

# California gas prices increase substantially

By Ronald D. White and Dalina Castellanos, Los Angeles Times

Skyrocketing gasoline prices caused some local service stations to shut off their pumps Thursday while others shocked customers with overnight price increases of 30 cents or more.

California's fuel industry isn't running out of gasoline — supplies are only 2.5 percent lower than this time last year — but recent refinery and pipeline mishaps sent wholesale prices to all-time highs this week. As a result, some station owners weren't buying fuel for fear they couldn't sell it. Those who did buy simply kicked prices higher and bet customers would understand.

"If this keeps up, I'll be looking at \$5-a-gallon gas by next Thursday," said Ali Mazarei, who owns an Arco station in Riverside County. On Thursday, Mazarei was charging \$4.52 for a gallon of regular gasoline, up from \$4.27 on Wednesday and \$4.21 on Tuesday.

"I really don't have any choice here, and I won't be making money at \$4.52 a gallon," he said.

Some fuel stops had already crossed the \$5 threshold.

On Thursday afternoon, the Low-P station in Calabasas was selling regular gasoline for \$5.69 a gallon in cash, or \$5.79 for credit card purchases. In addition to the high prices, the pumps displayed hand-lettered signs reading: "We are sorry, it is not our fault."

The station, whose name is short for "low price," is usually full of drivers attracted by the high-profile location at Calabasas Road and Parkway Calabasas, right off the 101

Freeway. But customers thinned out as prices soared.

Low-P has to pay more “because we’re an independent gas station” that lacks the buying power of its big-brand counterparts, said owner John Rabi, who paid \$40,000 for a 9,000-gallon load that day, up from \$32,000 a few days before.

Some drivers didn’t pick up on the price right away.

“Holy shoot! I didn’t notice that earlier,” Aaron Belcher, 38, said as he ripped his Visa card from the reader. “This is ridiculous.”

Tiffany Lemme, who spent \$50.29 on less than nine gallons, said she was shocked on a recent trip to Miami when she paid \$5.30 a gallon.

“I thought that was crazy, but this is insane,” the 31-year-old Woodland Hills resident said.

Many stations closed their pumps as soon as they ran out of the fuel they’d bought more cheaply. Some owners worried that if they paid the current wholesale price, they would be stuck selling that gas at a loss when prices fell.

Several Costco gas stations, including those in Marina del Rey, Tustin and Inglewood, closed Thursday. A manager in Inglewood said the only nearby Costco outlets that hadn’t run out of gas were in Hawthorne and Torrance.

A sign at one Costco apologized: “We do not know when we will be resupplied.”

On Thursday, the wholesale price of California gasoline hit a record-setting \$4.39 a gallon, said Tom Kloza, chief oil analyst for the Oil Price Information Service in New Jersey. The wholesale price surpassed even the retail price: California filling stations were charging \$4.315 on average Thursday, according to AAA’s daily survey. That was up more than 8 cents from Wednesday.

Analysts attributed the increase to mishaps that have befallen some of the state's 14 refineries, which operate with little margin for error because few facilities outside California make the state's cleaner-burning gasoline.

"Most recently there has been a problem with an oil pipeline that supplies gasoline for Tesoro, Valero and Shell stations," said Patrick DeHaan, senior petroleum analyst for GasBuddy.com, a price-tracking website. A power outage Monday forced the temporary shutdown of Exxon Mobil's Torrance refinery, DeHaan said. The August fire at Chevron Corp.'s Richmond refinery was also cited.

Kloza added that there was an element of panic in the run-up in wholesale prices, with buyers fearing more refinery problems.

"There is a sense out there that this might not just be the typical run of bad timing and bad luck in terms of refinery outages," Kloza said. "People are beginning to wonder whether something else might be involved. Has the heat been a factor? Is the electrical grid holding up? Are these refineries just a little too old?"

How long will the high prices last? That depends on whether more problems occur, fuel price expert Bob van der Valk said.

A form of relief might come if the state's refineries are allowed to switch to the cheaper winter blend of gasoline in the next few days rather than having to wait until the end of October, he said.

"The California Energy Commission received a request for that from the California Independent Oil Marketers Assn.," Van der Valk said. "However, Southern California is currently enduring a heat wave, and air quality will be given primary consideration before any final decision is made."

The summer blend is designed to reduce evaporation of

pollutants during warm weather.