



Congressman Tim Bishop

FIRST DISTRICT -- NEW YORK

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BISHOP CONTINUES AGGRESSIVE RESPONSE TO RISING GAS COSTS *Joins Colleagues in Urging President to Meet With Oil Industry Executives*

Washington, DC-Congressman Tim Bishop is insisting that oil executives must be held accountable for the high gas prices and accusations of price gouging. Bishop, along with other members of Congress, sent a letter to President Bush urging him to personally meet with those executives and demand answers. Bishop has been extremely vocal on the issue of rising gas prices since his first term in Congress and more so in the aftermath of Hurricane Katrina.

“People deserve answers, and the President and Congress must respond with urgency to get to the bottom of these high gas prices,” Bishop stated. “I urge the President to call oil and gas executives to the White House and take them to task. We need to know whether price gouging has occurred in the wake of this national tragedy and to hold industry leaders accountable. The costs not only wreak havoc on major industries, but most importantly jeopardize the livelihoods of hardworking families throughout Long Island and across our nation.”

According to the American Automobile Association (AAA), the cost of a gallon of gasoline is \$3.04 on average. The letter points out that oil companies may be profiteering at the expense of taxpayers in a time of national tragedy and mourning. Bishop asserted oil company executives are responsible for restoring stability as a result of improving market conditions such as the restoration of refinery capacity since Hurricane Katrina knocked out Gulf Coast facilities and since peak gasoline consumption associated with Labor Day Weekend traffic has passed.

Bishop recently sent a letter to the Chairman of the Federal Trade Commission (FTC) calling for greater federal oversight of gas retailers and investigation into suspected incidents of price gouging. Additionally, Bishop offered House Resolution 299 in May 2005, urging the President to temporarily divert deposits of oil from the Strategic Petroleum Reserve (SPR) and onto the free market to drive down costs. Both former-Presidents Bush and Clinton made similar moves during their administrations that reduced the cost of oil by \$6-\$11 per barrel.

Bishop also voted against the Energy Policy Act of 2005 in part because it failed to lower gas prices, according to an independent analysis sanctioned by the Department of Energy. Bishop also opposed huge multi-billion dollar tax breaks to the oil and gas industry. Alternatively, Bishop proposed the creation of a \$5 billion Emerging Technology Trust Fund to reward energy innovation by new start-up companies seeking to reduce dependence on foreign sources of fossil fuel as part of a comprehensive amendment he offered during the energy bill debate. The oil and gas industries led the opposition in defeating the amendment.

“The oil and gas industries are making record profits, charging record prices and then have the nerve to hit up taxpayers for handouts,” Bishop stated. “Oil industry profits have surpassed the \$100 billion mark while the budgets of middle-class Americans are squeezed even harder at the gas pumps. This greed is unacceptable and we need answers.”

A copy of the letter to President Bush is attached.

September 9, 2005

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We write to request that you meet as soon as possible with executives of the nation's major oil companies to learn what they are doing to reduce the cost of gasoline.

As you know, the cost of gasoline is unsustainable. According to the American Automobile Association, gas prices remain at \$3.04 per gallon on average - a "consumption tax" on American businesses and individuals, which is already harming the nation's economy. In some pockets of the country, gasoline prices exceeded \$6 per gallon on Labor Day weekend. With the summer driving season concluded and many refineries closed during Hurricane Katrina now having restarted operations, we are concerned that some of the current high costs of gasoline may be attributable to excessive profit-taking at the wholesale level. In order to help ensure that gasoline prices reflect the falling price of oil and increase in refinery production, we believe that meeting with oil company executives would be prudent, reminding them that the Federal Trade Commission Act forbids unfair trading practices in the interstate trade of gasoline.

We understand that you favor allowing market forces to correct the situation. But given the circumstances, we believe the Federal government must increase its oversight capacity and bring all its resources to bear on excessive profit taking in the oil industry. Such a strategy has met with success in the past; in July 2000, then-Energy Secretary Richardson met with oil industry executives with gasoline prices averaging \$1.664 per gallon. Within two weeks after the meeting, the price declined six cents and within a month, another eight cents.

At present, the Congress has issued bipartisan warnings to oil companies about price gouging. Republican Senate Energy Committee Chairman Domenici pledged to hold hearings if price gouging is suspected, while members of the House Democratic caucus have introduced legislation making price gouging a federal crime. We believe it is vital for the executive branch to instate a similar "zero tolerance" policy for oil companies that engage in price gouging.

At this time of national crisis, the American people expect not only responsiveness from their government but action. Calling the oil industry to account is one affirmative step your administration could take to begin to restore public confidence in your ability to handle the aftermath of Hurricane Katrina.

We look forward to your prompt action.

Sincerely,

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