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ALASKA SENATE DEMOCRATS

October 6, 2022

The Honorable Treg Taylor
Attorney General for the State of Alaska
1031 West 4th Avenue, Suite 200
Anchorage, AK 99501

Dear Attorney General Taylor:

Alaskan consumers and businesses have experienced a sharp rise in fuel prices over the last month. Not only do high fuel prices cause a significant hardship for many Alaskans in transportation and home heating costs, but they lead to increased costs for other goods and services. We write urging the Department of Law to immediately investigate the cause of these excessively high fuel prices and whether Alaskans are being price gouged.

There are no apparent national or international market forces that would justify such disparate pricing in Alaska. While Russia's invasion of Ukraine last February caused prices for crude oil and refined fuels to spike temporarily, prices have stabilized for most of the country—yet Alaska's prices remain abnormally high. Given the severe financial burden that high fuel prices place on Alaskan families, it is important that we get to the bottom of this serious concern and identify any action that can be taken to address these excessive prices. With this investigation the Department should determine the cause of the exorbitant prices, whether any consumer protection laws have been violated, and what actions the state can take to address this crisis.

According to AAA, in the last week alone the average Alaskan consumer gasoline price has risen 42.4 cents to \$5.429 per gallon. At the same time, the national average has remained relatively stable, increasing only 6.6 cents to \$3.831 per gallon. While other West Coast states have also experienced higher prices in the last month, experts have attributed these increases to refinery outages in California. Because California refineries do not supply fuel to Alaska, and because outside of Southeast Alaska almost all fuel sold is refined in-state, there is no reason that these outages should significantly affect the price of refined fuel in Alaska.

In 2008 and 2009, a previous attorney general, the House Judiciary Committee, and the nonpartisan Legislative Research Services all investigated the excessively high fuel prices that Alaska was then experiencing, and all three concluded that these high prices were caused by abnormally high margins charged by Alaskan refineries. At that time, the refineries provided no reasonable explanation for the exorbitant price mark-ups. Since then, the Flint Hills refinery in North Pole has closed, leaving the Marathon facility in Nikiski as the only major motor fuel refinery in Alaska. Your investigation should include examining whether inappropriate refinery margins are responsible for the current excessive

prices and whether Marathon is exploiting its monopoly to the detriment of Alaskan businesses and consumers.

Even if there is no wrongdoing behind these excessive prices, understanding the causes will provide policymakers with valuable information to help prevent high prices in the future. We hope your department can be of assistance in providing recommendations for actions the Legislature can take to ensure Alaskans are protected from excessive fuel prices.

Alaskans already suffer from our state's high costs of living, which have unexpectedly worsened with extreme inflation this year. As we head into the cold winter months, Alaskans would welcome your appropriate intervention in the in-state markets to lower costs of the gas and heating fuel they depend on daily for their safety and wellbeing.

Thank you for your consideration. Please do not hesitate to reach out to our offices if we can be of assistance.

Sincerely,



Senator Bill Wielechowski



Senator Scott Kawasaki

Via Email