuel Oil High and Low Price per Survey

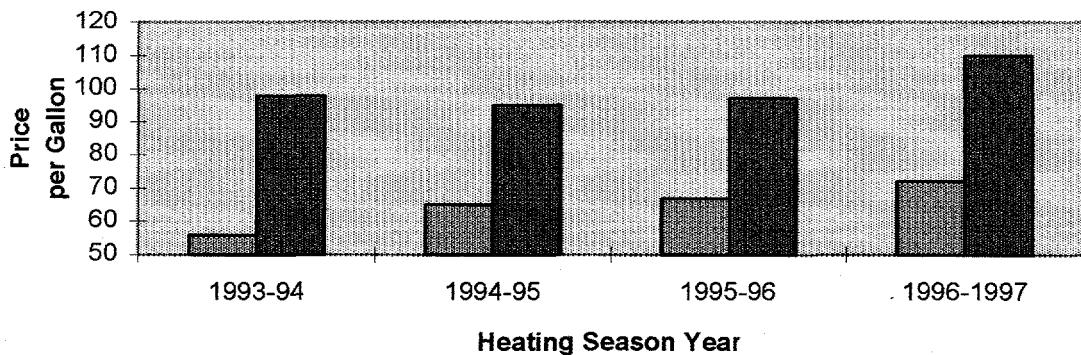


The 1994 - 95 winter heating season average price increase from retailers was \$.04 cents a gallon from \$.73 to \$.77 cents per gallon. The low to high price range from distributors for the 1994 - 95 winter heating season was from \$.65 to \$.95 cents per gallon.

The 1993 - 94 winter heating season average price increase from retailers was \$.12 cents a gallon from \$.71 to \$.83 cents per gallon. The low to high price range from distributors for the 1993 - 94 winter heating season was from \$.56 to \$.98 cents per gallon.

Over the last three years No. 2 home heating fuel oil has increased on an average of \$.04 cents per winter heating season with wide variances in the low to high price charged by distributors.

1996-97 No.2 Low and High Price per Heating Season



Retail Propane Prices

The average retail charge price of propane in Iowa on October 7, 1996, was \$0.77 cents per gallon, excluding state sales tax. This price was 17 cents higher than the previous October and was 15 cents higher than the average three year price (1993, 1994 and 1995) of \$0.62 cents per gallon.

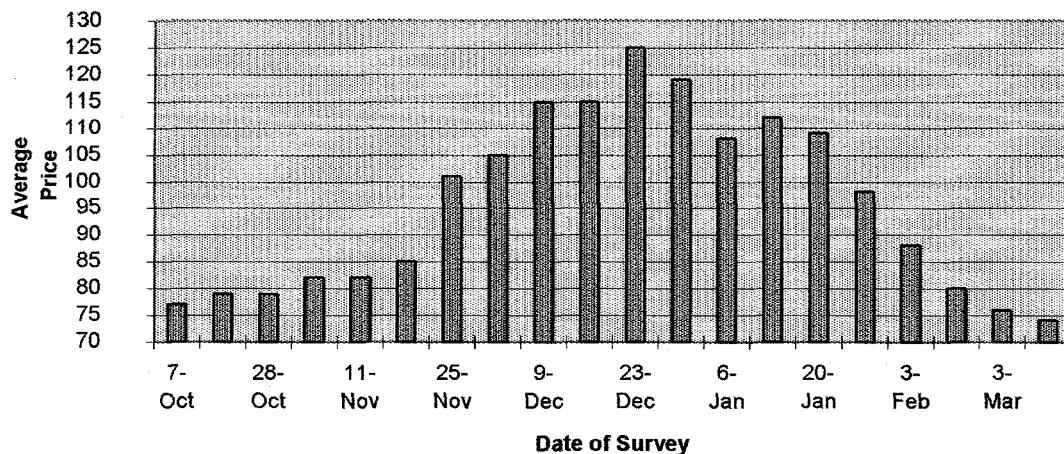
The three year average October price was \$0.59 cents per gallon. The average propane price increased each survey period in 1996 - 97, until the 3rd week of December, to a peak of \$1.25 cents per gallon. This average peak price was \$0.52 cents higher than last year average peak price. At the end of the survey, average prices were slowly declining and have continued to decline as warmer weather arrived.

The average retail price for propane over the 1996 - 97 heating season was \$0.92 cents per gallon, excluding state sales tax. The average retail charge price for propane over the 1995-96 heating season was \$0.67 cents per gallon, excluding state sales tax. The average retail charge price over the 1994 - 95 heating season was \$0.59 cents per gallon and for the 1993 - 94 heating season was \$0.60 cents per gallon, excluding state sales tax. Over the last three year period (1993, 1994 and 1995) the average price for propane was \$0.62 cents.

Over the last three years propane has increased an average of \$0.06 cents per winter heating season with wide variances in the low to high price charged by distributors.

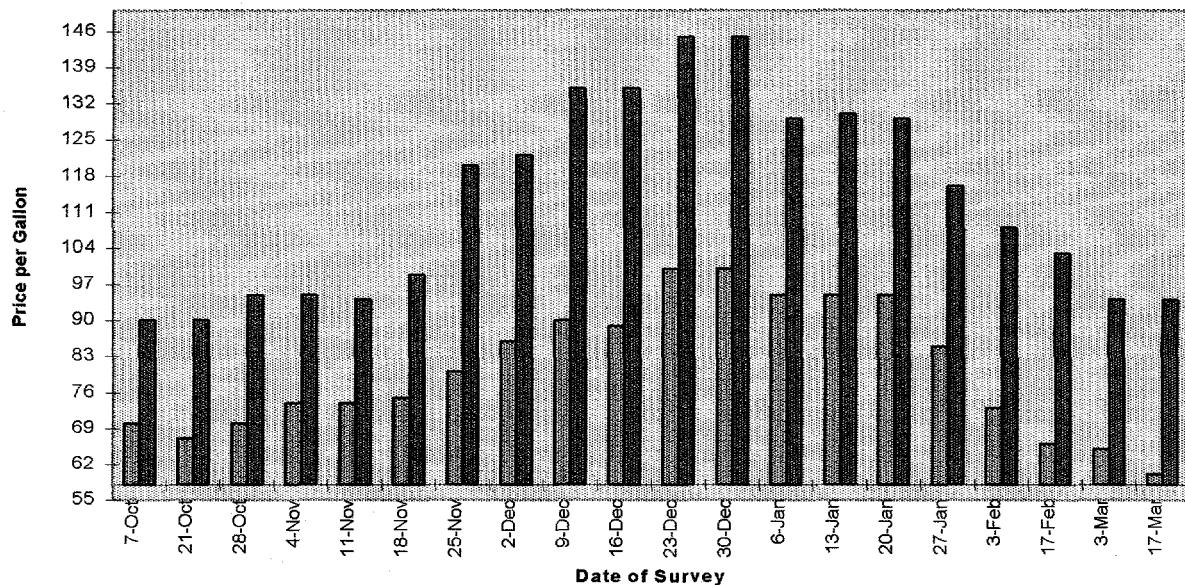
The higher Iowa wholesale prices, higher worldwide crude oil prices, a later than normal corn harvest with a much higher moisture content than expected, the arrival of an early Iowa winter and the move by refineries to just-in-time inventory supply system attributed to the increase in Iowa's October 1996 propane price.

1996-97 Propane Average Price Per Survey



1996-1997 Iowa Winter Fuels Price Survey Final Report

1996-1997 Propane High and Low Price per Survey



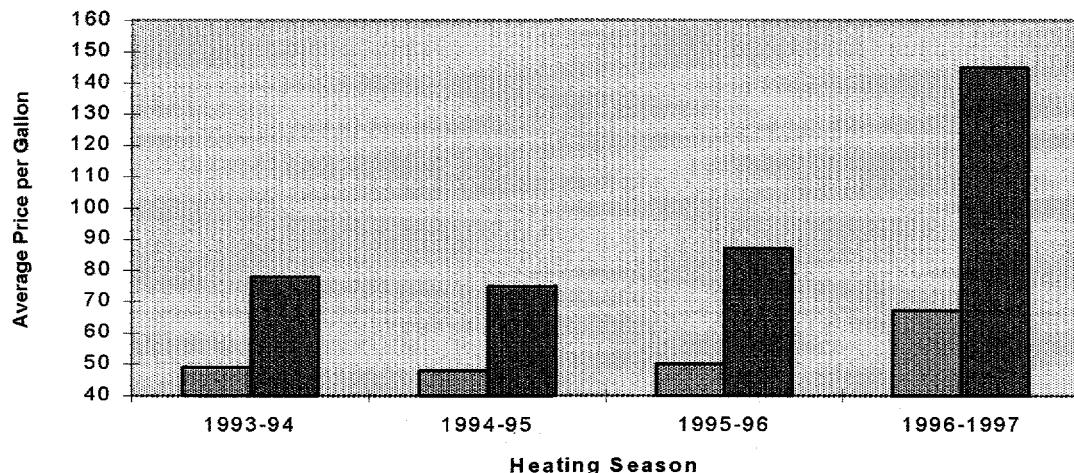
The 1996 - 97 winter heating season average retail price increase was from \$0.92 to \$1.00 per gallon. A difference of \$.08 cents per gallon. The low to high price range from distributors during the 1996 - 97 winter heating season was from \$0.54 to \$1.45 per gallon.

The 1995 - 96 winter heating season average retail price increase was from \$0.60 to \$0.73 cents per gallon. A difference of \$.13 cents per gallon. The low to high price range from distributors during the 1995 - 96 winter heating season was from \$0.50 to \$0.87 cents per gallon.

The 1994-95 winter heating season average retail price increase was from \$0.56 to \$0.63 cents per gallon. A difference of \$.07 cents per gallon. The low to high price range from distributors during the 1993 - 94 winter heating season was from \$0.48 to \$0.75 cents per gallon.

The 1993-94 winter heating season average retail price increase was from \$0.60 to \$0.62 cents per gallon. A difference of \$.02 cents per gallon. The low to high price range from distributors during the 1993 - 94 winter heating season was from \$0.49 to \$0.78 cents per gallon.

1996-97 Propane Low and High Price per Heating Season



Methodology

The EIA determined the methods to be used in the State Heating Oil and Propane Program price survey. The Iowa Department of Natural Resources was provided a list of firms identified as residential distributors to be contacted regarding their participation in the price survey.

The residential price survey began on October 7, 1996, and was completed on March 17, 1997. Data from the survey was transmitted to EIA using DOE's Petroleum Electronic Data Reporting Option (PEDRO). The EIA compiled, processed and aggregated each state's reported data, weighting and stratifying against other data streams, to estimate a state's average price.

EIA listed the data on its Electronic Publication (EPUB) system. The EIA also published the results in the EIA Winter Fuels Report biweekly to the States, Congress and other governmental agencies. The data was posted on DOE's home page on the World Wide Web at "<http://www.eia.doe.gov>" or the Department's home page at "<http://www.state.ia.us>". More information can be obtained by calling the National Energy Information Center at 202/586-8800.