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ECONOMIC DEVELOPMENT & TOURISM**

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February 27, 2006

The Honorable Kirk Caldwell
State of Hawaii
House of Representatives
Representative District 24
Twenty-Third State Legislature
State Capitol, Room 408
Honolulu, Hawaii 96813

Dear Representative Caldwell:

Thank you for your letter today, requesting the findings of any analyses conducted by the Department of Business, Economic Development & Tourism (DBEDT) to estimate the effects of the State's wholesale gasoline price controls on Hawaii's consumers.

As you know, DBEDT has been studying Hawaii's energy industry and markets for decades. DBEDT is keenly aware of the risks posed by the state's nearly 90% dependency on oil for all of its primary energy needs, and the interrelatedness and integration of Hawaii's statewide principally oil-based energy systems. Thus, the department has devoted significant time and effort to gain a deeper understanding of the oil industry, crude oil, the wide variety of individual refined petroleum products and the respective markets for these products in Hawaii, the region, and the world.

As such, the department has conducted several analyses related to gasoline price controls. These studies all have concluded that the costs to locally regulate the price of a globally traded commodity, like gasoline or any petroleum product, far outweigh any potential benefits. DBEDT is not alone in arriving at this conclusion, and in the several cases of which we are aware, jurisdictions which have attempted fuel price caps have either ultimately returned to market pricing, or in those where caps are still in place there have been no demonstrable consumer benefit, only harm.

As required by law we have been carefully monitoring the effects of the gas caps since they went into effect on September 1, 2005,. We have conducted a specific impact analysis, the results of which are summarized in the remainder of this letter.

Purpose & Principle. The purpose of this analysis was to answer the question: "What would Hawaii retail gasoline prices have been if the gas caps had not been in place since the September 1, 2005?" This question cannot be answered empirically, but it was possible to develop an estimate, using valid statistical methods. Such estimates are based on the accepted principle that historical trends, if reliably replicated can effectively predict future patterns.

Method & Rationale. DBEDT's estimate of the gas cap's impact on consumers is based on a standard statistical time series method. It is based on recorded time series data that covered a time-period reflecting similar market forces (substantial increases in the crude oil, and the impact of hurricanes) as observed in the post-price cap period (This will be amplified with an illustrative example below¹). Our analysis is based on the use of linear trending to estimate what Hawaii's retail gasoline prices would have been if there had been no gasoline price cap. The linear trend method used in the analysis assumes that the historical pattern of the data will continue in the future. Linear trending was selected by our model as the tool best fitting historical data. It is deemed reasonable and appropriate because, among other factors, the average retail price of gasoline for the pre-cap period showed a linear pattern, with gradual increases throughout the data period, Jan 2002 - Aug 2005. Said another way, the lack of volatility of Hawaii's pre-cap prices, relative to Mainland prices, was assumed would have continued had there been no price cap.

Summary Explanation of Analysis & Results:

This analysis reveals that the gasoline price cap cost consumers as much as \$54.9 million (\$54,855,001), between September 1, through January 2006.

The attached summary (Est_Impact_Of_Gasoline_Price_Cap_Updated_Feb-06.xls, an MS Excel file), and the additional 3 worksheets are the program files showing the determination of the estimated average retail price for regular unleaded, mid-grade, and premium (one file for each grade) - if there had been no price cap. The program file also contains charts (Charts 1 & 2) to graphically illustrate the comparative differences of actual

¹ This is a very important point worth emphasizing, because some could view the effects of Hurricane Katrina as an anomaly, and, thus, presume that the period September 1, 2005, through January 2006, is not representative of the past. However, the attached charts (Daily_Retail_Price_2004_2005_Graphs_Released.xls) demonstrate that similar hurricanes during the pre-cap period of time used in the analysis had no direct impact on Hawaii's gasoline prices. On the other hand, Hurricane Katrina resulted in a nearly immediate 44¢/gallon gasoline price spike in Hawaii, induced solely by the gas caps, because the US Gulf Coast, New York Harbor and Los Angeles are the benchmark markets to which Hawaii's gas cap baseline price is directly tied. While not as devastating as the Hurricane Katrina catastrophe, the 2004 hurricanes - Ivan and Frances- caused major damage to oil refineries and offshore oil drilling rigs in the Gulf of Mexico, producing significant price increases of crude oil and refined products originating from the US Gulf Coast, with no discernible direct impact on Hawaii gasoline prices.

and estimated retail regular gasoline prices on Oahu. The program file for the regular unleaded includes the pivot table that was used for all three grades.

The method used in determining the estimated impact:

1. Database used: Recorded Average Daily Price for each gasoline grade (regular, mid-grade, and premium) from January 2002 - August 2005, from OPIS/AAA.
2. The average daily price is summarized into monthly average price, and plotted.
3. Linear trend curve was used to estimate the monthly average price had there been no price cap for each gasoline grade.
4. The difference between the estimated monthly average price for September through January 2006, and the recorded monthly average price for the same months were multiplied by the gasoline sales volume from EIA. See footnotes on the summary file which details this procedure.

Peer Review of the Analysis. In an effort to have this methodology validated, DBEDT asked three well-respected professional economists familiar with energy markets, to conduct a "peer review" of DBEDT's analysis (the reviewed version had data through the end of December 2005). All three reviewers were very responsive, and agreed to share their views publicly. We have attempted to summarize reviewers' detailed technical comments, which are available.

In essence, the reviewers offered thoughtful comments and useful suggestions, which provided staff with valuable insights. The three reviewers agreed that in any such analysis different methods would yield different results; i.e., the reasonableness of such estimates and methods hinge on the reasonableness of the assumptions used. Two of the reviewers found that DBEDT's method was sound, and that DBEDT's estimate was reasonable, with one of them suggesting it actually appeared low.

One reviewer suggested that DBEDT's estimate was high in comparison to his own. This reviewer did not use the same type of method as DBEDT. Rather, this reviewer determined and compared the differences between the U.S. average and Hawaii average prices over the pre-cap period (beginning Feb 2003), and again over the gas cap period (through Dec 2005). DBEDT found that this reviewer's analysis did not incorporate what he acknowledged is the essential aspect of estimating the gas caps' cost; i.e.: What would gasoline prices have been had the caps not been in place?

The Honorable Kirk Caldwell
February 27, 2006
Page 4

Our perspective is that this reviewer found no fatal flaws with respect to accuracy of DBEDT assumptions, data, logarithms; i.e., specific to our approach. This reviewer did question DBEDT's use of monthly average price data, which he believed could dampen price fluctuations. However, when DBEDT plotted the daily average price data, it mimicked the linear pattern of the monthly average data and no pronounced fluctuations were found.

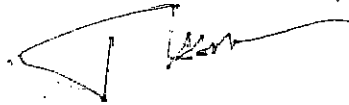
Finally, we note that the conclusion regarding price impact determined by this analysis is limited by actual experience with the price cap formula, five months. The longer the period of analysis, the greater the certainty of any conclusions. Therefore, within the context of assumptions and limitations stated, DBEDT stands on its analysis, which we believe is sound.

I hope this information is responsive to your request and is useful in supporting your worthy efforts.

Thank you for your interest.

Please do not hesitate to contact me at 586-2355 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Theodore E. Liu', written over a faint, stylized outline of a signature.

Theodore E. Liu

Attachments

c: House Speaker Calvin K.Y. Say
Mr. Carlito Caliboso, Chair, Public Utilities Commission
Office of the Governor, Policy

Table 1- HAWAII GASOLINE PRICE CAP - ESTIMATED IMPACT ON HAWAII CONSUMERS

	PRICE IMPACT BY GRADE¹ (¢/gal)		
	Regular	Mid-Grade	Premium
Zone 1			
September-05	72.0	72.7	71.3
October-05	64.1	65.2	61.8
November-05	7.3	7.1	8.8
December-05	-3.2	-3.6	-2.1
January-06	7.7	7.0	8.0
Total	147.9	148.4	147.8
Average (Sep05 - Jan06)	29.6	29.7	29.6
Zone 2			
September-05	60.2	N/A ²	80.9
October-05	50.4	43.6	57.7
November-05	-3.3	-3.4	6.5
December-05	-9.4	-4.9	-9.8
January-06	4.1	4.3	4.7
Total	102.0	39.6	140.0
Average (Sep05 - Jan06)	20.4	9.9	28.0
Zone 3			
September-05	64.7	64.0	68.0
October-05	55.4	52.9	52.6
November-05	-1.0	-0.7	3.5
December-05	-11.2	-12.2	-8.9
January-06	2.0	2.4	3.9
Total	109.9	106.4	119.1
Average (Sep05 - Jan06)	22.0	21.3	23.8
Zone 5			
September-05	56.3	N/A ³	N/A ³
October-05	54.8	N/A ³	N/A ³
November-05	21.6	N/A ³	N/A ³
December-05	3.4	N/A ³	N/A ³
January-06	15.7	N/A ³	N/A ³
Total	151.8		
Average (Sep05 - Jan06)	30.4		
Zone 7			
September-05	71.5	63.9	76.5
October-05	61.9	60.1	64.4
November-05	9.2	15.6	17.2
December-05	1.1	2.3	12.3
January-06	15.1	28.1	24.8
Total	158.8	170.0	195.2
Average (Sep05 - Jan06)	31.8	34.0	39.0
Zone 8			
September-05	70.8	66.6	43.8
October-05	61.2	59.9	22.6
November-05	6.0	0.5	-29.5
December-05	-5.5	-9.8	-38.9
January-06	8.4	5.2	-24.8
Total	140.9	122.4	-26.8
Average (Sep05 - Jan06)	28.2	24.5	-5.4

Table 1- HAWAII GASOLINE PRICE CAP - ESTIMATED IMPACT ON HAWAII CONSUMERS

TOTAL - All Zones	PRICE IMPACT BY GRADE¹ (¢/gal)			
September-05	395.5	267.2	340.5	
October-05	347.8	281.7	259.1	
November-05	39.8	19.1	6.5	
December-05	-24.8	-28.2	-47.4	
January-06	53.0	47.0	16.6	
Total	758.3	539.8	558.7	

Average - All Zones				
September-05	65.9	66.8	68.1	
October-05	58.0	56.3	51.8	
November-05	6.6	3.8	1.3	
December-05	-4.1	-5.6	-9.5	
January-06	8.8	9.4	3.3	

SALES VOLUME (EIA Data⁴)	Sales Volume (Thousand Gallons per Day)				
	Regular	Mid-Grade	Premium	TOTAL	
September-05	1,062.5	87.8	239.2	1,389.5	
October-05	1,053.0	83.0	217.0	1,353.0	
November-05	996.0	90.0	236.0	1,322.0	
December-05 ⁵	1,037.2	86.9	230.7	1,354.8	
January-06 ⁵	1,037.2	86.9	230.7	1,354.8	
Total					

Estimated Impact⁶	Estimated Total Cost to Consumers (\$)				
	Regular	Mid-Grade	Premium	TOTAL	
September-05	\$21,005,625	\$1,759,512	\$4,886,856	\$27,651,993	
October-05	\$18,932,940	\$1,448,599	\$3,484,586	\$23,866,125	
November-05	\$1,972,080	\$102,600	\$92,040	\$2,166,720	
December-05	-\$1,318,281	-\$150,858	-\$679,412	-\$2,148,551	
January-06	\$2,829,482	\$253,227	\$236,006	\$3,318,714	
Total	\$43,421,845	\$3,413,079	\$8,020,077	\$54,855,001	

TOTAL COST TO CONSUMERS (\$M) \$54.9

¹ Price Impact = (Actual Posted Retail Price) - (Estimated Retail Price without Price Cap)

The Estimated Retail Price without Price Cap is based on linear trend.

² No actual retail price data reported for September 2005 for mid-grade gasoline for Zone 2 from OPIS.

³ No actual retail price data reported for mid-grade and premium gasoline for Zone 5 for Sept 05 - Jan 06 from OPIS.

⁴ Source: EIA Data for Prime Suppliers Sales Volumes for Hawaii. Data reported is for total Hawaii State.

Sales volume data for Dec 2005 through Jan 2006 are not yet available. Checked EIA data on 2-13-06.

⁵ Estimated based on the average of the actual sales volume reported for September 05 and November 05 from EIA.

⁶ Estimated Cost to Consumers = (Average Price Impact, All Zones) X (Sales Volume, gallons/month)

Sales Volume in Gallons/month = (Thousand gallons per day) x (1000) x (No. of Days in Month)

Table 2 - Regular Unleaded Gasoline
Average Retail Price For Regular Unleaded Gasoline By Zone
Actual Posted Prices With Price Cap Versus Estimated Prices If No Price Cap

	Actual Posted Avg Retail Price With Price Cap (\$/gal)	Estimated Avg Retail Price If No Price Cap		Difference Between Actual and Estimated Price			
		Linear Trend (\$/gal)	3-Mo. Mov Avg (\$/gal)	Linear Trend		3-Mo. Mov Avg	
				(\$/gal)	(%)	(\$/gal)	(%)
Zone 1 - Oahu							
Sep2005	3.2676	2.5478	2.6475	0.7198	28.3%	0.6201	23.4%
Oct2005	3.2127	2.5712	2.7377	0.6415	24.9%	0.4750	17.3%
Nov2005	2.6678	2.5946	2.8310	0.0732	2.8%	-0.1632	-5.8%
Dec2005	2.5856	2.6180	2.9275	-0.0324	-1.2%	-0.3419	-11.7%
Jan2006	2.7188	2.6414		0.0774	2.9%		
Zone 2 - Kauai							
Sep2005	3.4083	2.8065	2.8716	0.6018	21.4%	0.5367	18.7%
Oct2005	3.3356	2.8316	2.9555	0.5040	17.8%	0.3801	12.9%
Nov2005	2.8236	2.8567	3.0419	-0.0331	-1.2%	-0.2183	-7.2%
Dec2005	2.7876	2.8818	3.1308	-0.0942	-3.3%	-0.3432	-11.0%
Jan2006	2.9474	2.9069		0.0405	1.4%		
Zone 3 - Maui Excl Hana							
Sep2005	3.5680	2.9206	2.9666	0.6474	22.2%	0.6014	20.3%
Oct2005	3.5008	2.9464	3.0468	0.5544	18.8%	0.4540	14.9%
Nov2005	2.9620	2.9722	3.1292	-0.0102	-0.3%	-0.1672	-5.3%
Dec2005	2.8859	2.9980	3.2138	-0.1121	-3.7%	-0.3279	-10.2%
Jan2006	3.0436	3.0238		0.0198	0.7%		
Zone 5 - Molokai							
Sep2005	3.5377	2.9750	2.9489	0.5627	18.9%	0.5888	20.0%
Oct2005	3.5452	2.9975	3.0079	0.5477	18.3%	0.5373	17.9%
Nov2005	3.2361	3.0200	3.0681	0.2161	7.2%	0.1680	5.5%
Dec2005	3.0761	3.0425	3.1295	0.0336	1.1%	-0.0534	-1.7%
Jan2006	3.2219	3.0650		0.1569	5.1%		
Zone 7 - Puna, Hilo, Hamakua							
Sep2005	3.3162	2.6016	2.7151	0.7146	27.5%	0.6011	22.1%
Oct2005	3.2408	2.6221	2.7972	0.6187	23.6%	0.4436	15.9%
Nov2005	2.7343	2.6426	2.8818	0.0917	3.5%	-0.1475	-5.1%
Dec2005	2.6746	2.6631	2.9690	0.0115	0.4%	-0.2944	-9.9%
Jan2006	2.8342	2.6836		0.1506	5.6%		
Zone 8 - Kohala, Kona, Kau							
Sep2005	3.5165	2.8087	2.9254	0.7078	25.2%	0.5911	20.2%
Oct2005	3.4424	2.8308	3.0089	0.6116	21.6%	0.4335	14.4%
Nov2005	2.9129	2.8529	3.0948	0.0600	2.1%	-0.1819	-5.9%
Dec2005	2.8202	2.8750	3.1832	-0.0548	-1.9%	-0.3630	-11.4%
Jan2006	2.9811	2.8971		0.0840	2.9%		

Table 3 - Mid-Grade Gasoline
Average Retail Price For Mid-Grade Gasoline By Zone
Actual Posted Prices With Price Cap Versus Estimated Prices If No Price Cap

	Actual Posted Avg Retail Price With Price Cap (\$/gal)	Estimated Avg Retail Price If No Price Cap		Difference Between Actual and Estimated Price			
		Linear Trend (\$/gal)	3-Mo. Mov Avg (\$/gal)	Linear Trend		3-Mo. Mov Avg	
				(\$/gal)	(%)	(\$/gal)	(%)
Zone 1 - Oahu							
Sep2005	3.3743	2.6470	2.7461	0.7273	27.5%	0.6282	22.9%
Oct2005	3.3225	2.6705	2.8353	0.6520	24.4%	0.4872	17.2%
Nov2005	2.7654	2.6940	2.9274	0.0714	2.6%	-0.1620	-5.5%
Dec2005	2.6812	2.7175	3.0225	-0.0363	-1.3%	-0.3413	-11.3%
Jan2006	2.8105	2.7410		0.0695	2.5%		
Zone 2 - Kauai							
Sep2005	0.0000 ¹	2.9174	2.9200	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Oct2005	3.3790	2.9432	2.9813	0.4358	14.8%	0.3977	13.3%
Nov2005	2.9350	2.9690	3.0439	-0.0340	-1.1%	-0.1089	-3.6%
Dec2005	2.9461	2.9948	3.1078	-0.0487	-1.6%	-0.1617	-5.2%
Jan2006	3.0633	3.0206		0.0427	1.4%		
Zone 3 - Maui Excl Hana							
Sep2005	3.6649	3.0254	3.0630	0.6395	21.1%	0.6019	19.7%
Oct2005	3.5802	3.0507	3.1405	0.5295	17.4%	0.4397	14.0%
Nov2005	3.0686	3.0760	3.2200	-0.0074	-0.2%	-0.1514	-4.7%
Dec2005	2.9797	3.1013	3.3015	-0.1216	-3.9%	-0.3218	-9.7%
Jan2006	3.1503	3.1266		0.0237	0.8%		
Zone 5 - Molokai²							
Sep2005	0.0000 ²	0.0000	#DIV/0!	0.0000	#DIV/0!	#DIV/0!	#DIV/0!
Oct2005	0.0000 ²	0.0000	#DIV/0!	0.0000	#DIV/0!	#DIV/0!	#DIV/0!
Nov2005	0.0000 ²	0.0000	#DIV/0!	0.0000	#DIV/0!	#DIV/0!	#DIV/0!
Dec2005	0.0000 ²	0.0000	#DIV/0!	0.0000	#DIV/0!	#DIV/0!	#DIV/0!
Jan2006							
Zone 7 - Puna, Hilo, Hamakua							
Sep2005	3.3490	2.7100	2.8407	0.6390	23.6%	0.5083	17.9%
Oct2005	3.3319	2.7307	2.9253	0.6012	22.0%	0.4066	13.9%
Nov2005	2.9076	2.7514	3.0124	0.1562	5.7%	-0.1048	-3.5%
Dec2005	2.7947	2.7721	3.1021	0.0226	0.8%	-0.3074	-9.9%
Jan2006	3.0740	2.7928		0.2812	10.1%		
Zone 8 - Kohala, Kona, Kau							
Sep2005	3.5760	2.9099	3.0151	0.6661	22.9%	0.5609	18.6%
Oct2005	3.5313	2.9319	3.0956	0.5994	20.4%	0.4357	14.1%
Nov2005	2.9592	2.9539	3.1782	0.0053	0.2%	-0.2190	-6.9%
Dec2005	2.8777	2.9759	3.2630	-0.0982	-3.3%	-0.3853	-11.8%
Jan2006	3.0495	2.9979		0.0516	1.7%		

¹ No actual retail price data reported for September 05 for Zone 2 from OPIS.

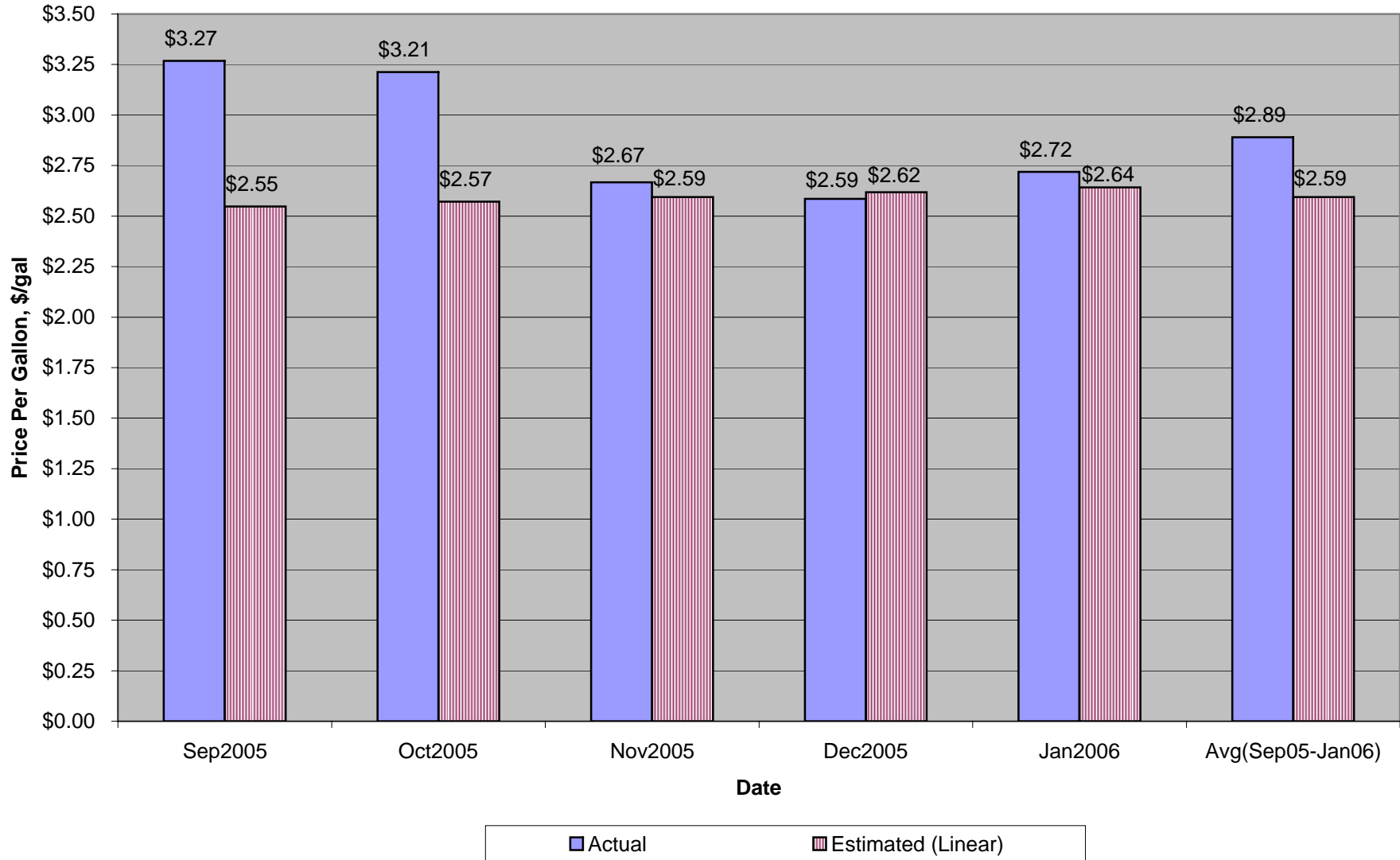
² No actual retail price data for mid-grade gasoline reported for Zone 5 from OPIS.

Table 4 - Premium Gasoline
Average Retail Price For Premium Gasoline By Zone
Actual Posted Prices With Price Cap Versus Estimated Prices If No Price Cap

	Actual Posted Avg Retail Price With Price Cap (\$/gal)	Estimated Avg Retail Price If No Price Cap		Difference Between Actual and Estimated Price			
		Linear Trend (\$/gal)	3-Mo. Mov Avg (\$/gal)	Linear Trend		3-Mo. Mov Avg	
				(\$/gal)	(%)	(\$/gal)	(%)
Zone 1 - Oahu							
Sep2005	3.4411	2.7283	2.8205	0.7128	26.1%	0.6206	22.0%
Oct2005	3.3702	2.7519	2.9080	0.6183	22.5%	0.4622	15.9%
Nov2005	2.8640	2.7755	2.9982	0.0885	3.2%	-0.1342	-4.5%
Dec2005	2.7784	2.7991	3.0912	-0.0207	-0.7%	-0.3128	-10.1%
Jan2006	2.9024	2.8227		0.0797	2.8%		
Zone 2 - Kauai							
Sep2005	3.7510	2.9416	3.0811	0.8094	27.5%	0.6699	21.7%
Oct2005	3.5440	2.9666	3.1683	0.5774	19.5%	0.3757	11.9%
Nov2005	3.0570	2.9916	3.2580	0.0654	2.2%	-0.2010	-6.2%
Dec2005	2.9190	3.0166	3.3502	-0.0976	-3.2%	-0.4312	-12.9%
Jan2006	3.0890	3.0416		0.0474	1.6%		
Zone 3 - Maui Excl Hana							
Sep2005	3.6983	3.0180	3.0350	0.6803	22.5%	0.6633	21.9%
Oct2005	3.5676	3.0420	3.0746	0.5256	17.3%	0.4930	16.0%
Nov2005	3.1007	3.0660	3.1147	0.0347	1.1%	-0.0140	-0.4%
Dec2005	3.0008	3.0900	3.1553	-0.0892	-2.9%	-0.1545	-4.9%
Jan2006	3.1526	3.1140		0.0386	1.2%		
Zone 5 - Molokai¹							
Sep2005	0.0000	0.0000	#DIV/0!	0.0000	#DIV/0!	#DIV/0!	#DIV/0!
Oct2005	0.0000	0.0000	#DIV/0!	0.0000	#DIV/0!	#DIV/0!	#DIV/0!
Nov2005	0.0000	0.0000	#DIV/0!	0.0000	#DIV/0!	#DIV/0!	#DIV/0!
Dec2005	0.0000	0.0000	#DIV/0!	0.0000	#DIV/0!	#DIV/0!	#DIV/0!
Jan2006							
Zone 7 - Puna, Hilo, Hamakua							
Sep2005	3.3344	2.5692	2.7345	0.7652	29.8%	0.5999	21.9%
Oct2005	3.2317	2.5877	2.8157	0.6440	24.9%	0.4160	14.8%
Nov2005	2.7783	2.6062	2.8993	0.1721	6.6%	-0.1210	-4.2%
Dec2005	2.7479	2.6247	2.9854	0.1232	4.7%	-0.2375	-8.0%
Jan2006	2.8909	2.6432		0.2477	9.4%		
Zone 8 - Kohala, Kona, Kau							
Sep2005	3.6961	3.2580	3.1287	0.4381	13.4%	0.5674	18.1%
Oct2005	3.5272	3.3012	3.2106	0.2260	6.8%	0.3166	9.9%
Nov2005	3.0498	3.3444	3.2946	-0.2946	-8.8%	-0.2448	-7.4%
Dec2005	2.9990	3.3876	3.3808	-0.3886	-11.5%	-0.3818	-11.3%
Jan2006	3.1830	3.4308		-0.2478	-7.2%		

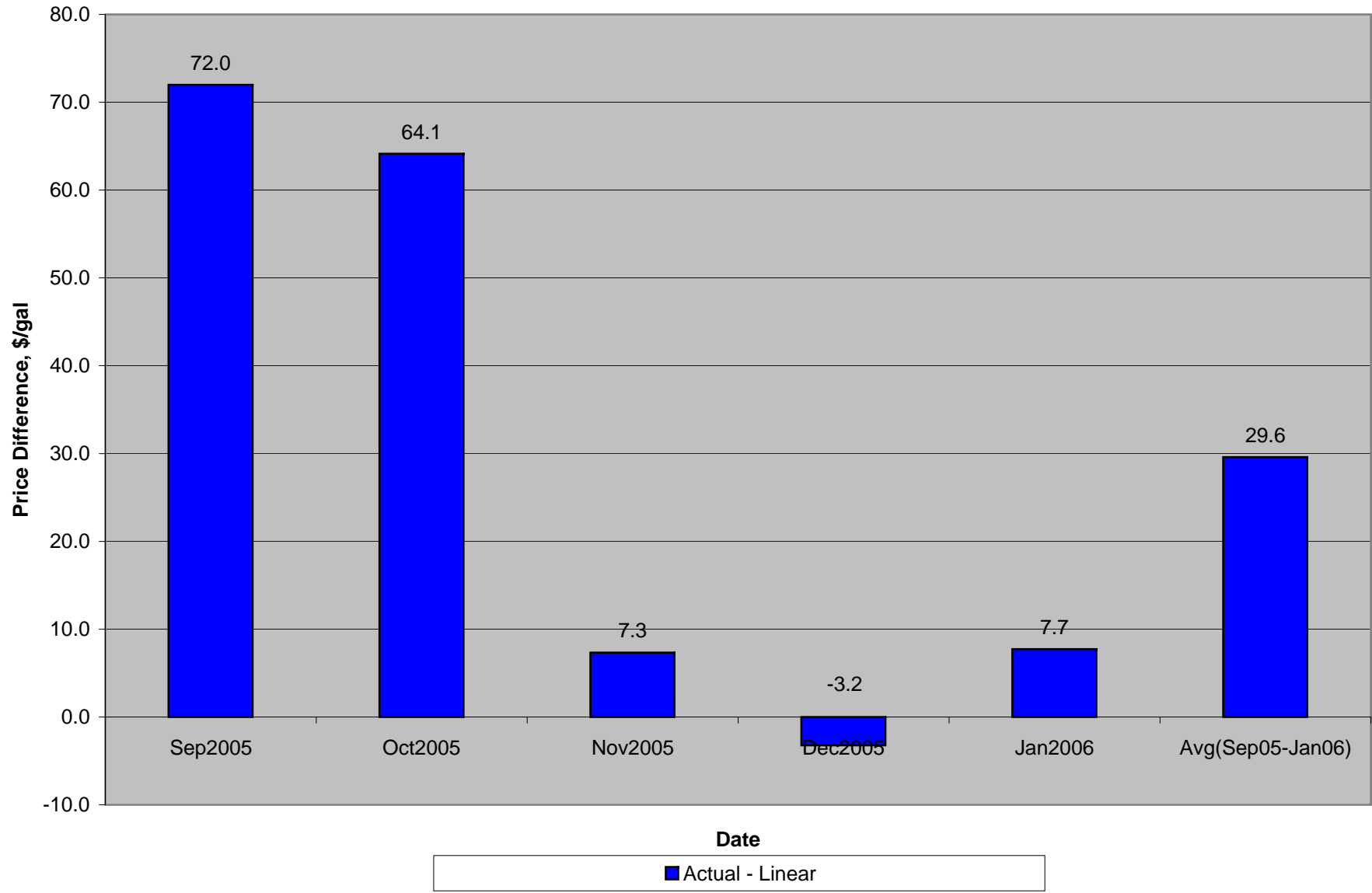
¹ No actual retail price data for premium gasoline reported for Zone 5 from OPIS.

Oahu Regular Gasoline - Actual & Estimated Price Post Gas Cap Period



Source: HI (AAA) Regular Gasoline (Purchase Price)* taken from Daily Fuel Gauge Report, American Automobile Association
 *AAA reports data it purchases (via subscription) from OPIS, which provides actual prices obtained from credit card purchase data.

Oahu Post Gas Cap Regular Gasoline Price - Difference Between Actual & Estimated



Source: HI (AAA) Regular Gasoline (Purchase Price)* taken from Daily Fuel Gauge Report, American Automobile Association
*AAA reports data it purchases (via subscription) from OPIS, which provides actual price obtained from credit card purchase data.

Zone 1 - Oahu - Regular Gasoline

Post-Price Cap	Actual	Estimated (Linear)	Estimated (3 mo MA)	¢/Gal	
				Actual - Linear	Actual - 3 mo MA
Sep2005	\$3.27	\$2.55	\$2.65	72.0	62.0
Oct2005	\$3.21	\$2.57	\$2.74	64.1	47.5
Nov2005	\$2.67	\$2.59	\$2.83	7.3	-16.3
Dec2005	\$2.59	\$2.62	\$2.93	-3.2	-34.2
Jan2006	\$2.72	\$2.64		7.7	
Avg(Sep05-Jan06)	\$2.89	\$2.59	\$2.79	29.6	

¹ Estimated average retail price without the gasoline price cap, based on linear trend of pre-price cap data. Data period = Jan 2002 - Aug 2005.

² Estimated average retail price without the gasoline price cap, based on 3-months moving average of pre-price cap data. Data period = Jan 2002 - Aug 2005.

Chart 1 - Daily Average Retail Price - Reg Unleaded - Oahu 2004

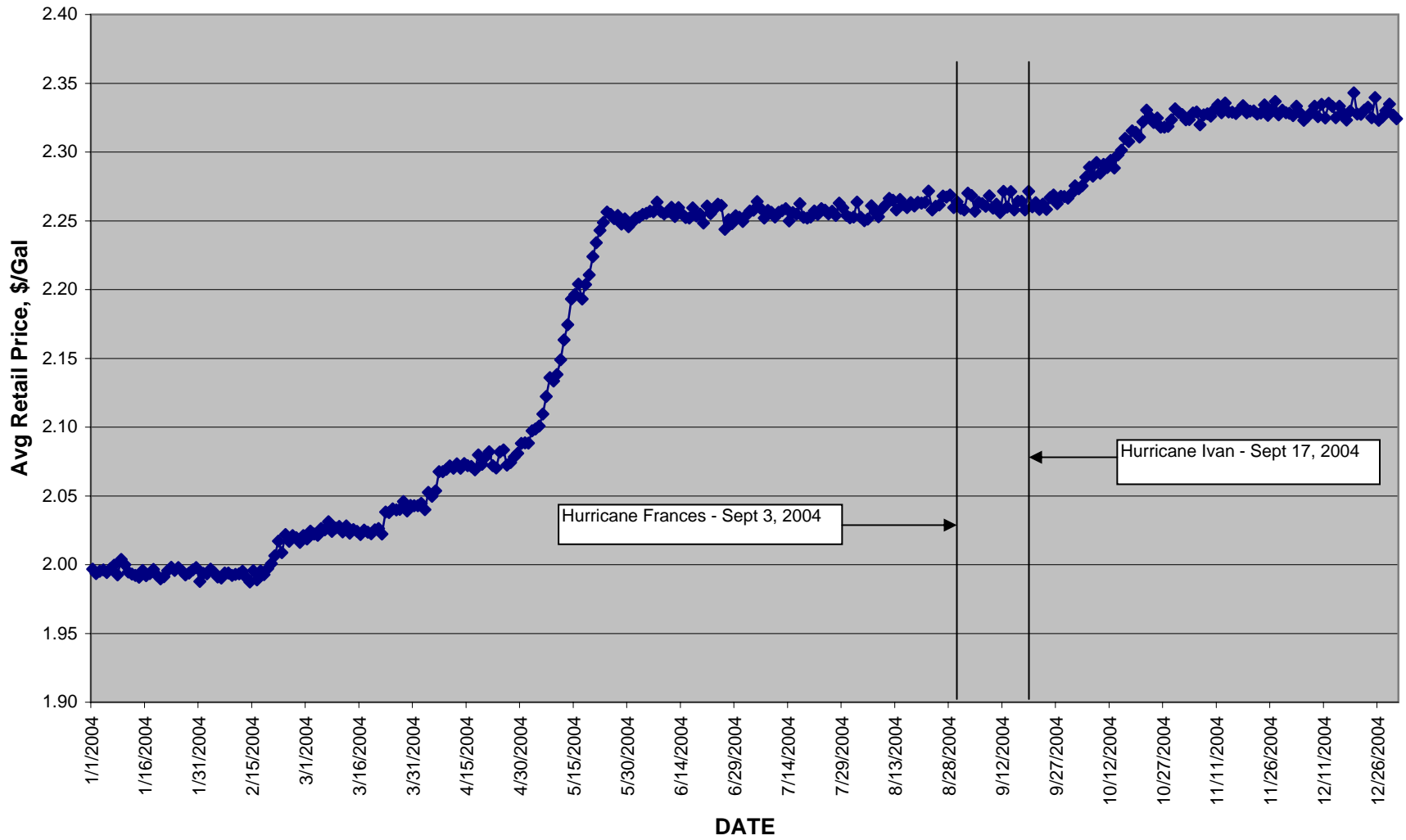


Chart 2 - Daily Average Retail Price - Reg Unleaded - Oahu 2005

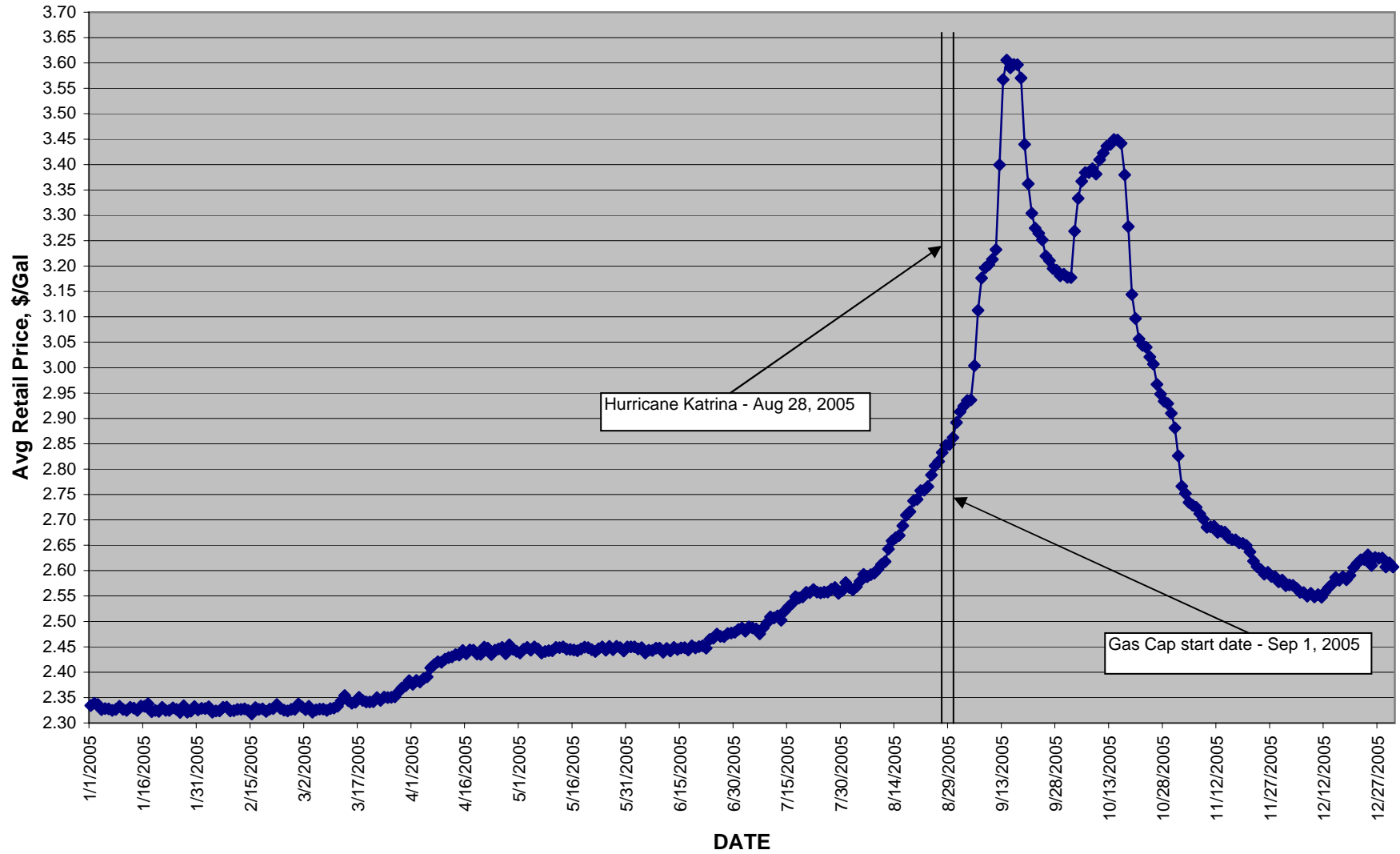


Chart 3 - Daily Average Retail Price - Reg Unleaded - Oahu 2004-2005

