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Congress of the United States  
House of Representatives  
Washington, DC 20515-2215

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The Honorable Adam Sieminski  
Administrator  
U.S. Energy Information Administration  
1000 Independence Avenue, SW  
Washington, DC 20585

Dear Administrator Sieminski:

As the people of Southeast Michigan continue to deal with a difficult economy and an unemployment rate higher than the rest of the country, I am concerned that drivers in my district also have to pay gasoline prices higher than the national average. According to the August 20, 2012, gasoline release, the U.S. Energy Information Administration (EIA) puts the national at \$3.744 and the average for PADD2, which includes Michigan, at \$3.761. However, as I travel through my district, I see gas prices ranging from \$3.90 to \$4, much higher than the EIA release. These prices are also far higher than those predicted by EIA in late May and early June.

I understand there may be a number of factors contributing to these high prices and I write to inquire how the EIA attributes these as the root problem of the high prices in Southeast Michigan. Your answers will help inform Congress and the American people as to what actions, if any, can be taken by Federal, state, or local governments, by the petroleum industry, or by other entities to lower prices.

- 1) A number of Midwestern refineries – including facilities in Indiana, Illinois, and Minnesota – have experienced shutdowns or significant disruptions this summer.
  - a) To what extent have these shutdowns or disruptions affected prices at the pump?
  - b) If these outages affected retail prices, to what extent were such price increases due to an actual lack of supply, as opposed to feeding speculation in the marketplace?
- 2) In addition to the unexpected outages in the Midwest, a number of refineries on the East Coast reduced output or completely shut down as a result of economic issues. These include refineries in Pennsylvania and New Jersey that previously accounted for a significant share of refined product in the eastern United States.
  - a) To what degree have these reductions in supply coming from the East Coast resulted in refined product from Midwestern facilities moving to Eastern U.S. markets?
  - b) Have diversions of supply from Midwest refineries to East Coast consuming states been necessary to avoid an actual supply shortfall or have such diversions

been purely economic in order to take advantage of more lucrative markets in the East?

- c) To the extent that Midwest capacity has been partly diverted to supplying East Coast markets, has this contributed to price increases in the Midwest?
  
- 3) As you may be aware, Canada-based Enbridge, Inc. experienced a 50,000 gallon refined-product spill from a rupture in its Line 14 in Wisconsin in late July. This spill came on the heels of a more than 20,000 barrel spill by another Enbridge pipeline into the Kalamazoo River two years ago. Meanwhile, Enbridge continues to devote significant attention and resources to expanding capacity on the line that ruptured in the Kalamazoo spill.
  - a) Did the leak on Enbridge Line 14 and its subsequent shutdown affect prices in Michigan and, if so, how and by how much for how long?
  - b) If the Enbridge line failure contributed to the recent spike in gasoline prices, to what extent were such price increases due to an actual lack of supply as opposed to feeding speculation in the marketplace driven by other factors such as the refinery shutdowns or Enbridge's inability to restore confidence in its ability to transport oil reliably following the recent failures?
  
- 4) The price of crude oil is approximately \$94 per barrel; higher than the \$78 low in June but still significantly lower than the all-time high of \$147.
  - a) What have been the main factors contributing to the increase in crude prices?
  - b) It is my understanding that, thanks in large part to soaring production in North Dakota's shale plays, beginning in 2009, domestic crude production has experienced its first net increases in decades: what, if any role is this source of supply playing in determining the price of crude oil?
  - c) Barring any pipeline, refinery, or international development, how much should consumers expect to pay at the pump for gasoline when crude oil sells at \$94 per barrel?
  
- 5) Much of the country is experiencing the worst drought in over 50 years and corn crops have greatly suffered. At the same time, refiners are required by law to blend into gasoline, certain quantities of ethanol – mainly derived from corn at this point in time.
  - a) What effect will the lack of supply or high price of corn have on ethanol production?
  - b) What effect have drought conditions for corn crops had on current gasoline prices?
  
- 6) While supply represents one side of the price equation, it is critical to also consider the effect of demand on prices.
  - a) Has there been a change in demand for gasoline by consumers that has affected current gasoline prices?
  - b) Does EIA expect to see a drop in demand and corresponding drop in price for gasoline after Labor Day as a result reduced consumption?

In addition to answering these questions, please supply: a list of U.S. oil refineries that have experienced unexpected closures, accidents, or delays this year; and any other reasons, besides the issues addressed in this letter, the EIA believes could be causing the higher than expected gasoline prices.

As people in my district and across the country wrap up their summer travel plans, I would appreciate your prompt response to these questions and welcome any additional insight you might have on the higher than average prices affecting Southeast Michigan. Should you have any questions, please do not hesitate to contact me directly or have your staff contact Neal Ullman in my office at 202-225-4071.

With every good wish,

Sincerely yours,

A handwritten signature in black ink, appearing to read "John D. Dingell". The signature is fluid and cursive, with the first name "John" being the most prominent.

John D. Dingell  
Member of Congress