



California Service Station and Automotive Repair Association

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April 28, 2009

Melissa Jones
Executive Director
California Energy Commission
1516 Ninth Street.
Sacramento, Ca. 95814-5512

Dear Ms. Jones:

Thank you for responding to my February 12, 2009 letter to Governor Schwarzenegger. I found your response to be shallow and somewhat insulting. My letter to the Governor was to bring focus upon the very real problem, that problem being the lack of proper governmental oversight as it relates to the retail price of gasoline and the state of our economy.

The California Service Station and Automotive Repair Association (CSSARA) members are dedicated to the consumers we serve. Fair and equitable gasoline pricing is essential to our ability to maintain profitable business operations. We do not operate in a free and open business relationship with our suppliers. Contracts of adhesion limit our ability as free enterprisers. We must look to our government to help level the preverbal playing field.

In your response you make a point that wholesale pricing in California increased by \$0.445 since January 1, 2009 and that the retail price increased to \$0.480. The three and a half cent increase between the wholesale and retail price is the state of California's profit on the \$0.445 increase, "its sale tax". Actually Retailers lost margin. Over the past few days the majors' have increased their wholesale price by a nickel more, that nickel cost California consumers \$2.16 million dollars more per day for fuel. Is that a justifiable increase? Is anybody in our government asking the question?

The dance you refer to between crude oil and retail gasoline pricing has become a very comfortable scapegoat used to justify very questionable marketeering behavior. In this economy California consumers deserve a better and closer look.

As a past member of former Attorney General Bill Lockyer's task force on gasoline pricing, I know there is ample storage to properly address planned maintenance issues at refineries. The truth of the matter is "big oil has its hand on the spigot". Supply and demand drives retail price.

CSSARA has requested assistance from the AG's office on related issues with little if any meaningful response. Maybe the CEC is satisfied with the current oil company behavior but alternative fuel is not here yet and our economy needs proper government oversight.

Sincerely

Dennis C. DeCota
Executive Director

Cc: The Honorable Arnold Schwarzenegger:
Marjorie Berte, Undersecretary, Business, Transportation & Housing
Attorney General Edmund G. Brown Jr.