

TANK AMORTIZATION COSTS CONFUSING

Profit Stumbleblock Troubles Villages Says CAP Energy Head

According to Mary Stachelrödt, head of the RurAL CAP Energy program, there has been a great deal of confusion relating to village stores and the tank amortization costs, which prevented the gas and oil business from making a profit, or caused them to lose money.

Here is a quote from a letter by Fred Chei of the Federal Energy Administration:

"The village storekeeper may amortize the tanks by charging each fuel purchaser a fixed fee each time he purchases fuel. A sign should be prominently placed on the premises that states that the fee is not part of the price charged for the fuel but that is a separate price charged for the tanks themselves. Such notice should be printed onto any receipt issued by the store.

"An alternative solution would be to allow the tank amortization charge to be measured by the quantity of product sold in each sale, e.g. 5 cents per gallon extra for the tank fee. If this alternative method is used, notice to the public in the form specified above must be given stating that the tank charge is independent of the fuel charge.

"This method could also take the form of a sales tax, as directed by the cooperative, based on the total dollar volume of fuel purchased. This tax should be implemented if the cooperative has such authority under its corporate charter."

This clarifies the ruling in question. Communities interested in setting bulk storage facilities up this year should get together and plan, Mrs.

Stachelrödt said, adding that it means deciding the capacity — by need and financing decisions.

Time factor is a problem, transportation-wise. Space has to be reserved — and soon. The regions that are interested should contact Mary Stachelrödt, Energy Planner at the RurAL CAP office in Anchorage.

A letter from the regional CAP directors about a village requesting assistance for a loan is requested.

The criteria for the low-interest (4%) loans are: no bulk storage at all, must be a regional priority — set by the executive director or board of directors, high risk area — where there are not other alternatives for financing, and that RurAL CAP is the only funding route, repeated fuel shortage problems, geographical distribution (not all in one region), and dealing with other entities or structures (ANICA, co-ops, corporations, councils, etc.).

Any or all of these would determine the issuance of the loan, Mrs. Stachelrödt stated. It would be a matter of priority and would be determined by the Executive Committee of RurAL CAP at the presentation of proposals by the Energy Coordinator.