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COMMITTEE ON  
ENERGY AND COMMERCE



**Congress of the United States**  
**House of Representatives**

October 10, 2012

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The Honorable Jon Leibowitz  
Chairman  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Dear Chairman Leibowitz:

I am writing to respectfully request the Federal Trade Commission utilize its regulatory authority and responsibility to ensure that Californians are not subject to any market manipulation that could be resulting from the current spike in our state's gasoline prices.

According to the AAA Fuel Grade Report, California broke the state's record on gasoline prices for the fourth day in a row, while prices in other states have seen no comparable spike. The average price for a gallon of regular gas in California is now \$4.671, the highest in the United States. This price jump has left motorists in our state paying an average of 84.4 cents a gallon more than they were at this time last year.

Not only are these prices a burden and source of frustration for my constituents, they raise serious questions about the potential for market manipulation. While some analysts attribute the current price surge in California to traders' reactions to a series of refinery outages and other problems on the West Coast, publically available data appears to confirm that market fundamentals are not to blame for rising gas prices in California. This raises concerns that California refiners may be taking advantage of unusually low gasoline inventories for this time of year in order to further increase prices. The Energy Information Administration says West Coast inventories are at the lower edge of the five-year range. Periods of low inventory such as this demand additional vigilance in a state like California, where individual market participants hold significant market share.

As you know, high gasoline prices are contributing to significant economic pain for consumers and businesses, and may jeopardize our fragile economic recovery. A report by the University of Southern California's Marshall School of Business estimated that for every penny increase in a gallon of gas, as much as a billion dollars is pulled from the U.S. economy each year. That is money my constituents on California's Central Coast could be spending at local retail stores, neighborhood restaurants, and other small businesses that create so many jobs in our communities.

It is therefore critical that you act immediately to protect my constituents by aggressively pursuing any purposeful market manipulation that could be leading to the current extreme gasoline price increases in California.

Thank you very much for your consideration of my request to quickly initiate an investigation into this matter.

Sincerely,

A handwritten signature in black ink that reads "Lois Capps". The signature is written in a cursive style with a large, prominent "L" and "C".

**LOIS CAPPS**  
Member of Congress