

Keeping an Eye on the High Cost of Fuel



High gasoline prices have increasingly pinched Texas consumers' pocketbooks over the past few months.

Those already high prices were compounded by Hurricane Katrina and Hurricane Rita, which prompted complaints from Texas consumers about possible price gouging and oil and gas investment scams.

A number of factors contribute to the high cost of gasoline. The cost of crude oil is the primary factor in how much you will pay at the pump. That final price also includes how much it costs to deliver the oil to refineries, the cost of the refining process, distribution costs, taxes and the retail station's operating cost. Those factors, combined with the laws of supply and demand, led to the increase that we saw over the first half of the year.

Then came the two storms, causing significant loss of production and refining capacity along the Gulf Coast, which crimped the supply even more. Fuel rates subsequently increased more sharply than before.

In short, the high prices we are experiencing at the pump are in most cases probably not the result of price gouging. However, you can be certain that my office is diligently investigating complaints of prices that seem out of step with generally prevailing market forces.

The Texas Deceptive Trade Practices Act prohibits businesses from engaging in false advertising of rates, prices or services at any time. However, when the governor declares a state of emergency – as Governor Perry did with Katrina and Rita – the Attorney General has increased authority to act against businesses that sell or lease fuel, food, medicine or other necessities at exorbitant or excessive prices.

In the wake of the storms, we received many complaints of possible gasoline price gouging and promptly issued warnings that we would not hesitate to stop exorbitant price hikes that were out of step with generally prevailing market forces. Our investigators worked tirelessly tracking down reports of price gouging and we are continuing to monitor gas prices.

Due to the high price of oil, we have also received complaints regarding oil and gas investments.

Investors have been ripped off by phony companies that promise huge profits due to the high cost of crude oil. Please understand that oil exploration is a high risk investment, not for the faint of heart. Be sure to properly research a business before investing your money.

The State Securities Board oversees oil and gas investments. Anyone considering an oil and gas investment should contact the Board for available information about the producer. The Board also accepts complaints about oil and gas investments.

In addition, the Texas Railroad Commission can tell you if the company that solicited the investment is registered as a producer in Texas and about the leases it has operated in the past.

If you believe you have encountered deceptive or fraudulent business practices associated with high fuel costs, do not hesitate to contact my office.

POINTS TO REMEMBER

The High Cost of Fuel

To file a complaint with the Attorney General:
(800) 252-8011
www.oag.state.tx.us

For detailed information on gas prices:

Energy Information Administration, EI 30
1000 Independence Avenue, SW
Washington, DC 20585
202-586-8800
www.eia.doe.gov

Before you invest in an oil and gas venture, contact the following agencies:

State Securities Board
P.O. Box 13167
Austin, TX 78711-3167
(512) 305-8300
www.ssb.state.tx.us

Railroad Commission of Texas
Oil and Gas Division
PO Box 12967
Austin, TX 78711
(512) 463-6838
www.rrc.state.tx.us



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Information on this and other topics is available on the Attorney General's website at www.oag.state.tx.us.