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Description of document: Federal Trade Commission (FTC) Letters to Representative Brian Higgins and Senator Bernie Sanders describing agency investigations of Gasoline prices in Western New York Gasoline during Fall and early Winter 2008

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THE CHAIRMAN

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

May 13, 2009

The Honorable Brian Higgins
United States House of Representatives
Washington, D.C. 20515

Dear Representative Higgins:

You and Senator Charles E. Schumer have requested a public report on the Federal Trade Commission's investigation into unusually high gasoline prices in Western New York during the fall of 2008. Thank you for bringing this important issue to our attention. We share your concern about the impact of high gasoline prices on the day-to-day life of consumers and understand the frustration and hardship that are created when those prices rise significantly above those in surrounding areas without any obvious market explanation, as occurred in this instance. Such situations receive our closest attention.

However, after careful and extensive investigation, FTC staff did not find any evidence of illegal activity in gasoline markets in any of the affected cities. To the contrary, staff found evidence suggesting that it is unlikely that illegal conduct caused these price levels, although staff was unable to identify precise reasons why retail gasoline prices in some cities in Western New York and Vermont did not fall as quickly as prices in other Northeast cities. Although we are unable to establish any direct relationship, we do note that prices began to fall soon after you raised public concerns about the elevated prices and both you and Senator Schumer asked us to conduct an investigation. This letter describes the scope of the investigation and summarizes the findings of Commission staff, subject to the Commission's obligations not to disclose confidential information.¹

I. Investigation of Unusual Pricing Activity in Western New York

The Commission's ongoing Gasoline and Diesel Price Monitoring Project² identified retail gasoline prices significantly above predicted values in Western New York cities, and in Burlington, Vermont, during the fall and early winter of 2008. In response to these observations

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² The Gasoline and Diesel Price Monitoring Project is described at http://www.ftc.gov/ftc/oilgas_gas_price.htm.

and to requests from you and Senator Schumer.³ Commission staff conducted an analysis of retail gasoline prices in Western New York and Burlington, Vermont, to confirm that prices in those markets were unusually high.

Staff first analyzed whether average retail price levels in the Buffalo, Rochester, and Jamestown, New York, and Burlington, Vermont, metropolitan areas were higher than would be expected, using their normal relationship with Albany gas prices as a baseline.⁴ Staff analyzed price data for a ten-year period to establish historical differences between average retail price levels in these cities and Albany. This analysis confirmed that average retail gasoline prices in these cities were significantly higher than expected relative to Albany.

Staff then examined whether supply disruptions or other readily identifiable market conditions could explain the unusually high prices observed in the affected cities. For example, refinery disruptions, pipeline interruptions, terminal outages, or transitions to new fuel specifications are common reasons why we might see supply problems and thus higher prices. Staff could identify no such market conditions that fully explained the unusual price levels in Western New York and Vermont last fall.

Consequently, staff opened a law enforcement investigation and coordinated with the Attorneys General of New York and Vermont. This investigation sought to determine whether these high prices resulted from illegal behavior by participants in Western New York and Vermont gasoline markets.⁵

When conducting law enforcement investigations of this kind, staff seeks to gain a full picture of the competitive situation, including the identity of firms responsible for setting prices in relevant markets and their market shares, and any evidence of an agreement among market

³ Your requests for an investigation were received by letter to then-Chairman Kovacic dated October 22, 2008; by letter to then-Chairman Kovacic dated December 4, 2008; and during telephone conversations with Commission staff.

⁴ Staff used Albany price levels as the baseline because that allowed us to directly address the concerns you posed regarding the discrepancies between prices in different cities in New York and nearby areas. Our analysis showed that, with one exception, wholesale price levels in the affected cities and nearby areas maintained their normal relationships with each other and with Albany. The one exception was in Warren, Pennsylvania, where the wholesale price of "unbranded" (non-brand-name) gasoline rose relative to Albany during the fall of 2008. The staff investigation concluded that this increase was not the result of anticompetitive activity.

⁵ The Commission enforces the Federal Trade Commission Act, 15 U.S.C. §§ 41-58 (whose proscription of unfair methods of competition reaches, among other conduct, violations of the Sherman Act's prohibitions of monopolization, attempts and conspiracy to monopolize, and conspiracies in restraint of trade), and the Clayton Act, 15 U.S.C. §§ 12-27 (which prohibits a number of types of anticompetitive conduct, including mergers and acquisitions likely to substantially lessen competition).

participants to raise price or restrict output. Relevant information may also include evidence that price levels during the time period under investigation followed a pattern that was inconsistent with patterns in other time periods.

Commission staff and attorneys from the offices of the New York and Vermont Attorneys General interviewed more than 20 companies involved in these markets, including refiners, refined products pipeline operators, terminal operators, marketers, distributors, and retail station owners. Staff also obtained documents and data from several participants, including station-specific pricing surveys, competitor lists, station location lists, supply contracts, and bulk supply volume data.

Staff also purchased retail and wholesale price data from the Oil Price Information Service and obtained other relevant data from public sources. Staff used these data to analyze wholesale and retail price differentials between Western New York and Vermont communities in different time periods, examining the range of prices at different retail stations in the affected areas last fall relative to other periods, and measuring how quickly prices stabilize, relative to each other.

Through its investigation, staff discovered that no company possessed a monopoly share of any retail gasoline market in Western New York or Vermont, nor was any company large enough to effectively attempt to create a monopoly through illegal means. Further, staff identified no unfair method of competition that could explain how a company or group of companies could have illegally caused the observed price levels last fall. Accordingly, staff's investigation focused on the only remaining plausible theory of illegal behavior that could explain the unusually high prices last fall – that companies in Western New York and Vermont might have engaged in collusion.

Collusion in each of the affected cities would have been very difficult because numerous companies set prices at retail gas stations in each city and no single station owner or group of owners controls a large share of the volumes sold in any city.⁶ For example, staff discovered that at least 35 (but likely substantially more) different companies set retail prices at stations in Buffalo. Staff also found that no single company sets prices at more than 11.5% of pumps in Erie County, and the top four companies in the county combined set prices at fewer than one-

⁶ It becomes increasingly difficult to achieve and maintain successful collusion as the number of parties within a collusive group grows. By way of illustration, the Federal Trade Commission and U.S. Department of Justice Horizontal Merger Guidelines state:

If collective action is necessary for the exercise of market power, as the number of firms necessary to control a given percentage of total supply *decreases*, the difficulties and costs of reaching and enforcing an understanding with respect to the control of that supply might be *reduced*.

§ 2.0 (emphasis added). As the number of firms increases, the difficulties of reaching an agreement increase. Consistent with this principle, the Merger Guidelines presume that ten firms of equal size would be unlikely to collude successfully, although there are exceptions.

third of the pumps.⁷ As a result, it would have been very difficult to establish and maintain an effective collusive agreement to raise retail prices in Buffalo throughout the fall of last year.

Collusion across all of the affected cities would have been even more difficult because numerous companies other than those that operate in Buffalo set retail gasoline prices in Rochester and Jamestown. For example, several different brand-name companies, discount club station owners, supermarket chains, and small independent station owners set retail prices in each of these other affected cities. The need to include these additional market players in any collusive scheme to raise retail prices simultaneously in all of the affected cities last fall would have created substantially greater difficulties in reaching and maintaining an effective agreement.

Other market factors also would have made collusion very difficult. For example, as crude oil prices plummeted during the fall, product costs for gasoline retailers throughout the nation fell with unprecedented speed and magnitude.⁸ As wholesale gasoline prices fell substantially on a daily basis, the numerous retail price setters in each affected city would have had to reach agreement on cartel prices on a frequent basis – probably each day if not more frequently. Having to reach agreement so frequently would have made it very difficult to effectively maintain a collusive scheme throughout the fall of last year.

Nor did market data support the notion that a conspiracy existed to raise prices last fall. For example, staff found no evidence that station owners in the affected cities charged prices closer to those of their competitors last fall than they did in previous time periods. Staff also found no evidence that retailers pegged their price levels relative to one another; rather, retailers' prices generally jumped above or fell below those of their competitors last fall, just as they tended to do in other periods.

In sum, staff's investigation yielded no evidence that illegal anticompetitive conduct caused the price levels experienced in Western New York or Vermont last fall.

⁷ The fact that a station sells gasoline under a brand name does not mean that the owner of that brand controls the station's prices. Staff discovered that numerous firms in the affected cities contract with brand-name companies to sell branded gasoline while independently setting their own retail prices.

⁸ Between July 2008 and the end of December 2008, the price of crude oil dropped more than \$115 per barrel, from just over \$145 per barrel in the summer to around \$30 per barrel during the week of Christmas. Energy Information Administration, "Cushing OK WTI Spot Price FOB," available at <http://tonto.eia.doe.gov/dnav/pet/hist/rwtcd.html>. The drastic drop in crude oil prices over this time period resulted in large daily decreases in wholesale gasoline prices throughout the country.

II. Potential Policy Proposals Regarding the Petroleum Market

Petroleum markets do not always function smoothly, and policy-makers and consumers often express frustration at retail prices that may not move as expected. Many proposals have been put forth to try to address these concerns, and we note some of them here, although this discussion should not be viewed as a representation of a Commission position on any of the various proposals described below.

Some have suggested that enhancement of consumer knowledge can more effectively prevent the uncertainty and confusion stemming from volatile gasoline prices, and suggest efforts to increase the transparency of petroleum costs and prices. For example, one might take steps to provide consumers additional information about wholesale cost conditions through real-time publication of city-area average retail prices, average wholesale prices, and city-area average margins. Further, consumers might benefit from increased public awareness of the value of price shopping, in falling as well as rising markets, and government could engage in consumer outreach regarding free, online sources of price information, such as GasBuddy.com.

Some have suggested that one way to address high gasoline and diesel prices is through some form of federal price gouging legislation, such as H.R. 2129, which you co-sponsored in the 111th Congress. Many states, including New York, have already made price gouging illegal under state law.⁹ Other legislative approaches target potential fraud in the market, such as the wholesale petroleum market manipulation rule currently being considered by the FTC.

Of course, the greatest cause of volatility in the retail price of gasoline is volatility in the price of crude oil, and both a reduction in the demand for crude oil and the development of additional crude oil supplies could damp crude oil price volatility. Some commonly discussed means of doing so include expanding the supply of oil; expanding investment in other sources of energy, such as wind, solar, biomass, nuclear, and geothermal; decreasing the cost and difficulty of refining oil by easing the requirements on refinery construction, expansion, and operations; imposing greater energy efficiency requirements on automobiles and other users of petroleum products; providing incentives to manufacturers to enhance energy efficiency; encouraging or mandating greater investment in infrastructure to minimize unplanned failures that often result in energy shortages and short-term price spikes; and prohibiting OPEC from collusively setting oil prices,¹⁰ an activity clearly contrary to U.S. price-fixing laws.

⁹ On the desirability of such legislation, *compare* FEDERAL TRADE COMMISSION, INVESTIGATION OF GASOLINE PRICE MANIPULATION AND POST-KATRINA GASOLINE PRICE INCREASES 196 (2006) (“[T]he Commission cannot say that federal price gouging legislation would produce a net benefit for consumers.”), *available at* <http://www.ftc.gov/reports/060518PublicGasolinePricesInvestigationReportFinal.pdf>, *with* Concurring Statement of Commissioner Jon Leibowitz at 2 (“These statutes, which almost invariably require a declared state of emergency or other triggering event, may serve a salutary purpose: discouraging outliers from profiteering in the aftermath of a disaster.”).

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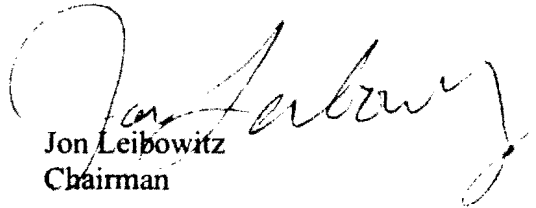
Many of these ideas go beyond the specific situation encountered by consumers in Western New York, but most experts believe that no single approach will be sufficient to address the concerns of many people regarding gasoline prices and the petroleum markets more generally.

III. Conclusion

In the meantime, of course, we are always interested in considering any potential evidence of illicit activity in the marketplace, and the Commission will continue its efforts to identify, prevent, and prosecute any unlawful anticompetitive practices in petroleum and other markets.

Again, thank you for bringing this critical matter to our attention. Although the investigation did not uncover any illegal activity, the Commission will remain focused on potentially anticompetitive behavior in order to protect consumers, and your ongoing vigilance is greatly appreciated.

By direction of the Commission, Commissioner Kovacic concurring.¹¹


Jon Leibowitz
Chairman

¹¹ Commissioner Kovacic concurs, noting: "I would have preferred that the presentation of policy alternatives in this letter include an assessment of their merits. The discussion of policy options also would have benefitted from a fuller treatment of possible supply responses and broader consideration of demand-related measures that focus attention on the real costs, in terms of national security and environmental policy, of consuming petroleum products and electricity."



THE CHAIRMAN

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May 13, 2009

The Honorable Charles E. Schumer
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Washington, D.C. 20510-4705

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However, after careful and extensive investigation, FTC staff did not find any evidence of illegal activity in gasoline markets in any of the affected cities. To the contrary, staff found evidence suggesting that it is unlikely that illegal conduct caused these price levels, although staff was unable to identify precise reasons why retail gasoline prices in some cities in Western New York and Vermont did not fall as quickly as prices in other Northeast cities. Although we are unable to establish any direct relationship, we do note that prices began to fall soon after Representative Higgins raised public concerns about the elevated prices and you both asked us to conduct an investigation. This letter describes the scope of the investigation and summarizes the findings of Commission staff, subject to the Commission's obligations not to disclose confidential information.¹

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Of course, the greatest cause of volatility in the retail price of gasoline is volatility in the price of crude oil, and both a reduction in the demand for crude oil and the development of additional crude oil supplies could damp crude oil price volatility. Some commonly discussed means of doing so include expanding the supply of oil; expanding investment in other sources of energy, such as wind, solar, biomass, nuclear, and geothermal; decreasing the cost and difficulty of refining oil by easing the requirements on refinery construction, expansion, and operations; imposing greater energy efficiency requirements on automobiles and other users of petroleum products; providing incentives to manufacturers to enhance energy efficiency; encouraging or mandating greater investment in infrastructure to minimize unplanned failures that often result in energy shortages and short-term price spikes; and prohibiting OPEC from collusively setting oil prices,¹⁰ an activity clearly contrary to U.S. price-fixing laws.

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III. Conclusion

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Again, thank you for bringing this critical matter to our attention. Although the investigation did not uncover any illegal activity, the Commission will remain focused on potentially anticompetitive behavior in order to protect consumers, and your ongoing vigilance is greatly appreciated.

By direction of the Commission, Commissioner Kovacic concurring.¹¹


Jon Leibowitz
Chairman

¹¹ Commissioner Kovacic concurs, noting: "I would have preferred that the presentation of policy alternatives in this letter include an assessment of their merits. The discussion of policy options also would have benefitted from a fuller treatment of possible supply responses and broader consideration of demand-related measures that focus attention on the real costs, in terms of national security and environmental policy, of consuming petroleum products and electricity."

BRIAN HIGGINS
27TH DISTRICT, NEW YORK

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE
HIGHWAYS, TRANSIT AND PIPELINES
WATER RESOURCES AND ENVIRONMENT
COAST GUARD AND MARITIME
TRANSPORTATION

COMMITTEE ON
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WEBSITE: www.house.gov/higgins

December 4, 2008

The Honorable William Kovacic
Chairman, Federal Trade Commission
600 Pennsylvania Ave, Suite 444
Washington DC, 20580

Re: Disturbing new gas price data

Dear Chairman Kovacic:

In furtherance of my correspondence of October 22, 2008, I write to make you aware of some very disturbing petroleum industry data. This data, from the Oil Price Information Service (OPIS), an independent industry observer, helps to answer the question posed by the Buffalo News in their November 2nd front page headline "WNY's gas price mystery: Why so high?"

You will recall that the problem I identified in my October 22nd correspondence was the dramatic increase in the difference between the average retail cost of gasoline in Western New York and other, similarly situated communities. This problem persists this week, as the price per gallon of gas in the Western New York cities of Buffalo and Jamestown is \$2.29 and \$2.24 per gallon, respectively. Meanwhile the price of gas in the upstate New York communities of Albany and Syracuse is \$2.07 and \$2.03 per gallon, respectively.¹

There has been debate as to whether the cause of the relatively high prices here has been the result of the tax structure, the physical layout of the pipeline system, the distribution network, the structure of the retail market or other factors. The OPIS data clearly shows that the origin of the discrepancy is aggressive profit-taking at the retail level. To wit:

- The average profit margin nationally in the most recent week for which data is available was 23.6¢ per gallon of gas.²

¹ <http://www.aamudatlantic.com/Outreach/GasInfo>, <http://gasprices.mapquest.com/>, links valid as of 12/3/2008.

² *Ibid.*, p.1.

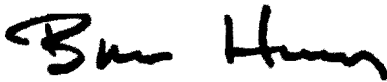
- Jamestown, NY was the most “profitable” market for gasoline retailers in the most recent week for which data is available. The average margin per gallon in Jamestown was 71¢.³
- Buffalo, NY was the fifth most “profitable” market for gasoline retailers in the most recent week for which data is available. The average margin per gallon in Buffalo was 55.1¢.⁴

Multiple industry sources have confirmed the existence of a phenomenon called a “sticky down” – this means that as crude oil prices rise, the retail price of gasoline rises accordingly but as crude falls, gasoline falls more slowly as retailers and perhaps others take profits. This helps to explain why the national average margin is currently 23.6¢ while industry sources indicate that it takes about 11-13¢ to profitably operate a gas station.

The fact that our “sticky down” is so much more pronounced than the national average suggests a dramatic inefficiency in the local marketplace. This may not be surprising, as 52% of the gas pumps in Erie County are controlled by just three companies, and 70% are controlled by just six companies.⁵ While the concentrated ownership of pumps does not, in itself, suggest an uncompetitive marketplace, the extremely high margin data from OPIS certainly does.

I hope this data helps your ongoing inquiry and again, I urge you to proceed with the inquiry with all haste. Every week in which Western New York continues to suffer a price disparity of 30¢ compared to other, similarly situated communities causes real and substantial damage to one of the nation’s most struggling economies.

Sincerely,



Brian Higgins
Member of Congress

Enclosures

³ Oil Price Information Service, Retail Fuel Watch, Vol. 7, Issue 17, November 24, 2008, page 5.

⁴ Ibid.

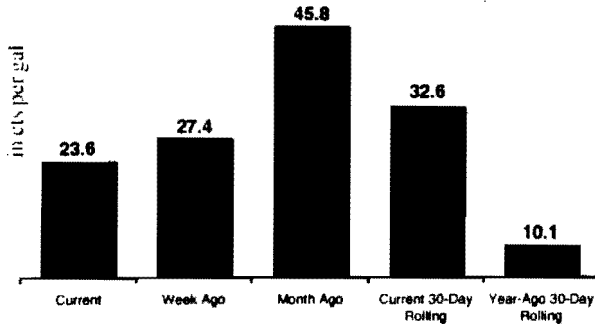
⁵ My office’s analysis of the official registry of fueling stations from the Erie County Bureau of Weights and Measures.

RETAIL FUEL WATCH

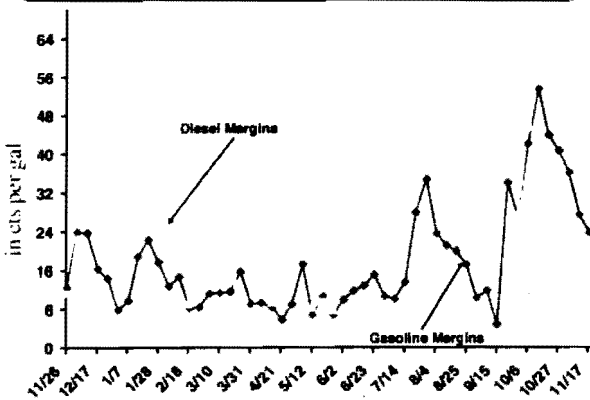
The Oil Industry's Benchmark For Retail Gasoline And Diesel Prices & Profits



Gasoline Margins Snapshot



52-Week National Margin Trend

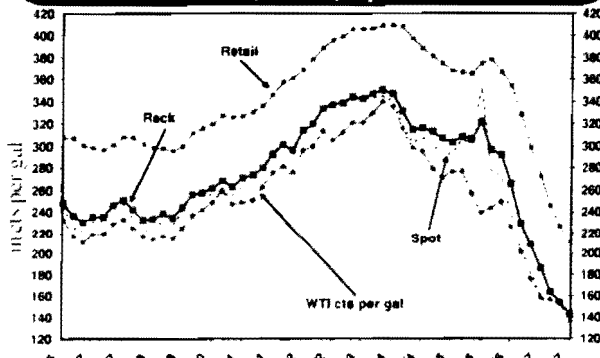


12-Week Spot Price Trends

Week	Gulf Conventional		NY REG.		LA CARBOR	
	Price	Back to WTI	Price	Back to WTI	Price	Back to WTI
9/1	306.0	29.0	301.8	24.8	312.5	35.4
9/8	307.0	50.1	292.9	36.0	298.3	41.4
9/15	393.2	153.4	300.0	60.2	294.0	54.1
9/22	282.1	38.5	271.1	27.4	274.9	31.2
9/29	275.1	25.8	260.2	10.9	284.7	35.3
10/6	237.2	11.0	232.1	6.0	265.7	39.5
10/13	196.3	5.8	201.9	0.2	251.8	49.7
10/20	173.2	2.6	187.9	12.1	212.8	37.0
10/27	150.1	8.4	169.2	10.7	174.1	15.6
11/3	138.7	17.4	151.4	4.8	152.0	4.2
11/10	136.8	15.6	144.8	7.6	149.3	3.1
11/17	122.6	13.4	127.2	8.9	131.9	4.2

Source: OPI's Spot Prices. For Real Time Spot Discounts Call 1-888-361-2645

Gasoline Retail, Rack, Spot & WTI Trend



Wholesale Axis on the left, while the retail axis is on the right

Gasoline Pump Profits Get More Pressure

Gasoline margins at the nation's retail pump continued to get pressure from sliding street prices, falling lower for the fifth week in a row and once again bringing an uncomfortable profit-squeeze to some regions.

Nationally, average retail gasoline margins dropped 3.8cts on the week, to a still-healthy 23.6cts/gal. That was still down 56% from the mid-October peak when marketers in virtually every region of the country could conceivably boast their highest margins of the year.

While petroleum markets continue to point lower, offering ever cheaper wholesale rack replacement costs, the chief culprits for tighter margins appeared to be stiff competition on the street to divide up a shrinking portion of consumer driving demand. Average retail prices dropped nearly 15.5cts over the last week, moving un-

Continued on Page 7

OPIS Propane Marketing and Distribution University

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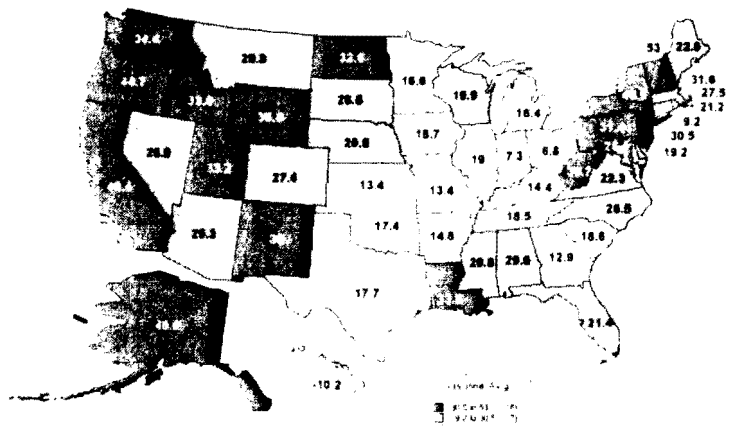
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12-Week National Fuel Price Trend

Date	GASOLINE				DIESEL			
	Retail	Net	Rack	Margin	Retail	Net	Rack	Margin
9/1	366.5	318.7	308.5	10.2	426.4	371.2	339.0	32.2
9/8	365.7	317.9	306.1	11.7	423.9	368.6	325.8	42.8
9/15	374.9	326.8	322.0	4.8	418.5	363.2	319.9	43.3
9/22	378.3	330.4	296.5	33.9	413.6	358.2	308.2	50.0
9/29	366.5	319.0	292.0	27.0	409.0	353.8	326.8	27.0
10/6	354.2	307.6	265.8	41.9	404.2	349.0	303.7	45.3
10/13	328.5	282.3	228.9	53.4	389.7	334.6	267.6	67.0
10/20	298.0	252.1	208.3	43.8	369.8	315.0	246.5	68.5
10/27	272.0	226.4	185.8	40.6	350.4	295.9	227.7	68.2
11/3	245.1	199.9	163.8	36.1	328.8	274.6	214.9	59.7
11/10	226.2	181.3	153.9	27.4	314.1	260.0	214.8	45.3
11/17	210.8	166.0	142.4	23.6	301.1	247.2	200.4	46.8

Retail - average retail price; Net - retail price less state, federal and local taxes and 1.5 cts per gal for freight; Rack - wholesale cost; Margin - the difference between net and wholesale

State-By-State Rack-To-Retail Gasoline Margins



Advertising Phone: 1-888-361-2645

State-By-State Pricing Trends

GASOLINE

in cts per gal

DIESEL

in cts per gal

ST					--Monthly Change--						--Monthly Change--	
	Retail	Net	Rack	Margin	Retail	Rack	Retail	Net	Rack	Margin	Retail	Rack
AK	311.9	291.8	251.0	40.8	-82.1	-87.3	411.7	385.6	347.0	38.6	-54.1	-48.9
AL	210.1	169.4	139.8	29.6	-101.5	-71.7	296.2	247.9	197.5	50.3	-79.9	-49.1
AR	194.3	153.9	139.1	14.8	-90.8	-66.0	292.6	243.8	198.5	45.3	-72.7	-49.3
AZ	232.5	197.7	172.4	25.3	-84.4	-72.3	276.3	223.3	182.9	40.4	-81.2	-56.4
CA	240.3	186.1	145.7	40.4	-102.6	-102.5	295.3	228.1	181.8	46.3	-80.1	-49.8
CO	206.0	166.2	138.8	27.4	-109.7	-73.0	292.1	244.4	203.5	40.9	-88.0	-57.5
CT	226.1	155.5	146.3	9.2	-87.1	-56.6	338.7	269.2	208.4	60.8	-58.5	-42.6
DE	201.1	161.3	142.1	19.2	-93.1	-58.3	299.8	247.8	205.9	41.9	-77.6	-42.5
FL	214.9	167.4	145.9	21.4	-101.9	-62.3	308.8	251.7	206.8	44.9	-71.0	-47.4
GA	199.0	150.9	138.0	12.9	-113.0	-67.7	299.8	241.5	199.8	41.7	-79.3	-45.2
HI	307.7	243.3	253.5	-10.2	-83.3	-86.4	458.7	382.7	346.8	35.8	-39.0	-49.7
IA	198.6	156.8	138.1	18.7	-79.5	-63.9	285.9	236.4	202.7	33.7	-81.3	-52.5
ID	223.3	178.0	144.5	33.6	-111.7	-122.7	304.1	252.1	208.8	43.2	-77.4	-90.7
IL	216.3	162.7	143.7	19.0	-108.3	-88.7	313.6	240.3	199.2	41.1	-75.0	-53.8
IN	192.2	142.7	135.4	7.3	-103.6	-97.4	300.4	237.5	196.2	41.3	-77.7	-53.9
KS	191.9	147.9	134.4	13.4	-79.3	-66.0	284.2	231.1	199.4	31.7	-75.0	-52.8
KY	194.4	155.5	141.0	14.4	-104.2	-86.2	292.4	246.9	198.5	48.4	-73.8	-54.0
LA	212.3	172.9	139.7	33.2	-103.8	-66.4	296.5	249.5	197.0	52.6	-73.8	-50.5
MA	213.8	175.3	147.8	27.5	-87.5	-55.9	316.6	267.0	207.5	59.5	-68.0	-43.1
MD	209.7	171.1	145.7	25.4	-98.2	-57.5	304.9	254.4	201.3	53.1	-71.5	-47.4
ME	228.6	180.2	157.6	22.6	-78.7	-57.9	312.4	256.0	209.7	46.4	-63.9	-42.1
MI	198.8	153.4	137.0	16.4	-100.9	-91.1	304.6	245.4	199.8	45.6	-78.0	-53.4
MN	195.4	154.8	138.0	16.8	-84.8	-67.8	299.1	247.5	209.4	38.1	-72.7	-53.5
MO	183.0	148.1	134.7	13.4	-90.4	-85.9	275.6	232.3	198.3	34.0	-81.9	-52.6
MS	198.9	160.5	139.7	20.8	-96.7	-67.0	284.8	240.4	200.0	40.4	-77.3	-47.4
MT	211.1	163.4	134.1	29.3	-99.9	-83.3	301.0	246.5	218.5	28.0	-70.8	-65.0
NC	212.3	163.3	136.8	26.5	-121.9	-72.6	304.8	248.6	199.0	49.6	-82.2	-49.5
ND	214.8	171.8	139.1	32.6	-78.4	-66.6	313.0	264.0	212.9	51.1	-65.7	-55.8
NE	204.6	157.8	137.0	20.8	-87.0	-64.9	288.3	236.0	201.7	34.3	-80.6	-53.7
NH	215.9	180.6	149.0	31.6	-92.6	-56.2	308.9	263.3	209.6	53.7	-68.1	-43.2
NJ	205.7	176.3	145.8	30.5	-87.1	-56.4	304.6	261.0	200.7	60.3	-64.7	-44.4
NM	235.3	197.9	158.9	39.0	-76.5	-70.3	293.6	244.7	205.6	39.1	-74.5	-60.4
NV	232.7	179.1	152.3	26.8	-114.6	-95.3	286.2	232.4	184.9	47.5	-81.4	-64.2
NY	250.1	190.5	146.9	43.5	-83.4	-59.3	351.3	279.9	207.5	72.3	-67.2	-44.5
OH	189.2	144.9	138.1	6.8	-94.8	-88.3	308.9	254.8	198.7	56.1	-70.1	-52.1
OK	188.1	151.5	134.1	17.4	-76.6	-63.1	275.7	235.7	196.7	39.0	-80.2	-54.6
OR	228.8	187.0	142.4	44.7	-100.2	-72.3	307.2	256.8	195.4	61.4	-65.7	-48.4
PA	225.6	175.2	143.8	31.4	-80.4	-63.5	318.8	254.7	200.3	54.3	-61.1	-46.8
RI	214.7	168.6	147.4	21.2	-87.3	-55.4	318.9	261.8	206.2	55.5	-72.8	-42.9
SC	197.5	163.1	144.6	18.6	-107.4	-64.3	292.9	250.1	202.5	47.6	-78.6	-48.0
SD	207.1	163.1	136.6	26.6	-90.7	-69.2	290.3	240.3	206.7	33.6	-72.7	-55.6
TN	197.1	158.0	139.5	18.5	-110.0	-71.5	293.5	249.0	195.9	53.2	-77.6	-51.5
TX	195.8	158.0	140.3	17.7	-94.1	-67.4	293.9	247.6	202.3	45.3	-75.7	-53.0
UT	214.4	169.4	136.2	33.2	-123.8	-120.9	293.1	242.1	202.6	39.4	-80.1	-90.3
VA	197.8	162.4	140.1	22.3	-101.8	-60.9	299.7	254.6	197.3	57.2	-74.3	-45.5
VT	239.4	204.5	151.5	53.0	-83.6	-57.6	329.4	277.4	218.9	58.5	-60.4	-38.9
WA	225.7	170.7	136.3	34.4	-105.1	-76.7	311.0	246.7	197.7	49.0	-60.6	-45.0
WI	211.8	161.8	141.9	19.9	-90.2	-82.7	294.0	235.1	199.3	35.8	-78.7	-55.4
WV	225.4	173.2	136.4	36.7	-89.6	-90.3	317.4	259.1	205.8	53.3	-72.5	-54.5
WY	205.4	171.4	135.1	36.4	-111.3	-91.3	291.4	251.4	213.0	38.4	-79.9	-64.1

Current retail average based on reconciled credit card transactions received by OPIS from the 7-day period between the previous Tuesday through the most recent Monday. Due to the way credit card receipts are reconciled, a few additional transactions may be received for the dates that already comprise the current weekly average. Minor fluctuations in the actual average may occur as a result. Rack averages are based on the daily OPIS average for the individual stations during the time period for the appropriate product sold at the station. Branded stations are matched to the appropriate suppliers at the closest rack; if we are unable to match a brand to a supplier, we use the branded average price from the closest rack. All retail brands determined to be unbranded use the unbranded average price at the closest rack. All prices are for regular unleaded gasoline or diesel only and are in cts per gal.

Great Lakes Regional Fuel Marketer Profitability Index is published bi-monthly as a supplement to OPIS Retail Fuel Watch by UCG, Two Washington Center, 9737 Washingtonian Blvd., Suite 100, Gaithersburg, MD 20878-7364. UCG chief executive officers: Bruce Levenson, Ed Peskowitz. © 2008. Reproduction without permission is prohibited. Circulation Office: 301-287-2525 Fax: 301-287-2039 Editorial: 800-275-0950 Staff: Brian Crotty, Ben Brockwell, Fred Rozell and Stephanie Newton. Postmaster: Send address changes to OPIS Retail Fuel Watch, Two Washington Center, 9737 Washingtonian Blvd., Suite 100, Gaithersburg, MD 20878-7364.

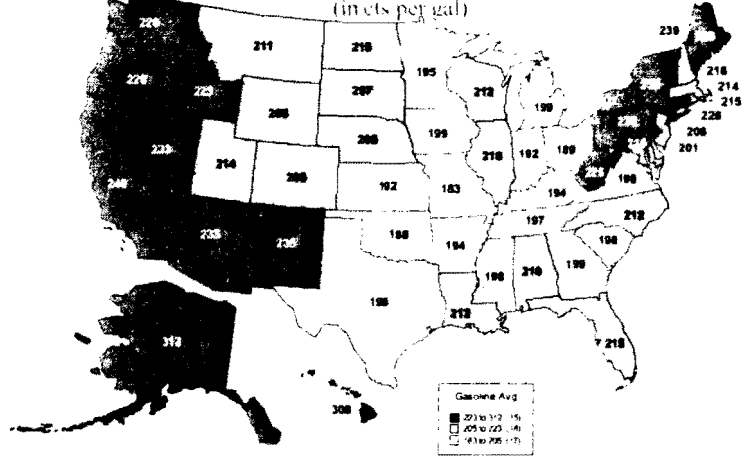
Gasoline Pricing Trends

Weekly Gasoline Price By Region
(in cts per gal)

Region	Retail	Net	Rack	Margin	-Monthly Change-	
					Retail	Rack
Northeast	221.4	175.5	145.2	30.3	-88.2	-60.3
Southeast	206.2	162.3	141.0	21.3	-107.8	-68.6
Great Lakes	201.2	152.9	139.2	13.6	-100.2	-89.7
Midwest	193.5	153.2	136.7	16.5	-86.0	-71.5
Southwest	201.7	164.5	144.7	19.8	-90.1	-68.1
West	231.4	181.3	145.4	35.9	-104.8	-93.9

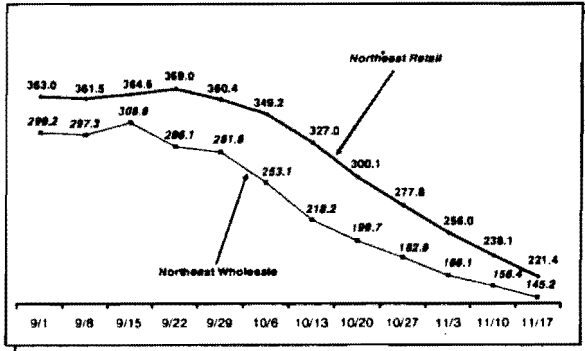
Retail = average retail price, Net = retail price less state, federal and local taxes and 1.5 cts per gal for freight, Rack = wholesale cost, Margin = the difference between net and wholesale, Monthly Retail Change and Monthly Rack Change = the change in the average retail and wholesale price from exactly one month ago

Weekly Gasoline Price By State
(in cts per gal)

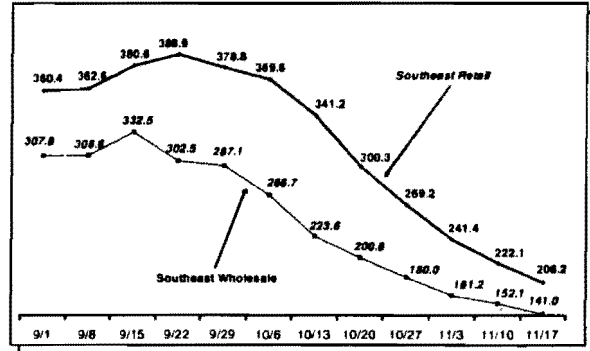


12-Week Regional Gasoline Rack-To-Retail Pricing Trends

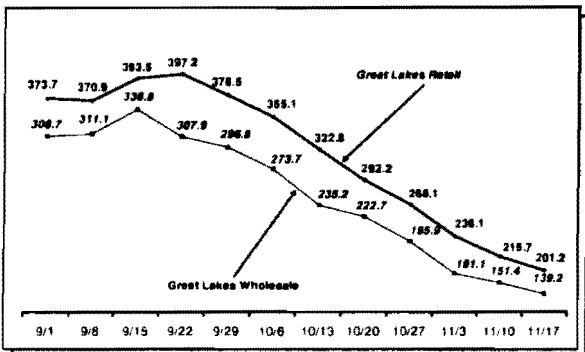
Northeast



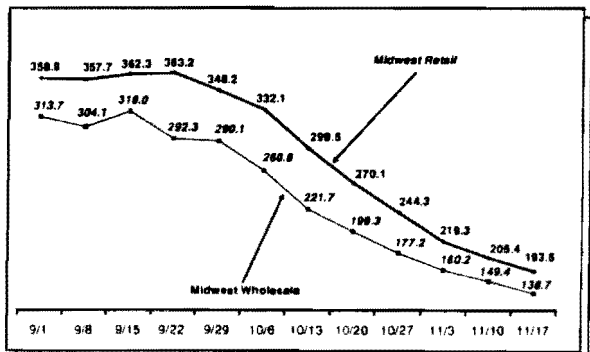
Southeast



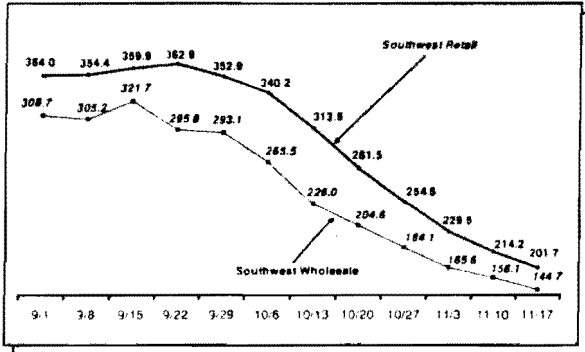
Great Lakes



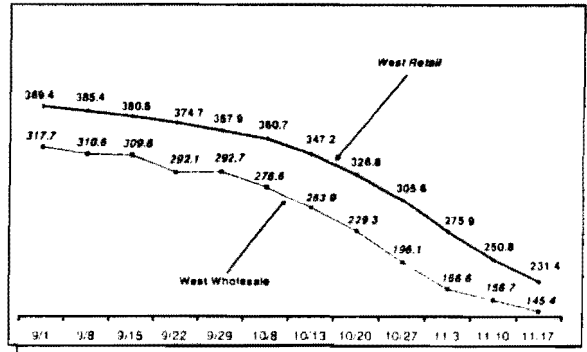
Midwest



Southwest



West

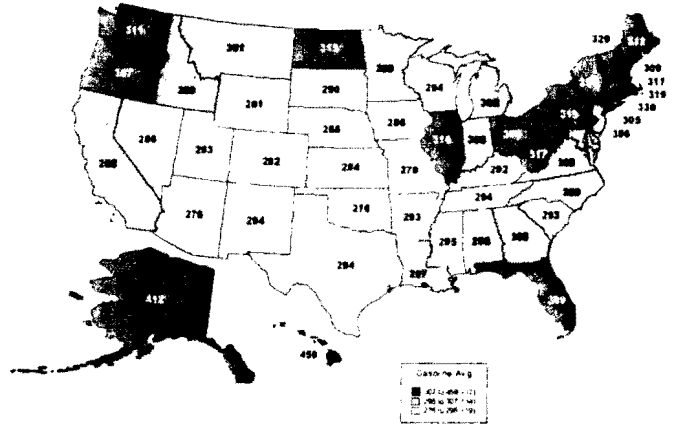


Diesel Pricing Trends

Weekly Diesel Price By Region
(in cents per gal)

Region					-Monthly Change-	
	Retail	Net	Rack	Margin	Retail	Rack
Northeast	319.3	262.8	203.6	59.2	-67.3	-45.3
Southeast	300.0	247.8	200.7	47.1	-76.7	-48.6
Great Lakes	305.3	243.9	198.7	45.2	-75.3	-53.5
Midwest	288.3	239.2	202.6	36.5	-77.0	-52.9
Southwest	289.4	243.1	199.6	43.5	-76.8	-53.9
West	300.4	242.0	197.4	44.7	-77.0	-56.7

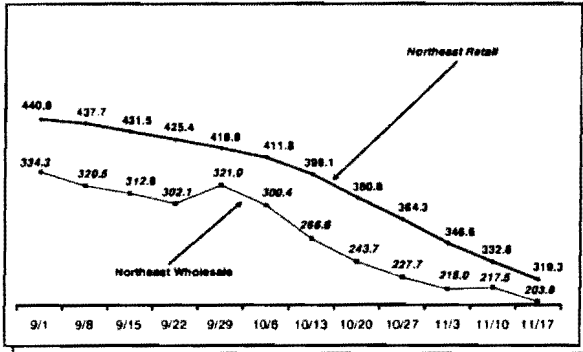
Weekly Diesel Price By State
(in cents per gal)



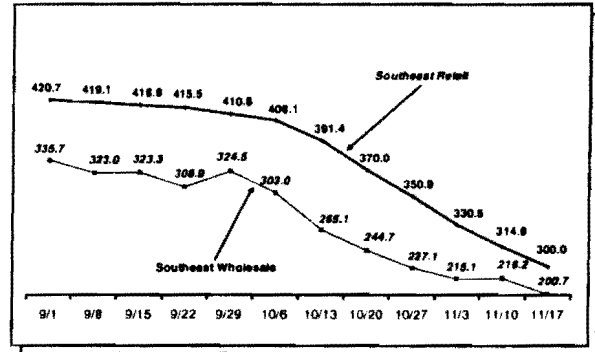
Retail - average retail price; Net - retail price less state, federal and local taxes and 1.5 cts per gal for freight; Rack - wholesale cost; Margin - the difference between net and wholesale; Monthly Retail Change and Monthly Rack Change - the change in the average retail and wholesale price from exactly one month ago

12-Week Regional Diesel Rack-To-Retail Pricing Trends

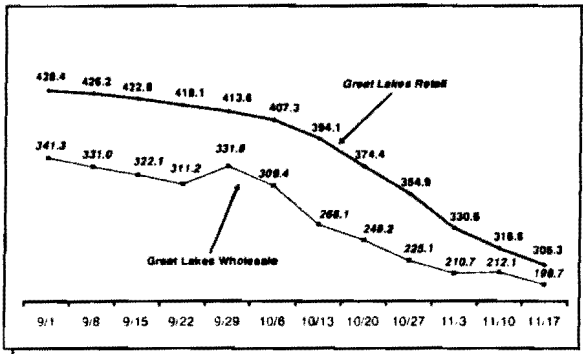
Northeast



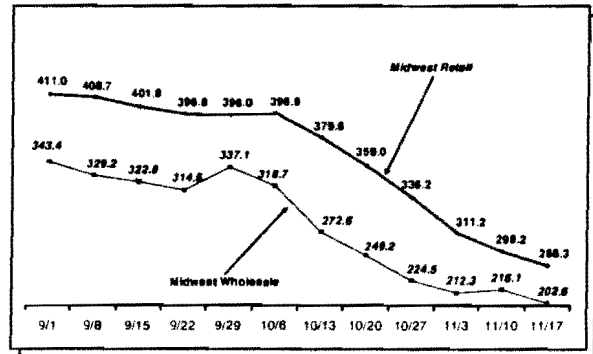
Southeast



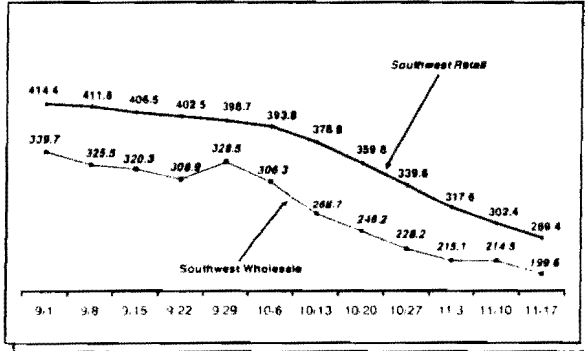
Great Lakes



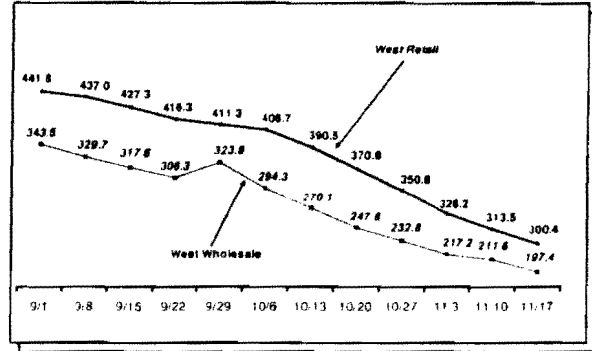
Midwest



Southwest



West



Best & Worst Markets To Sell/Supply Fuel

Most Profitable Metros To Sell & Supply Gasoline					Monthly Retail	Monthly Rack	
Rank	Metro	Retail	Net	Rack	Change	Change	
1	Jamestown NY	272.4	215.7	144.4	71.2	-79.3	-64.0
2	Burlington VT	248.5	213.6	152.8	60.7	-84.1	-55.9
3	Washington (DC Only)	234.8	199.9	140.2	59.7	-97.0	-59.0
4	Medford-Ashland OR	244.2	202.8	143.4	59.5	-97.0	-72.0
5	Buffalo-Niagara Falls NY	263.4	202.4	147.3	55.1	-87.9	-63.8
6	San Francisco CA	251.4	195.5	144.2	51.3	-110.4	-97.8
7	San Luis Obispo CA	252.4	198.3	147.0	51.3	-91.0	-106.6
8	New York NY	258.5	199.9	148.8	51.1	-81.2	-56.8
9	Santa Barbara CA	251.3	196.7	147.0	49.7	-96.7	-107.2
10	Lafayette LA	224.4	186.2	136.6	49.6	-100.2	-69.8

Least Profitable Metros To Sell & Supply Gasoline					Monthly Retail	Monthly Rack	
Rank	Metro	Retail	Net	Rack	Change	Change	
1	Decatur IL	176.6	129.5	135.3	-5.8	-122.3	-88.5
2	Mansfield OH	184.6	137.0	140.6	-3.7	-102.4	-86.3
3	Laredo TX	180.4	140.2	142.3	-2.1	-61.3	-59.6
4	Akron OH	189.1	146.1	145.8	0.3	-89.9	-78.6
5	Mcallen-Edinburg-Mission TX	177.3	137.0	136.4	0.7	-72.5	-68.3
6	Peoria-Pekin IL	191.6	139.6	138.7	0.9	-95.7	-85.1
7	New London-Norwich CT	219.0	148.3	146.6	1.8	-91.4	-56.4
8	Hamilton-Middletown OH	181.0	138.1	135.9	2.2	-93.2	-96.6
9	Evansville-Henderson (IN Only)	189.1	138.3	135.7	2.6	-105.2	-92.7
10	Brownsville-Harlingen TX	179.6	139.3	136.7	2.6	-66.4	-64.2

Most Profitable Metros To Sell & Supply Diesel					Monthly Retail	Monthly Rack	
Rank	Metro	Retail	Net	Rack	Change	Change	
1	New York NY	368.8	297.0	209.0	88.0	-71.0	-44.2
2	Nassau-Suffolk NY	352.1	279.4	207.0	72.3	-73.3	-44.6
3	Bridgeport CT	345.0	275.6	204.3	71.3	-57.0	-42.1
4	Eugene-Springfield OR	317.9	265.3	194.8	70.4	-56.5	-49.7
5	Utica-Rome NY	351.0	282.9	212.9	70.0	-62.7	-42.0
6	Bergen-Passaic NJ	312.0	268.4	198.5	69.9	-65.6	-45.1
7	Washington (VA Only)	317.0	267.9	199.0	68.9	-69.9	-46.6
8	Dutchess County NY	343.6	273.0	204.1	68.8	-66.3	-43.1
9	Alexandria LA	317.3	270.4	202.0	68.4	-66.3	-50.1
10	Newburgh NY	342.4	272.6	204.3	68.3	-68.2	-43.4

Least Profitable Metros To Sell & Supply Diesel					Monthly Retail	Monthly Rack	
Rank	Metro	Retail	Net	Rack	Change	Change	
1	Pueblo CO	272.6	224.9	206.6	18.2	-100.5	-56.2
2	Las Cruces NM	276.7	227.8	208.5	19.3	-89.6	-56.9
3	Springfield IL	288.4	219.9	199.0	20.9	-82.2	-55.1
4	Anchorage AK	394.2	368.2	347.1	21.0	-58.1	-48.3
5	Green Bay WI	280.8	221.9	196.1	25.8	-82.7	-57.4
6	Missoula MT	296.9	242.4	216.6	25.8	-69.5	-58.1
7	Abilene TX	280.4	234.2	206.5	27.6	-77.8	-59.1
8	Kansas City (KS Only)	279.4	226.4	198.4	28.0	-80.6	-52.5
9	Peoria-Pekin IL	299.6	229.0	200.7	28.2	-78.8	-56.9
10	Amarillo TX	280.2	233.9	205.6	28.3	-76.4	-62.4

OPIS Breakeven Cost Index

The 50 Most Difficult Gasoline Markets In The United States To Make A Profit

_____ = the price that a reseller would have to pay to breakeven if they sold product at the average retail price in the market

_____ = the price that a reseller would have to pay to breakeven if they sold product at the same price as the lowest chain in the market

Pricing At The Market Average

Pricing To Meet The Aggressive Chain

Metro	Average Retail	Low Retail	Average Rack	Average Taxes	Average Freight	Average Lading Cost	Average Margin	Low Margin	Implied Average Breakeven Cost	Implied Low Breakeven Cost
Mansfield OH	184.6	179.3	140.6	46.5	1.5	188.7	-3.7	-25.8	136.6	131.3
Laredo TX	180.4	176.5	142.3	38.7	1.5	182.6	-2.1	-9.2	140.2	136.3
Akron OH	189.1	179.9	145.8	41.4	1.5	188.8	0.3	-9.4	146.2	137.0
McAllen-Edinburg-Mission TX	177.3	173.9	136.4	38.7	1.5	176.6	0.7	-4.5	137.0	133.7
Peoria-Pekin IL	191.6	189.1	138.7	55.1	1.5	195.3	0.9	-5.6	135.0	132.5
Hamilton-Middletown OH	181.0	171.5	135.9	41.4	1.5	178.8	2.2	-5.9	138.1	128.6
Evansville-Henderson (IN Only)	189.1	177.4	135.7	50.6	1.5	187.8	2.6	-4.7	137.0	125.3
Brownsville-Harlingen TX	179.6	169.7	136.7	38.7	1.5	177.0	2.6	-5.0	139.3	129.5
Louisville KY (KY Only)	194.0	180.7	153.7	35.9	1.5	191.1	2.9	-28.6	156.5	143.3
Hartford CT	220.4	196.7	146.6	69.3	1.5	217.4	3.2	-10.2	149.6	125.9
Cleveland-Lorain OH	190.1	169.9	143.7	41.4	1.5	186.6	3.5	-16.4	147.2	127.0
Fort Walton Beach FL	198.4	187.1	145.7	47.5	1.5	194.7	3.7	-0.4	149.4	138.1
Indianapolis IN	186.7	168.4	132.7	49.6	1.5	183.8	4.0	-11.2	135.5	117.3
Cincinnati OH (OH Only)	183.0	167.4	135.9	41.4	1.5	178.8	4.2	-12.1	140.1	124.5
Louisville KY (IN Only)	190.9	185.5	136.7	50.7	1.5	188.9	4.4	-5.7	138.7	133.3
Columbus OH	183.4	169.3	132.5	46.5	1.5	180.6	4.8	-11.2	135.3	121.3
Dayton-Springfield OH	186.6	177.9	138.6	41.4	1.5	181.5	4.9	-12.6	143.7	135.0
Canton-Massillon OH	191.4	179.3	143.0	41.4	1.5	185.9	5.4	-10.5	148.5	136.4
New Haven-Meriden CT	222.7	209.3	145.9	68.8	1.5	216.2	6.2	-12.3	152.4	139.0
Savannah GA	197.5	180.1	147.2	42.5	1.5	191.3	6.2	-5.9	153.5	136.1
Pensacola FL	200.6	190.2	145.5	47.5	1.5	194.6	6.3	-3.7	151.6	141.2
Tulsa OK	177.7	175.3	134.3	35.5	1.5	171.3	7.2	2.1	140.7	138.3
Cincinnati OH (KY Only)	193.7	185.4	148.4	35.9	1.5	185.9	7.2	-0.2	156.2	148.0
Fort Wayne IN	189.2	183.5	133.6	49.6	1.5	184.7	7.4	-2.1	138.1	132.4
Kansas City (MO only)	172.3	167.1	130.2	35.8	1.5	167.5	7.6	-6.2	135.0	129.8
Wichita KS	186.7	177.9	134.1	43.6	1.5	179.2	7.9	-3.7	141.6	132.9
Joplin MO	181.6	173.2	136.3	35.8	1.5	173.6	8.1	6.1	144.3	135.9
Abilene TX	193.3	181.2	144.5	38.7	1.5	184.7	8.5	-1.1	153.0	141.0
Springfield MO	181.7	179.9	135.9	35.8	1.5	173.2	8.6	-2.1	144.3	142.6
Fayetteville-Rogers AR	186.1	181.5	135.3	40.3	1.5	177.2	8.9	-5.2	144.2	139.7
South Bend IN	193.9	183.5	134.1	49.3	1.5	184.9	9.0	-1.2	143.1	132.7
Kansas City (KS Only)	182.6	171.9	130.4	43.6	1.5	175.5	9.3	-5.9	137.5	126.9
Lubbock TX	186.6	176.0	137.8	38.7	1.5	178.0	9.4	-0.2	146.4	135.8
Waco TX	192.0	185.5	142.3	38.7	1.5	182.6	9.4	5.0	151.7	145.3
Panama City FL	204.6	196.8	150.1	43.0	1.5	194.6	9.8	2.6	160.2	152.3
Gary IN	208.0	203.4	149.6	45.7	1.5	196.8	9.9	0.9	160.8	156.2
San Antonio TX	195.1	186.5	144.9	38.7	1.5	185.2	10.0	-0.6	154.9	146.3
Athens GA	199.3	187.8	140.1	47.6	1.5	189.3	10.1	4.1	150.2	138.7
Brazoria TX	179.6	166.2	134.3	33.6	1.5	169.4	10.1	-4.4	144.4	131.1
Corpus Christi TX	189.3	177.8	139.0	38.7	1.5	179.2	10.1	-1.5	149.1	137.6
Toledo OH	189.5	183.9	135.1	41.4	1.5	178.0	10.2	-7.6	146.6	141.0
St. Louis Mo (IL Only)	194.1	195.3	135.5	47.2	1.5	184.1	10.6	-2.7	145.4	146.6
Saginaw-Bay City MI	192.2	188.5	136.7	42.7	1.5	180.9	11.0	4.8	148.0	144.3
Longview-Marshall TX	197.6	192.3	146.5	38.7	1.5	186.8	11.1	0.4	157.4	152.1
Des Moines IA	188.9	172.9	135.7	40.5	1.5	177.7	11.2	-0.7	146.8	130.9
Tyler TX	191.9	187.5	141.5	36.7	1.5	179.7	11.5	6.6	153.7	149.3
Atlanta GA	196.4	185.3	135.6	47.9	1.5	185.1	11.7	-5.7	147.0	135.9
Milwaukee-Waukesha WI	208.0	193.8	148.1	46.3	1.5	195.9	12.0	3.6	160.1	146.0
Colorado Springs CO	192.2	183.6	138.4	39.7	1.5	179.6	12.3	5.6	151.0	142.4
Augusta-Aiken (GA Only)	195.6	185.3	135.2	45.6	1.5	182.3	12.5	4.4	148.5	138.2

Average Retail = average retail price; Low Retail = lowest average price for a particular chain in the market; Average Rack = average wholesale cost; Average Taxes = the average taxes in the market; Average Freight = OPIS assumes an average freight of 1.5 cents per gallon; Average Lading Cost = the total of the average rack price, the average taxes and the average freight; Average Margin = the average profit margin at the market; Low Margin = the average profit margin for the chain selling retail at the lowest average price; Implied Average Breakeven Cost = the price that a reseller would have to pay to breakeven if they sold product at the average retail price; Implied Low Breakeven Cost = the price that a reseller would have to pay to breakeven if they sold product at the same price as the lowest chain in the market.

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National Brand Overview

The Top-35 Most Profitable Brands In The United States

Rank	Brand	Station Count	Retail	Net	Rack	Current Margin	Week Ago Margin	Month Ago Margin	Current 30-Day Rolling Margin	Year-Ago 30 Day Rolling Margin	Monthly Retail Change	Monthly Rack Change
1	Giant	96	237.6	198.4	154.0	44.3	49.2	54.2	48.2	11.9	-84.6	-76.4
2	Kwik Fill	300	241.4	184.2	143.4	40.9	43.2	58.1	47.7	3.9	-83.6	65.3
3	76	1615	242.3	188.6	148.8	39.7	47.9	41.1	49.2	13.0	-100.5	-93.7
4	Gulf	1059	227.5	182.2	144.2	38.0	41.3	61.7	46.5	15.1	-82.5	-57.9
5	Go Mart	97	223.6	171.9	134.8	37.1	43.4	41.0	46.8	12.6	-91.2	-92.3
6	Unimart	76	229.3	176.6	140.5	36.1	38.7	51.3	42.1	5.5	-79.5	-65.7
7	Stewarts	255	237.4	179.0	144.3	34.8	37.0	54.6	41.1	8.7	80.2	-58.2
8	USA Petroleum	124	229.2	176.4	142.0	34.4	37.0	28.4	45.9	0.3	-98.6	-97.6
9	Lukoil	363	219.7	182.2	147.8	34.3	42.2	64.9	46.6	17.4	-88.7	-58.0
10	Getty	970	227.8	180.1	150.0	30.2	36.4	56.9	39.8	13.3	-87.0	-58.4
11	Albertsons	110	216.7	171.5	141.5	30.0	34.3	49.2	42.1	6.1	-105.7	-87.7
12	Maverik	193	212.4	169.3	139.3	30.0	43.6	34.9	45.4	2.5	-117.0	-112.9
13	Chevron	6633	221.3	174.9	145.2	29.8	36.0	49.2	40.6	12.8	-102.1	-80.7
14	Sinclair	1328	211.6	168.9	139.5	29.4	35.9	45.4	40.2	9.2	-100.5	85.6
15	Turkey Hill	202	218.1	166.8	137.7	29.1	29.0	47.6	33.1	6.7	-80.6	-63.9
16	Quik Stop	101	220.1	169.4	140.7	28.7	33.3	38.2	44.1	8.3	-109.6	-93.5
17	Safeway	291	216.3	171.5	142.8	28.7	34.5	54.1	41.8	3.9	-104.6	-77.6
18	Arco	1123	229.8	177.1	148.6	28.5	35.4	23.4	36.9	-2.3	-99.6	-99.1
19	Mobil	2448	223.1	174.2	146.8	27.4	33.8	43.7	37.1	11.5	-94.1	-74.5
20	Sunoco	4136	219.3	171.9	144.8	27.1	32.2	50.2	36.1	12.7	-90.3	-66.0
21	Valero	3234	209.9	166.0	139.1	26.9	27.0	44.0	34.6	9.4	-95.4	-75.6
22	Liberty	123	209.6	167.8	141.4	26.5	30.2	59.1	38.9	12.9	-96.3	-64.2
23	Hess	990	218.7	171.4	144.9	26.5	30.0	59.7	37.0	7.7	-93.3	-59.4
24	Tesoro	388	241.8	199.9	173.5	26.4	29.8	32.1	32.2	10.8	-92.6	-86.3
25	Shell	12220	213.7	169.4	143.3	26.1	31.0	50.8	35.8	13.2	-98.7	-72.4
26	Giant / Martini	63	213.8	164.0	138.0	26.0	26.5	48.2	31.8	6.3	-85.0	-64.8
27	Exxon	4628	213.6	169.9	144.2	25.7	30.8	53.9	36.4	12.4	-94.8	-66.6
28	Irving	150	223.8	177.9	152.3	25.6	31.2	51.3	35.1	13.6	-84.1	-57.5
29	Town & Cou	136	205.8	166.0	140.5	25.5	21.7	32.7	24.7	11.7	-87.9	81.2
30	Sheetz	344	212.3	164.4	139.2	25.2	29.3	45.2	34.4	6.5	-87.9	-69.6
31	Texaco	2344	208.1	165.8	141.0	24.8	30.1	56.6	35.8	12.9	-104.1	-72.0
32	Citgo	6551	215.0	168.2	143.9	24.2	28.9	53.2	34.4	11.3	-98.0	-67.6
33	Genex	1176	206.9	162.5	138.7	23.8	25.2	41.5	30.2	7.9	-85.9	-68.5
34	Conoco	2313	201.1	161.2	137.8	23.4	27.0	44.8	31.1	10.5	-94.9	-73.4
35	Loaf N Jug	117	202.9	161.1	137.8	23.2	32.3	52.4	37.2	8.8	-101.0	-75.0
Lowest	Gas America	91	185.4	135.5	133.5	2.0	-0.3	-1.8	3.3	-0.3	-100.5	-100.1

*Must have received a price from a minimum of 60 stations

Continued From Page 1...

der \$2.11/gal. Rack costs, at a little over \$1.42/gal on average, dropped less than 12cts nationally.

There was more of the same at presstime, with the latest retail price numbers around the nation sliding the cusp of \$2.00/gal -- a number last breached in March 2005. That puts retail gasoline prices down some 90cts in the last month, about \$1.05 below where they stood a year ago, according to the latest data.

The latest indicator that demand destruction had taken hold over summer came from the U.S. Department of Transportation, reporting that Americans cut back driving by 4.4% in September versus the same month last year -- driving 10.7 billion fewer miles. It was the 11th consecutive month that DOT reported lower year-on-year driving miles.

That number came as no surprise to many marketers who have constantly said that Department of Energy's accounting underestimated the downturn in fuel demand. At what point falling gasoline prices will engender more consumer demand is complicated by Wall Street losses and the invariable economic slowdown that has many consumers clinging to their wallets. Still, those looking for some light at the end of the tunnel could

note the weekly MasterCard SpendingPulse report recently reported a 1.5% uptick in week-to-week gasoline consumption.

"Discretionary demand may be recovering," was the take that MasterCard's Michael McNamara had on the report. While year-on-year gasoline consumption for the week was still down 2.8%, it was the smallest such drop-off in some ten months.

Meantime, the overall market points to further declines in store for marketer rack replacement costs. At presstime, crude futures on the NYMEX were testing the \$50/bbl level. In the spot market, where refiners buy and sell their huge fuel volumes, Chicago unleaded prices dropped under \$1.00/gal, down almost 20cts over the week to the lowest price level in more than three years.

Diesel marketers got a lift from the swift fall in their diesel wholesale costs over the last week. Rack replacement costs nationwide averaged just over \$2.00/gal for diesel, off 14.4cts for the week, whereas retail diesel prices averaging \$3.01/gal dropped 13cts -- moves that helped boost average marketer profit on diesel retail sales some 1.5cts, to a 46.8cts on the gallon.

Electronic Feeds Of Margin Data Available! Call 1-800-275-0950 x 2568 For Details

Year-To-Date Best & Worst Markets

Top 25 Most Profitable Markets To Sell Gasoline In 2008

2008 Rank	Week Ago Rank	Market	ST	Retail	Net	Rack	Margin	Change From Week Ago	% Change From Week Ago
1	1	Washington (DC Only)	DC	355.3	320.5	279.8	40.7	0.4	1.0%
2	2	Medford-Ashland OR	OR	367.4	325.7	285.4	40.2	0.4	1.0%
3	3	Burlington VT	VT	354.9	318.2	278.2	40.0	0.5	1.3%
4	4	Barnstable-Yarmouth MA	MA	353.3	314.9	276.7	38.2	-0.1	-0.3%
5	6	San Francisco CA	CA	389.0	319.4	287.0	32.4	0.5	1.6%
6	5	Bellingham WA	WA	371.9	315.1	282.7	32.4	0.0	0.0%
7	7	Trenton NJ	NJ	335.4	306.0	274.8	31.2	0.0	0.0%
8	10	New York NY	NY	370.6	307.5	276.6	30.9	0.5	1.6%
9	15	Jamestown NY	NY	366.0	305.9	275.3	30.6	1.0	3.4%
10	9	Washington (MD Only)	MD	347.2	308.7	278.2	30.5	0.1	0.3%
11	8	Bergen-Passaic NJ	NJ	333.2	303.8	273.3	30.5	0.1	0.3%
12	12	Houma LA	LA	344.9	304.2	273.8	30.4	0.3	1.0%
13	11	Charlottesville VA	VA	342.9	305.7	275.5	30.2	0.0	0.0%
14	13	Lowell (NH Only)	NH	341.1	306.6	276.5	30.1	0.2	0.7%
15	14	Newark NJ	NJ	331.3	301.9	272.0	29.9	0.1	0.3%
16	16	Jersey City NJ	NJ	332.0	302.6	272.9	29.7	0.1	0.3%
17	17	Eugene-Springfield OR	OR	359.7	315.1	285.4	29.7	0.3	1.0%
18	18	Middlesex-Somerset-Hunterdon NJ	NJ	331.6	302.2	273.5	28.8	0.1	0.3%
19	19	Lafayette LA	LA	342.6	302.6	274.0	28.6	0.4	1.4%
20	20	Portsmouth-Rochester (NH Only)	NH	338.2	303.7	275.7	28.0	0.1	0.4%
21	21	Lawrence Ma-Nh	NH	337.7	303.2	275.4	27.8	0.0	0.0%
22	22	Miami FL	FL	356.2	305.4	277.6	27.8	0.2	0.7%
23	24	Pittsfield MA	MA	346.0	307.6	279.9	27.7	0.2	0.7%
24	23	Manchester NH	NH	336.7	302.2	274.6	27.6	0.0	0.0%
25	25	Seattle-Bellevue-Everett WA	WA	365.0	308.3	280.9	27.5	0.3	1.1%

NR = Market was not ranked in the previous 25 most profitable markets

*To Qualify Market Must Have Received Prices From 40 or more unique stations

Top 25 Least Profitable Markets To Sell Gasoline In 2008

2008 Rank	Week Ago Rank	Market	ST	Retail	Net	Rack	Margin	Change From Week Ago	% Change From Week Ago
1	1	Tucson AZ	AZ	328.8	290.5	295.3	-4.8	0.7	-12.7%
2	2	Las Vegas NV	NV	354.4	301.5	304.1	-2.6	0.6	-18.8%
3	3	Decatur IL	IL	340.3	276.3	278.1	-1.8	-0.1	5.9%
4	4	Indianapolis IN	IN	343.0	281.5	283.0	-1.4	0.2	-12.5%
5	5	Terre Haute IN	IN	344.0	282.4	283.0	-0.6	0.1	-14.3%
6	6	Evansville-Henderson (IN Only)	IN	341.5	279.8	280.0	-0.2	0.1	-33.3%
7	7	Peoria-Pekin IL	IL	344.1	279.1	278.9	0.2	0.0	0.0%
8	8	Springfield MO	MO	314.4	276.9	276.4	0.5	0.2	66.7%
9	10	Lafayette IN	IN	344.9	283.5	282.0	1.5	0.1	7.1%
10	9	Joplin MO	MO	315.6	278.1	276.5	1.6	0.2	14.3%
11	11	Springfield IL	IL	345.9	282.3	279.7	2.7	0.3	12.5%
12	12	Kokomo IN	IN	346.0	284.4	281.6	2.8	0.1	3.7%
13	13	Elkhart-Goshen IN	IN	346.7	285.9	282.5	3.4	0.2	6.3%
14	14	Wichita KS	KS	322.8	278.2	274.1	4.0	0.1	2.6%
15	15	Champaign-Urbana IL	IL	343.0	281.0	276.5	4.6	0.1	2.2%
16	16	Fort Wayne IN	IN	347.7	286.8	282.0	4.7	0.0	0.0%
17	17	Muncie IN	IN	345.0	284.0	279.1	4.9	0.1	2.1%
18	18	St. Louis Mo (IL Only)	IL	348.4	285.8	280.8	5.0	0.1	2.0%
19	19	Fargo-Moorhead (ND Only)	ND	329.2	286.5	281.4	5.1	0.1	2.0%
20	21	Topeka KS	KS	329.2	284.6	279.1	5.5	0.2	3.8%
21	22	Louisville KY (IN Only)	IN	347.9	286.0	280.5	5.5	0.0	0.0%
22	20	Bloomington IN	IN	346.5	285.6	280.1	5.5	0.3	5.8%
23	23	San Angelo TX	TX	328.8	288.5	282.1	6.4	0.0	0.0%
24	25	Bloomington-Normal IL	IL	346.2	283.7	277.0	6.7	-0.1	-1.5%
25	24	South Bend IN	IN	346.5	284.9	278.1	6.8	0.0	0.0%

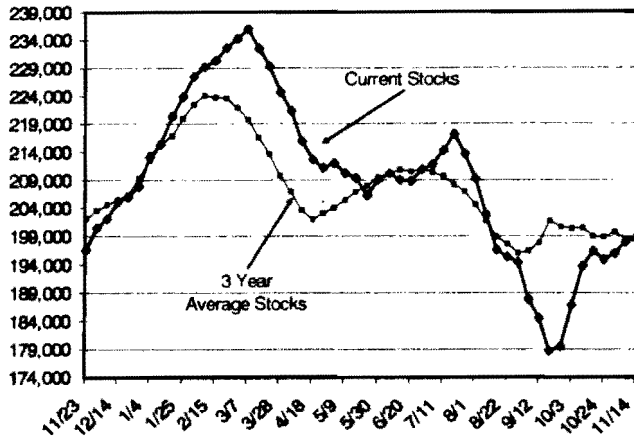
NR = Market was not ranked in the previous 25 least profitable markets

To Qualify Market Must Have Received Prices From 40 or more unique stations

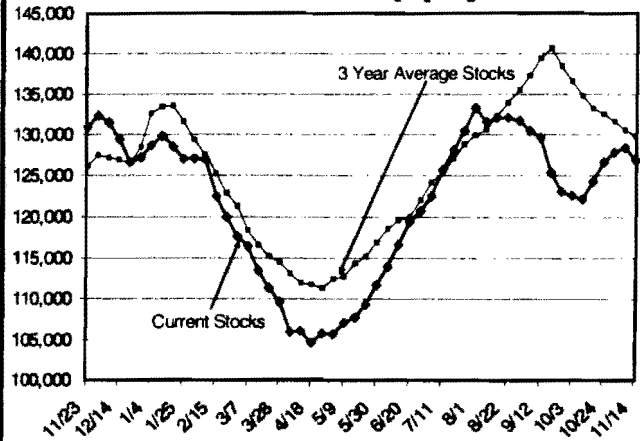
Week Ago Rank Was What The Year-To-Date Rank Was Last Week

DOE Supply & Demand Trends

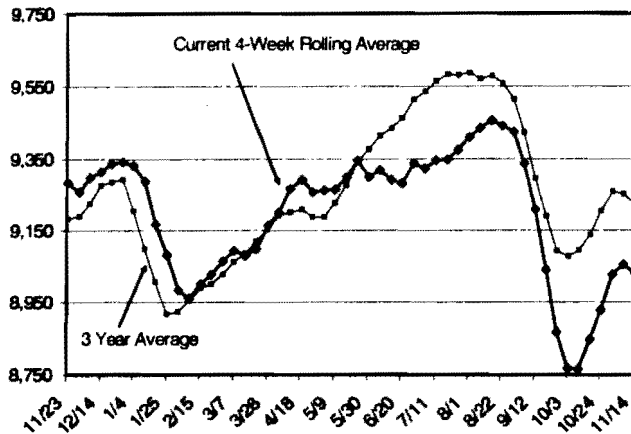
Gasoline Supply



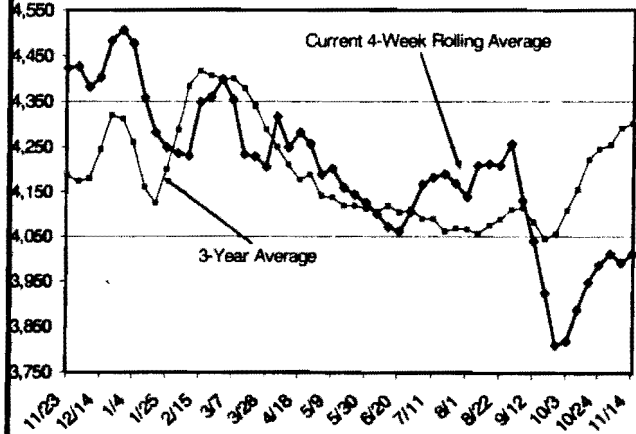
Diesel Supply



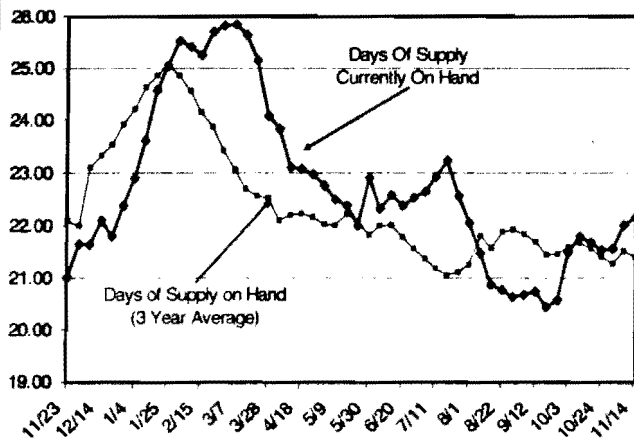
Gasoline Demand



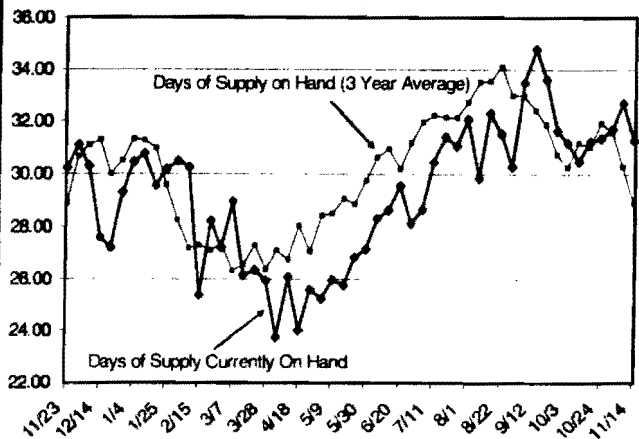
Diesel Demand



Number of Days Worth Of Gasoline Supply On Hand



Number of Days Worth Of Diesel Supply On Hand

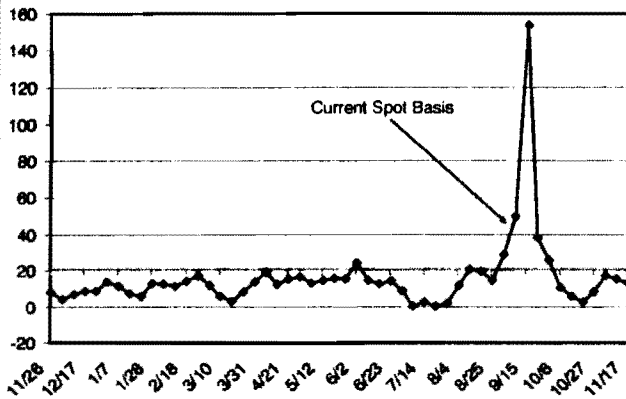


Number of days worth of supply on hand is derived by taking the current supply numbers and dividing them by the 4-week rolling average demand numbers. This indicates the balance between supply and demand and shows whether demand is outpacing stock builds or stocks are able to replenish at a faster rate.

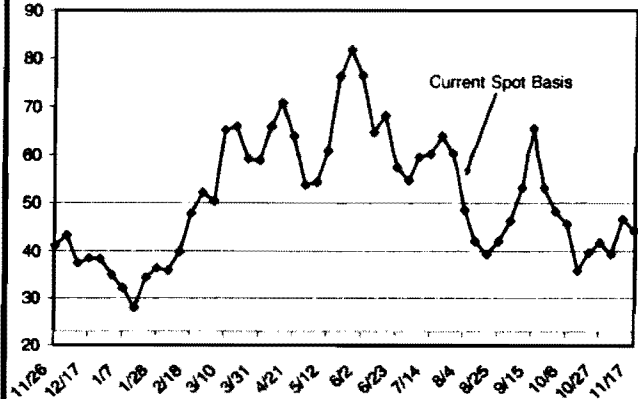
Implied Refining Margins

Below is an estimated snapshot of refiner profitability in producing a gallon of the relevant fuel in a given region. The WTI crude price is converted to cents per gallons and subtracted from the closing spot price each day. The resulting number is then averaged for the week and charted against the average spread between 1/1/2004 and 12/31/2005. (The Red Line)

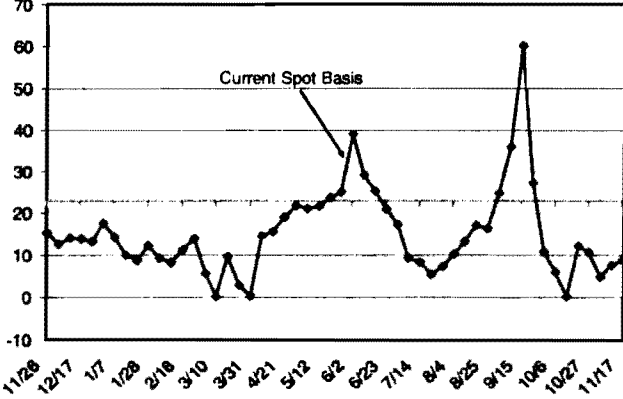
Gulf Coast Conventional Gasoline Basis To WTI



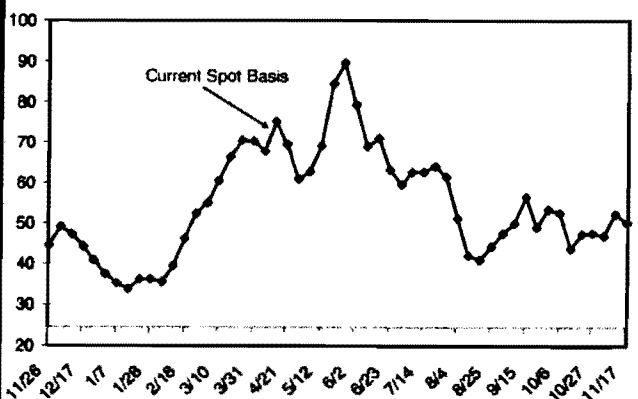
Gulf Coast Low Sulfur Diesel Basis To WTI



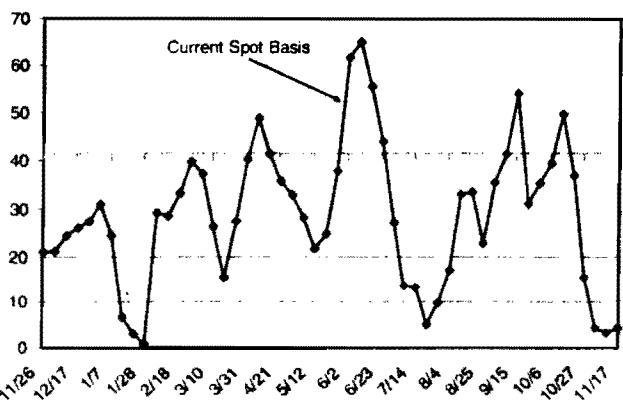
New York Reformulated Gasoline Basis To WTI



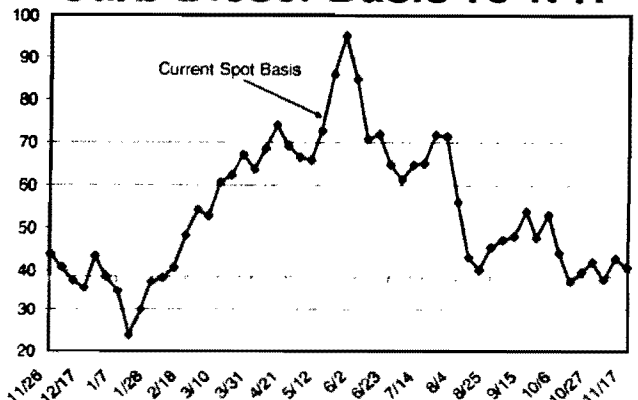
New York Low Sulfur Diesel Basis To WTI



Los Angeles Carbob Gasoline Basis To WTI



Los Angeles Low Sulfur Carb Diesel Basis To WTI



All Prices In Cents Per Gallon



NORTHEAST REGIONAL FUEL MARKETER PROFITABILITY INDEX

Current = 7 day period between 11/11/08 and 11/17/08
 Week Ago = 7 day period between 11/04/08 and 11/10/08
 Month Ago = 7 day period between 10/14/08 and 10/20/08
 Net = The retail average less federal, state and local taxes plus 1.5 cts per gal for freight

Prices Between
 11/11/08 and
 11/17/08

Top 10 BEST Earning BRANDS

Rank	# of Brand	Outlets	Retail	Net	Rack	Current Margin	Week-Ago Margin	Month-Ago Margin	30-Day Rolling Avg	Year-Ago 30-Day Rolling Avg	Monthly Change Retail	Monthly Change Rack
1	Noco	36	261.0	201.1	140.2	60.9	65.9	81.1	69.4	3.0	-89.4	-65.3
2	Kwik Fill	290	242.3	184.8	143.3	41.5	43.8	58.8	48.3	3.9	-83.5	-65.1
3	Gulf	1,052	227.7	182.4	144.3	38.1	41.4	61.9	46.6	15.2	-82.4	-57.7
4	Go Mart	93	224.4	172.6	134.8	37.8	44.2	41.8	47.6	12.7	-91.2	-92.2
5	Unimart	75	229.5	176.8	140.6	36.2	38.9	51.7	42.4	5.4	-79.4	-65.4
6	Get Go	70	226.4	174.5	139.2	35.3	40.0	47.6	44.5	6.2	-80.3	-71.1
7	Fast Track	44	239.8	177.9	142.6	35.3	35.7	54.1	39.3	11.6	-84.1	-64.1
8	Speedway	50	221.8	169.9	134.9	34.9	42.8	45.7	46.1	13.2	-98.3	-92.6
9	Stewarts	255	237.4	179.0	144.3	34.8	37.0	54.6	41.1	8.7	-80.2	-58.2
10	Lukoil	363	219.7	182.2	147.8	34.3	42.2	64.9	46.6	17.4	-88.7	-58.0
Lowest	Hoyal Farms Market	82	196.4	157.6	144.5	13.1	13.7	49.8	23.4	7.5	-97.7	-61.0
	Market	19,441	213.9	168.8	142.5	26.4	30.8	52.9	36.0	10.3	-89.8	-63.4

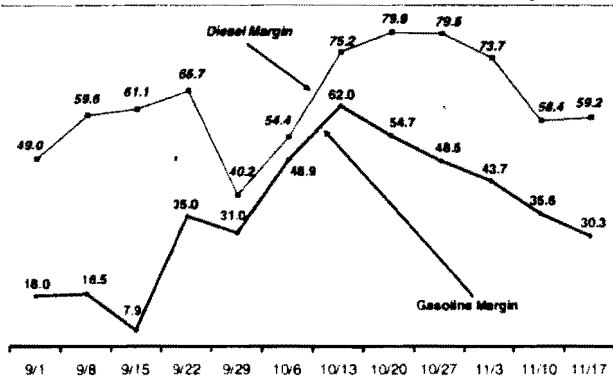
Top 10 BEST Earning METRO MARKETS

Rank	# of Brand	Outlets	Retail	Net	Rack	Current Margin	Week-Ago Margin	Month-Ago Margin	30-Day Rolling Avg	Year-Ago 30-Day Rolling Avg	Monthly Change Retail	Monthly Change Rack
1	Jamestown NY	53	272.4	215.7	144.4	71.2	72.1	86.3	76.4	9.9	-79.3	-64.0
2	Burlington VT	104	248.5	213.6	152.8	60.7	72.4	88.9	71.7	18.0	-84.1	-55.9
3	Washington (DC Only)	82	234.8	199.9	140.2	59.7	67.6	97.7	74.0	26.0	-97.0	-59.0
4	Buffalo-Niagara Falls NY	317	263.4	202.4	147.3	55.1	59.9	75.0	64.0	5.3	-87.9	-63.8
5	New York NY	1014	258.5	199.9	148.8	51.1	55.5	72.4	58.4	16.4	-81.2	-58.8
6	Hochester NY	347	254.7	192.2	145.7	46.5	51.1	69.9	55.5	7.3	-89.2	-62.4
7	Dutchess County NY	124	247.6	189.9	148.5	41.4	44.8	60.3	47.8	11.8	-78.4	-56.5
8	Binghamton NY	102	246.4	183.8	142.6	41.2	46.4	58.4	48.7	4.5	-84.5	-63.9
9	Nassau-Suffolk NY	809	246.8	187.9	147.3	40.6	45.5	63.9	48.1	15.2	-83.4	-56.5
10	Newburgh NY	126	244.8	187.9	148.6	39.3	40.7	61.6	45.0	11.4	-81.0	-55.7

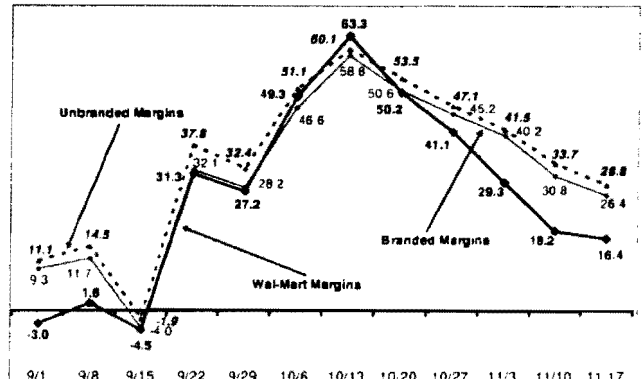
Top 10 WORST Earning METRO MARKETS

Rank	# of Brand	Outlets	Retail	Net	Rack	Current Margin	Week-Ago Margin	Month-Ago Margin	30-Day Rolling Avg	Year-Ago 30-Day Rolling Avg	Monthly Change Retail	Monthly Change Rack
1	New London-Norwich CT	45	219.0	148.3	146.6	1.8	5.9	32.5	11.1	11.7	-91.4	-56.4
2	Hartford CT	579	220.4	149.8	146.6	3.2	8.9	30.7	12.2	13.0	-88.4	-56.6
3	New Haven-Meriden CT	286	222.7	152.1	145.9	6.2	9.2	31.5	13.2	12.3	-86.0	-56.5
4	Parkersburg-Marietta (WW Ont)	45	196.4	144.2	135.9	8.3	17.9	18.5	20.7	15.4	-98.2	-90.9
5	Dover DE	51	193.4	153.7	140.9	12.7	13.1	47.1	21.6	8.4	-92.3	-57.5
6	Norfolk-Virginia Beach (VA Ont)	579	191.0	157.8	143.5	14.4	17.2	62.4	27.9	9.8	-105.2	-57.1
7	Vineland-Milville-Bridgeton NJ	36	189.0	159.5	144.9	14.7	10.1	57.4	23.8	6.4	-96.9	-54.1
8	Roanoke VA	126	190.8	154.0	138.0	16.0	22.7	53.7	33.0	8.4	-105.5	-67.9
9	Johnson City-Kingsport VA	57	193.0	155.7	138.1	17.7	24.3	49.2	31.1	12.7	-98.3	-66.8
10	Springfield MA	237	208.5	170.0	152.1	17.9	22.7	50.0	28.2	10.0	-87.9	-55.9

12-Week Northeast Gasoline & Diesel Margins



12-Week Wal-Mart Watch



Current retail average based on reconciled credit card transactions received by OPIS from the 7-day period between the previous Tuesday through the most recent Monday. Due to the way credit card receipts are reconciled, a few additional transactions may be received for the dates that already comprise the current weekly average. Minor fluctuations in the actual average may occur as a result. Rack averages are based on the daily OPIS average for the individual stations during the time period for the appropriate product sold at the station. Branded stations are matched to the appropriate suppliers at the closest rack. If we are unable to match a brand to a supplier we use the branded average price from the closest rack. All retail brands determined to be unbranded use the unbranded average price at the closest rack. All prices are for regular unleaded gasoline or diesel only and are in cts per gal.

Great Lakes Regional Fuel Marketer Profitability Index is published bi-monthly as a supplement to OPIS Retail Fuel Watch by UCG. Two Washington Center, 9737 Washington Blvd., Suite 100, Gaithersburg, MD 20878-7364. UCG chief executive officers: Bruce Levenson, Ed Peskowitz. © 2008. Reproduction without permission is prohibited. Circulation Office: 301-287-2525 Fax: 301-287-2039. Editorial: 800-275-0950 Staff: Brian Crotty, Ben Brockwell, Fred Rozell and Stephanie Newton. Postmaster: Send address changes to OPIS Retail Fuel Watch, Two Washington Center, 9737 Washington Blvd., Suite 100, Gaithersburg, MD 20878-7364.

Rack-To-Retail Margin Profitability Index By Brand

Brand	Current			Month-Age	30-Day	30-Day Year-Age	Monthly	Current			Month-Age	30-Day	30-Day Year-Age	Monthly	Change
	Margin	Net	Rack					Margin	Rolling Avg	Rolling Avg					
Albert Heijn	176.9	146.2	144.6	41.6	35.0	35.0	0.6	199.7	162.3	162.3	162.3	162.3	37.4	28.2	26.1
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Month-Age	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly
Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly	Brand	Net	Rack	Current Margin	Month-Age	30-Day	30-Day Year-Age	Monthly

Retail - The average price paid for the current 30-day period. **Net** - The average price paid for the current 30-day period. **Current Margin** - The net less the Rack to Retail applied profit margin. **Month-Age Margin** - The profit margin for the 1-day period exactly one month ago. **30-Day Rolling Avg** - The average profit margin over the last 30 days. **Year-Ago 30-Day Rolling Avg** - The average profit margin for the 30-day period exactly one year ago. **Monthly Retail Change** - The change in the average price paid for the current 30-day period. **Monthly Rack Change** - The change in the wholesale cost for exactly one month ago. All prices for regular unretailed or bulk only.

Rack-To-Retail Margin Profitability Index By Brand

Johnson City-Kingston VA				Lancaster PA				Lawrence Ma-Mi				Levittown-Abershire ME				Lynchburg VA				Manchester NH																																							
Brand	Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change	Change Rack	Brand	Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change	Change Rack	Brand	Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change	Change Rack	Brand	Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change	Change Rack																				
BP	134.7	117.4	141.9	12.8	12.8	12.8	12.8	0.0	0.0	Shell	129.1	114.5	149.2	12.4	12.4	12.4	12.4	0.0	0.0	Exxon	139.4	127.3	141.5	12.4	12.4	12.4	12.4	0.0	0.0	BP	134.7	117.4	141.9	12.8	12.8	12.8	12.8	0.0	0.0	Shell	129.1	114.5	149.2	12.4	12.4	12.4	12.4	0.0	0.0	Exxon	139.4	127.3	141.5	12.4	12.4	12.4	12.4	0.0	0.0

Retail - The average pump price for the current 7-day period. **Net** - The average pump price less all state, federal and local taxes and 4 cents per gallon for freight. **Rack** - The average wholesale price for the current 7-day period. **Current Margin** - The difference between Retail and Rack, the net profit margin. **Month-Age Margin** - The profit margin for the 7-day period exactly one month ago. **30-Day Rolling Avg** - The average pump price margin over the past 30 days. **Year-Age 30 Day Rolling Avg** - The average pump price margin for the 30-day period exactly one year ago. **Monthly Retail Change** - The change in the average pump price for the current month-age. **Monthly Rack Change** - The change in the wholesale cost from exactly one month ago. All prices for regular unleaded or diesel only.

Rack-To-Retail Margin Profitability Index By Brand

Brand		Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change Retail	Monthly Change Rack
UP		155.4	131.0	149.0	45.9	45.1	46.9	13.2	46.5	46.1
Exxon		145.4	120.3	144.4	46.1	46.0	46.1	9.0	47.7	56.1
Texaco		142.3	122.0	143.0	47.8	46.9	47.6	12.6	46.5	47.4
Gulf		141.3	121.5	143.1	47.6	46.6	47.5	10.8	46.4	47.1
Valero		141.3	121.5	143.1	47.6	46.6	47.5	10.8	46.4	47.1
Avg		252.8	193.3	147.1	46.3	46.7	46.3	16.3	46.4	58.0
Newark NJ										
Brand		Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change Retail	Monthly Change Rack
Exxon		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Valero		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Gulf		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Shell		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Avg		204.2	174.8	147.1	46.3	45.7	46.3	12.2	46.2	46.8
Newburgh NY										
Brand		Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change Retail	Monthly Change Rack
Exxon		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Valero		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Gulf		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Shell		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Avg		204.2	174.8	147.1	46.3	45.7	46.3	12.2	46.2	46.8
Newburgh NY (PA Only)										
Brand		Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change Retail	Monthly Change Rack
Exxon		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Valero		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Gulf		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Shell		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Avg		204.2	174.8	147.1	46.3	45.7	46.3	12.2	46.2	46.8
North-Virginia Beach (VA)										
Brand		Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change Retail	Monthly Change Rack
Exxon		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Valero		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Gulf		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Shell		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Avg		204.2	174.8	147.1	46.3	45.7	46.3	12.2	46.2	46.8
Parkersburg-Marionette (WV Only)										
Brand		Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change Retail	Monthly Change Rack
Exxon		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Valero		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Gulf		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Shell		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Avg		204.2	174.8	147.1	46.3	45.7	46.3	12.2	46.2	46.8
Philadelphia PA (NJ Only)										
Brand		Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change Retail	Monthly Change Rack
Exxon		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Valero		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Gulf		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Shell		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Avg		204.2	174.8	147.1	46.3	45.7	46.3	12.2	46.2	46.8
Philadelphia PA (PA Only)										
Brand		Retail	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age Rolling Avg	Monthly Change Retail	Monthly Change Rack
Exxon		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Valero		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Gulf		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Shell		141.8	119.2	149.1	46.0	45.7	46.5	11.1	46.2	46.8
Avg		204.2	174.8	147.1	46.3	45.7	46.3	12.2	46.2	46.8

Retail - The average selling price for a gallon of fuel. **Net** - The average price a retailer pays for a gallon of fuel. **Rack** - The average wholesale price for a gallon of fuel. **Current Margin** - The Net less the Rack to 30 days, the current profit margin. **Month-Age Margin** - The Net less the Rack to 7 days, the month-old profit margin. **30-Day Rolling Avg** - The average rolling profit margin over the last 30 days. **Year-Age 30 Day Rolling Avg** - The average rolling profit margin over the last 30 days of the year-ago period. **Monthly Change** - The change in the current margin over the month. **Monthly Change Rack** - The change in the current rack over the month. **Monthly Change Retail** - The change in the current retail price over the month. **Monthly Change Rack** - The change in the current rack over the month. **Monthly Change Retail** - The change in the current retail price over the month.

Rack-To-Retail Margin Profitability Index By Brand

Brand	Net	Rack	Current Margin	Month-Age Margin	30-Day Rolling Avg	30-Day Year-Age	Monthly Change
Phillips 66	212.1	173.6	151.6	22.0	14.1	13.4	0
City	211.9	173.4	151.9	21.5	14.0	13.4	0
Sunoco	209.5	171.1	150.8	20.0	13.5	13.4	0
7-Eleven	110.5	172.9	153.7	18.3	13.4	13.4	0
Mobil	208.4	170.0	151.7	17.4	13.4	13.4	0
Shell	207.7	169.7	151.7	14.9	13.0	13.4	0
Unbranded	206.0	167.5	153.8	13.7	12.7	13.4	0
Circle K	205.8	167.3	153.8	13.5	12.7	13.4	0
Hess	205.2	166.7	153.3	13.0	12.4	13.4	0
Wawa	204.4	165.9	153.8	12.4	12.4	13.4	0
King	203.7	165.2	153.7	11.5	12.4	13.4	0
Valero	203.3	161.8	154.6	10.7	12.4	13.4	0
Stop & Shop	197.4	154.0	153.7	5.3	12.4	13.4	0
B & S	194.9	153.4	154.5	1.5	12.4	13.4	0
Avg	206.9	168.4	152.7	15.6	14.4	13.4	0

Retail = The average pump price for the current 7-day period. **Net** = The average pump price less all state, federal and local taxes, and 1.5% per gallon for freight. **Rack** = The average wholesale price for the current 7-day period. **Current Margin** = The net less the Rack. **Month-Age Margin** = The profit margin for the 7-day period exactly one month ago. **30-Day Rolling Avg** = The average implied profit margin for the 30-day period exactly one year ago. **Monthly Retail Change** = The change in the average pump price from exactly one month ago. **Monthly Rack Change** = The change in the wholesale cost from exactly one month ago. All prices for regular unleaded or diesel only.

Rack-To-Retail Margin Profitability Index By Brand

Table with columns: Brand, Retail, Net, Rack, Current Margin, Month-Age, 30-Day Rolling Avg, 30-Day Year-Age, Monthly Change. Rows include Dunkin' Donuts, 7-Eleven, Extra Fuel, Mobil, Safeway, Shell, Sunoco, etc.

Table with columns: Brand, Retail, Net, Rack, Current Margin, Month-Age, 30-Day Rolling Avg, 30-Day Year-Age, Monthly Change. Rows include Washburn (VA Only), Hess, Kwik-Fill, Kroger, etc.

Table with columns: Brand, Retail, Net, Rack, Current Margin, Month-Age, 30-Day Rolling Avg, 30-Day Year-Age, Monthly Change. Rows include Washington (WV Only), 7-11, Unbranded, etc.

Table with columns: Brand, Retail, Net, Rack, Current Margin, Month-Age, 30-Day Rolling Avg, 30-Day Year-Age, Monthly Change. Rows include Wheeling (WV Only), Kroger, etc.

Table with columns: Brand, Retail, Net, Rack, Current Margin, Month-Age, 30-Day Rolling Avg, 30-Day Year-Age, Monthly Change. Rows include Williamsport PA, Gulf, etc.

Table with columns: Brand, Retail, Net, Rack, Current Margin, Month-Age, 30-Day Rolling Avg, 30-Day Year-Age, Monthly Change. Rows include Bp, Shell, etc.

Table with columns: Brand, Retail, Net, Rack, Current Margin, Month-Age, 30-Day Rolling Avg, 30-Day Year-Age, Monthly Change. Rows include Washington-Newark DE (DE Only), Bp, etc.

Table with columns: Brand, Retail, Net, Rack, Current Margin, Month-Age, 30-Day Rolling Avg, 30-Day Year-Age, Monthly Change. Rows include Washington-Newark DE (MD Only), Toraco, etc.

Table with columns: Brand, Retail, Net, Rack, Current Margin, Month-Age, 30-Day Rolling Avg, 30-Day Year-Age, Monthly Change. Rows include York PA, Shell, etc.

Rack-To-Retail Diesel Profitability Index By Metro

Table with columns: Metro, Retail, Net, Rack, Margin, Retail, Net, Rack, Margin. Rows include ST Bridgeport CT, CT Hartford CT, CT New Haven-Meriden CT, etc.

Table with columns: Metro, Retail, Net, Rack, Margin, Retail, Net, Rack, Margin. Rows include NY Jamestown NY, NY Nassau-Suffolk NY, NY New York NY, etc.

Retail - The average pump price for the current 7-day period. Net - The average pump price less all state, federal and local taxes and 1.5 cents per gallon freight. Rack - The average wholesale price for the current 7-day period. Current Margin - The net after the Rack to display the implied profit margin. Month-Age Margin - The profit margin for the 7-day period exactly one month ago. 30-Day Rolling Avg - The average implied profit margin over the past 30 days. Year-Age 30 Day Rolling Avg - The average implied profit margin for the 30-day period exactly one year ago. Monthly Retail Change - The change in the average pump price from exactly one month ago. Monthly Rack Change - The change in the wholesale cost from exactly one month ago. All prices for regular unleaded or diesel only.

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 Kenosha, WI
 La Crosse, WI
 Madison, WI
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Midwest

Fayetteville-Springdale-Rogers, AR
 Fort Smith, AR
 Jonesboro, AR
 Little Rock-North Little Rock, AR
 Memphis, AR
 Pine Bluff, AR
 Cedar Rapids, IA
 Davenport-Moline-Rock Island, IA
 Des Moines, IA
 Dubuque, IA
 Iowa City, IA
 Omaha, IA
 Sioux City, IA

Waterloo-Cedar Falls, IA
 Kansas City, KS
 Lawrence, KS
 Topeka, KS
 Wichita, KS
 Duluth-Superior, MN
 Fargo-Moorhead, MN
 Grand Forks, MN
 Minneapolis-St. Paul, MN
 Rochester, MN
 St. Cloud, MN
 Columbia, MO
 Joplin, MO
 Kansas City, MO
 Springfield, MO
 St. Joseph, MO
 St. Louis, MO
 Bismarck, ND
 Fargo-Moorhead, ND
 Grand Forks, ND
 Lincoln, NE
 Omaha, NE
 Rapid City, SD
 Sioux Falls, SD

Northeast

Hartford, CT
 New Haven-Meriden, CT
 New London-Norwich, CT
 Washington, DC
 Dover, DE
 Wilmington-Newark, DE
 Barnstable-Yarmouth, MA
 Boston, MA
 Pittsfield, MA
 Springfield, MA
 Baltimore, MD
 Cumberland, MD
 Hagerstown, MD
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 Bangor, ME
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 Portland, ME
 Portsmouth-Rochester, ME
 Lawrence, NH
 Lowell, NH
 Manchester, NH
 Portsmouth-Rochester, NH
 Atlantic-Cape May, NJ
 Bergen-Passaic, NJ
 Jersey City, NJ
 Middlesex-Somerset-Hunterdon, NJ
 Monmouth-Ocean, NJ
 Newark, NJ
 Philadelphia, NJ
 Trenton, NJ
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 Albany-Schenectady-Troy, NY
 Binghamton, NY
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 Dutchess County, NY
 Elmira, NY
 Glens Falls, NY
 Jamestown, NY
 Nassau-Suffolk, NY
 New York, NY
 Newburgh, NY
 Rochester, NY
 Syracuse, NY
 Utica-Rome, NY

Allentown-Bethlehem-Easton, PA
 Altoona, PA
 Erie, PA
 Harrisburg-Lebanon-Carlisle, PA
 Johnstown, PA
 Lancaster, PA
 Philadelphia, PA
 Pittsburgh, PA
 Reading, PA
 Scranton-Wilkes-Barre-Hazlet, PA
 Sharan, PA
 State College, PA
 Williamsport, PA
 York, PA
 Providence-Fall River-Warwick, RI
 Charlottesville, VA
 Danville, VA
 Johnson City-Kingsport-Bristol, VA
 Lynchburg, VA
 Norfolk-Virginia Beach-Newport, VA
 Richmond-Petersburg, VA
 Roanoke, VA
 Washington, VA
 Burlington, VT
 Charleston, WV
 Huntington-Ashland, WV
 Parkersburg-Marietta, WV
 Steubenville-Weirton, WV
 Washington, WV
 Wheeling, WV

Southeast

Anniston, AL
 Birmingham, AL
 Decatur, AL
 Dothan, AL
 Florence, AL
 Gadsden, AL
 Huntsville, AL
 Mobile, AL
 Montgomery, AL
 Tuscaloosa, AL
 Daytona Beach, FL
 Fort Lauderdale, FL
 Fort Myers-Cape Coral, FL
 Fort Pierce-Port St. Lucie, FL
 Fort Walton Beach, FL
 Gainesville, FL
 Jacksonville, FL
 Lakeland-Winter Haven, FL
 Melbourne-Titusville-Palm Bay, FL
 Miami, FL
 Orlando, FL
 Panama City, FL
 Pensacola, FL
 Punta Gorda, FL
 Sarasota-Bradenton, FL
 Tallahassee, FL
 Tampa-St. Petersburg-Clearwater, FL
 West Palm Beach-Boca Raton, FL
 Athens, GA
 Atlanta, GA
 Augusta-Aiken, GA
 Chattanooga, GA
 Columbus, GA
 Macon, GA
 Savannah, GA
 Cincinnati, KY
 Clarksville-Hopkinsville, KY
 Huntington-Ashland, KY
 Lexington, KY

Louisville, KY
 Owensboro, KY
 Alexandria, LA
 Baton Rouge, LA
 Houma, LA
 Lafayette, LA
 Lake Charles, LA
 Monroe, LA
 New Orleans, LA
 Shreveport-Bossier City, LA
 Biloxi-Gulfport-Pascagoula, MS
 Hattiesburg, MS
 Jackson, MS
 Memphis, MS
 Asheville, NC
 Charlotte-Gastonia-Rock Hill, NC
 Fayetteville, NC
 Goldsboro, NC
 Greensboro-Winston-Salem-Hig. NC
 Greenville, NC
 Hickory-Morganton, NC
 Jacksonville, NC
 Raleigh-Durham-Chapel Hill, NC
 Rocky Mount, NC
 Wilmington, NC
 Augusta-Aiken, SC
 Charleston-North Charleston, SC
 Charlotte-Gastonia-Rock Hill, SC
 Columbia, SC
 Florence, SC
 Greenville-Spartanburg-Anderson, SC
 Myrtle Beach, SC
 Sumter, SC
 Chattanooga, TN
 Clarksville-Hopkinsville, TN
 Jackson, TN
 Johnson City-Kingsport-Bristol, TN
 Knoxville, TN
 Memphis, TN
 Nashville, TN

Southwest

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 Phoenix-Mesa, AZ
 Tucson, AZ
 Yuma, AZ
 Albuquerque, NM
 Las Cruces, NM
 Santa Fe, NM
 Enid, OK
 Fort Smith, OK
 Lawton, OK
 Oklahoma City, OK
 Tulsa, OK
 Abilene, TX
 Amarillo, TX
 Austin-San Marcos, TX
 Beaumont-Port Arthur, TX
 Brazoria, TX
 Brownsville-Harlingen-San Benito, TX
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 Dallas, TX
 El Paso, TX
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 Houston, TX
 Killeen-Temple, TX
 Laredo, TX
 Lubbock, TX
 McAllen-Edinburg-Mission, TX

Odessa-Midland, TX
 San Angelo, TX
 San Antonio, TX
 Sherman-Denison, TX
 Texarkana, TX
 Tyler, TX
 Victoria, TX
 Waco, TX
 Wichita Falls, TX

West

Anchorage, AK
 Bakersfield, CA
 Chico-Paradise, CA
 Fresno, CA
 Los Angeles-Long Beach, CA
 Merced, CA
 Modesto, CA
 Oakland, CA
 Orange County, CA
 Redding, CA
 Riverside-San Bernardino, CA
 Sacramento, CA
 Salinas, CA
 San Diego, CA
 San Francisco, CA
 San Jose, CA
 San Luis Obispo-Atascadero-Pas, CA
 Santa Barbara-Santa Maria-Lomp. CA
 Santa Cruz-Watsonville, CA
 Santa Rosa, CA
 Stockton-Lodi, CA
 Vallejo-Fairfield-Napa, CA
 Ventura, CA
 Visalia-Tulare-Porterville, CA
 Yolo, CA
 Boulder-Langmont, CO
 Colorado Springs, CO
 Denver, CO
 Flagstaff, CO
 Fort Collins-Loveland, CO
 Greeley, CO
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 Las Vegas, NV
 Reno, NV
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 Portland-Vancouver, OR
 Salem, OR
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THE CHAIRMAN

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

July 9, 2009

The Honorable Bernard Sanders
United States Senate
Washington, D.C. 20510-4705

Dear Senator Sanders:

You requested a public report on the Federal Trade Commission's investigation into the possible reasons that gasoline prices in Burlington, Vermont, did not decline as quickly as prices in other cities during the late fall and early winter of 2008. Thank you for bringing this important issue to the Commission's attention.¹

I share your concern about the impact of high gasoline prices on the day-to-day life of consumers and understand the frustration and hardship that are created when those prices rise significantly above those in surrounding areas without any obvious market explanation, as occurred in this instance. As I explained at our meeting of June 24, 2009, such situations receive the Commission's closest attention, and FTC staff conducted a careful and extensive investigation of this issue, including interviews with a number of market participants. The staff has concluded this review and did not find any evidence of illegal activity in gasoline markets in the Burlington area. This letter describes the scope of the investigation and summarizes the findings of Commission staff, subject to the Commission's obligations not to disclose confidential information.²

The Commission's ongoing Gasoline and Diesel Price Monitoring Project³ identified retail gasoline prices significantly above predicted values in Burlington, and in some Western New York cities, during the fall and early winter of 2008. In response to these observations and to your request, Commission staff conducted an analysis of retail gasoline prices in Burlington and Western New York (1) to confirm that prices in those markets were unusually high relative to other areas; and (2) once confirmed, to investigate possible illegal or other reasons for the observed prices.

¹ Commission staff received your request for an investigation during a telephone conversation last fall.

² See, e.g., 15 U.S.C. §§ 46(f), 57b-2; 16 C.F.R. § 4.11.

³ The Gasoline and Diesel Price Monitoring Project is described at http://www.ftc.gov/ftc/oilgas/gas_price.htm.

The staff first analyzed whether average retail price levels in the Burlington, Vermont, and Buffalo, Rochester, and Jamestown, New York, metropolitan areas were higher than would be expected, using as a baseline the normal relationship between those prices and retail gasoline prices in Albany.⁴ This analysis confirmed that average retail gasoline prices in these cities were significantly higher than expected relative to Albany.

FTC staff then examined whether supply disruptions or other readily identifiable market conditions could explain the unusually high prices observed in the affected cities. For example, refinery disruptions, pipeline interruptions, terminal outages, or transitions to new fuel specifications are common reasons why one might see supply problems and thus higher prices. The staff could identify no such market conditions that fully explained the unusual price levels in Burlington and Western New York last fall.⁵

Consequently, the staff opened a law enforcement investigation and coordinated with the Attorneys General of Vermont and New York. This investigation sought to determine whether the observed high prices resulted from illegal behavior by participants in Burlington and Western New York gasoline markets.⁶

When conducting law enforcement investigations of this kind, the staff seeks to gain a full picture of the competitive situation, including the identity of firms responsible for setting prices in relevant markets and their market shares, and evidence of any possible agreement among market participants to raise price or restrict output. Relevant information may also

⁴ Burlington has the only gasoline products terminal in Vermont. This terminal is supplied entirely by rail. The terminal is insufficient to meet local demand, however, and thus local supply is supplemented by truck from terminals in Albany and other terminals outside Vermont. In view of Albany's role as the largest nearby market for conventional gasoline and as the supply point for the vast majority of Burlington's gasoline, the staff used Albany price levels as the baseline for the purpose of evaluating Burlington prices. This allowed them to address directly the concerns you posed regarding the discrepancies between prices in Burlington and nearby areas.

⁵ Although the bulk of the staff's analysis focused on retail gasoline prices, the staff also evaluated wholesale prices. That analysis showed that, with one exception, wholesale price levels in the affected cities and nearby areas maintained their normal relationships with each other and with Albany. The one exception was in Warren, Pennsylvania, where the wholesale price of "unbranded" (non-brand-name) gasoline rose relative to Albany during the fall of 2008. The staff investigation concluded that this increase was not the result of anticompetitive activity.

⁶ The Commission enforces the Federal Trade Commission Act, 15 U.S.C. §§ 41-58 (which prohibits, among other conduct, violations of the Sherman Act's prohibitions of monopolization, attempts and conspiracy to monopolize, and conspiracies in restraint of trade), and the Clayton Act, 15 U.S.C. §§ 12-27 (which prohibits several types of anticompetitive conduct, including mergers and acquisitions likely to substantially lessen competition).

include evidence that price levels during the time period under investigation followed a pattern that was inconsistent with patterns in other periods.

Commission staff and attorneys from the offices of the Vermont and New York Attorneys General interviewed more than 20 companies involved in these markets, including refiners, refined products pipeline operators, terminal operators, marketers, distributors, and retail gas station owners. The staff also purchased retail and wholesale price data from the Oil Price Information Service and obtained other relevant data from public sources, and used those data to analyze wholesale and retail price differentials between Burlington and Western New York communities in different time periods. This analysis included an examination of the range of prices at different retail stations in the affected areas last fall relative to other periods, as well as measurement of how quickly prices stabilize relative to each other.

The staff investigation showed that no company possessed a monopoly share of any retail gasoline market in Burlington or Western New York, nor was any company large enough to effectively attempt to create a monopoly through illegal means. Further, the staff identified no unfair method of competition that any company or group of companies employed to cause the observed price levels last fall, nor any evidence of such activity. Accordingly, the investigation focused on the only remaining plausible theory of illegal behavior that could explain the unusually high prices last fall – that companies in Burlington and Western New York might have engaged in collusion.

In Burlington – as well as in each of the Western New York cities that the staff examined – many companies set prices at retail gas stations, and no single station owner or group of owners controls a large share of the volumes sold in any of those cities. This is the type of setting in which collusion is difficult to achieve and maintain.⁷ For example, the staff discovered that numerous firms in the affected cities contract with brand-name companies to sell branded gasoline while independently setting their own retail prices. Thus, even though only a limited number of brands of gasoline are sold in some of the affected cities, it is unlikely that major

⁷ It becomes increasingly difficult to achieve and maintain successful collusion as the number of parties increases within a collusive group. By way of illustration, the Federal Trade Commission and U.S. Department of Justice Horizontal Merger Guidelines state:

If collective action is necessary for the exercise of market power, as the number of firms necessary to control a given percentage of total supply *decreases*, the difficulties and costs of reaching and enforcing an understanding with respect to the control of that supply might be *reduced*.

§ 2.0 (emphasis added). Consistent with the principle that an increase in the number of participating firms raises the hurdles to successful collusion, the Merger Guidelines presume that ten firms of equal size would be unlikely to collude successfully (although there are exceptions).

branded oil companies set retail station prices for any particular brand.⁸ Similarly, simultaneous collusion across all of the affected cities would be highly unlikely because the companies that set retail gasoline prices in any one affected city differ from those that set retail prices in other affected cities.

Other market factors also would have made collusion very difficult. For example, as crude oil prices plummeted during the fall, product costs for gasoline retailers throughout the nation fell with unprecedented speed and magnitude.⁹ As wholesale gasoline prices fell substantially on a daily basis, the numerous retail price setters in each affected city would have had to reach agreement on cartel prices on a frequent basis – probably each day, if not more frequently. The need to reach agreement so frequently would have made it very difficult to maintain an effective collusive scheme throughout the fall of last year.

Nor did market data support the notion that there was a conspiracy to raise prices last fall. For example, the staff found no evidence that station owners in the affected cities charged prices closer to those of their competitors last fall than they did in previous time periods. The staff also found no evidence that retailers pegged their price levels relative to one another; rather, retailers' prices generally jumped above or fell below those of their competitors last fall, just as they tended to do in other periods.

Although the investigation did not uncover any illegal activity, the Commission will remain focused on potentially anticompetitive behavior in order to protect consumers. The FTC is always interested in considering any potential evidence of illicit activity in the marketplace and will continue its efforts to identify, prevent, and prosecute any unlawful anticompetitive practices in petroleum and other markets.

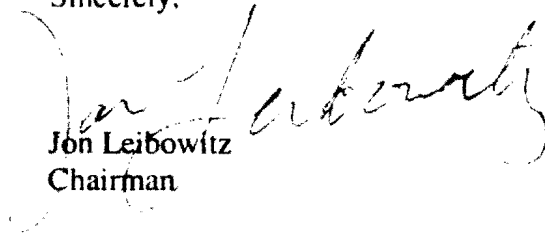
⁸ See, e.g., ERS GROUP, REPORT ON PETROLEUM PRODUCTS MARKETS IN THE NORTHEAST: PREPARED FOR THE ATTORNEYS GENERAL OF MAINE, MASSACHUSETTS, NEW HAMPSHIRE, NEW YORK, AND VERMONT 83 (2007), available at http://www.statecenterinc.org/docs/Complete_Petroleum_Report_09-07-07.pdf (more than 95 percent of retail stations in Vermont supplied by independent companies that purchase wholesale gasoline and independently set their own retail prices).

⁹ Between July 2008 and the end of December 2008, the price of crude oil dropped more than \$115 per barrel, from just over \$145 per barrel in the summer to around \$30 per barrel during the week of Christmas. Energy Information Administration, "Cushing OK WTI Spot Price FOB," available at <http://tonto.eia.doe.gov/dnav/pet/hist/rwtcd.html>. The drastic drop in crude oil prices over this time period resulted in large daily decreases in wholesale gasoline prices throughout the country.

The Honorable Bernard Sanders - Page 5

Again, thank you for bringing this matter to the Commission's attention. The maintenance of free and fair competition in our gasoline markets is of critical importance to the Commission and to consumers, and your ongoing vigilance is greatly appreciated.

Sincerely,



Jon Leibowitz
Chairman

Synopsis of Tables and Graphs Concerning Vermont Gasoline Prices

Table or Figure	Title	Comment
Table 1	Annual Average Retail Price, Regular Grade Gasoline, excluding taxes.	Vermont has among the highest post-tax prices for states in which conventional gasoline is sold.
Table 2	Average Annual Rack Prices, Conventional, Regular Grade Gasoline	Vermont wholesale gasoline prices have been close to the national average for the last several years.
Table 3	Average Annual Retail-Rack Margins for States using Conventional Gasoline	Vermont has the highest retail to rack margin in the nation for states using conventional gasoline. Vermont retail to rack margin is significantly above the national average.
Table 4	State Tax Rankings	Vermont gasoline taxes (state and federal combined) are below the national average across all states.
Table 5	2002 State Motor Gasoline Consumption per Station	Most recently available Census Bureau data on station counts and EIA state consumptions data suggest that Vermont gasoline stations, on average, have significantly lower sales volumes than the national average and neighboring states.

Table 6	Comparative Price Spreads	Recent minimum-maximum price spreads in Vermont communities were between 7 to 11 cpg. These data suggest a recent price spread of about 21 cpg across the state. These price spreads are not large compared to communities in other states.
Figure 1	Burlington VT, Average Weekly Price vs Predicted Range, Jan 2008 to June 2009	Figure shows actual average Burlington VT retail prices and range of expected prices as predicted by the FTC Gas Price Monitoring Model. Burlington prices exceeded the predicted high for the week of October 18 and returned within range on December 6. Prices fell consistently through the period, but not as fast as predicted.
Figure 2	Burlington VT MSA Weekly Dispersion of Retail Prices as Measured by Standard Deviation and Interquartile Range.	During Fall 2008 both measures of price differences among gasoline stations increased. Increased disparity among Burlington stations, combined with consistently falling prices over the period, not suggestive of collusion.

Table 1.

Annual Average Retail Price, Conventional, Regular Grade Gasoline,
Excluding Taxes. Ranked Highest to Lowest (cents per gallon)

2006		2007		2008	
AK	238.50	AK	252.80	AK	337.50
NV	226.60	OR	246.50	OR	292.90
OR	225.80	NM	244.00	VT	291.50
NM	220.90	ND	243.90	WA	284.80
AZ	218.90	WY	240.90	NM	283.70
VT	218.20	VT	240.60	ME	283.00
WA	217.60	NV	239.60	WV	281.70
WY	215.70	SD	239.10	WY	281.10
ND	213.80	WA	238.90	NV	280.00
CO	213.80	CO	237.60	ID	279.20
SD	213.60	ME	237.10	ND	277.40
ME	212.90	WI	235.70	MT	277.30
ID	212.00	MI	235.00	GA	277.00
WI	210.70	ID	234.90	MD	276.90
WV	210.40	MT	234.50	LA	276.50
MD	210.20	IA	233.70	NY	276.10
MI	208.60	OK	233.30	UT	275.80
NE	208.50	NE	232.70	AL	275.40
NY	208.30	AZ	232.70	AZ	275.30
FL	207.90	WV	232.60	CO	275.10
MT	207.70	IL	230.90	SC	274.40
MS	207.60	OH	230.50	FL	274.10
LA	207.50	IN	230.00	SD	273.60
IL	207.40	KY	229.80	NC	273.50
GA	206.90	KS	229.60	VA	273.40
KY	206.90	AR	229.30	KY	273.30
UT	206.20	UT	229.10	PA	272.20
AL	205.60	MD	228.00	MI	271.80
TX	205.60	NY	228.00	TN	271.80
IA	205.50	TX	227.80	IL	271.40
VA	205.10	FL	226.90	WI	270.70
PA	204.90	LA	226.60	MS	270.70
SC	204.30	GA	226.10	IA	270.50
IN	204.20	MO	226.10	IN	270.10
TN	203.80	PA	225.90	AR	269.40
OH	203.40	MS	225.70	TX	269.00
OK	203.20	AL	225.40	OH	268.40
NC	202.90	VA	224.90	KS	267.70
KS	202.60	TN	224.70	OK	267.50
AR	202.20	SC	224.30	MO	263.90
MO	202.10	NC	223.60	NE	262.90
US	207.50	US	230.00	US	273.40
MAX	238.50		252.80		337.50
MIN	202.10		223.60		262.90

Source: Energy Information Administration (EIA), Petroleum Navigator, Refiner, Reseller, and
Retailer Prices, Gasoline Prices by Formulator, Grade, Sales Type, Sales through Retail Outlets
http://onto.eia.doe.gov/dnav/pet/pet_pr_ainmq_d_nus_PTC_cpqal_m.htm

Table 2.

**Average Annual Rack Prices, Conventional, Regular Grade Gasoline,
Ranked Highest to Lowest (cents per gallon)**

2006		2007		2008	
AK	220.50	AK	234.70	AK	323.00
NV	217.90	NV	230.30	ID	269.40
NM	205.00	NM	225.90	NV	267.30
AZ	204.60	OR	224.80	NM	266.60
OR	204.40	ND	224.10	OR	263.80
WA	203.20	SD	223.90	WY	261.10
CO	201.40	IA	222.80	MD	260.80
WY	200.50	WY	222.60	UT	260.80
ID	200.10	ID	222.40	MT	259.80
IA	199.10	NE	222.30	VA	259.60
SD	196.70	MT	222.00	MO	259.30
ND	196.40	WA	221.50	AZ	258.80
NE	195.80	CO	220.90	KY	258.70
WI	195.80	AZ	220.50	CO	258.60
UT	195.60	KS	219.80	WA	258.40
MT	195.50	OK	219.70	OH	258.20
MO	194.30	UT	218.80	AL	257.20
IL	193.40	MI	218.40	FL	257.10
KS	193.40	WI	218.30	GA	256.90
ME	193.10	OH	217.30	TX	256.90
VT	192.70	MO	216.90	VT	256.50
IN	192.20	ME	216.30	IA	256.50
KY	192.10	IN	216.10	SC	256.00
GA	192.00	IL	215.60	ND	256.00
TX	191.70	KY	215.20	SD	255.90
MI	190.90	VT	214.80	WV	255.80
FL	190.80	WV	214.30	NC	255.60
SC	190.70	AR	213.70	IN	255.30
NY	190.60	GA	213.50	ME	255.00
WV	190.40	TX	213.20	NY	254.80
AL	190.40	AL	213.10	MI	254.60
TN	190.20	NY	212.70	AR	254.40
MD	190.10	FL	212.50	TN	253.70
NC	190.10	PA	212.10	IL	253.30
AR	190.10	SC	211.60	PA	253.10
OH	190.00	TN	211.50	WI	252.70
VA	189.30	NC	211.40	OK	252.50
MS	189.00	VA	211.00	MS	252.50
LA	188.90	MS	209.90	LA	252.00
OK	188.70	LA	209.60	NE	251.80
PA	187.80	MD	208.40	KS	243.50
US	192.50	US	215.50	US	256.30
Max	220.50		234.70		323.00
Min	187.80		208.40		243.50
Diff	32.70		26.30		79.50

Source: Energy Information Administration, EIA, Petroleum Navigator, Refiner, Reseller, and Retailer Prices: Gasoline Prices by Formulation, Grade, Sales Type, Rack
http://onto.eia.doe.gov/dnav/pet/pet_pri_ailmq_d_nus_PRA_cpqal_m.htm

Table 3.

Average Annual Retail - Rack Margins (excluding taxes) for
States using Conventional Gasoline. Ranked Highest to
Lowest (cents per gallon)

2006		2007		2008	
VT	26	VT	26	VT	35
OR	21	OR	22	OR	29
MD	20	ME	21	ME	28
WV	20	ND	20	WA	26
ME	20	MD	20	WV	26
LA	19	WV	18	LA	25
MS	19	WY	18	KS	24
AK	18	NM	18	ND	21
MI	18	AK	18	NY	21
NY	18	WA	17	GA	20
ND	17	WI	17	WY	20
FL	17	LA	17	PA	19
PA	17	CO	17	SC	18
SD	17	MI	17	AL	18
NM	16	MS	16	MS	18
VA	16	AR	16	IL	18
WY	15	NY	15	TN	18
AL	15	IL	15	W	18
WI	15	SD	15	NC	18
GA	15	KY	15	SD	18
KY	15	TX	15	MT	18
OK	15	FL	14	MI	17
WA	14	IN	14	NM	17
AZ	14	VA	14	FL	17
IL	14	PA	14	CO	17
TX	14	OK	14	AZ	17
TN	14	TN	13	MD	16
SC	14	OH	13	OK	15
OH	13	SC	13	AR	15
NC	13	GA	13	UT	15
NE	13	MT	13	IN	15
CO	12	ID	13	KY	15
MT	12	AL	12	AK	15
AR	12	NC	12	IA	14
IN	12	AZ	12	VA	14
ID	12	IA	11	NV	13
UT	11	NE	10	TX	12
KS	9	UT	10	NE	11
NV	9	KS	10	OH	10
MO	8	NV	9	ID	10
IA	6	MO	9	MO	5
US	15	US	15	US	17
Max	26		26		35
Min	6		9		5
Diff	19		17		30

Source: BE calculation based on EIA retail and rack prices given in Tables 1 and 2

Table 4.

State Tax Rankings

State	State and Fed Tax	Tax Rank
New York	\$0.609	1
California	\$0.583	2
Washington	\$0.559	3
Connecticut	\$0.548	4
Florida	\$0.529	5
Illinois	\$0.522	6
Hawaii	\$0.520	7
Nevada	\$0.515	8
Wisconsin	\$0.513	9
Pennsylvania	\$0.507	10
West Virginia	\$0.506	11
Rhode Island	\$0.494	12
Michigan	\$0.493	13
North Carolina	\$0.486	14
Maine	\$0.483	15
Indiana	\$0.481	16
Ohio	\$0.464	17
Montana	\$0.462	18
Nebraska	\$0.457	19
Minnesota	\$0.440	20
Oregon	\$0.434	21
Kansas	\$0.434	21
Idaho	\$0.434	21
Utah	\$0.429	24
South Dakota	\$0.424	25
Maryland	\$0.419	26
Massachusetts	\$0.419	26
North Dakota	\$0.414	28
Delaware	\$0.414	28
Kentucky	\$0.409	30
Iowa	\$0.404	31
Colorado	\$0.404	31
Arkansas	\$0.402	33
Tennessee	\$0.398	34
Alabama	\$0.393	35
District of Columbia	\$0.384	36
Vermont	\$0.384	36
Louisiana	\$0.384	36
Texas	\$0.384	36
New Hampshire	\$0.380	40
Virginia	\$0.375	41
Arizona	\$0.374	42
New Mexico	\$0.372	43
Mississippi	\$0.372	43
Missouri	\$0.357	45
Oklahoma	\$0.354	46
South Carolina	\$0.352	47
New Jersey	\$0.329	48
Wyoming	\$0.324	49
Georgia	\$0.308	50
Alaska	\$0.184	51

<http://www.fuelgauge.com/sbsavg.asp>
Prices updated 3/10/2009 3:06:42 AM

U.S. average \$0.432

Table 5.

2002 Motor Gasoline Consumption per Station, Vermont and Neighboring States and U.S. Average

	# of gas stations (with and without convenience store): 2002 economic census	Annual Consumption 2002 (thousand gallons)	2002 consumption / station (thousand gallons)
Vermont	479	342,888	716
Maine	893	708,582	793
Massachusetts	2,333	2,818,452	1,208
New Hampshire	624	702,954	1,127
New York	5,447	5,739,888	1,054
US Average	121,446	135,618,000	1,117

Source:

US Census Bureau, 2002 Economic Census: Retail Trade
http://www.census.gov/econ/census02/data/vt/VT000_44.HTM

EIA, State Energy Data System: Consumption Price and Expenditure Estimates, by state
http://www.eia.doe.gov/emeu/states/_seds.html

Table 6.

Comparative Price Spreads (cents per gallon)

City	Spread (max - min)
Burlington, VT	7.0
Lyndonville, VT	11.0
Newport, VT	8.0
Rutland, VT	7.0
Across All Above Communities	21.0
<hr/>	
North Adams, MA	7.0
Pittsfield, MA	12.0
Springfield, MA	21.0
Boston, MA	53.0
Brockton, MA	34.0
Lowell, MA	12.0
New Bedford, MA	32.0
Worcester, MA	22.0

Vermont retail prices including taxes are from a self-reporting web site;

Regular gas prices during the last 48 hours, accessed on 06/24/09

http://www.gasbuddy.com/Gas_Prices/Vermont/index.aspx

North Adams, Pittsfield, Springfield retail prices derived from OPIS data in 2008; Average spreads reflect retail prices from December 2006 through February 2008.

Boston, Brockton, Lowell, New Bedford and Worcester retail prices derived from OPIS data. Average spreads reflect retail prices for the week ending August 20, 2005.

**Figure 1. Burlington, VT
Average Weekly Price vs Predicted Range
Jan 2008 - Jun 2009**

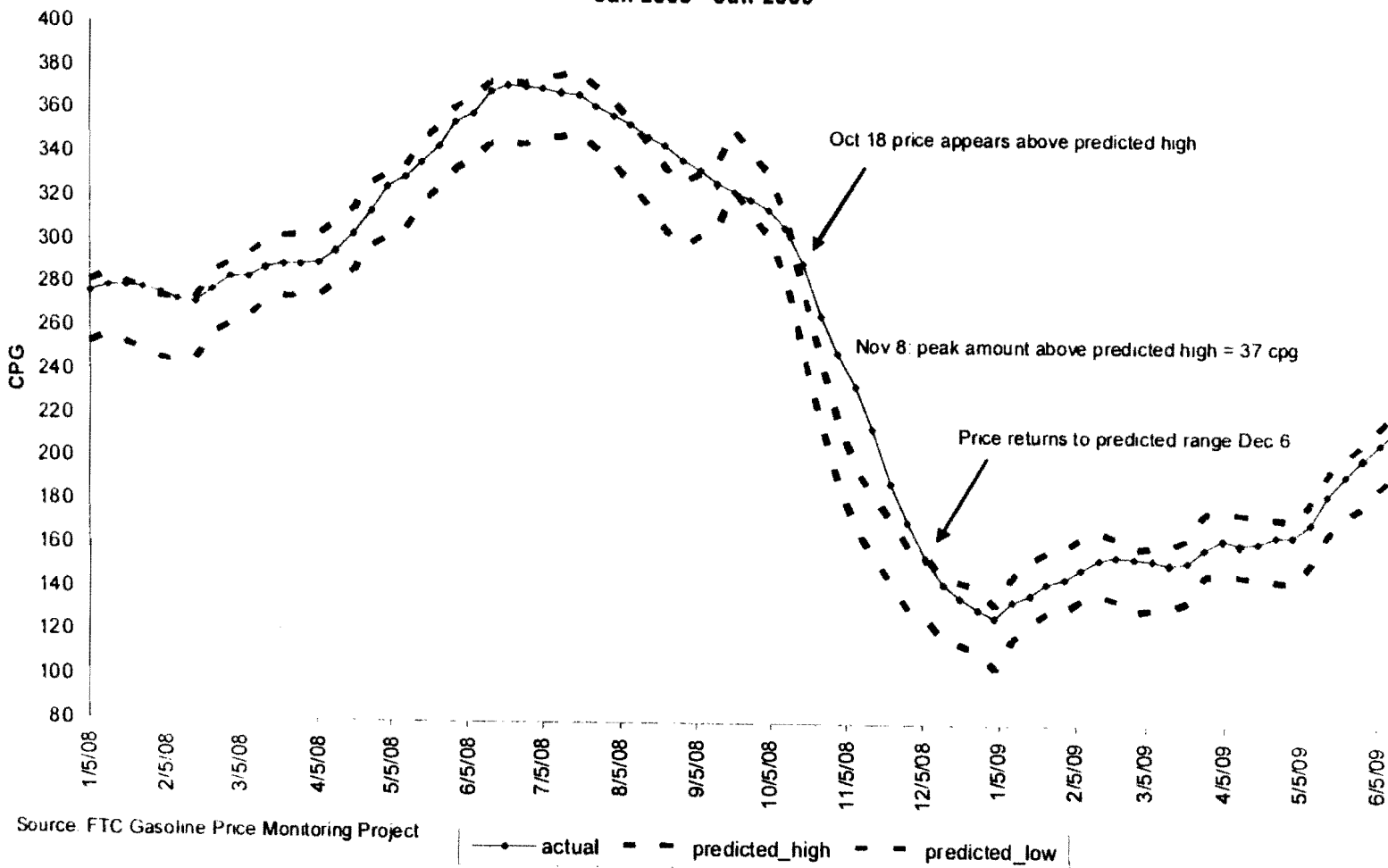


Figure 2. Burlington, VT MSA
Weekly Dispersion of Retail Prices: Measured by Standard Deviation and Interquartile Range
June - Dec 2008

