



DEFENSE LOGISTICS AGENCY
DEFENSE ENERGY SUPPORT CENTER - EUROPE
CMR 443 BOX 5000
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NOV 12 2002

IN REPLY
REFER TO DESC-EU

MEMORANDUM FOR SEE DISTRIBUTION

FROM: DEFENSE ENERGY SUPPORT CENTER (DESC) EUROPE

SUBJECT: Standard Fuel Price Adjustment

Effective 1 December 2002, the standard price for petroleum products supplied by the Defense Energy Support Center in the Balkans theater of operations will be reduced from the current price of \$1.07 to \$0.97. This affects foreign military sales customers throughout Bosnia and Herzegovina and Croatia.

Standard pricing by DESC is designed to streamline fuels accounting in the region by compensating for fuel pricing fluctuations as well as to recoup a portion of the costs associated with ordering/contract administration. Pricing for grades of fuel corresponding to different delivery locations changes monthly in response to the world petroleum market. The standard price is a forecast encompassing all of these continually fluctuating prices. In addition, overhead costs (personnel, office costs) in ordering from and managing the Balkans fuel contracts are prorated for foreign military sales customers as part of the standard price. These costs are a small percentage of the standard price calculation (on average for the past year, overhead costs comprised 1.7 cents of the \$1.07 standard price). The standard price is updated semiannually to ensure all cost savings achieved by lower fuel pricing is passed on to the customer.

If you have any questions pertaining to standard pricing or the current adjustment, please contact my point of contact for this matter, Captain Kyle Clark. He can be reached at the following: Desk 00385-1390-8510; Cell 00385-9826-4743; Email dfobcomm@desc.dla.mil.

A handwritten signature in black ink, appearing to read "Rockne E. Krill".

ROCKNE E. KRILL
Deputy Director

Attachment:
Distribution