



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Tuesday, November 1, 2005

Grassley Questions Corporate Responsibility of Oil and Gas Companies,
Asks Them to Give 10 Percent of Profits to Help Low-Income Americans

WASHINGTON — Sen. Chuck Grassley today wrote the leading gas and oil trade associations urging their members to give a percentage of their record profits from the past quarter to fuel fund programs that supplement the Low Income Heating and Energy Assistance Program.

“In light of record profits and rising energy costs, it seems only logical for the companies to practice good corporate citizenship by helping low-income families and seniors by contributing to energy assistance programs to supplement LIHEAP,” Grassley said.

In the letters, Grassley said that industry profits are seeing averages anywhere from 50 percent to more than 200 percent. He said some companies have even reached profits of \$10 billion. He also reiterated that they have a responsibility to use a portion of these profits to help low-income Americans.

Grassley also asked for a status report of each association members’ charitable contributions.

Here is a copy of Grassley’s letter to the American Petroleum Institute. Identical letters were also sent to Independent Petroleum Association of America and the Natural Gas Supply Association.

November 1, 2005

Mr. Red Cavaney
President and CEO
American Petroleum Institute
1220 L Street, NW, #900
Washington, D.C. 20005

Dear Mr. Cavaney:

I’m writing to urge the members of your association to do their part to assist America’s seniors and low-income households by providing contributions to energy assistance programs like fuel funds to supplement the Low-Income Home Energy Assistance Program. As record 3rd quarter profits are announced across the oil and gas industry, your members have an opportunity to demonstrate that they’re good corporate citizens by giving a fraction of their profits to help the less fortunate.

Millions of families across the country are going to see sharply higher home heating costs this winter. Midwestern households that use natural gas can expect a nearly 50 percent increase from last year. Propane users can expect an increase of 30 percent over last winter, and heating oil users can expect an increase of 32 percent. Many low-income and elderly families across the country won't have the ability to absorb these costs. I know you'll agree that no one should have to choose between paying their heating bill and buying food or medicine.

Industry analysts have estimated that the 29 major oil and gas companies in the Standard & Poor's stock index are expected to earn \$96 billion this year. That's up from \$68 billion in 2004 and \$43 billion in 2003. In fact, those companies that have reported 3rd quarter profits so far have earned more than \$20 billion, up more than 50 percent from last year.

You have a responsibility to use these record profits to invest in more exploration, production and refining capacity to increase supply of petroleum products. Beyond that, you have a responsibility to help less fortunate Americans cope with the high cost of heating fuels. It's not unreasonable to expect corporations with 50, 75 or 100 percent growth in earnings this quarter to contribute a mere 10 percent of those profits to fuel fund programs that supplement LIHEAP. This is especially true in the case of some of the largest integrated oil and gas companies that currently have tens of billions of dollars in cash on hand.

Please relay my request to each one of your members. I look forward to hearing from you with an update and a status report on your association members' charitable contributions.

Sincerely,

Charles E. Grassley
United States Senator