

Oregon gas prices: Why have they jumped 70 cents a gallon in a month? (video)



Why are Oregon gas prices spiking?
On March 3, 2015, commuting reporter Joseph Rose took a drive along Tigard's Oregon 99W to talk to people about the rapid rise in gas prices.

By Joseph Rose | The Oregonian/OregonLive
Email the author | Follow on Twitter
on March 03, 2015 at 1:36 PM, updated March 04, 2015 at 6:56 AM

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Jim Corrigan sat in his family's minivan at a Tigard **Space Age Fuel station** off Oregon 99W and lamented how he became a little too comfortable with the sub-\$2 gas prices at the end of 2014.

On Tuesday morning, regular unleaded was \$2.79 a gallon at the station, 37 cents more than it was a week earlier. In the past month, Oregon's average pump prices have climbed by more than 70 cents.

Corrigan, who drives at least 1,000 miles a month, said the increase has already taken a bite out of his weekly grocery bill. "I have no idea why they went down so much; I have no idea why they went up," Corrigan said, as the blur of digital numbers on the pump climbed. "That's really a good question: Why?"

It's a question that a lot of uneasy commuters and business owners in the Portland area are asking. The quick answer to complex situation: California oil refinery problems, including a fire and labor unrest, have squeezed West Coast supplies.

Two months ago, **after gas prices hit a five-year low**, it was easy to find a gallon of regular for \$1.75 or even lower in the Portland area. On Tuesday, the cheapest price was \$2.59 at JL Mini-Mart on Northeast Portland Highway.

In the past week, the average price of a gallon of regular unleaded in Oregon has soared 34 cents to \$2.82 a gallon, according to **AAA of Oregon and Idaho**. That's the largest weekly spike since July 2013.

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"Actually, the entire West Coast is crazy right now," said Allison Mac, an analyst with the crowd-sourced price-tracking site **GasBuddy.com**.

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California drivers are getting hit even harder. In the past month, a gallon of regular unleaded has spiked by more than \$1. In fact, California has bumped Hawaii as the state with the country's most expensive gasoline at \$3.41 a gallon on average.

The Pacific Ocean states typically have the nation's most expensive gas in the spring and early summer, largely because the region is geographically isolated from refineries that have access to cheaper crude oil in other parts of the country.

In fact, Oregon doesn't have its own refineries, isolating it from gas production.

As a

Have the soaring gas prices made you consider driving less?

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result, the state is dependent on **an archipelago of oil refineries in Washington and California.**

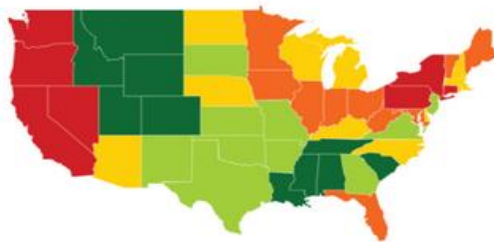
Oregon gas prices typically experience a spike in late winter and spring as the refineries undergo annual maintenance. As the sites go off-line for repairs and cleaning, tight supplies on the West Coast usually push prices higher during the spring and early summer.

However, a Feb. 15 explosion rocked a critical **Exxon Mobil refinery in Torrance, Calif.**, worsened seasonal production declines and caused pump prices to take off like a bottle rocket. The refinery remains offline and isn't producing a drop of gasoline until crews can repair the damage.

Meanwhile, a labor strike shut down a Tesoro oil refinery in Martinez, in Northern California, **for several days in late February.**

The Torrance and Martinez facilities combined make up nearly 20 percent of the state's crude oil processing capacity.

United States Average for Regular Ⓞ



Retail Fuel Prices

■ 2.0819-2.2229 ■ 2.2229-2.2999 ■ 2.2999-2.4245 ■ 2.4245-2.4779 ■ 2.4779-2.6179 ■ 2.6179-3.4245

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Marie Dodds, a spokeswoman for AAA of Oregon and Idaho, said it's a classic example of supply not meeting demand. "Oregon has the dubious distinction of having the second-largest weekly increase in the nation this week," Dodds said.

Exxon Mobil did not return emails and phone calls from The Oregonian/OregonLive. However, Mac expects the Torrance refinery to be operating again within the next couple of weeks.

At a 76 gas stop along Oregon 99W in Tigard -- where the cash price was \$2.79 a gallon, while the people using credit cards paid \$2.89 on Tuesday -- manager Bruce Fowler said business has slowed significantly in recent days.

"I'm just kind of surprised how fast the prices have gone up and how long they took for them to go down," Fowler said. "But to go back up ... it's so quick."

Robert McCullough, **the Portland analyst** who helped topple Enron over predatory electricity trading in the early 2000s, said he has been watching the roller-coaster ride of prices at the gas pump and something doesn't look right.

Even as gas prices collapsed late last year, they didn't drop as far as they probably should have in the Northwest, McCullough said. He said he is still analyzing price and revenue trends to look at whether refinery operators have been manipulating prices to increase profits.

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"Northwest gas prices have been high relative to oil prices for over a year now," McCullough said. "I keep seeing discrepancies (in the refiners' markup) and it's worth keeping an eye on."

Mac said gas prices will continue to climb into July as refineries start pumping out the more expensive summer blends and as the annual road-trip season increases demand.

"I'd expect the year's high to reach about \$3 in the Northwest," she said.

Of course, when complaining about high gas prices, Mac said drivers should keep it in perspective. "Gas prices are still 58 cents a gallon cheaper than they were this time last year," she said.

-- Joseph Rose
503-221-8029
jrose@oregonian.com
[@pdxcommute](https://twitter.com/pdxcommute)

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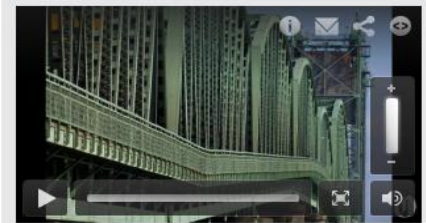


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