



## Gas price spike in Northeast Wisconsin expected to continue



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AP Photo/Elise Amendola

Gas prices have increased in Northeast Wisconsin this past week by more than 16 cents a gallon and 40 cents in the past month — and you can expect them to keep going up, says Patrick DeHaan, a Senior Petroleum Analyst with GasBuddy.com.

During an interview with Action 2 News, DeHaan predicted the cost for a gallon of 87 octane (regular unleaded) gasoline will rise to as much as \$2.50 a gallon in the summer months in Northeast Wisconsin. That's barring any unforeseeable events, such as a refinery fire which last August caused an 80 cent per gallon spike in gas prices overnight, he said.

However, the primary reason for the spike this summer is the switch to the summer blend of gasoline, DeHaan said, noting that this happens every year, across the country.

During the winter months, Wisconsin uses a different blend of gasoline, and by June 1 the EPA says gas stations are required by law to use that new blend. The transition doesn't happen overnight, and has already begun, he said.

Among the benefits of using the summer blend, better fuel efficiency.

"The summer blend gets between one to four percent more miles per gallon," he said.

As for the recent spike in prices in Northeast Wisconsin, that can be attributed to a sale on gas being over, he said.

"Gas stations had to liquidate what's left of the winter blend. The 40 percent discount is now gone," DeHaan said.

But it could be worse. Prices are expected to increase even more in other parts of the country, including six counties in Southeastern Wisconsin, where it's mandated to use a reformulated blend of gasoline from June 1 to September 15. Reformulated gas reduces ozone emissions. In Wisconsin, counties that are subject to using reformulated gas under the Clean Air Act, include: Ozaukee, Washington, Milwaukee, Racine, Waukesha, and Kenosha.

The reason reformulated gas costs even more?

"Reformulated gas burns cleaner by removing butane," DeHaan said, noting that butane usually is cheaper, hence the added cost.

Gas prices have also increased. Monday, oil closed at \$37.90 a barrel. Compare that to \$26.21, back on Feb. 12.

The reason for the spike, DeHaan cites the summer driving season, and a slight drop in oil production. Ethanol is also a contributing factor to increasing gas prices, he said.

Wisconsin also adds ethanol to gas, up to 10 percent, per gallon. Normally ethanol is cheaper, but not currently.

"We are in one of those rare moments when ethanol is adding to the cost (of a gallon of gas)," he said, noting that the additive also decreases fuel efficiency.

The cost for a regular gallon of gas in Green Bay Monday was \$1.849 a gallon, which is still more than 50 cents a gallon less than this time last year, he said.

- Check out an interactive chart of Northeast Wisconsin's daily gas prices for the past year on the **Action 2 News GasTracker** (<http://wbay.com/gas>)

Then there is the state's minimum markup law, which requires station owners to charge motorists at least 9 percent more for a gallon of gas than what stations paid wholesale. The law was struck down as unconstitutional by the Federal District Court for the Eastern District of Wisconsin. However, the lower court's decision was appealed to the 7th Circuit Court of Appeals, where the court issued a stay, effectively keeping the law on the books pending further review.

The **Federal Trade Commission's review says** (<https://www.ftc.gov/news-events/press-releases/2003/10/ftc-staff-wisconsins-unfair-sales-act-likely-raises-gas-prices>) Wisconsin's minimum markup law, also referred to as the Unfair Sales Act, "likely leads to significantly higher prices for consumers."

The FTC says, "The Act protects individual competitors, not competition, and discourages pro-competitive price cutting."

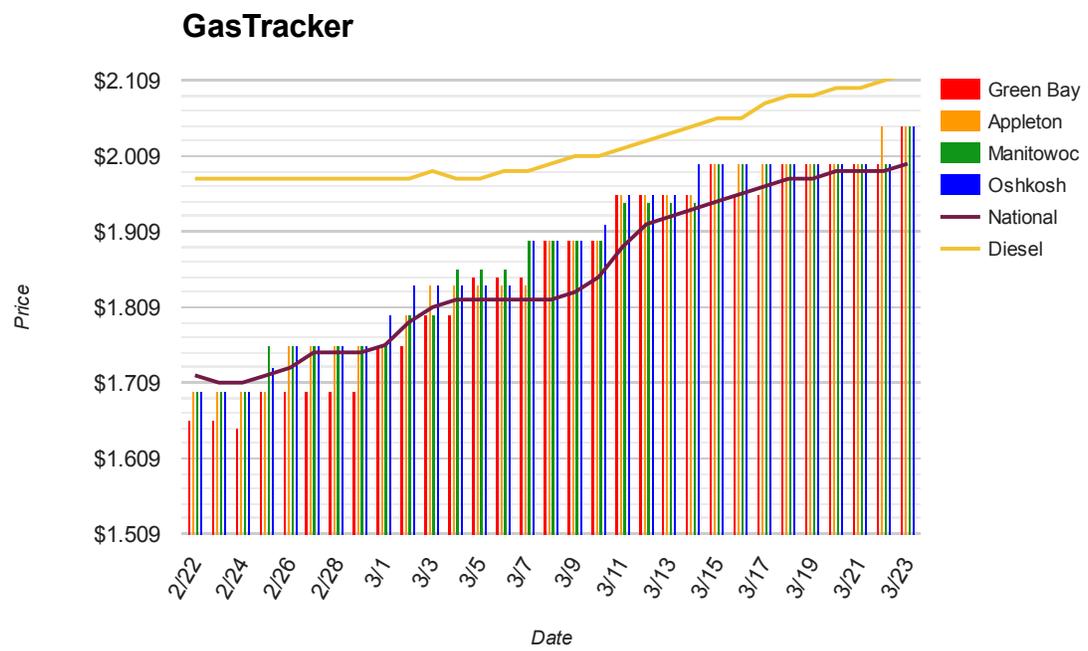
The law also discourages lower prices and went one step further.

"The Act is unnecessary, both because scholarly studies indicate that anticompetitive below-cost pricing happens infrequently and because existing federal antitrust laws already prohibit anticompetitive below-cost pricing," the FTC says in a report.

Other states such as Michigan don't have this law, and it's more common to see larger variations in gas prices within the state, he said.

Taxes also influence the cost of gas. In Wisconsin, add 32.9 cents per gallon in state taxes, not including an additional 18.4 cents per gallon in federal taxes.

Be sure to check out our website **by clicking here** (<http://www.wbay.com/gas>) for the latest prices in your area.



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