

TESTIMONY OF GENE LADOU CER
AAA NORTH DAKOTA, DIRECTOR OF PUBLIC AFFAIRS
U.S. SENATE BUDGET COMMITTEE
“FUELING AMERICA’S FUTURE: EXPLORING OUR NATION’S ENERGY OPTIONS”
JULY 2, 2008
BISMARCK, NORTH DAKOTA

Mr. Chairman and members of the committee, my name is Gene LaDoucer, Director of Public Affairs for AAA North Dakota serving 60,000 members across the state. Thank you for the opportunity to share with you how skyrocketing energy prices are affecting our members and North Dakota’s motorists.

AAA began tracking and providing information on fuel prices and related issues in the mid-1970s during the nation’s oil crisis. We continue to do so today as Americans face new record prices for gasoline, diesel and other petroleum products. Our price tracking has advanced considerably, with AAA’s daily Fuel Gauge Report using Oil Price Information Service data to provide the most comprehensive retail gasoline price data available based on daily surveys of more than 100,000 self-service stations.

In 2004, when I first joined AAA North Dakota as its spokesperson on gasoline prices, the price of gas was already an important issue. Just two months into the job I was barraged with calls from our members and news media wanting to know why gas prices had pushed past the high-water mark of \$2.00 per gallon. They wondered why prices were spiking, how long it would last, when the increases would end . . . A little more than three years later, we’re still hearing the same questions, with regular gasoline having doubled in price and the price of diesel fuel having shot-up by more than 160 percent.

North Dakota relies on fuel. The two leading industries in our state, agriculture and tourism, are greatly impacted by the cost of gas and diesel. Current high fuel prices have increased the costs associated with farm work and threaten tourism by increasing the cost of travel. The bottom line is that many North Dakotans rely on motor vehicles – their own and others – for their livelihood.

Like all Americans, North Dakotans cherish and rely on personal mobility. And we’re self-reliant, with vehicle ownership that ranks fifth highest in the nation. More than half of those vehicles are trucks -- much higher than the national average truck ownership of 38%. Our trucks use more gasoline than passenger cars. As a result, North Dakotan’s are being hit at the pump extra hard.

The effect of high gas prices on North Dakotans is compelling:

- In 2004, North Dakota motorists spent an estimated \$686 million on gasoline during the year based on an average cost per gallon of \$1.85.
- Last year, we spent an estimated \$1 billion on gasoline for the year based on an average cost per gallon of \$2.87.
- This year, the annual fuel bill could exceed **\$1.3 billion!**
- In the first four months of this year, total vehicle miles-traveled in North Dakota dropped an estimated 2 percent, according to the Federal Highway Administration.

- For the first time this decade, AAA is projecting a decrease in holiday travelers over the Fourth of July holiday. Travel is expected to be down at least 1.3 percent this upcoming weekend compared to last year. It is the second consecutive travel holiday this year where a year-to-year decrease has been projected.
- In a survey last fall, when gasoline was \$1 cheaper than it is now, 70 percent of AAA members in North Dakota indicated they had taken steps to conserve fuel due to the higher cost of gasoline.
- In that same survey, our North Dakota members said lawmakers should take the following measures to decrease the country's dependency on foreign oil:
 - Require better fuel efficiency for new cars, trucks and SUVs;
 - Allow more drilling and oil exploration in North America;
 - Increase funding for research on alternative fuels;
 - Increase public transportation options; and
 - Establish national conservation programs.

The reality is that the cost of gasoline is forcing some North Dakotans to struggle to make ends meet. The personal tales are more compelling than the data. I have heard countless stories from fellow North Dakotans on fixed incomes who are skipping doctor's appointments and other important daily activities because of the high gasoline prices. A couple weeks ago, I received a hand-written note from one of our members pleading "Please help us get the gas prices down to normal" after explaining how his family was being impacted. And, AAA North Dakota has even seen an increase in roadside assistance calls from motorists who have run out of gas while hoping gas prices would fall even a few cents.

In closing, AAA believes that officials at all levels of government should recognize the tremendous impact high gasoline prices have on motorists. AAA urges the federal government to adopt a national policy which combines increased fuel production, the efficient use of traditional and alternative fuels, and the elimination of roadblocks to the development of new sources of energy. I am confident that with committed leadership in both the public and private sector, and with the support of the public, we can achieve a sensible energy policy.

Again – I thank you for the opportunity to be here today on behalf of AAA, and I look forward to answering any questions you may have.