

## Frequently Asked Questions about AV Fuel Reimbursement Policy

**Q** - How are AV fuel costs reimbursed?

**A** - Expenses for aviation fuel used on missions are reimbursed according to COMMANDANT NOTICE 16798 AUXILIARY AVIATION FACILITY REIMBURSEMENT, dated March 6, 2006 ([http://www.cgaux.info/g\\_ocx/missions/AUXAIRRateReimbursement.pdf](http://www.cgaux.info/g_ocx/missions/AUXAIRRateReimbursement.pdf)). It states that "...operators of Auxiliary aircraft issued patrol orders will be reimbursed for their expenses based on actual fuel costs and standard maintenance rates." A table detailing the maintenance rates is included as part of the instruction.

**Q** - Why was the fuel reimbursement system changed from the fixed rate tables used in the past?

**A** - To ensure that every AUXAIR facility owner is fully reimbursed for every cent that they spend on aircraft fuel while flying Coast Guard Auxiliary missions and not one cent less.

**Q** - Why not just raise the fixed rate reimbursement schedule?

**A** - Because any fixed rate schedule would be incorrect as soon as it was published. Fuel rates rise quickly, and fuel prices vary widely through the country. If the fixed rates are based on average prices, by definition, some prices will be higher, and some lower. It is inherently impossible for any fixed rate plan, based on averages, to be accurate for everyone. Someone will end up being reimbursed for less than they actually spent, and some people will get more than they actually spent. While those who get more will probably not complain, their overage should be used to reimburse those who had a shortfall. Accurate reimbursement for all is the goal.

**Q** - The fixed rates always worked out pretty well for me. How big a problem was it, really? Weren't some guys just complaining over a couple of bucks?

**A** - Well, yes, they were. Sometimes the problem was just a couple of bucks; a couple of bucks per gallon that is, multiplied by many gallons. When the current fixed rates were set in May of 2005, the reimbursement was based on a national average AV gas price of \$3.06 per gallon. It's currently \$3.85 per gallon (April 2006), and rising. Prices vary widely across the country, with a high of \$6.76 per gallon. Now consider the case of an Auxiliarist flying on a mission to a large airport in the New England area. He may have to pay over \$6 per gallon, but under the fixed reimbursement plan, would only be

reimbursed at the \$3 per gallon rate. If he puts 50 gallons into his plane, his reimbursement will be \$150 dollars short. Do you want to be that guy? If you were, would you want to fly another mission like that? This is exactly the kind of problem that this new plan will correct.

**Q** - Then why not just raise the fixed rates more often?

**A** - Changing the fixed rates involves rewriting an official Commandant Notice. In the Coast Guard, that is a big deal. There are several steps of review and approval, and this is not done lightly or quickly. In the several months it may take for a revised rate schedule to work its way through the approval process, the rates may change enough to require the whole process to begin again.

**Q** - Why not have fixed rates, indexed to the specific region that we fly in?

**A** - Indexing the fuel prices to "the specific region we fly in", as suggested, would be unworkable. There are 16 Auxiliary regions, with wide variations in fuel prices within many of those regions. Should the CG have 16 (or more) different fuel reimbursement schedules? What about flights which cross regional boundaries? What happens when fuel prices rise at a rapid pace in some regions, but not in others? Do some get updates, and others not? Who keeps track of all of this, and does all that updating? Such a plan would create many problems and errors in reimbursement. The CG requires one plan for reimbursement nationwide.

**Q** - With fixed rate reimbursement, pilots knew that they had to buy the most inexpensive fuel they could, and that they had to operate their aircraft at the most economical power settings possible, in order to try to come out even. Now, they will just be able to operate however they want, and buy fuel wherever they want. Won't this lead to abuses, such as people inflating their fuel expenses?

**A** - No reimbursement plan, fixed rate or not, is a substitute for good program management and oversight. Pilots will still be expected to operate prudently. However, many pilots have little choice as to where they must buy fuel, or the rate at which they burn it. Different aircraft burn fuel at different rates depending on many circumstances. Some operations require higher power settings than at other times. This plan will accommodate all of that. And yes, this plan trusts that pilots will report expenses honestly. The old fixed rate schedule relied on pilots to report their hours honestly, too, didn't it? After all, there were no "Hobbs meter police" who came out to verify that the number entered on the orders was the actual number of hours flown. Auxiliarists are always expected to be honest.

**Q** - Won't all of this additional paperwork clog up the system and cause delays in reimbursement?

**A** - That's unlikely, as this is the system that the CG Financial Center prefers. This is what they are used to dealing with for most other reimbursements, such as hotel and travel expenses, and this is how the surface folks are reimbursed. When you complete your orders in POMS, you will enter the dollar amount you are claiming as fuel reimbursement. You will print out and sign your orders, as usual. When you send them in to your Air Station for reimbursement, you will attach receipts showing an expense equal to (or greater than) the amount being claimed. When the signed orders with receipts arrive at the Air Stations, they will be cross checked with the information already entered in POMS, and the claim will be verified. Your verified claim is electronically sent via POMS to FINCEN for reimbursement. Auxiliaries are strongly encouraged to keep a photo copy of the receipts (and the orders).

**Q** - I flew a mission today, and, because of the weight I plan to carry on my next mission, I didn't refuel after this mission. I don't always fill up my tanks before or after a mission, because I often must trade fuel for payload, and I don't always know what my next flight will be. I may not refuel for a few days after my CG mission. How do I submit receipts for this situation? How do I complete my orders if I don't refuel my plane after my mission? I have to enter the quantity of fuel used, and the cost. How can I figure that if I don't refuel after my mission? Do I have to wait until I refuel to complete my orders? That may be several days? I can't afford to wait that long! Help!

**A** - OK, let's see if we can help clear this up. The fuel reimbursement policy states that you need to submit "documentation" regarding your fuel usage and costs. That means that you need to have a receipt (or receipts) to show the cost of the fuel that you used, for which you claim reimbursement.

You have to buy gas before you can burn it. Presumably, each time you buy gas you'll get a receipt for it. Save the receipt and use it for your claim.

Don't worry about buying gas after your mission. Gas purchased after the mission wasn't burned on the mission, so it's irrelevant. But if you do buy gas after your mission, hang onto the receipt. That's the gas you'll be burning next time you fly, so you're likely to need that receipt for your next mission.

**Q** - But if I don't buy gas after I fly, how do I know how much I used? How do I come up with a quantity to complete my orders?

**A** - To complete your orders after a mission, you need to know how long you flew, how much fuel you used, and how much that fuel cost. Obviously, how long you flew is easy. Simply get that from your Hobbs meter or recording tachometer.

All FAA certified aircraft have a Pilot Operating Handbook, (POH) that contains accurate, FAA certified data on fuel consumption for that aircraft. Use the POH fuel consumption data to determine the quantity of fuel used during your mission. Of course, if you have a fuel totalizer, you can get the fuel consumption figures from that.

Now, just use the cost per gallon from your fuel receipt(s) to figure out the cost of the fuel consumed on your mission. Attach receipts which document the cost for which you seek reimbursement. The receipts do not have to be dated the same day as your mission, they may be from the same day, or prior to the date of the mission. (Obviously, they may not be dated after the mission, because you could not have used fuel purchased after the mission on the mission.) The receipts do not have to be for the same quantity of fuel that you consumed on your mission. The receipts, or combination of receipts, must document expenditure equal to or greater than the amount that you are claiming for reimbursement.

**Q** - I buy fuel in bulk on a monthly basis. I don't get a receipt every time I add fuel. How do I handle this?

**A** - When you buy fuel in bulk, you still get some sort of a receipt or invoice which shows the price paid for the fuel. Simply attach a copy of that to your orders.

For example, if you buy 500 gallons at \$3 per gallon, you'll get a receipt or invoice for \$1500. Then, as you use the fuel, claim the amount that you use on each mission, and attach a copy of that bulk receipt. If you fly a mission and use 50 gallons, you'll claim \$150 on your orders. You'll attach a copy of your receipt for \$1500, but if your claim is for \$150, you'll get reimbursed for \$150.