

### Accounting & Technical Support For Petroleum Marketers!

We have made a number of changes to Customer Special Pricing, which will be discussed herein. Here is a list of changes:

- A new screen for Margin Adjustments is added. These add date/time sensitivity to customer special pricing.
- A new LOG screen shows editing changes that have occurred in Special Pricing Maintenance.
- Support for an Alternate Point of Origin was added.
- The Delivery Cost field in special pricing can now feed to Invoice Confirmation as the default freight rate. We renamed it FREIGHT.
- A rapid-edit utility was added to maintain the Margin Adjustments more easily than using Special Pricing Maintenance.
- When Margin Adjustments are entered, the underlying rack cost is preserved. If during confirmation this record is used, the operator is warned if that rack cost has subsequently changed.
- All this can be supported in Fuel Quotes.

```

65.160.146.130
File Edit Commands Settings Help
CUSTOMER SPECIAL PRICING      SLIPPERY SLOPE OIL      PDS30SP1  [M] 15JUL04

  CUSTOMER .....: 30110 KENDALL-JACKSON WINERIES
( 1) PRODUCT .....: DFL          - CLEAR CARB DIESEL #2
( 2) PACK .....:      - BULK FUEL
( 3) MARGIN TYPE ...: M - MARGIN/COST      (18) CHECK FOR COST: YES
( 4) MARGIN METHOD ...: $              (19) BB COMM RATE 1 .. 0
( 5) MARGIN AMOUNT ...: .18000          (20) BB COMM RATE 2 .. 0
( 6) TIER NUMBER ...: 0                (21) BB MISC AMT .....: 0
( 7) TIER LEVEL ...: N                  (22) MINIMUM QTY .....: 0
( 8) FREIGHT .....: .03160
( 9) COST BASIS ...: SUPPLIER PRICE TABLE
(10) FLAG .....: DISPLAY AND OVERRIDE
(11) VENDOR .....: 1 - CHEVRON
(12) POO .....: 33 - BANTA
(13) ALTERNATE POO ...: 34 - BAKERSFIELD
(14) PRODUCT .....: DFL          - CLEAR CARB DIESEL #2
(15) PACK .....:      - BULK FUEL      FIFO COST.....: 0
(16) DATE .....: 2 - DELIVERY DATE      P'WARE COST...: .97387
(17) TIME .....: 1 - USE ORDER/BLIDX TIM  P'WARE PRICE..: 1.25387

COMMENT: ENTER ITEM TO MODIFY, (M)ARGINS, OR 'LOG'
COMMAND: ____
MESSAGE:
  
```

Pictured above is the way the main screen now looks. Changes you may note include the addition of field 13 ALTERNATE POO and the options at bottom to jump to the LOG or Margins screen. The LOG screen is similar to those we've done for Customers, Vendors,

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and Products --- they show what's been changed on the front screen, by whom and when, and what the old value was.

Let's jump to the Margin screen:

ITM	ST DATE	TIME	END DATE	TIME	MARGIN	EXTRA	PRICE GOAL
1)	09-17-04	00:01			.11500	.08600	1.67900
2)	09-09-04	00:01			.11500	.08600	1.53000
3)	09-07-04	00:01			.11500	.08000	1.56500
4)	09-01-04	00:01			.11500	.15000	1.56800
5)	08-25-04	00:01			.11500	.11000	1.67500
6)	08-13-04	00:01			.11500	.10000	1.71400
7)	08-11-04	00:01			.21500	.00000	1.66900
8)	08-06-04	00:01			.21500	.00000	1.65800
9)	07-30-04	00:01			.23700	.00000	1.67800
10)	07-26-04	00:01			.22700	.00000	1.64700
11)	07-23-04	00:01			.14500	.00000	1.55500
12)	07-17-04	00:01			.22700	.00000	.22700

This screen opens with a list of past entries. On the "front" screen, this customer is set up with a margin of .18 over rack cost at either Banta or Bakersfield. But over the past few months, the real margin has varied from day to day. This screen was shot on Sept. 29<sup>th</sup>, and the effective margin right now is defined by the entry from Sept. 17<sup>th</sup>, or .115 plus an extra .086, for a total margin of .201.

Note that we have Margin and Extra. The resulting margin is the sum of these. We designed it this way to allow the concepts of "regular" and "tweak" to be separately visible and edited.

The price on line 1 is derived from the present cost from Supplier Pricing, plus .201 of total margin. The price on line 2 is historical --- it's showing the cost recorded at the time it was added, plus the margins in that line.

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Let's select line 1 for deeper examination:

```

65.160.146.130
File Edit Commands Settings Help
CUSTSP MARGIN HISTORY          SLIPPERY SLOPE OIL          PDS30SPH          22JUL04
CUSTOMER: 30110 KENDALL-JACKSON WINERIES          MARGIN :          .18000 MS $
PRODUCT : DFL          PAK: ' '          FREIGHT:          .03160
COST NOW:          1.47800          G/P NOW:          .16940

( 1) EFFECTIVE DATE.....: 09-17-04
( 2) EFFECTIVE TIME.....: 00:01
( 3) EXPIRATION DATE.....:
( 4) EXPIRATION TIME.....:
( 5) MARGIN AMOUNT.....:          .11500
( 6) EXTRA MARGIN.....:          .08600

ENTERED BY: shari

COST          MARGIN          +/- EXTRA          PRICE          FREIGHT          GP/GALLON
-----
1.47800          .11500          .08600          1.67900          .03160          .16940

COMMENT: <RETURN> TO CONTINUE
COMMAND: -
MESSAGE: -
    
```

The top section reflects data from the front screen, which is now two screens back, plus the present rack cost and resulting gross profit. Items 1-6 are the fields we enter when adding a new Margin Adjustment. The expiration fields are blank, as this jobber replaces old entries with updated ones. A different strategy would have the Margin Adjustment run for a set time, after which pricing would revert back to the front screen margin.

The lower section shows how the price is built to the customer, cost, plus margins, equals price. Then the FREIGHT field from the front screen is shown as a freight expense, leaving a gross profit of Margins minus Freight. This was done so that after making each new entry, the operator could validate their entry by seeing if GP is "reasonable".

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A new program at 3, 30, 4, 8 serves as a rapid-update utility. Sales reps at this jobber first ensure that the next day's rack pricing is loaded, and then they run this utility to step through their accounts that are on this program, i.e. that have Margin Adjustments now.

The screenshot shows a window titled '65.160.146.130' with a menu bar (File, Edit, Commands, Settings, Help) and a toolbar. The main display area contains the following text:

```

SPECIAL PRICING MARGINS          SLIPPERY SLOPE OIL          PDS30C08          09AUG04

SALESMAN...: ALL
EFFECTIVE...: 09/30 at 00:01 thru NO END
CUSTOMER...: 26215 MIKE FOWLER

ITM PRODUCT      PAK COST NOW NEW COST      MARGIN      EXTRA      PRICE NOW      NEW PRICE
-----
1) ME              1.66364  1.66064  0.07900  0.01000      1.75264      1.74964
2) PE              1.74364  1.74064  0.07900  0.01000      1.83264      1.82964
3) UE              1.60864  1.60564  0.07900  0.01000      1.69764      1.69464

COMMENT: ENTER ITEM #, (G)AS, (N)EXT CUST, (R)ESET, OR (E)XIT
COMMAND: -
MESSAGE:
  
```

Here is the #8 utility, stopped at a typical customer. This was shot the 29<sup>th</sup>, and so we've told the utility that any new entries will be effective at the start of the 30<sup>th</sup>. Costs are dropping .003 at the rack between "now" and the new effective date, so the projected price to this customer for the ME in line 1 is 1.74964 if the present margins are used.

If no adjustments to margins are needed, that is, if the .003 drop in cost is to be passed on intact to the customer, then we select (N)ext Customer and move along. If, however, we want to do something like keep .001 for ourselves and pass along a drop of .002 to the customer, we would select items 1, 2, and 3 --- or (G)as in this case --- and set a new Extra Margin of .011. This would cause a new Margin Adjustment entry to be inserted with the effective date and time as shown at screen-top, and total margins of .09 in place of the .089 in place now.

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Where all of this leads, of course, is Invoice Confirmation. At the point where we check for special pricing, a few things have been added:

- Where we test the Point of Origin in special pricing records that pull from BLIDX, seeing if that POO matches the one entered with the bill of lading, we are also checking for the new Alternate POO. If either POO matches, the special pricing record is used, with the margin adding to whatever cost is found using the POO entered with the bill of lading.
- Where we read the front screen margin, we now hunt through the Margin Adjustments to see if something is out there covering the present effective date and time, which we get from the bill of lading. If found, the front screen margin is replaced by the sum of Margin and Extra Margin from this entry.
- If we find such a Margin Adjustment we also compare the rack cost that matched the effective date and time when the record was entered with that same cost in real time. If they differ, the operator is warned that the pricing assumptions in place when the margin was set no longer hold true. This was designed to protect the jobber from the effects of revised pricing at the racks that comes in after the sales reps have set their margins.
- If the freight prompt is used, special pricing is now tapped for a default rate in systems flagged to do so. Use field #8 to enter a per/unit freight rate.

You should note that future patches may be needed. Special pricing reports and letters, for example, have no concept yet of effective/expiration dates. The Fuel Quote option at 3, 30, 4, 19, should you run that, does support this at one jobber site, but that's a custom "extra".

Cost to install: 4 hours.