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United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES
WASHINGTON, DC 20510–6150

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September 12, 2005

The Honorable Deborah Platt Majoras
Chairman
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Dear Madam Chairman:

The recent trend of rising gasoline prices and their immediate increases in the wake of Hurricane Katrina have elevated concerns about price fairness. The week of September 6th, the average price of a gallon of regular gasoline was $3.069 nationwide, up $0.46 per gallon from the previous week (a record weekly increase) and $1.22 per gallon compared to one year ago (also a record increase). As American consumers face potentially unprecedented retail energy prices, many are concerned about the possibility of market manipulation and price gouging.

This issue was raised at a hearing on gasoline prices held by our Committee on September 6, 2005. At this hearing, several Senators called upon the Federal Trade Commission (FTC) to do all that it can to protect consumers against unfair manipulation of gasoline prices.

It is important that the Federal agencies entrusted with responsibility for consumer protection, such as the FTC, be on heightened vigilance for such behavior, and communicate that vigilance to both industry and consumers. Section 1809 of the Energy Policy Act of 2005, responding to the high prices seen earlier this year, already mandates that the FTC conduct an investigation to determine the extent of any form of market manipulation or price gouging with respect to the price of gasoline.

This investigation is to result in a report to Congress by not later than November 6, 2005. In light of the heightened awareness of the issue of high gasoline prices, it would be useful if the FTC could issue interim reports of its findings, as appropriate, to help maintain both awareness of the heightened scrutiny that is taking place and to assure the public that any improper behavior will be uncovered and dealt with quickly.

Sincerely,

Pete V. Domenici
Chairman

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