

LARSON AND BLUMENTHAL CALL ON ASHCROFT TO INVESTIGATE GAS PRICES

FOR IMMEDIATE RELEASE: June 14, 2001

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HARTFORD—U.S. Congressman John B. Larson (CT-01) and Connecticut Attorney General Richard Blumenthal today sent a letter to U.S. Attorney General John Ashcroft asking him to conduct an investigation to determine whether major oil companies have violated federal law by contributing to massive spikes in gasoline prices. Such action on the part of oil companies could violate federal consumer protection or anti-trust laws. The letter cites statistics that show gasoline prices in the Connecticut region have risen by 25 cents per gallon or more since January 1, while world crude oil prices have remained moderate, or in some instances have even dropped.

“In response to repeated calls about the hike in gasoline prices while crude prices remain the same, Attorney General Blumenthal and I are calling on Mr. Ashcroft to begin an investigation into whether American consumers are being gouged at the pump,” said Larson prior to the letter being sent. “The price of a gallon of gas in the Hartford region is approaching an all-time high, while crude oil prices around the world have remained stable this year, and all the while many oil companies are reaping record profits. This certainly arouses the suspicion that the American consumer paying too high a price and they deserve an explanation. In a time when so many Connecticut residents are living paycheck to paycheck, paying for the costs of healthcare, education, and their other energy bills, it would be outrageous for oil companies to be charging unfairly high prices for gasoline, or withholding supply.”

“Connecticut residents are victims of Big Oil’s greed when these companies deliberately withhold gasoline supplies, as the Federal Trade Commission confirms clearly happened in the Midwest last year. Now, supply withholding may well be happening in the Northeast,” Blumenthal said. “Connecticut consumers must cope with wild price spikes simply because of deliberate business decisions by Big Oil. Oil companies should not be permitted to manipulate supplies to simply raise their already record-level profits – hurting Connecticut residents. Such market manipulation is plainly anti-consumer.”

The letter, which is dated June 14, cites a Federal Trade Commission finding in March that showed that an oil company contributed to the recent Midwest gasoline shortage by intentionally withholding gasoline supplies to that region while recording record profits. The letter also states that major oil companies recorded huge profits in 2000 while gasoline and heating oil were in short supply. Part of the reason for such shortages was the deliberate decision of major oil companies in the previous year to operate their refineries at less than capacity levels. The letter states that such price hikes in gasoline and heating oil greatly benefit oil company’s financial interests, while hurting consumers.

Larson and Blumenthal contend in the letter that crude oil prices often contribute significantly to the price movement of gasoline, while other market forces, which may be legal or illegal, could be forcing the price of gasoline upward. They also request that should Ashcroft find no evidence of illegal activity on the part of oil companies, that he recommend legislative solutions that would prevent companies from deliberately withholding gasoline inventory to create shortages, such as those cited by the FTC.

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