Congress of the United States
Washington, DC 20515

May 18, 2007

Mr. David M. Walker
Comptroller General of the United States
Government Accountability Office
441 G St., NW
Washington, DC 20548

Dear Mr. Walker:

In recent weeks, the average retail price of regular gasoline in the United States has increased from an average over January and February of $2.25 per gallon to more than $3.10 per gallon. Multiple observers argue that the price spike has been caused by the underutilization of refining capacity, due to maintenance outages. It has been further argued that these outages were due to maintenance deferred from last year. This is a difficult argument to support: April, 2007 had the second-lowest refinery utilization percent for April in the last ten years. The average utilization percent for the eleven months preceding April was lower in 2007 than for all but two of the previous ten years. Increasing prices lead to higher profits for refiners, and a calculated decrease in refining capacity could create an artificial shortage and drive up the cost to consumers.

We request an investigation into the possible role of refinery outages, both planned and unplanned, in determining gasoline prices and refinery company profits. In particular, we request answers to the following questions:

1. How sensitive are gasoline prices to small changes in gasoline production, such as those that occur during a typical refinery outage?
2. Under what conditions and to what extent could refining companies profit from refinery outages at their own facilities?
3. To what extent have past refinery outages affected profits of refining companies as a whole or individually?
4. Accounting for seasonal variations, to what extent is the recent low utilization of capacity abnormal?
5. To what extent has the degree of coincidence between outages at different refineries changed over the last two decades?

We thank you for your consideration of this request.

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Sincerely,

CHRISTOPHER J. DODD
U. S. Senator

JOSEPH I. LIEBERMAN
U. S. Senator

JOHN B. LARSON
U. S. Representative

JOSEPH COURTNEY
U. S. Representative

CHRISTOPHER S. MURPHY
U. S. Representative

ROSA DeLAURO
U. S. Representative

CHRISTOPHER SHAYS
U. S. Representative