

Energy Prices

Note 1. Crude Oil Domestic First Purchase Prices. The average domestic first purchase price represents the average price at which all domestic crude oil is purchased. Prior to February 1976, the price represented an estimate of the average of posted prices; beginning with February 1976, the price represents an average of actual first purchase prices. The data series was previously called “Actual Domestic Wellhead Price.”

Note 2. Crude Oil F.O.B. Costs. F.O.B. literally means “Free on Board.” It denotes a transaction whereby the seller makes the product available with an agreement on a given port at a given price; it is the responsibility of the buyer to arrange for the transportation and insurance.

Note 3. Crude Oil Landed Costs. The landed cost of imported crude oil from selected countries does not represent the total cost of all imported crude. Prior to April 1975, imported crude costs to U.S. company-owned refineries in the Caribbean were not included in the landed cost, and costs of crude oil from countries that export only small amounts to the United States were also excluded. Beginning in April 1975, however, coverage was expanded to include U.S. company-owned refineries in the Caribbean. Landed costs do not include supplemental fees.

Note 4. Crude Oil Refinery Acquisition Costs. Beginning with January 1981, refiner acquisition costs of crude oil are from data collected on Energy Information Administration (EIA) Form EIA-14, “Refiners’ Monthly Cost Report.” Those costs were previously published from data collected on Economic Regulatory Administration (ERA) Form ERA-49, “Domestic Crude Oil Entitlements Program Refiners Monthly Report.” Form ERA-49 was discontinued with the decontrol of crude oil on January 28, 1981. Crude oil purchases and costs are defined for Form EIA-14 in accordance with conventions used for Form ERA-49. The respondents for the two forms are also essentially the same. However, due to possible different interpretations of the filing requirements and a different method for handling prior period adjustments, care must be taken when comparing the data collected on the two forms.

The refiner acquisition cost of crude oil is the average price paid by refiners for crude oil booked into their refineries in accordance with accounting procedures generally accepted and consistently and historically applied by the refiners concerned. Domestic crude oil is that oil produced in the United States or from the outer continental shelf as defined in 43 USC Section 1331. Imported crude oil is either that oil reported on Form ERA-51, “Transfer Pricing Report,” or any crude oil that is not domestic oil. The composite cost is the weighted average of domestic and imported crude oil costs.

Crude oil costs and volumes reported on Form ERA-49 excluded unfinished oils but included the Strategic Petroleum Reserve (SPR). Crude oil costs and volumes reported

on Federal Energy Administration (FEA) Form FEA-P110-M-1, “Refiners’ Monthly Cost Allocation Report,” included unfinished oils but excluded SPR. Imported averages derived from Form ERA-49 exclude oil purchased for SPR, whereas the composite averages derived from Form ERA-49 include SPR. None of the prices derived from Form EIA-14 include either unfinished oils or SPR.

Note 5. Motor Gasoline Prices. Several different series of motor gasoline prices are published in this section. U.S. city average retail prices of motor gasoline are calculated monthly by the Bureau of Labor Statistics during the development of the Consumer Price Index (CPI). These prices include all Federal, State, and local taxes paid at the time of sale. From 1974-1977, prices were collected in 56 urban areas. From 1978 forward, prices are collected from a new sample of service stations in 85 urban areas selected to represent all urban consumers—about 80 percent of the total U.S. population. The service stations are selected initially, and on a replacement basis, in such a way that they represent the purchasing habits of the CPI population. Service stations in the current sample include those providing all types of service (i.e., full-, mini-, and self-serve).

Refiner prices of finished motor gasoline for resale and to end users are determined by the EIA in a monthly survey of refiners and gas plant operators (Form EIA-782A). The prices do not include any Federal, State, or local taxes paid at the time of sale. Estimates of prices prior to January 1983 are based on Form FEA-P302-M-1/EIA-460, “Petroleum Industry Monthly Report for Product Prices,” and also exclude all Federal, State, or local taxes paid at the time of sale. Sales for resale are those made to purchasers who are other-than-ultimate consumers. Sales to end users are sales made directly to the consumer of the product, including bulk consumers (such as agriculture, industry, and utilities) and residential and commercial consumers.

Note 6. Historical Petroleum Prices. Starting in January 1983, Form EIA-782, “Monthly Petroleum Product Sales Report,” replaced 10 previous surveys. Every attempt was made to continue the most important price series. However, prices published through December 1982 and those published since January 1983 do not necessarily form continuous data series due to changes in survey forms, definitions, instructions, populations, samples, processing systems, and statistical procedures. To provide historical data, continuous series were generated for annual data 1978–1982 and for monthly data 1981 and 1982 by estimating the prices that would have been published had Form EIA-782 survey and system been in operation at that time. This form of estimation was performed after detailed adjustment was made for product and sales type matching and for discontinuity due to other factors. An important difference between the previous and present prices is the distinction between wholesale and resale and between retail and end user. The resale category continues to include sales among resellers. However, sales to bulk consumers, such as utility, industrial, and commercial accounts previously included in

the wholesale category, are now counted as made to end users. The end-user category continues to include retail sales through company-owned and operated outlets but also includes sales to the bulk consumers such as agriculture, industry, and electric utilities. Additional information may be found in "Estimated Historic Time Series for the EIA-782," a feature article by Paula Weir, printed in the December 1983 [3] *Petroleum Marketing Monthly*, published by EIA.

Note 7. Electricity Retail Prices. Average annual retail prices of electricity have the following plant coverage: Through 1979, annual data are for Classes A and B privately owned electric utilities only. For 1980-1982, annual data are for selected Class A utilities whose electric operating revenues were \$100 million or more during the previous year. For 1983, annual data are for a selected sample of electric utilities. Beginning in 1984, data are for a census of electric utilities. Beginning in 1996, annual data also include energy service providers selling to retail customers.

Average monthly retail prices of electricity have the following plant coverage: Through 1985, monthly data are derived from selected privately owned electric utilities and, therefore, are not national averages. Beginning in 1986, monthly data are based on a sample of publicly and privately owned electric utilities. Beginning in 1996, monthly data also include energy service providers selling to retail customers.

Preliminary monthly data are from Form EIA-826, "Monthly Electric Sales and Revenue Report With State Distributions Report," which is a monthly collection of data from approximately 450 of the largest publicly and privately owned electric utilities as well as a census of energy service providers with retail sales in deregulated States; a model is then applied to the collected data to estimate for the entire universe of U.S. electric utilities. Preliminary annual data are the sum of the monthly revenues divided by the sum of the monthly sales. When final annual data become available each year from Form EIA-861, "Annual Electric Power Industry Report," their ratios to the preliminary Form EIA-826 values are used to derive adjusted final monthly values.

Note 8. Costs of Fossil-Fuel Receipts at Electric Generating Plants. Data for 1973-1982 cover all regulated electric generating plants at which the generator nameplate capacity of all steam-electric units combined totaled 25 megawatts or greater. From 1974-1982, peaking units were included in the data and counted towards the 25-megawatt-or-greater total. Data for 1983-1990 cover all regulated electric generating plants at which the generator nameplate capacity of all steam-electric units combined totaled 50 megawatts or greater. Data for 1991-2001 cover all regulated electric generating plants at which the generator nameplate capacity of all steam-electric units and combined-cycle units together totaled 50

megawatts or greater. Data for 2002 forward cover the aforementioned regulated generating plants plus unregulated generating plants (independent power producers, as well as combined-heat-and-power generating plants and electricity-only plants in the commercial and industrial sector) whose total facility fossil-fueled nameplate generating capacity is 50 or more megawatts, regardless of unit type.

Note 9. Natural Gas Prices. Natural gas prices are intended to include all taxes. Instructions on the data collection forms specifically direct that all Federal, State, and local taxes, surcharges, and/or adjustments billed to consumers are to be included. However, sales and other taxes itemized on more than 3,000 consumers' bills are sometimes excluded by the reporting utilities. Delivered-to-consumers prices for 1987 forward represent natural gas delivered and sold to residential, commercial, industrial, vehicle fuel, and electric power consumers. They do not include the price of natural gas delivered on behalf of third parties to residential, commercial, industrial, and vehicle fuel customers except for certain States in the residential and commercial sectors for 2002 forward. Volumes of natural gas delivered on behalf of third parties are included in the consumption data shown in Table 4.3. Additional information is available in the EIA *Natural Gas Monthly*, Appendix C.

Table 9.1 Sources

Domestic First Purchase Price

1973-1976: U.S. Department of the Interior (DOI), Bureau of Mines (BOM), *Minerals Yearbook*, "Crude Petroleum and Petroleum Products" chapter.

1977: Federal Energy Administration, based on Form FEA-P124, "Domestic Crude Oil Purchaser's Monthly Report."

1978-2008: Energy Information Administration (EIA), *Petroleum Marketing Annual 2008*, Table 1.

2009: EIA, *Petroleum Marketing Monthly*, October 2009, Table 1.

F.O.B. and Landed Cost of Imports

October 1973-September 1977: Federal Energy Administration, Form FEA-F701-M-0, "Transfer Pricing Report."

October-December 1977: EIA, Form FEA-F701-M-0, "Transfer Pricing Report."

1978-2008: EIA, *Petroleum Marketing Annual 2008*, Table 1.

2009: EIA, *Petroleum Marketing Monthly*, October 2009, Table 1.

Refiner Acquisition Cost

1973: EIA estimates. The domestic price was derived by adding estimated transportation costs to the reported domestic first purchase price. The imported price was derived by adding an estimated ocean transport cost to the average "Free Alongside Ship" value published by the U.S. Bureau of the Census.

1974–1976: DOI, BOM, *Minerals Yearbook*, “Crude Petroleum and Petroleum Products” chapter.

1977: January–September, FEA, based on Form FEA-P110-M-1, “Refiners’ Monthly Cost Allocation Report.” October–December, EIA, based on Form FEA-P110-M-1, “Refiners’ Monthly Cost Allocation Report.”

1978–2008: EIA, *Petroleum Marketing Annual 2008*, Table 1.

2009: EIA, *Petroleum Marketing Monthly*, October 2009, Table 1.

Table 9.2 Sources

October 1973–September 1977: Federal Energy Administration, Form FEA-F701-M-0, “Transfer Pricing Report.” October 1977–December 1977: Energy Information Administration (EIA), Form FEA-F701-M-0, “Transfer Pricing Report.”

1978–2008: EIA, *Petroleum Marketing Annual 2008*, Table 21.

2009: EIA, *Petroleum Marketing Monthly*, October 2009, Table 21.

Table 9.10 Sources

1973–September 1977: Federal Power Commission, Form FPC-423, “Monthly Report of Cost and Quality of Fuels for Electric Utility Plants.”

October 1977–December 1977: Federal Energy Regulatory Commission, Form FERC-423, “Monthly Report of Cost and Quality of Fuels for Electric Utility Plants.”

1978 and 1979: Energy Information Administration (EIA), Form FERC-423, “Monthly Report of Cost and Quality of Fuels for Electric Utility Plants.”

1980–1989: EIA, *Electric Power Monthly*, May issues.

1990–2000: EIA, *Electric Power Monthly*, March 2003, Table 26.

2001–2007: EIA, *Electric Power Monthly*, October 2008, Table 4.1; Federal Energy Regulatory Commission, Form FERC-423, “Monthly Report of Cost and Quality of Fuels for Electric Utility Plants”; and EIA, Form EIA-423, “Monthly Cost and Quality of Fuels for Electric Plants Report.”

2008 and 2009: EIA, *Electric Power Monthly*, October 2009, Table 4.1; and Form EIA-923, “Power Plant Operations Report.”

Table 9.11 Sources

All Prices Except Vehicle Fuel and Electric Power

1973–2002: Energy Information Administration (EIA), *Natural Gas Annual (NGA)*, annual reports.

2003 forward: EIA, *Natural Gas Monthly (NGM)*, October 2009, Table 3.

Vehicle Fuel Price

EIA, *NGA*, annual reports.

Electric Power Sector Price

1973–1998: EIA, *NGA 2000*, Table 96.

1999–2002: EIA, *NGM*, October 2004, Table 4.

2003–2007: Federal Energy Regulatory Commission, Form FERC-423, “Monthly Report of Cost and Quality of Fuels for Electric Utility Plants,” and EIA, Form EIA-423 “Monthly Cost and Quality of Fuels for Electric Plants Report.”

2008 and 2009: Form EIA-923, “Power Plant Operations Report.”

Percentage of Residential Sector

1989–2007: EIA, Form EIA-176, “Annual Report of Natural and Supplemental Gas Supply and Disposition.”

2008: Estimated by EIA as the average of the three previous annual values.

Percentage of Commercial Sector

1987–2002: EIA, *NGA*, annual reports. Calculated as the total amount of natural gas delivered to commercial consumers minus the amount delivered for the account of others, and then divided by the total amount delivered to commercial consumers.

2003 forward: EIA, *NGM*, September 2009, Table 3.

Percentage of Industrial Sector

1982–2002: EIA, *NGA*, annual reports. Calculated as the total amount of natural gas delivered to industrial consumers minus the amount delivered for the account of others, and then divided by the total amount delivered to industrial consumers.

2003 forward: EIA, *NGM*, September 2009, Table 3.

Percentage of Electric Power Sector

1973–2001: Calculated by EIA as the quantity of natural gas receipts by electric utilities reported on Form FERC-423, “Monthly Report of Cost and Quantity of Fuels for Electric Utility Plants” (and predecessor forms) divided by the quantity of natural gas consumed by the electric power sector (for 1973–1988, see *Monthly Energy Review*, Table 7.3b; for 1989–2001, see *Monthly Energy Review*, Table 7.4b).

2002–2007: Calculated by EIA as the quantity of natural gas receipts by electric utilities and independent power producers reported on Form FERC-423, “Monthly Report of Cost and Quantity of Fuels for Electric Utility Plants,” and EIA-423, “Monthly Cost and Quality of Fuels for Electric Plants Report,” divided by the quantity of natural gas consumed by the electric power sector (see *Monthly Energy Review*, Table 7.4b).

2008 and 2009: Calculated by EIA as the quantity of natural gas receipts by electric utilities and independent power producers reported on Form EIA-923, “Power Plant Operations Report,” divided by the quantity of natural gas consumed by the electric power sector (see *Monthly Energy Review*, Table 7.4b).