OFFICE OF THE GOVERNOR

October 18, 2019

Attorney General Xavier Becerra
Attorney General's Office
California Department of Justice
Sacramento, CA 94244

Dear Attorney General Becerra,

The enclosed report by the California Energy Commission (CEC) suggests big oil companies may be misleading and overcharging customers, leading to Californians paying as much as $1 more per gallon of gas than residents of other states.

This report, which I directed the CEC to complete, underscores the importance of investigating oil company and retailer practices behind the so-called mystery surcharge incorporated in the price of gasoline in California, including the possibility of price fixing or other anti-competitive practices.

Simply stated, name-brand gas retail outlets in California are charging more for a gallon of gas compared to their unbranded, hypermart competitors. And gas retail outlets in California are charging more than in other states. A significant portion of the higher prices is attributable to charges by name brands – this far exceeds national trends.

There is no identifiable evidence to justify these premium prices. The CEC makes it clear that it was not able to obtain any evidence that gasoline sold by less expensive, unbranded retail outlets is in any way inferior to the product sold by name-brand outlets. The mystery surcharge adds up, especially for cost-conscious, working families. If oil companies are engaging in false advertising or price fixing, then legal action should be taken to protect the public.

Based on the enclosed report, I request your office open an investigation into whether false advertising or price fixing are occurring and contributing to the mystery surcharge imposed on Californians. In the course of the investigation, you may want to consider the findings in the final report of the Petroleum Market Advisory Committee. I look forward to hearing your conclusions.

Sincerely,

Gavin Newsom
Governor of California