

## 'Hot' fuel triggers investigation

One state decides to pursue the gas-pumping problem after an inquiry by *The Star* finds it's costing consumers \$2.3 billion a year.

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*Tom Dressler, spokesman for the California attorney general*

The California attorney general's office has launched an investigation of gas stations and truck stops selling "hot" fuel to consumers without making adjustments for changes in fuel volume.

Tom Dressler, a spokesman for Attorney General Bill Lockyer, said on Monday that his office will investigate whether any state laws or regulations were broken. The attorney general also plans to make recommendations on how the problem can be fixed.

The action comes in response to a series in *The Kansas City Star* describing how gasoline and diesel retailers profit from selling fuel that is hotter than the 60-degree standard agreed to by the industry and government regulators nearly a century ago.

Drawing on a fuel temperature database compiled by a federal agency, and adjusting for state-by-state fuel temperatures and consumption patterns, *The Star* estimated that hot fuel was costing consumers in the United States about \$2.3 billion annually at recent prices. The financial impact in California, which uses more gasoline than any other state, accounted for more than \$500 million of that figure.

*The Star's* series also described methods that could be used to address the hot-fuel problem.

In Hawaii, for example, the state requires that retailers dispense 234 cubic inches per gallon, rather than the 231 cubic inches dispensed in the rest of country, to compensate for hot fuel.

In Canada, where cold fuel once cost retailers money, the industry has supported a voluntary program to retrofit pumps to automatically adjust volumes to account for temperature change. *The Star* estimated that such a technological fix would cost \$1.4 billion to \$1.9 billion in the United States.

"It's a simple principle. You should get what you pay for," said Dressler, adding that it was "most disturbing" the major oil companies and other retailers were "nickel and diming" Californians while posting record profits.

The American Petroleum Institute (API), which represents the oil industry, has argued that the hot-fuel problem is "negligible" and wasn't worth fixing, citing the

high cost of retrofitting the country's gas and diesel pumps. The API also has argued that consumers would be confused by fuel dispensers that adjust the volume of fuel pumped for temperature variation.

"It doesn't make sense," Prentiss Searles, a senior associate for marketing issues with API, recently told *The Star*.

Dressler said the attorney general rejected the notion that U.S. consumers would get confused by purchasing gas adjusted for temperature, especially since it is already done in Canada.

"Our consumers are just as smart as those north of the border," he said.

Announcement of the attorney general's investigation followed letters sent by The Foundation for Taxpayer and Consumer Rights to the attorney general, California Gov. Arnold Schwarzenegger and U.S. Secretary of Energy Samuel Bodman.

"It's outrageous that Americans, who are already paying too much for their gasoline so oil companies can make billions in profits, cannot rely on an honest measurement for every gallon of gasoline they pump," wrote Jamie Court, president of the Santa Monica-based consumer advocacy group, in a letter to Schwarzenegger.

Bill Maile, a spokesman for Schwarzenegger, said the governor had not received the letter and could not respond until it had been reviewed.

The physics behind hot fuel are fairly simple. At the standard of 60 degrees, a 231-cubic-inch gallon of fuel delivers a certain amount of energy. At 90 degrees, however, the same gallon of fuel expands to more than 235 cubic inches. Because consumers are still buying 231-cubic-inch gallons, hot fuel forces them to spend more to obtain the same amount of energy.

*The Star's* series estimated that U.S. consumers overall are paying annually for an additional 760 million gallons of gasoline and diesel because of fuel being sold above the 60-degree standard. A study of 1,000 gas stations and truck stops in 48 states and the District of Columbia by the National Institute of Standards and Technology found that fuel is being sold at an average of 64.7 degrees when averaged across the country and year-round.

Consumers in some northern states with cooler climates actually benefit from buying cold fuel. But those savings are minuscule compared with the additional money paid out by consumers in more heavily populated, hotter states elsewhere in the country. In Kansas and Missouri, for example, consumers pay an estimated \$12 million and \$15 million extra annually buying hot fuel.

The Foundation for Taxpayer and Consumer Rights said it would prefer to see pumps retrofitted to automatically adjust the fuel's volume for any difference in temperature from the 60-degree standard. If that isn't done, the group believes the 60-degree standard should be changed to more accurately reflect the temperature of fuel. In the early 1970s, for example, Hawaii changed the size of its gallon based on the assumption of 80-degree fuel.

Court, of The Foundation for Taxpayer and Consumer Rights, called hot fuel an "outrageous overcharge of American motorists." In his letter to Schwarzenegger, Court called adoption of temperature-adjusting pumps in California a "no-brainer."

In his letter to Schwarzenegger, Court also noted that the governor had received more than \$2 million in campaign contributions from oil companies.

"Now is the time to do it," Court said in an interview with *The Star*. "And if it doesn't happen it's because of the power of the oil industry."