Californian's suffer gas prices 45 cents higher than US average

by Bend_Weekly_News_Sources

It Is 'Political Malpractice' If Congress, State Fail to Act, Say Consumer Advocates

SANTA MONICA, CA - The daily AAA fuel gauge report shows that California's average pump price for regular has spiked to nearly $2.81 per gallon, almost 46 cents above the national average of $2.34. Utah and Wyoming, averaging under $2.19 per gallon, are 62 cents a gallon cheaper than California. The Foundation for Taxpayer and Consumer Rights, saying there is no credible reason for the large and widening disparity, called for immediate action by Congress and California lawmakers to regulate gasoline supplies and curb price-gouging by oil companies and refiners.

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The federal Energy Information Administration's weekly report, which covers the previous week's prices, confirms the trend with a 42.3-cent price gap between California and the U.S., for all grades.

"California's price spike in February, nearly the lowest consumption period of the year, is setting up the state to smash last year's $3.38 a gallon record," said Judy Dugan, research director of the nonprofit, nonpartisan FTCR. "Lawmakers will be guilty of political malpractice if they ignore this blatant profiteering at the expense of the nation's most populous state and largest gasoline market."

FTCR pointed to the oil industry's manipulation of gasoline supplies on hand to keep prices higher in California than in the rest of the country. The gap is far more than can be accounted for by the state's slightly higher gasoline taxes. Industry spokesmen and analysts have blamed a recent Texas refinery outage for California's rising prices, which only proves the point that supplies are kept far too short by refiners, said FTCR. See a May 2006 report from FTCR on the price effects of low supplies at: http://www.consumerwatchdog.org/energy/rp/6399.pdf

"When a burp at a Texas refinery can be blamed for a price leap in California-but not in Texas or elsewhere in the nation-that is proof of a supply chain seriously out of whack," said Dugan. "If oil companies won't increase their refinery capacity and gasoline storage in the state, government must do it. Otherwise California drivers will remain the oil industry's pick- pocketing victims."

California's refinery business is concentrated in so few companies that competitive forces no longer operate in the state, said FTCR.

"Oil companies and their refineries see the mutual benefit in higher prices and don't need to conspire in a smoke-filled back room to keep prices high," said Dugan. "The companies' restriction of refining capacity and storage does the job for them, while their paid spokesmen have the gall to describe the situation as merely the laws of supply and demand."

FTCR has called for Congress to update anti-trust laws to prevent the price-gouging that results from an industry that, through mergers, has eliminated competition.

California lawmakers should regulate gasoline supplies to prevent these price spikes, added FTCR, and fix state laws to allow investigation of price gouging at the wholesale refinery level, not just at retail, even in the absence of a natural disaster. A bill to expand the definition of price- gouging in California was expected to pass the Legislature last year in a watered-down form, but died without a vote. Assembly Speaker Fabian NuÃ±ez, the measure's chief sponsor last year, owes Californians a successful price- gouging bill this year, as well as a thorough, independent and public investigation of refinery practices in the state, said FTCR.

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