

JOHN B. LARSON
FIRST DISTRICT, CONNECTICUT



COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON TRADE
SUBCOMMITTEE ON SELECT REVENUE MEASURES
DEMOCRATIC STEERING COMMITTEE

WASHINGTON OFFICE:
1005 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
202-225-2265
202-225-1031 (FAX)

DISTRICT OFFICE:
221 MAIN STREET, SECOND FLOOR
HARTFORD, CONNECTICUT 06106
860-278-8888
860-278-2111 (FAX)

INTERNET ADDRESS:
<http://www.house.gov/larson>
TOLL-FREE NUMBER (IN STATE ONLY):
888-716-4734

Congress of the United States
House of Representatives
Washington, DC 20515-0701

August 24, 2005

The Honorable Samuel W. Bodman
Secretary
United States Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Dear Secretary Bodman:

I am writing today because I am extremely concerned about the current and future energy projections and would like to know what the Department is doing to address today's record high energy costs.

As you know, gasoline prices have risen over 25 cents per gallon over the last two weeks, which the Energy Information Administration recently stated was the largest increase it has ever seen since it began weekly reporting in 1990, and they are still rising. Crude oil has risen to record highs as well, topping \$60 per barrel at the end of July and showing no signs of slowing down. In fact, EIA estimates that crude oil prices are expected to remain well above \$56 per barrel for the next two years. Heating oil prices rose over 30 percent in the first half of 2005, and have more than doubled since 2003, while EIA is predicting a very high likelihood of additional price increase for the upcoming 2005-2006 winter season.

The rising cost of gasoline and home heating oil affects Connecticut and the nation in many ways, including not only the out of pocket expenses of private citizens, but also the working expenses of many businesses and corporations, expenses which are ultimately passed down to their consumers. In October 2004, the EIA predicted that in 2005, high world oil prices begin to slow the pace of world economic growth. Earlier this week, the Department of Labor reported that the Consumer Price Index rose another 0.5 percent in July, reflecting the sharp increases in energy prices. Wall Street Corporations are blaming decreased revenues on weak consumer spending due to energy prices. The consequences of this additional downward economic pressure given the continued fragile state of our economy demands action if we are going to ward off additional slowdowns on the path to economic recovery.

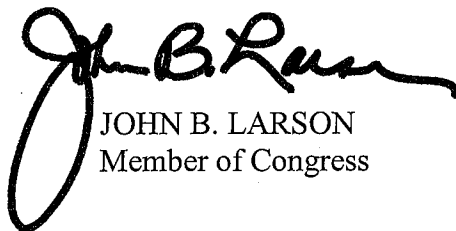
For Connecticut residents, who already experience some of the highest prices in the nation for automobile and heating fuel, these unchecked increases are a tremendous burden. I am especially concerned about the effect these prices have on the elderly and others living on fixed incomes. Many already have to choose between paying to put food on the table and paying for

healthcare. With transportation costs increasing so dramatically and the winter heating season just around the corner, their ability to accomplish even those most basic needs are in jeopardy.

I would like to know what action the Department has taken to prepare for these record prices and what is being done to address them today. Will the Department consider suspending Royalty-In-Kind oil payments or releasing oil from the Strategic Petroleum Reserve to provide some relief to the domestic market? If not, under what conditions would you undertake these actions? What is currently being done to ensure adequate supplies of home heating oil are being prepared for the coming winter? I would also like to know what the status and inventory of the home heating oil reserve is, and under what circumstances and conditions you see yourself authorizing a release of home heating oil to provide relief to my constituents.

I look forward to hearing from you on this important matter.

Respectfully,

A handwritten signature in black ink, appearing to read "John B. Larson". The signature is fluid and cursive, with a large loop at the beginning of the "J".

JOHN B. LARSON
Member of Congress