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House Transportation and Agriculture Committees
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Update on the Motor Fuel Quality & Weights and Measures Programs

Historical Pricing Information
(from the Energy Information Administration)

	FY02	FY03	FY04	FY05
Per Gallon	$1.324	$1.510	$1.794	$2.054

Historical Complaint Data

	FY02	FY03	FY04	Estimated FY05
W&M	570	641	791	969
Quality	159	164	252	252
TOTAL	729	805	1,043	1,221

*Historical Compliance Rates

	FY02	FY03	FY04	FY05
W&M	79.4%	79.8%	80%	82%
Quality	89.9%	88%	84%	*not compiled

*Based on targeted inspections

Gouging Complaints

FY03	FY04	FY05
88	54	78 to date (21 in July 05)

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Background Information regarding Petroleum Products

In mid-August, retail gasoline prices went up 20 cents a gallon on already record high prices. This is the largest increase reported by the Department of Energy's Energy Information Administration since August, 1990.

- Approximately 5 billion gallons of gasoline and 1.2 billion gallons of diesel are consumed annually.
- Retail diesel fuel prices also experienced the largest one-week run up record, to a nationwide average of $2.52 cents per gallon.
- At $2.52 per gallon, consumers would spend $12.5 billion annually on gasoline alone.
- Recent increases were propelled by the high end of summer demand, increases in crude oil prices, and recent refinery outages.
- The Department of Energy predicts that high gasoline and diesel prices will be sustained throughout 2006.
- The Department of Energy also predicts that consumers will pay 25% more for home heating oil this winter.

The 1-800-MDA-FUEL consumer complaint hotline has always been a good indicator of when consumers feel they are not being treated fairly at the pump. Overall 1,331 complaints have been received, this is an increase of 20%. In the past two weeks:

- 47 consumers registered short measure complaints
- 5 consumers registered gasoline quality complaints
- 10 consumers registered concerns regarding price of gasoline
- 14 consumers contacted MDA relative to other gasoline related concerns

Staffing Levels for Gas Station Enforcement
- FY04 - 16 field staff
- FY05 - 22 field staff
- FY06 - 32 field staff

Despite the increase in enforcement activities, violation rates continue to remain at unacceptably high levels. Increasing staff levels by 16 FTEs would place a significant presence in the marketplace to find and stop marketplace fraud in petroleum products. The increase in staff would more than double inspection potential once all staff were equipped and trained. Complete station inspection for quality and quantity could be conducted at 3,000 locations. One hundred and twenty (120) petroleum marketers could be monitored for vehicle tank meter accuracy used in home heating oil deliveries. Most importantly, there would be sufficient staff to conduct effective detailed, fraud investigations with respect to pumps and home deliveries. Having a higher program visibility and greater presence in the marketplace would lead to increased compliance and afford protection to a greater number of Michigan consumers.