



**DEFENSE LOGISTICS AGENCY
DEFENSE ENERGY SUPPORT CENTER
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IN REPLY
REFER TO DESC-PE/P

October 28, 2003

MEMORANDUM FOR DESC CUSTOMERS

**SUBJECT: Winter Weather Advisory for Heating Oil Customers for the 2003-2004
Heating Season**

As the winter months approach, Defense Energy Support Center (DESC) reminds heating oil customers of the importance of carefully managing fuel inventories to prevent outages during cold weather. Although heating inventories are at normal levels and total U.S. natural gas storage is approximately 96% full, the potential for rising energy prices still exists given the unpredictability of weather or other events. All customers should take proactive measures to prepare for the upcoming heating season. DESC is committed to customer support and offers the following for planning purposes:

What is the forecast for U.S. weather patterns for the remainder of 2003?

The seasonal outlook reflects the presence of long-term trends on U.S. temperature and precipitation...statistical forecast tools...with some input from numerical models during the first several seasons and finally the likely continuation of ENSO (El Nino/Southern Oscillation) Neutral Conditions in the Tropical Pacific during the next several months.

The rapid cooling- trend towards La Nina – in the equatorial Pacific during January through May was followed by warming during June and early July. By mid-August surface and subsurface temperatures in the equatorial Pacific were near their long term averages except for the Far Western (Eastern) sections were positive (negative) departures from average persisted. The lack of any significant trend towards either La Nina or El Nino increases the uncertainty associated with this set of forecasts. Therefore, except for areas with strong trends, both probabilities and area covered by Non-EC probabilities will be relatively low in this set of forecasts. The forecasts for all seasons were based on a continuation of Enso-Neutral conditions and therefore primarily reflect long-term trends.

The outlook for September through November 2003 includes: Above normal temperatures over the Southwest and extreme Southern Florida. Some precipitation is expected to be below average over California – Nevada – Utah and Arizona and above average over portions of the Southeast. The Northeast forecast indicates some mild and cold spells.

This data was obtained from the National Weather Service:
http://www.cpc.ncep.noaa.gov/products/predictions/long_range/fxus05.html.

The Department of Energy's Energy Information Administration is projecting that heating oil prices during the October – March winter season are expected to average approx. the same amount as they did last winter. Mild summer weather throughout much of the country in June and July stabilized natural gas spot prices. See the Winter Fuels Outlook 2003-2004:

www.eia.doe.gov/emeu/steo/pub/contents.html.

Historically, heating oil outages occur most often during sudden cold spells or during periods of wintry precipitation (ice/snow/sleet). During these periods, consumption levels peak, regional demand for fuel is high and deliveries may be erratic during winter storms. Just when consumption rates are at their highest, sufficient re-supply is jeopardized by severe weather conditions. Adequate planning and diligent management of inventories are key to successful re-supply during the heating season and periods of extreme winter weather. The balance of this document provides recommended practices for maximizing supply availability.

a. It is essential that the fuel user exercise close scrutiny over fuel consumption at all times. An effective inventory management plan will give consideration to worst case weather scenarios. We suggest monitoring of local 5 to 7 day forecasts in conjunction with scheduling shipments. In the event of severe winter storm conditions or sudden drops in temperature, DESC recommends that fuel users assure an adequate supply of heating oil to meet the facility's needs for the duration of the severe weather period. Promptly gauge inventory levels, estimate immediate product consumption and, if necessary, schedule additional product deliveries.

b. Orders. If your activity uses fuel oil as an alternate energy source in times of natural gas curtailment, please monitor your levels closely to provide 48 hours advance notice to the contractor, unless a shorter notification period is stated in the delivery schedule. Timely placement of orders is necessary to provide the Contractor adequate time to schedule deliveries.

c. Fuel users must provide suppliers of automatic fill-up requirements with maps, consumption histories, etc., to facilitate performance.

d. Only the DESC Contracting Officer has authority to modify the terms and conditions of the contract. Please notify DESC of any change in your requirements in writing.

e. Activity delivery narratives, bulletins and contract clauses/provisions are now located in the Contract Information System (CIS) at the following web address: <http://ports2.desc.dla.mil/ports.htm>. Activity instructions stated in the bulletin describe activity responsibilities and procedures to be followed if problems occur. This information should be reviewed by the Ordering Officer(s) at the beginning of each procurement cycle and before the heating season begins. If you have difficulty accessing the CIS, please call the corresponding number below for your respective Customer Organized Group (COG).

f. Contract narratives often restrict delivery days and hours; activities should consider the possibility of extending delivery hours during extreme winter weather.

g. Activities must advise DESC immediately when heating fuel delivery problems or any other contractor performance problems are encountered. DESC points of contact for heating fuel contracts are as follows:

Customer Organized Group (COG)	DIVISION PHONE NUMBER
COG 2	DESC-PEB/ 703-767-8461 or DSN 427- 8461
COG 3	DESC-PEA /703-767-9510 or DSN 427-9510
COG 4	DESC-PEC / 703-767-9520 or DSN 427-9520
COG 6	DESC-PLB / 703-767-9536 or DSN 427-9536
COG 7 and 8	DESC-PLC/703-767-9511 or DSN 427-9511

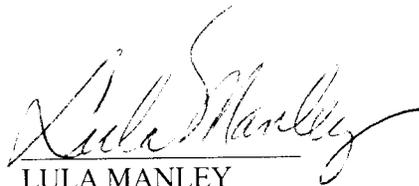
AFTER HOURS EMERGENCY TOLL-FREE NUMBER: **1-800-286-7633 (1800-2-TOP-OFF)**

h. The uncertainty of the upcoming winter weather may impact the heating oil market. All non-standard price customers are advised that fuel prices may be affected, therefore, we ask that you stay in touch with DESC throughout the heating season. Fuel prices can be obtained by visiting the DESC pricing page at:
http://p2web.desc.dla.mil/pls/p2wp/dfsc_pkg.df_activity.

Our staff strives to provide you the best support possible; do not hesitate to contact us with your fuel related questions or problems.



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