

DISTRICT OF COLUMBIA TAXICAB COMMISSION

Taxicab Fuel Surcharge Analysis

The Temporary \$1.00 Fuel Surcharge authorized by the District of Columbia Taxicab Commission's (DCTC) on March 6, 2012 (the "3rd Extension") will expire as scheduled on June 20, 2012.

There has been a declining crude oil prices around the nation in recent weeks, coupled with renewed economic concerns in some parts of European countries, have pressured the national average gas price to steadily lower since early April 2012. The national average price at the pump has declined for **28** consecutive days and **21 cents (\$0.21)** lower than the April 6 peak of **\$3.94**. This streak of declining prices is the longest since 2010 when prices dropped **21 cents (\$0.21)** from May 7 to June 3, 2011.

Today's national average price for a gallon of regular gasoline is **\$3.73**. This is five cents (**0.05**) cheaper than the price one week ago, **17 cents (\$0.17)** cheaper than one month ago and **24 cents (\$0.24)** cheaper than one year ago.

District of Columbia Taxicab Commission DCTC) History of Fuel surcharge implementation and extensions.

<u>Fuel Surcharge</u>	<u>Effective Date</u>	<u>Gas Prices on Effective date</u>	<u>Fuel Surcharge Amount</u>	<u>Termination Date</u>
1st Imposed	March 3, 2011	\$3.45	\$1	July 26, 2011
1st Extension	July 27, 2011	\$3.70	\$1	November 17, 2011
2nd Extension	November 18, 2011	\$3.47	\$1	March 5, 2012
3rd Extension	March 6, 2012	\$3.85	\$1	June 20, 2012
*Average Gas Price as of June 15, 2012		\$3.58		

The table illustrates the history of DC taxicab fuel surcharge extensions with corresponding gas prices on effective dates. The 1st fuel surcharge was imposed on **March 03, 2011** at which time the price for regular unleaded gasoline in the District was **\$3.45**. The market experienced minor fluctuation during 1st & 2nd extensions, (See table). Gas prices rose slightly higher to **\$3.85** a gallon at the 3rd extension effective **March 06, 2012**. This surcharge is scheduled to expire June 20, 2012.

The surcharge will expire on scheduled date for the following reasons:

- The rise in gasoline prices has stalled due to declining crude oil prices and renewed economic concerns have pressured the national average gas price lower since early April 2012,
- The national average price at the pump has declined for **28** consecutive days and **\$0.21 cents** lower than the April 6 peak of **\$3.94**. This streak of declining prices is the longest since 2010 and due to low demand,
- The current National average daily price of regular gasoline is **\$3.69** per gallon despite analysts previous projection of high prices,
- **AAA-Mid Atlantic Regional Office** outlook for the summer appeared optimistic of lower gas prices. AAA is projecting a drop in unleaded regular gas to **\$3.50** a gallon. This projection is achievable in the absence of hostilities and geopolitical strife among the rival groups in the Gulf (Israel and Iran).
- Furthermore, the District has experienced moderate drop in Gasoline prices for many weeks. Average daily price of regular unleaded was at **\$3.81** per gallon, when the surcharge was imposed in **March 06, 2012**, compared to National Average daily price of **\$3.94 (\$0.13)**. At **\$3.81** per gallon The District current price is lower than **\$3.85, (\$0.04 lower)** when the surcharged was imposed.
- Gas prices in the neighboring jurisdictions are slightly lower than the District's Average price for a gallon of regular gasoline in Maryland is **\$3.63** while Virginia is at **\$3.52** respectively.

Based on AAA's analysis of further drop in gasoline prices due to decrease in demand, a renewal of fuel surcharge would not be supported by the current economic data. The current surcharge will expire on June 20, 2012 as scheduled.

DCTC-Research & Analysis Division

Source: Gas Prices Data provided by: AAA-Daily Fuel Guage Report & Mid Atlantic & Oil Price Information Service