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Californians pay high prices for gas, and Gavin Newsom wants an investigation

[By Sophia Bollag](#)

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Gov. Gavin Newsom called for an investigation into high fuel prices after the California Energy Commission released a report Monday detailing unexplained cost increases at name-brand gas stations.

The report showed Californians pay as much as 30 cents more per gallon of gas than people in other states for unclear reasons.

The commission found that even though name-brand stations have raised their prices, they have not lost market share to stations charging less, and the energy commission wasn't able to determine why. It identified Chevron, Shell, Exxon, 76, Valero, Costco, and ARCO as brands that advertise higher quality gasoline.

"The mystery surcharge adds up, especially for cost-conscious, working families," Newsom wrote in a letter to Attorney General Xavier Becerra asking him to open an investigation. "If oil companies are engaging in false advertising or price fixing, then legal action should be taken to protect the public."

The report by the Energy Commission suggests that Californians could be buying the higher priced gas at name-brand stations because those stations are more conveniently located, take credit cards, or are perceived to have a higher quality product.

However, the report also outlined some potential illegitimate reasons for the phenomenon, such as price fixing and false advertising. The report says the commission requested that the companies advertising higher quality gasoline provide research showing their products are higher quality, but they didn't provide any evidence.

"The CEC does not have any evidence that gasoline retailers fixed prices or engaged in false advertising. Moreover, the CEC lacks the expertise to determine whether such behavior occurred," the commission wrote in the report. "The California Department of Justice is well equipped to conduct an appropriate investigation."

In a statement, Western States Petroleum Association President Catherine Reheis-Boyd said the oil industry group is still reviewing the report.

“While we all review that work, it’s important to note that CEC’s own numbers show our state’s regulatory environment plays a big role in the ever increasing affordability challenges Californians face,” she wrote.

The energy commission has been looking into [“unexplained” hikes in fuel costs since 2017](#), when it published a report suggesting [Californians have been overcharged](#) by \$17 billion over two years. A group of Democratic lawmakers in January also sent Becerra a letter asking him to investigate the price increases.

Becerra’s office did not answer questions about whether it would launch an investigation, but confirmed it received Newsom’s letter.

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