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Testimony

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Consumers Have Limited Assurance
That Octane Ratings Are Accurate

Statement of
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Before the
Subcommittee on Energy and Power
Committee on Energy and Commerce
House of Representatives



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SUMMARY OF VICTOR S. REZENDES' TESTIMONY
BEFORE THE SUBCOMMITTEE ON ENERGY AND POWER
HOUSE COMMITTEE ON ENERGY AND COMMERCE
ON JUNE 20, 1990

Mr. Chairman and Members of the Subcommittee:

American consumers purchase over 113 billion gallons of gasoline each year. A major concern of consumers buying gasoline is that they purchase gasoline with an octane rating that meets their vehicles' octane requirements--and that they receive the gasoline octane for which they pay. In our nationwide review of octane labeling, we found that consumers have little assurance that they are receiving the octane they are paying for at the gasoline pump.¹ Our review showed the following:

- While the Petroleum Marketing Practices Act provides for federal regulatory controls to ensure the accuracy of gasoline octane ratings, neither the Federal Trade Commission (FTC) nor the Environmental Protection Agency (EPA), who are tasked with octane posting and enforcement responsibilities under the act, have implemented a system of controls to ensure that the act's objectives are met.
- Octane mislabeling is occurring--and it is costly to consumers--but the extent of mislabeling nationwide is unknown.
- According to the FTC, not all motor fuels are covered by the act--particularly newer alternative fuels used to combat automotive air pollution. Also the act limits state enforcement efforts against those who mislabel gasoline.

We believe that there are options for including the states in the implementation of the act that could provide greater assurances that the act's objectives are achieved. Our April 1990 report recommended that such options be explored, and in doing so a number of factors such as the cost, staff requirements, range of enforcement actions, and the risk to consumers need to be considered. Control measures needed to ensure program success also should be an integral part of each option considered.

We also recommended that the act be amended to (1) include octane certification and posting requirements for gasoline-alcohol blends and other alternative motor fuels that may become available to reduce air pollution and (2) make it clear that states may employ a range of remedies broader than those available under the act to enforce octane posting requirements.

¹Gasoline Marketing: Consumers Have Limited Assurance That Octane Ratings Are Accurate, (GAO/RCED-90-50, Apr. 16, 1990).