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Gas Prices

Gas prices have become a need in our society because we all have places to be and we need our cars to get us there. How much do you think we spend daily on gas alone? the average person spends at least 2,000 dollars on gas every year. To me that is a lot of money just to be spending on gas, rather that money can be spent elsewhere. Everyone who drives a car struggles with buying the cheapest gas or the best one for their car. Gas prices in California are escalating very quickly because of all the taxes included, the different types of gas during every season and lastly, all the bans that the united states government has on drilling. All of these factors play a huge role into the insanely high priced prices that most of us can not afford. In my HIIP Slice fix it journal it shows that during certain seasons and different cities have their set gas prices. The contributing factors to high gas prices is the different seasons, the amount of taxes that the government enforce and also different cities will have a variety the research that is going to explained shows the reasoning behind why gas prices have been so expensive and why the government decides to tax gas to earn money. Learning the facts behind the process of gas prices will help us as consumers but also it shows us that we need to make a change before the prices are too unbearable.

In the HIP Slice journal I started documenting the gas prices around my neighborhood and documenting what the regular gas prices were like. In the first couple weeks I did not travel very far because I was working a lot and going to school. Luckily for me my job and my school

are very close to where I live. After the first couple weeks I decided to travel outside my city such as diamond bar, chino hills and anaheim. While I was there it became clear to me that each city is very different. The gas prices in anaheim right next to disneyland is going to be different because of the landscape. In my journal it shows that the transition of different seasons are very critical to the gas prices in every city.

In the first couples months when I started the journal it was very cold and was raining very hard in the Inland Empire. I have lived in California for the majority of my childhood and I have never seen it rain that much in California. Keeping that in mind there was rarely anyone on the road and therefore not a lot of people buying gas. At the time the gas prices were at a all time low. As said in my journal, “ They were between \$2.20- \$3.20 and it was surprising that they all had different prices even though they were on the same street.” (Nuss). This observation was very shocking for me because I am so used to gas being around 3 dollars and I have been able to fill up my gas tank for that much but when the gas prices dropped I was very excited. I was very curious on why certain weather conditions will affect the gas prices. According to the research done by the U.S Energy Administration the weather conditions do affect the gas prices worldwide.

According to the U.S Energy Administration they examined the reasons why gas prices fluctuate and there are many reasons why gas prices fluctuate. The one factor that fascinated me was how the gas prices fluctuate during the different seasons of the year. In their article they explain how that in the winter months the gas is cheaper because in those months there is not a vast amount of drivers on the road therefore leading to a limited amount of gas being sold. On the other hand when summer and springs come around prices go up. “ retail gasoline prices tend

to gradually rise in the spring and peak in late summer when people drive more frequently” (“Gasoline Price Fluctuations”) During the summer and spring months Environmental regulations require that gas being sold has to evaporate more than the gas sold in the winter time. The reasons why is because they want people to fill up their cars with a cheaper type of gas during the summer so they would have to fill up their gas tank more frequently. “ From 2000 through 2017, the average monthly price of U.S. retail regular-grade gasoline in August was about 36 cents per gallon higher than the average price in January” (“Gasoline Price Fluctuations”) Looking at the research done it clearly shows that during the spring and summer months is when the gas stations owners make their money. The reason why they rise the prices because they know us as consumers have to pay because we need it for our lifestyles. Which brings me to the next issue which is the struggle of amount taxes the U.S government puts on gas.

In the article “ The Ups and Downs of California’s Gas Tax” by Robert McClelland shows the inconsistent array of gas taxes throughout the years. In 2018 the price of gas per gallon increased from 34.7 to 46.7 cents per gallon based on the environmental regulations. During that process also the vehicle registration was raised as well. Just reading these two sentences in the article it just shows that their ideas of creating a more clean environment is confusing to the consumers. I am one of the people that strongly agrees with transferring to clean energy to save our environment because we have to save our home. The inconsistency is really astounding because before 2010 drivers used to pay 18.7 cents per gallons but shortly after the prices of gas skyrocketed. In the article he shows their main reason to the higher taxes, he says, “ ..used to fund clean ups of old gas station sites with leaking underground fuel tanks.” (McClelland) It may seem that California is trying to become more environmentally safe but the fluctuations of

gas taxes that they are placing is becoming unbearable. California raises their gas taxes through environmental regulation and the government assumes that every consumer knows why it is raised but that is further from the truth. In their minds they think the gas taxes being raised will generate revenue but that is not true at all. Most people have been so upset because of the recent gas prices that people have tried to go electric and making gas station owners lose money. In 2017, Jerry Brown signed a law that focused on fixing the bridges and roads. With that law it raised the gas prices 12 cents per gallon. Overall the fluctuation of the gas prices have become ridiculous and being a resident of California there has been some road repairs but they are very minimal and it makes me wonder where my tax money is going. In the end of his article he states, “ Perhaps if California could simplify its gas tax regime, its residents would realize what they are paying and for what. This could make the levies less unpopular.” (McClelland). This research is very eye opening because going back to my HIIP Slice journal it shows the huge fluctuation of gas prices based on U.S Taxes.

In the middle of my HIIP Slice Journal there was a big shift in the gas prices. During the weeks 8 to week 10 is when I started to see the shift in gas prices. For example I drove to Disneyland and I always want to fill up my tank before I go on a long drive just incase I break down. While I was filling up I started to notice that the gas prices started to go above the regular price I usually pay for. My average amount I spend on gas is around 45-50 dollars. When my tank was full I looked at the price and it was 55.00. I was very shocked and some people think oh it's only 10 extra dollars but I am a college student who lives by every paycheck. I definitely was shocked that it was that much to fill up my tank. I did some research and I saw that some of the bills were being enforced therefore that was the reason for the high prices. The next week I had

to fill up my tank because I was driving everywhere from school to work and to my house. When I tried to fill up my tank the second week it was too expensive so I could only fill up half of my tank which was very upsetting for me. After understanding the reasons why gas prices are rising it is somewhat relieving but it also is very frustrating because no one is doing something to fix the problem and us as consumers are suffering but no one wants to stand up. Another issues with the fluctuating gas prices is the supply and demand, Commodity traders and the value of the dollar play a huge role in high gas prices in California.

In the article “ Why are Gas Prices So High?” by Kimberly Amado clearly explains the three huge factors to high gas prices. The first factor is the supply and demand of gasoline in California. When the demand for gasoline becomes higher than the supply then end result is high prices. Kimberly says, “ For example, U.S. shale oil producers increased the oil supply in 2014. Gas prices fell to their lowest levels in five years. But that shale oil boom reversed when low prices put many producers out of business.” (Amadeo) In this statement alone it shows that when the supply of gas pluments then the gas prices become very high because there is not enough gas to be spread around. Seasonal demand also plays a huge factor in the high gas prices. As I said before the gas prices are typically high around the spring and summer months because people are going on vacations and driving on the road more. In those months that's when the companies make their money because they know that people need gas to go on vacations. To be more specific there is a certain kind of gas in the summer which is called the summer grade gasoline. This particular type of gas is very expensive to produce that's why they release it in the summer so they can get their profit. The gasoline companies buy oil future contracts with the

anticipation of the gas prices will rise in the future. Which leads me to the second factor of high gas prices, Commodity traders.

Commodities traders are a huge factor to high gas prices because that's how we get gasoline to our gas stations through trading. When we are buying gasoline from a trader we typically buy it at the future trader market price. When we do this we are anticipating the price of gasoline will be in the future higher or lower. As of right now we are buying gasoline for a very high price based on the fluctuation prices in the last couple weeks. Most of the traders that we associate with do not have the intention of taking ownership they will most likely sell the contract for profit surprising right? Amanda says , “ Since 2008, both gas and oil prices are affected more by the ups and downs in these futures contracts. The price depends on what buyers think the price of gas or oil will be in the future” (Amadeo). With this process it leads to the commodity traders to create a huge profit prophecy. At the end of this it also creates an asset bubble which is when the price of gasoline becomes over inflated. “ Unfortunately, the one who pays for this bubble is you at the gas pump.”(Amadeo)

The last factor of high gas prices is when the value of the dollar declines. In the gasoline contracts they are denominated in dollars which makes it noticable if the value of the dollar is declining or not. Amanda says, “ Oil prices rose between 2002 and early 2014 because the dollar lost 40% of its value during that time” (Amadeo). When the oil prices rose, in 2014 the supply of the oil increased which resulted in the value of the dollar higher. When this happened the supply became constant and the companies still made money and the gas prices were at a regular price for a good amount of time. Now fast forwarding a couple years you can clearly see that the value

of the dollar is plummeting and the gas prices are skyrocketing. After reading all this research it makes me wonder what could be the solution to all of this?

In the article “ The Only Solution To High Gas Prices - With Charts!” by David Roberts clearly states a simple way we can reduce the gas prices that are currently rising. In his article he focuses on Senator Jeff Bingaman and his proposition to stop the fluctuating gas prices. In Sen. Jeff Bingaman statement he explains that the price of oil is tied to the price of oil. When the price of oil is high its because it is because the prices are out of Americas control The solution that the senator proposed is that we use less gasoline and oil completely. The senator says, “ We need to invest in the technology that will help us use less oil in our cars and our trucks, in our buildings, in our factories. That’s the only solution to the challenge. Because as we start using less, that lowers the demand, prices come down. It’s pretty straightforward. That’s the only solution to this challenge.[my emphasis]” (Roberts). I personally agree with the senator because the only solution that makes sense would be not to use so much oil. When that is done then the demand decreases and the supply increases which results to lower gas prices. This solution will make the companies very upset because that's how they make their money but, for once we need to stand up for what we want. That's the only way we can make a difference.

Looking over all the research done in my HIIP Slice Fix It journal and the research expressed above clearly shows we have a huge problem with gas prices. In the matter of couple weeks and years the gas prices skyrocketed and us as consumers are the ones paying the price. I do believe in the Senators proposition because I do believe that our environment is dying because of the oil and the smog that is being put in our skies. We as a community need to stand up to these traders and these companies because at the end of the day they only care about the

money that is being put in their pocket. While we are struggling to put gasoline in our cars please tell me how is that fair.

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