

SPECIAL REPORT GAS PRICES IN LIVINGSTON COUNTY

Why do we pay more? Location, economics

Continued from page 1

to pay more for gas. Because all the other stations in town are charging a certain amount, and because people seem willing to pay it, the prices remain high.

But when you delve into the issue further, it's sometimes frustrating to find answers. Complicating matters is that many of the players involved—the local station owners who ultimately set the final price—don't want to talk about it.

The Daily Press & Argus attempted to interview some of the local businessmen who own several stations or were involved in delivering gas. They declined.

One station owner said no matter what he said to explain gas prices, motorists wouldn't be satisfied with the answers. He said gas prices are an emotional lightning rod and that motorists become irrational when the subject comes up. He said motorists don't understand what it takes to bring a gallon of gasoline to the station.

Another businessman said it would be impossible to explain gas pricing in a single newspaper article because of the many complexities involved. He said certain communities during the summer are required by the government to use a special blended gasoline, which is more expensive than the regular fuel. He said every company sets its own prices, and prices are set to be competitive.

According to those involved in the industry, station owners don't make much money off gas sales.

One owner who agreed to talk was Mike Bazzi, co-owner of the newly rebuilt Sunoco gas station on Grand River Avenue between Howell and Fowlerville. Bazzi and his brother, Bill, have owned the station, located west of Burkhart Road, for five years.

Bazzi said gas sales aren't where the money is for service station owners.

"I'd rather sell that lady a two-liter of pop than a gallon of gasoline because I know I will make something out of that," he said, motioning to a woman waiting in line.

Bazzi said he receives a fax every day from his supplier telling him what he will pay for gas. He reviews the information carefully because a penny more in price, depending on when he places his order, could mean an additional \$300-\$400 in cost when he orders a gas load, typically about 10,000 gallons.

Bazzi said gas sales are part of his business's profit, but only a small part.

"If you're going to depend on your (gas) profit margin to stay in business, forget about it," he said. He said the real profits come from inside sales.

When it comes to setting gas prices, Bazzi said there are two factors he reviews: He looks at gas prices in the area so he can remain competitive, and he also tries to set his price to make a profit.

"You try to make your profit margin," Bazzi said. "Sometimes you do, sometimes you don't."

Bazzi said there isn't a lot he

HOW MUCH WILL IT COST YOU THIS YEAR?

■ We know that on average, gas in Livingston County is more expensive than in many surrounding areas. But over the course of a year, how much extra will you end up paying at the pump? A minivan owner who lives in Hartland will spend about \$100 more on gas this year than a minivan owner who lives in Ypsilanti or Stockbridge.

■ AAA Michigan estimates that the average car consumes 550 gallons a year, while the average light truck (including SUVs and minivans) uses 915 gallons. (People in a commuter county like Livingston probably use more.)

■ Using AAA's numbers and the two-week-average gas prices found in our survey, here's how much you'd pay if you filled up at that average price for a whole year in each of these communities:

	Car	Light Truck/SUV
Ypsilanti	\$874	\$1,454
Stockbridge	874	1,454
Pontiac	885	1,473
Utica	891	1,482
Waterford	891	1,482
Lansing	891	1,482
Fenton	891	1,482
Northville	896	1,491
Wixom	896	1,491
Novi	907	1,509
White Lake	907	1,509
Fowlerville	907	1,509
South Lyon	913	1,518
Flint	913	1,518
Grand Blanc	913	1,518
Whitmore Lake	918	1,528
Pinckney/Hamburg	918	1,528
Highland	918	1,528
Brighton	918	1,528
Howell	918	1,528
Hartland	929	1,546
Chelsea	935	1,555

can do about prices, which he said rise and fall for reasons beyond his control.

"We're the last one down the chain before the customer purchases the fuel," he said.

Linda Kasey, spokeswoman for Marathon Ashland Petroleum LLC, said the general public has several misconceptions about gas prices.

Kasey said one of these is how much profit station owners make on a gallon of gas. She believes many motorists would estimate profit to be 80 cents per gallon.

In reality, Kasey said, profit is usually 5 cents or less. Sometimes it's nothing.

She said some of the bigger chains, such as Wal-Mart or Meijer, sell at cost or below because they can make up the gas loss with inside sales.

"That's why you don't see many mom-and-pop gas stations," Kasey said. "You cannot make a profit from selling gasoline. The profit comes from inside sales. We need the customer to come inside."

Kasey said the general public doesn't understand the complex

"If I need gas and I'm leaving the county, I don't buy it here."

— Sue Kley
Howell resident

process involved in bringing gas to motorists, which includes transporting crude oil, refining and processing it and then transporting it by pipeline to various terminals in the country.

"There are people who think we get gasoline from the ground," Kasey said.

She noted that it takes 90 days or longer to take crude oil from the ground, process and transport it, and get it to the public.

Kasey said basic economics—supply and demand—explain why gas prices fluctuate so much. She said hurricanes, strikes and unrest in oil-producing countries affect the supply



Photo by GILLIS BENEDICT/DAILY PRESS & ARGUS

and, ultimately, the cost of oil. While people might not understand the global nature of gas supplies, she said there is a reason why prices tend to get people upset. She said gas prices are posted outside in plain view every day, and people see the change.

"What other product posts its prices outside on a sign every day?" Kasey said.

There are some other common factors when it comes to gas supply and prices, including the location of the terminals. John Griffin, executive director of the Associated Petroleum Industries of Michigan, said gas from these terminals is sold at the wholesale price, known as the rack price.

Griffin said station owners pay the rack price plus tax plus transport. In Michigan, the taxes per gallon are 18.4 cents federal, 19

cents state and 6 percent sales tax. He said station owners then set their own price.

"Every retailer, by law, sets their own prices," Griffin said. "The market is going to dictate where it goes."

Jim Rink, AAA spokesman, said gas tends to cost more the farther away one gets away from a refinery and terminals. He said other issues that play a role in cost are competition and how each company handles marketing and pricing its product.

Rink said the public getting upset over gas prices might actually be more psychological than anything else. If the price of gas jumped a whopping 20 cents a gallon, he said, a motorist would only pay \$2.50 more for gas for a 250-mile trip to Traverse City.

Not enough for most people to fret about, he said.

"Americans are used to an era of cheap gas and that era, if it's not gone, is on its way out," Rink said.

Rink said the country set a new record high for the average price of gas in January—\$1.68 per gallon.

"As a nation, we value our mobility and car ownership, but there is a price to pay for that, especially nowadays when we import more than half of our oil and gas," Rink said.

As for Kley in Howell, she's resigned herself to buying gas in the county. The good thing is she usually needs to fill up her Dodge Stratus only every 10 to 14 days. When she leaves the county, though, Kley doesn't feel any loyalty for local stations.

"If I need gas and I'm leaving the county, I don't buy it here," Kley said.

Profits? Not from gas

Station owners make their money in the store

By Dan Meisler
DAILY PRESS & ARGUS

Fuel prices may seem high, but the profit to station owners from a gallon of gas often amounts to just pennies.

Economists, trade groups and owners say stations are limited in their ability to earn profits from sales of gas because of competition and prices set by large suppliers. They say most of a station's profits come from sales of food, cigarettes and other products or services.

"Gasoline is what gets you into the station," said Charles Ballard, a professor of economics at Michigan State University. "But ... cigarettes, candy, knock-knocks and, of course, repairs—that's many cases where the real money is."

Ballard said he's had conversations with gas station owners who bemoan the low profit margin of their main product. "If gas were the only thing they sell, they would not be able to stay in business," he said.

According to the Michigan

Petroleum Association, a Lansing-based trade group, the average gas station in the state lost \$7,000 on the sale of gas in 2002.

MPA President Mark Griffin said the group surveyed stations in Michigan with the help of a Wayne State University professor and an independent accounting firm.

Most of the cost of a gallon of gas is the expense of the product itself, Griffin said. For example, if a gallon costs \$1.67 at the pump, the cost of the product might be as high as \$1.05, he said.

Shipping, state and federal taxes and an environmental fee take up nearly 49 cents. And Griffin said the cost of doing business—including wages, property taxes and utility bills—comes out to about 13 cents per gallon. So the profit comes out to a fraction of a cent per gallon.

He said about two-thirds of the typical gas station's sales come from gas, with the other third coming from purchases made inside the store.

"If you're losing money on two-thirds of gross sales, it's pretty hard to stay profitable on the other one-third of your business," he said.

Griffin said that because of fluctuations in the price of gas from suppliers, the profit from a gallon of gas can vary as well. He said his group tracked the profits in August, and the profit was as high as 5 cents per gallon and as low as a 14-cent loss per gallon.

Richard Porter, a professor emeritus in the economics department of the University of Michigan, said that stations tied to a name-brand source of gas have little room to set their prices.

"They have to charge the price the company tells them to," he said. "It just doesn't allow much gap between what you can buy it for and sell it for."

He said half of all gas stations in the country have gone out of business in the past decade because of the low profit margin and rules requiring replacement of leaking gas tanks. Many owners found the replacement to be

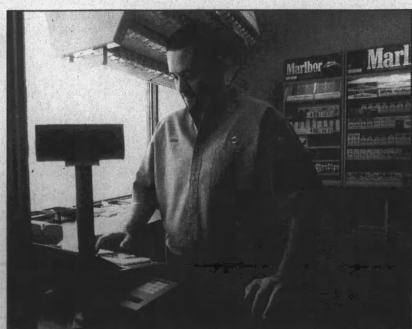


Photo by GILLIS BENEDICT/DAILY PRESS & ARGUS

too expensive and closed their stations, Porter said.

Griffin, head of the trade group, blamed the bleak outlook for gas station owners on "predatory pricing" by owners of large chains of stations, who allegedly sell gas at less than cost, seeking to get independent owners to close their stations. The MPA has been trying to get lawmakers in Lansing to pass a law prohibiting the sale of gas at rates below cost.

"They're having to compete

with huge corporations," Griffin said. "Small mom-and-pop stations are being driven out of business."

The bills, HB 4747 and SB 519, have been heard in committees, but have not yet been voted on.

Griffin said 28 states have laws against predatory pricing, and he feels Michigan should adopt one, as well.

But Ballard, the MSU professor, said he hasn't seen any evi-

dence of predatory pricing. And he said laws regulating the industry would mean higher prices for consumers.

"He wants to be able to limit somebody else's ability to sell at a lower price," Ballard said.

Large chains, he continued, have an efficiency advantage over independents, and he said the proposed laws would be "good news for the least efficient gas stations, and bad news for everyone else."

Mike Bazzi works inside his Sunoco station between Howell and Fowlerville. Station owners make most of their profits inside the store, not on gas. "I'd rather sell that lady a two-liter of pop than a gallon of gasoline because I know I will make something out of that," he says.

SPECIAL REPORT GAS PRICES IN LIVINGSTON COUNTY

Regular or premium?

It might not make sense for you to fill up with a higher octane

By Christopher Behnan
DAILY PRESS & ARGUS

Does it make sense to pay a little more for premium? Not necessarily.

While gasoline octane is crucial to vehicles, the experts say that higher-grade gasolines aren't always the answer.

Octane does not measure the power of gasoline, but rather its capability to resist engine knocking, or "pinging." Knocking results from uneven burning of the engine's compressed fuel-air mixture.

According to the Federal Trade Commission, higher octane gasoline should only be used if engine knocking is persistent with lower octanes. Despite using recommended octanes, some engines may require higher grade gasoline to function properly. As vehicles age, they may require higher octanes based on the amount of knock.

"You only need to buy as much octane as your vehicle performance requires," said Celeste Bennett, motor fuel quality program manager for the Michigan Department of Agriculture. "Some major brands will put more additive in their premium blends than they do in their regular. You'd really have to check with each brand to see if that's the case."

All gasoline is classified by the grades regular, midgrade and premium.

GASOLINE QUALITY

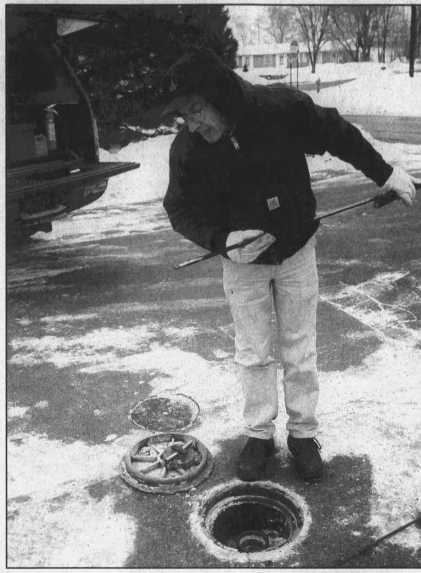
■ Consumers concerned about gasoline quality are encouraged to call the Department of Agriculture hotline toll-free at 1-800-MDA-FUEL.

■ For further information on gasoline consumer issues, call the Federal Trade Commission at 1-866-FTC-HELP.

According to the Energy Information Administration of the U.S. Department of Energy, regular is greater or equal than 85 octane and less than 88. Midgrade is greater or equal to 88 octane, and less than or equal to 90. Premium is greater than 90 octane.

Octane ratings of gasoline grades are not consistent across the country. In Michigan, for example, regular is 87 octane, while midgrade and premium are included with the name ("Premium 93," for example).

Stations must post grade names on pumps so they are visible to consumers. Different additive packages are used by companies such as Shell, Speedway and Mobil. These companies often use unique



Checking gas quality: Harlan Stoin, a Michigan Department of Agriculture laboratory enforcement specialist, checks the water content in the tanks of gas at an area gas station using a measuring stick with special paste applied to the end. Water, which sinks to the bottom of the tank, turns the paste bright red, showing the depth of the water. A tank containing water more than 3 inches deep will cause the station to have the water removed.

additive packages that distinguish their product. This information is usually kept confidential, Bennett said.

The state's Motor Fuel Quality program has randomly tested gasoline statewide

since 1985. Gas stations are selected through a lottery each month. The program has also conducted undercover operations — becoming the consumer and purchasing gasoline — since 1989.

Speedway makes it easy to check prices

Gas station chain puts its statewide prices on Internet

If you want to shop for the lowest gas prices in the state, you don't need to drive around to do it — all you have to do is sit at your computer.

The Speedway chain puts its gas prices on its Web site, and the prices are updated several times a day. Speedway has three locations in Livingston County (two in Howell and one in Hartland), and our survey showed that its gas prices are usually among the lowest in any community.

To check the price at any Speedway station in the state, just go to www.speedway.com, then click on "gas price search."

It takes a minute to load, but it'll show you who's charging what for gas.

A search of the Speedway site on Wednesday afternoon showed a wide range of gas prices in Livingston County and the surrounding areas, from a high of \$1.73 for a gallon of regular unleaded in Hartland, Chelsea and Williamston down to a low of \$1.54 in Roseville.

Howell's two Speedway stations were both at \$1.67, which ranked near the high end of the spectrum.

Cheaper gas was available in neighboring

SPEEDWAY.COM	
■ To check gas prices at Speedway gas stations around the state, go to www.speedway.com , and click on "gas price search."	
■ A check of the Web site on Wednesday afternoon revealed the following prices for a gallon of regular unleaded at a random sampling of locations:	
Roseville	\$1.54
Romulus	1.55
Lansing	1.56
Flint	1.58
Detroit	1.59
Ypsilanti	1.62
Novi	1.64
Farmington	1.65
Howell	1.67
Chelsea	1.73
Hartland	1.73
Williamston	1.73

Washenaw County (\$1.62 in Ypsilanti and \$1.63 in Ann Arbor), Ingham County (\$1.56 in Lansing and \$1.57 in East Lansing), Shiawassee County (\$1.62 in Pontiac) and Oakland County (\$1.61 in Birmingham and \$1.64 in Novi).

Want to pay less for gas? Some tips on conserving fuel

So you want to pay less for gas? There are ways consumers can have an impact.

"If people want prices to come down, then demand is going to have to drop," said Linda Kasey, spokeswoman for Marathon Ashland Petroleum LLC.

This isn't happening these days as demand continues to grow, and more people buy SUVs. According to the American Petroleum Institute, U.S. petroleum consumption continues to grow more moderately than the economy overall.

"You can always purchase more fuel-efficient vehicles and have a dramatic impact," said Jim Rink, AAA spokesman.

Some ways to help out:

- Purchase more fuel-efficient vehicles, not SUVs.
- Plan trips carefully.
- Combine short trips into one to do your errands.
- Slow down. The faster you

"You can always purchase more fuel-efficient vehicles."

— Jim Rink
AAA Michigan

drive, the more gas your car uses.

- Avoid jackrabbit starts.

Abort starts require about twice as much gas as gradual starts.

- Pace your driving.

Unnecessary speedup, slow-downs and stops can decrease fuel economy by up to 2 miles per gallon. Stay alert and drive steadily, not erratically. Keep a reasonable, safe distance from the car ahead of you and anticipate traffic conditions.

- Use your air conditioner sparingly.

Where it all begins: Life on the Trans Alaska Pipeline

We all know that steak doesn't come from the supermarket; it comes from cows. And gas doesn't originate at your local Clark or Texaco, it comes from Saudi Arabia and Alaska, among other places.

But in this age of convenience and instant gratification, it's sometimes hard to remember, zipping from store to store, that it takes a great deal of work to produce some of the stuff we take for granted.

That's why I feel lucky to have been able to visit the Alaska oil pipeline and North Slope oil production facilities several years ago when I worked as a computer programmer and safety-manual editor.

Not only was the location breathtaking — at the top of the world, above the Arctic Circle — but being there helped me truly understand the labor and technology that go into producing a gallon of gas.

I lived in Portland, Ore., at the time. To get to the oil fields, we flew to Seattle, then to Anchorage. Then we hopped on a jet chartered by the oil companies who operate the pipeline for the 600-mile flight up to Prudhoe Bay, Alaska.

The last leg of the trip was spectacular. The first time I took it. It was a completely clear spring day, allowing an unobstructed view of the Alaska Range. Mount McKinley and the seemingly endless, rugged, massive Alaskan mountains. Even from 30,000 feet, the view made you feel very small.

The landscape dramatically and completely flattened when we reached the tundra — miles of ice and snow with nothing else at all visible from the plane. But when we descended toward the one-runway airfield, the pipeline itself became visible. To think that it came through those mountains, the tundra, and the sheer distance from Prudhoe Bay to Valdez — even environmentalists must admit it's an amazing feat.

The living quarters, work areas — all the buildings, in fact — were brought to the North Slope by barge. Several people told me that's because the oil companies



Dan Meisler

are under contract to leave the area exactly as they found it, and must pick up and take everything when the oil runs out.

The pre-fab buildings are slapped together in a patchwork of sleeping rooms, cafeterias, offices and workout facilities, including basketball courts. It's a maze that takes some getting used to, but is actually quite efficient. It's easy to imagine, walking in the patched-together corridors full of ducts and pipes, that a character from "Star Wars" might jump out at you for a lightsaber fight. In truth, the most hazardous thing you'd run into is a jogger — since it's impossible to exercise outside because of the weather, the main hallway doubles as a track, with a stripe of colored tape separating the uses.

The oil pumping and storage facilities are incredible. First of all, they're huge, the size of several city blocks. Secondly, there seem to be hundreds of them.

Flying in, they look like dozens of little black dots. When you get closer, however, you realize how big they actually are.

They rival Manhattan skyscrapers, and inside hold equipment that belongs in science-fiction novels — oil storage tanks the

size of houses; incredibly tangled mazes of ducts, vents and lines; with hundreds if not thousands of people working together to move the oil.

Day-to-day in Prudhoe Bay was not very thrilling. I worked in an office, testing the computer-based safety documentation, 12 hours every day. I was told that everyone worked 12-hour days because it doesn't really make economic sense to travel to the top of the world and spend your time not working. I can only imagine how tiring it must have been for the people doing real labor.

My schedule was two weeks on and two weeks off. Many of the employees stayed up there for three weeks, and only got a week off. I was single and unattached at the time, so it didn't make much of a difference to me. Many of the workers had families, of course, and talked about missing them.

Working 12-hour days for three weeks at a time obviously added up to a lot of overtime and a very lucrative wage. Some of the workers told me they'd become used to that level of income, and although they wanted to leave, they didn't want to leave the money.

Aside from the money, one of the factors that made the experience bearable for me was the delicious food. They imported top-notch chefs and gourmet food. Alcohol, however, was not allowed, and neither were firearms, for obvious reasons.

So I spent my time working, eating, playing pick-up basketball games and sleeping. Then, at the end of two weeks, I picked up a massive paycheck. It wasn't bad for me, knowing this was a temporary job.

But for people who relied on the North Slope oil industry for their permanent living, I'm sure the novelty wore off and the lifestyle — specifically being away from family for so long at a time — became a real burden.

Since then, whenever I pump gas into my car, I think about those people, and the incredible human and technological effort that went into bringing me that gas. And I mind paying the \$1.75, or whatever it is today, a little bit less.

Dan Meisler is a reporter for the Livingston County Daily Press & Argus. He can be reached at 517-552-2857 or dmeisler@hthomecomm.net.

"It's hard to believe the kind of prices they make you pay. It's a shame."

— Jerry Cavasin
Howell resident

High gas prices put many in an angry mood

By Lon Mead
DAILY PRESS & ARGUS

Twelve dollars and 80 cents. No, that wasn't how much it cost to fill a quarter-tank of gas this week.

That was the entire amount Howell resident Jerry Cavasin spent in gas in 1972 when he drove with his wife from Dearborn to Clearwater Beach, Fla., for their honeymoon.

"On the way back, we spent \$13.53, but that was only because we ran into a snow-storm," he said.

These days, Cavasin spends about \$100 a week to fill up his Ford Bronco, which he uses for his masonry business.

"It's hard to believe the kind of prices they make you pay," he said. "It's a shame."

When Cavasin started driving in 1967, gas was 23 cents a gallon and it only came in two grades, premium and regular.

Cavasin believes the prices aren't going to dramatically decrease anytime soon, considering inflation and the cost of living.

Howell resident Jeff Wilcox, who commutes to Ann Arbor, keeps his opinions on gas prices short and sweet.

"They suck," he said. "One day it's \$1.70, and another day it's \$2."

Wilcox usually spends \$80 to \$100 a week filling his pickup truck. "It's my biggest expense next to rent of the Court," he said.

When asked what could be done to control prices and make them reasonable, Wilcox offers a simple solution.

"You could get rid of George (W.) Bush, because he is an oil baron," he said.

Unlike Wilcox, Howell resident Nathan Davis works within the county and isn't hit as hard. He still spends \$50 a week in gas.

"It's one of my biggest expenses outside of bills," he said. "The worst is the holiday season."

Davis believes the prices in Livingston County are higher than neighboring counties simply because of its location between major cities.

"We are centrally located between Detroit and Lansing," he said. "This is a commuter town."

Is it fair to charge Livingston County residents more?

"I don't think so," he said. "I think everybody should pay the same price across the board, not a little here and a little there."

Pinkney resident Linda Sawa spends \$30 a week filling her Pontiac SUV.

Sawa also works within the county, so her fuel bill is quite a bit smaller than most commuters.

"It's a good thing, because I would use a lot more gas than I use now," she said.

Between driving to work, school, and home, Howell High School student Jennifer Wade spends about \$45 to \$50 a week.

"I fill the tank up because people say you should keep the tank full during the winter," she said. "But this is a gas hog, too."

Wade wouldn't mind paying \$1.20 or \$1.30 a gallon. "But when it's \$1.70, it's nuts," she said.

"It's one of my biggest expenses outside of bills. The worst is the holiday season."

— Nathan Davis
Howell resident

SPECIAL REPORT GAS PRICES IN LIVINGSTON COUNTY

OUR READERS WEIGH IN

Plenty of opinions about the cost of gas in Livingston County

We asked readers to weigh in on the issue of gas prices. Where do they find the cheapest gas, and what do they think of gas prices in Livingston County? Here's a sampling of their comments.

Since I drive to Lansing for work, I know that I can get gas (usually) much cheaper there. Just off U.S. 127 at Kalamazoo Street (near the MSU campus), I bought gas at an Admiral station for \$1.559.

Often in the summer, it can go as high as 25 cents difference... BUT Lansing prices jump on Fridays for the weekend and sometimes stay up on Monday mornings (everybody around here knows that), so we fill our two vehicles in Lansing on Tuesday, Wednesday or Thursday.

I only buy gas locally when I absolutely have to.

T. C. Pfeiffer
Brighton

I am very glad that you are taking the initiative to bring to the public's eye the issue of the range of fuel prices across the region. Last week, I was in Oscoda.

Unleaded gas was \$1.56 a gallon at almost all the stations in town. On Thursday morning, it had gone up to \$1.73 at all the stations except a Clark station that was still at \$1.56. We returned to Hartland Wednesday afternoon. Almost all the stations on the way home were \$1.73 a gallon. Not a penny more or a penny less. How convenient. There is more to the control of high prices in our area. How can all the companies all at once come up to the exact price?

Doug Owen
Hartland

On Wednesday I purchased gas at Meijer on Grand River Avenue in Brighton for \$1.60 a gallon. At the time, it appeared to be the lowest price around.

Jerry Rogers
Brighton

The Sunoco station between Howell and Fowlerville has been the lowest for several weeks. Beautiful new store and the best prices. Gas is \$1.55 for 87 octane.

Please mention the Bay station in Howell for FULL service at reasonable prices, a real god-send

for mothers with kids in the car. Thanks for investigating!

Suzanne Ward

In the past, the lowest prices have been at that wonderful Bay station that PUMPS THE GAS with a smile. But recently, the lowest prices are at the Sunoco on Grand River between Howell and Fowlerville, \$1.55.

Linda M. Tesch

My family has been gassing up our cars elsewhere for many, many months now. We refuse to pay the Brighton prices, when we can pay up to 10 cents cheaper in Farmington. We travel to Farmington Wednesdays and Sundays for church and are quite happy to purchase what we need at their lower-priced stations. My son, 17, who works only part-time, finds it especially satisfying as well when he can take advantage of filling up on Sundays and being out of Brighton to do it. We will all continue to do this until Livingston County gets a clue!

Lori Moran
Brighton Township

Why do you want to look for the "cheapest" gas in Livingston County? Believe me, such an item does not exist! For the past 30-plus years, the business I am in, covers all of southeast Michigan. Gas prices from Lansing, Jackson, Ann Arbor, Westland, Livonia, Detroit, even Birmingham/Bloomfield, Pontiac, Flint and Saginaw (and all points in between) are ALWAYS 10 to 20 cents less per gallon. We have lived in the Howell area for 10 years, and I have never, and never will, fill my tank here!

Dave Kaiser
Howell

I skip Livingston County when buying gas and go to Oakland and Wayne counties. I live in Brighton, but frequently go to Novi, Farmington Hills and Livonia for various reasons. When there, I buy gas at 6-10 cents less per gallon rather than supporting the dealers in Brighton.

It seems that the dealers out here know they have a distance advantage and no competition, so they charge what they can get

away with. There is no logical reason gas prices should be higher in Brighton than in Farmington Hills, it is just collusion among the dealers to charge a higher price because they can.

If more people who travel out of Livingston County regularly bought their gas elsewhere, the dealers here might feel the pinch and get their prices back in line.

Keith G. Mahalak
Brighton

The Shell gas station on M-59 just east of U.S. 23 in Hartland just the prize for usually having the most expensive gas around. Yesterday their regular gas was \$1.75, whereas just four miles down the road, on Old 23 at Hilton Road, BP's gas was \$1.69.

Joanne Johnson
Milford

In regard to your request as to where the victims — I mean residents — of the Brighton area find the lowest gas prices, I think it would also be very beneficial if we also warn one another of the stations that are CONSTANTLY higher. I, for one, avoid Shell at Grand River and Hacker even though it is by far the closest. Meijer in Brighton is constantly the lowest. As far as other communities with far lower prices than any of our stations, South Lyon, Ann Arbor, Novi and Farmington Hills are on the average anywhere up to 10 cents per gallon cheaper.

Bob Rosenberg
Brighton

I searched the Howell area last Friday for the cheapest gas so we could travel up north for the weekend. I ended up not finding anything cheaper than \$1.74 a gallon. I filled my truck up and we proceeded to travel to Traverse City. On Saturday, I found some really cheap gas. Regular stations had gas going for \$1.62 a gallon, and at Sam's I found the best deal of \$1.59 a gallon which I filled my truck up for the drive home. Please tell me why it is so much cheaper in Traverse City, where we vacation, than in my own hometown. Come on, give us a break!

Doreen Buttermore
Howell

Gas makes a long journey before it reaches your car

By Jim Totten
DAILY PRESS & ARGUS

Gasoline does a lot of traveling before it reaches your car.

A good portion of the trip that fuel takes is spent in a web of pipelines that criss-cross the state and United States. Another part of its journey is spent in huge storage tanks called terminals.

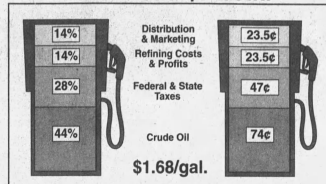
The trucks transporting gasoline to Livingston County pick up gasoline at these terminals, which are owned by the large petroleum companies, including Marathon, Ashland, Mobil, Shell and BP. Any motorist who has traveled along I-94 near Detroit Metro Airport has no doubt seen these terminals, which can hold 1.7 million to 2.1 million gallons of gas.

John Griffin, executive director of the Associated Petroleum Industries of Michigan, said 12 of the state's 36 terminals are located in Detroit, most of them in the Romulus-Taylor area near the airport. Other terminals are located in Jackson, Owosso, Flint and Bay City. There are also terminals in Traverse City and Petoskey.

Griffin said the gasoline we buy in Livingston County could come from any of these terminals. Michigan has only one refinery that takes crude oil and transforms it into the petroleum products of gasoline and heating oil — the Marathon Ashland Petroleum LLC refinery on Fort Street in Detroit.

He said the refinery supplies

Gas Price Breakdown



about 14 percent of the gasoline in the state.

The facility refines 74,000 barrels of crude per day; each barrel is equal to 42 gallons of petroleum products, which include gasoline, diesel and heating oils.

Linda Kasey, spokeswoman for Industries of Michigan, said some of the crude oil refined at the Detroit facility comes from Canada, but that's not the only source.

She said the company receives 46 percent of its overall crude oil from within the United States. Another 34 percent comes from Mexico, Saudi Arabia and Kuwait, while 13 percent comes from Canada and 7 percent comes from whatever other foreign country has a supply available.

More than half of crude oil and petroleum consumed by the United States comes from abroad — about 60 percent, according to the American Petroleum Institute. Griffin said a majority of

Michigan's gasoline comes via pipeline from the Chicago area. He said there are numerous refineries in the Chicago area in Indiana and Illinois.

He said the Midwest receives a lot of its gasoline via pipeline from the Gulf of Mexico, as Texas, Louisiana and Oklahoma produce crude oil and have numerous refineries to change it into petroleum products.

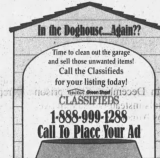
He said this product is then pumped through pipelines to the Midwest.

The Gulf Coast is also where tankers bring in crude oil from other countries, including Mexico, Venezuela, Saudi Arabia and Nigeria.

The state also receives crude oil from its neighbor to the north, Canada. He said there is a pipeline that pumps Canadian crude into Michigan and the Marathon Ashland refinery in Detroit.

GAS PRICES: WHAT DO YOU THINK?

- Now that you've seen the information in our report on gas prices in Livingston County, we'd like your input.
- If you have an opinion on the situation, we invite you to send us a letter.
- You can mail your letters to Daily Press & Argus, 323 E. Grand River Ave., Howell, MI 48843; fax them to (517) 548-3005, or e-mail them to letters@ht.homedcomm.net.



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