United States Senate

WASHINGTON, DC 20510

October 24, 2012

The Honorable Jeff Bingaman
Chairman
Committee on Energy & Natural Resources (ENR)
410 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Barbara Boxer
Chairman
Committee on Environment & Public Works (EPW)
304 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairmen Bingaman and Boxer:

The recent surge in California gasoline prices concerns us greatly because increased energy prices will hamper an already slow economic recovery nationwide. We share your concern and believe it is important that we understand the causes of this situation as completely and quickly as possible. Therefore, we ask to convene a joint hearing of our committees to further explore the topic.

Many have already inquired as to why gasoline prices in California climbed to record highs, rising from about $4.20 per gallon to $4.70 per gallon in the span of a single week. It seems that refinery outages, pipeline issues, and fuel blend requirements unique to California had a significant impact. Regarding those fuel blend requirements, and given California Governor Jerry Brown's decision to waive them in the face of high gasoline prices, we believe that a discussion of their costs and benefits would be timely.

Furthermore, California's combined state, local and federal gasoline taxes are the second-highest in the nation at well over 60 cents per gallon. Additional information regarding the role these taxes play in gasoline prices might also help our Committees and others to better understand the price that is being paid at the pump.

Finally, recent requests for investigations by some have alluded to market manipulation and price gouging by "unknown persons." For those who believe that this is contributing to price increases, we should also diligently explore whether or not that is the case.

This isn't the first time we have heard about the difficulties created for families, businesses, and the country as a whole when gasoline and other energy prices increase. Given the litany of regulations, taxes, and other policies already in place or expected in the near future, it certainly won't be the last. These include New Source Performance Standards for refineries to reduce the emissions blamed for global warming. Those rules have been delayed until after the upcoming election, but we urgently need to understand the consequences they may have for consumers once in place.

A hearing would not only provide committees of jurisdiction a better appreciation of what is going on. It would also inform longer-term policy decisions to reduce the chances of a recurrence of these types of events.

Sincerely,

Lisa A. Murkowski
Ranking Member, ENR

James M. Inhofe
Ranking Member, EPW