

United States Senate

WASHINGTON, DC 20510-4504

July 2, 2012

The Honorable Eric Holder
U.S. Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW, Room 1145
Washington, DC 20530

The Honorable Jon Leibowitz
Chairman
Federal Trade Commission
600 Pennsylvania Avenue, NW, Room 404
Washington, DC 20580

Dear Attorney General Holder and FTC Chairman Leibowitz:

I am writing to urge the Oil and Gas Price Fraud Working Group and the Federal Trade Commission to conduct an investigation to determine why gasoline prices in the greater Burlington, Vermont area (Chittenden, Grand Isle and Franklin Counties) are substantially higher than in other parts of the state, New England, and similar areas throughout the country.

The high cost of gasoline is causing severe economic pain to Vermonters, who often have to drive long distances to work. I am sure you will agree with me that we must be vigilant to protect consumers during these difficult economic times from gas prices which may be artificially high.

In my view, it does not make sense for Vermonters in Burlington, St. Albans, and other areas in northwest Vermont to pay 25 cents more for a gallon of gas than they would pay if they lived 35 miles away. This is particularly strange as, to the best of my understanding, the only large gasoline storage and distribution facility in Vermont is located in Burlington.

In Middlebury, Vermont – just 35 miles south of Burlington – prices were as low as \$3.35 a gallon today, and most filling stations sold fuel for no more than \$3.40 a gallon, according to VermontGasPrices.com. Meanwhile, today, a gallon of regular unleaded in St. Albans cost at least \$3.63 a gallon. In Burlington, Vermont, gas costs are often higher.

While gasoline prices have recently been going down, average prices nationally and throughout New England have dropped substantially more than in the greater Burlington

area. For example, during the month ending June 25, prices in the Burlington area fell just 15 cents a gallon – from \$3.84 to \$3.69 a gallon for regular unleaded. That is the lowest price reduction in any of the 15 metro regions in New England, according to AAA data. The average price drop in these New England metro areas was 25.9 cents per gallon.

There is also a price discrepancy with some of Vermont's neighboring states. This morning, for example, Vermonters paid an average of \$3.55 a gallon for regular unleaded. Meanwhile, motorists in New Hampshire paid \$3.36 a gallon, on average. The modest 7 cent tax differential between the two states does not explain this 19 cent price discrepancy, which is even greater – 27 cents a gallon – when compared with greater Burlington, where regular unleaded sold for an average \$3.63 a gallon this morning according to AAA data.

The average price of regular unleaded sold in Vermont has been selling for more than the national average since April 2012, while gasoline in New Hampshire gas has been selling for less than the U.S. average since May 2012.

I request that the Oil and Gas Price Fraud Working Group and the Federal Trade Commission conduct a formal investigation to explore the cause of these unusually high prices in Chittenden, Grand Isle, and Franklin counties, and what actions can be taken to ensure that gas prices in all areas of Vermont are free from anti-competitive practices and market manipulation.

I understand that there are legitimate reasons as to why gas prices vary from region to region. The lack of local competition; long distances from refineries, ports and terminals; the level of state and local taxes; supply disruptions; and differing operating costs are understandable reasons as to why gas prices vary. Further, I do not know whether it is relevant that four companies -- Champlain Oil Co., Inc. (28 stations), S.B. Collins, Inc. (18 stations), Simon's (12 stations), R.L. Vallee (9 stations) – control a combined 67 of 115 filling station in Chittenden County, which equals 58 percent of all gas stations in the state's most heavily populated county.

It is clear, however, that there is no apparent explanation as to why gasoline prices are so much higher in the greater Burlington area than in other parts of Vermont and New England. As part of your investigation, please explain to me why you believe these price discrepancies exist, what we can do about it and how we can make gas prices more transparent to the average consumer.

Thank you for your attention to this important issue. I look forward to hearing from you shortly.

Sincerely,



Bernard Sanders
United States Senator