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BY THE COMPTROLLER GENERAL

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Report To Senator John W. Warner

OF THE UNITED STATES

Washington, D.C., Area Home Heating Oil Supplies Adequate But At Escalating Prices

Although there should be sufficient heating oil in the Washington, D.C., metropolitan area during the winter of 1979-1980, prices have escalated during 1979. Retail prices averaged 84 cents a gallon in August--28 cents a gallon higher than the January price.

Because these increases are such a burden for low-income people, the Congress has appropriated $1.6 billion to help pay their energy bills. The Department of Energy, however, has not analyzed whether the price increases are justified by increased costs. It should make such an analysis and should assess whether there is enough competition in the refining of heating oil and evaluate the long-term implications of subsidies to people to help pay energy bills.

UNITED STATES GENERAL ACCOUNTING OFFICE

EMD-80-42
JANUARY 22, 1980

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-197378

The Honorable John W. Warner
United States Senate

Dear Senator Warner:

As requested in your June 28, 1979, letter, this report discusses the availability and escalating price of home heating oil in the Washington, D.C., metropolitan area this winter. It also discusses the Department of Energy's lack of response to the rising prices. Our work on the questions you asked concerning the shortages and rising prices of gasoline is continuing and we expect to report to you within the next few months.

At your request, we did not obtain agency comments. As arranged with your office, we plan to distribute copies of this report to interested parties and make other copies available upon request.

Sincerely yours,

Elmer B. Staats

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO SENATOR
JOHN W. WARNER

WASHINGTON, D.C., AREA HOME HEATING OIL SUPPLIES ADEQUATE BUT AT ESCALATING PRICES

DIGEST

Since U.S. crude oil supplies fell early in 1979 observers have been concerned about whether sufficient home heating oil would be available for the 1979-80 winter and whether needy people would be able to afford the price.

Senator John W. Warner asked GAO to review the availability and price of heating oil in the Washington, D.C., area for the winter.

ADEQUATE HEATING OIL FOR WASHINGTON, D.C., AREA

Home heating oil supplies for the Washington area should be sufficient to meet the needs of consumers during the winter. Although local heating oil supplies were tight in the summer, all but one of the 34 dealers servicing the area from whom GAO obtained information believed they would be able to meet their customers' needs this winter. The remaining dealer said he might have problems meeting customers' needs beginning in January if the weather is severe. (See p. 7.)

Oil company data from 13 companies that serve the Washington area showed that the heating oil supplied to the metropolitan area from April through July 1979 was 2 percent higher than the volume supplied during the same period in 1978. Eleven of the 13 companies estimated that they would probably be able to provide as much heating oil during the 1979-80 winter as they provided last winter. One company supplied 75 percent of the previous year's

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volumes in November and December and will supply 100 percent for the remainder of the heating season. The other company will supply 87 percent of last winter's volume, which it believes will meet its customers' requirements. The latter company believes that conservation and fuel-switching have reduced its customers' needs. (See p. 6.)

Nationally, the Iranian oil cutoff in early 1979 reduced crude oil supplies during the first few months of the year and caused many major refiners to diminish distillate stocks, which include home heating oil, to low levels. However, the stocks were built up again during the summer months and reached 245.4 million barrels as of October 26, 1979--5 percent over October 1978. The Department of Energy considers this amount to be adequate to get the Nation through the winter even if the weather is colder than normal. (See pp. 4 to 5.)

ESCALATING PRICES
FOR HEATING OIL

Although heating oil supplies appear to be adequate, prices in the Washington area averaged 84 cents a gallon (including taxes) in August--a 28-cent increase over the January price. This was about 4 cents a gallon higher than the national average price. The principal reason for the difference appears to be that the prices of one wholesaler, who supplies about 20 percent of the Washington, D.C., area's heating oil, were significantly above the local average. His prices were higher because most of his heating oil was purchased at spot market prices, which have been exceedingly high during 1979. Nationally, since heating oil prices were decontrolled in July 1976, the average residential selling price as of August 31, 1979, had increased 111 percent--from 36.6 cents to 77.2 cents a gallon. More significantly, 23.5 cents of this increase (58 percent) has occurred since January 1979. (See pp. 10 to 12.)

According to Department of Energy data for July 1979, the latest available at the time of GAO's review, the increased costs of crude oil accounted for 13 cents of the 21.6-cent selling price increase by refiners since January 1979. The remaining 8.6 cents was available to pay other increased costs. Any amount remaining after deducting such increases would reflect increased net profits. (See p. 16.)

The Congress appropriated $1.6 billion to help people with low incomes meet increased energy costs this winter. According to a Department of Energy sponsored study, however, $3.2 billion would be needed to aid such people. The administration recognizes that the $1.6 billion will not be enough to compensate for the total increase in energy costs. Still, the Department has not determined whether a direct subsidy of the needy's heating bills is the best long-term approach to the problem. GAO is currently reviewing the effectiveness of the 1978 and 1979 Federal energy assistance program as a followup to its earlier report on the 1977 program. (See pp. 20 to 23.)

INADEQUATE RESPONSE TO ESCALATING HEATING OIL PRICES

The Department of Energy has not analyzed the market situation to determine why prices increased and whether the increases were justified and equitable. The Department's lack of response to price increases is particularly distressing in view of the severe economic hardships high energy bills pose.

When heating oil was removed from price controls in July 1976, the Federal Energy Administration, predecessor agency to the Department of Energy, promised the Congress that it would monitor heating oil prices from September 1, 1976, through March 31, 1977, to insure that any increases were necessary and reasonable. The Department monitored prices through the

1977-78 winter heating season; however, since then it has not determined whether heating oil prices are equitable. (See pp. 16 to 20.)

The Department's Office of Hearings and Appeals reported in November 1978 that there were significant doubts that workable competition existed in the refinery sector of the industry. The Office recommended that the Department's Economic Regulatory Administration complete a series of studies by September 1, 1979, to determine the extent of such competition. The Department has not implemented this recommendation. (See p. 18.)

RECOMMENDATIONS TO THE SECRETARY OF ENERGY

In view of the Department of Energy's inattention to the rapidly escalating heating oil prices and the economic impact caused by these prices, GAO recommends that the Secretary of Energy:

--Determine whether the current heating oil prices are equitable and justified by increased costs and, if not, whether Federal action is needed. Such price determinations should be made periodically and their frequency should be based on factors such as changes in market conditions and significant shifts in supply and demand.

--Prepare the study assessing the competitiveness of the refinery sector of the heating oil industry as recommended earlier by the Department's Office of Hearings and Appeals.

--Evaluate the long-term implications of direct subsidies to assist needy people in paying their energy bills in order to determine whether this is the best means of offsetting the effects of increased home energy costs.

(See pp. 28 and 29.)

AGENCY COMMENTS

Because of the widespread interest in the subject of this report, Senator Warner requested that GAO not take the time to obtain Department of Energy comments. (See p. 3.)

Contents

ABBREVIATIONS

CRS	Congressional Research Service
CSA	Community Services Administration
DOE	Department of Energy
EPAA	Emergency Petroleum Allocation Act
ERA	Economic Regulatory Administration
FEA	Federal Energy Administration
GAO	General Accounting Office
OHA	Office of Hearings and Appeals
OTA	Office of Technology Assessment

CHAPTER 1

INTRODUCTION

Heating oil is an important source of energy for homes in the Washington, D.C., metropolitan area. 1/ In 1974, the latest period for which data is available, about 338,000 homes (includes single-family homes, apartment units, and mobile homes), or about 34 percent of the 981,000 homes in the D.C. area, used heating oil. Nationally, about 16 million households, most of which are in the Northeast, use home heating oil.

Little data is available on heating oil consumption in the vicinity of Washington, D.C. An official of the Oil Heat Association of Greater Washington estimated that the average annual heating oil consumption in the area was about 900 to 1,100 gallons for a single-family home and about one-half that amount (450 to 550 gallons) for an apartment unit. Almost all of this is used during the heating season, October through March, and the amount of consumption depends on the weather, the size and the thermal characteristics of the housing unit, and consumer behavior patterns.

Most of the major oil companies market heating oil in and around Washington, D.C. Although some of these companies sell directly to residential and commercial consumers, the majority of their sales are to independent heating oil dealers, who are wholesalers and/or retailers. In addition, one large D.C. area wholesaler obtains the bulk of its heating oil from independent refiners on the U.S. Gulf Coast. (See p. 11.)

1/The term "heating oil," interchangeable with "fuel oil" or "furnace oil," refers to No. 2 heating oil, one of two refined petroleum products classified as No. 2 distillate. No. 2 heating oil accounts for about 65 percent of No. 2 distillate; diesel fuel accounts for the other 35 percent. For purposes of this report, the Washington, D.C., metropolitan area is defined as Washington, D.C., the Maryland counties of Charles, Montgomery, and Prince George's; the Virginia cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, and the counties of Arlington, Fairfax, Loudoun, and Prince William.

On June 28, 1979, Senator John W. Warner requested that we determine the reasons for the summer supply shortages and rising prices of gasoline in the Washington, D.C., metropolitan area and the Department of Energy's (DOE's) effectiveness in responding to the situation. (See app. I.) He asked us to provide similar information about the availability and price of home heating oil for the Washington, D.C., area this winter and to discuss any problems that we might foresee. This report responds to his questions concerning home heating oil; our work on the gasoline situation is continuing and we expect to report on it within the next few months.

SCOPE OF REVIEW

As part of our review we obtained information on heating oil supplies and prices from 13 oil companies which serve the Washington, D.C., vicinity. (See app. II.) We also sent questionnaires to 47 local dealers whose names were on the list of members provided to us by the Oil Heat Association of Greater Washington. We found that 9 of the 47 dealers listed no longer sell heating oil or do not serve the Washington, D.C., area. Of the remaining 38 dealers, only 8 responded in writing to our questionnaire, in which we requested detailed monthly data on supplies and prices of home heating oil for January 1978 through August 1979. We were able, however, to obtain limited information from another 26 dealers by means of telephone interviews. (This information did not include any of the monthly data requested on our questionnaire.) A number of these latter dealers told us that because they are small businesses with little or no clerical help and because our questionnaire arrived close to the start of the winter heating season, their busiest time of the year, they did not have the resources or time to respond in writing.

We also obtained information and viewpoints from State and local government officials, oil industry trade associations, and consumer interest groups. In addition, we performed work at DOE to determine how well the Department has monitored and responded to the current market situation for heating oil, including the rapidly escalating price since the beginning of 1979. In addition, as part of a separate assignment, we are evaluating DOE's preparedness to manage a potential middle distillates' allocation program and will be reporting on this subject within the next few months.

AGENCY COMMENTS

Because of the widespread interest in the subject of this report, the Senator requested that we not take the time to obtain agency comments.

CHAPTER 2

ADEQUATE SUPPLIES OF HEATING OIL

FOR WASHINGTON, D.C., AREA

It appears that adequate supplies of heating oil will be available in the Washington, D.C., area this winter. Although local supplies were tight this past summer, all but one of the local heating oil distributors who provided us information believed that they would be able to meet their customers' needs this winter. The remaining dealer said that, beginning in January, he might have problems meeting his customers' needs if the weather is severe.

Although supplies appear to be adequate, their cost, as discussed in chapter 3, has greatly increased.

CONCERN ABOUT HEATING OIL SUPPLIES THROUGHOUT 1979

As our report on the effects of the Iranian oil cutoff explains, reduced supplies of crude oil during the first few months of 1979 caused many major refiners to draw down distillate stocks to low levels. 1/ By March, distillate stocks at the primary level 2/ fell to about 113 million barrels, the lowest level since March 1973. There was much concern about whether stocks could be rebuilt to adequate levels before the 1979-80 winter heating season began.

In view of these concerns, DOE met with 32 major U.S. oil companies in May 1979 and, through mutual agreement, established individual company distillate stock targets which would provide for national distillate stocks of 240 million barrels at the primary level by October. According to DOE, this amount would provide protection against a 20 percent colder than normal winter and would assure adequate supplies for heating oil consumers. This level was reached during the week ending October 26, 1979, when stocks were at 245.4

1/"Iranian Oil Cutoff: Reduced Petroleum Supplies and Inadequate U.S. Government Response," EMD-79-97, Sept. 13, 1979, p. 28.

2/Includes those held at refineries, in pipelines, and at major bulk terminals. Does not include stocks held at the wholesale or retail level.

million barrels, 12 million barrels (5 percent) more than a year earlier. In comparison, stocks at the end of October 1976, the beginning of the 1976-1977 winter heating season, were about 235.6 million barrels. That winter was about 20 percent colder than normal. In spite of the high distillate demand that winter because of the cold weather and the natural gas shortage, home heating oil supplies were generally adequate.

Studies by the National Oil Jobbers Council 1/ and the staff of the Antitrust Subcommittee of the House Committee on Small Business 2/ have asserted that refiners withheld distillate supplies from their customers this past summer in order to meet DOE's 240 million barrel target. They concluded that this practice disrupted the distribution process since it did not permit the usual volumes of supplies to reach the wholesalers, retailers, and consumers.

As discussed in the next section, the data we obtained from the 13 refiners shows that 7 of them did supply less heating oil to this area during April through July 1979 than they did a year earlier. Based on our discussions with this area's heating oil dealers, however, most expect to be able to meet their customers' requirements this winter. Therefore it appears that their supplies have not been adversely affected by the refiners' reduced sales this past summer.

HEATING OIL DELIVERIES-- ACTUAL AND EXPECTED

Thirteen oil companies accounted for 81 percent of the heating oil delivered to the entire States of Virginia and Maryland and to the District of Columbia in 1978. While we cannot calculate the exact portion of the Washington, D.C., metropolitan area market these companies represent, we believe their share of heating oil delivered indicates that they were the major suppliers for the area.

1/"Distillate Storage, Dealer and Customer Tanks, June 1, 1979," Aug. 10, 1979.

2/Memorandum from the Staff Director to Berkley W. Bedell, Chairman, Subcommittee on Antitrust and Restraint of Trade Activities Affecting Small Business, House Committee on Small Business, Aug. 2, 1979.

The following table shows heating oil deliveries to the Washington, D.C., area for comparable periods in 1978 and 1979 by 12 of the 13 companies (one did not provide monthly data).

Period	Quantity delivered (thousands of gallons) 1978	1979	1979 deliveries as percent of 1978 deliveries
Jan. - March	158,675	151,393	95
April- July	56,976	57,939	102
Jan. - July	215,651	209,332	97

The above data shows that while deliveries during the first 7 months of 1979 were less than a year earlier, the 12 companies' overall deliveries were slightly higher during April through July when distributors normally refill customers' tanks and rebuild their inventories. Also, during the first 7 months of 1979 the other company (which did not provide us monthly data) supplied 97 percent of the amount it supplied during all of 1978.

It should be noted that the above table contains aggregate amounts for the 12 companies. On an individual basis, seven companies supplied less and five supplied more during April through July 1979.

Eleven of the 13 companies from which we obtained information said that they expect to supply at least 100 percent of the amounts they provided to this area last winter. Of the two remaining companies, one company, which supplies about 3 percent of the local market, supplied 75 percent of the previous year's volume in November and December, and said that it will supply 100 percent for the remainder of the heating season. The other company said it expects to supply 87 percent of last winter's volumes, which it believes will be adequate to meet its customers' requirements. It believes that conservation and fuel switching have reduced its customers' needs. Three companies said, however, that their expected deliveries assumed no severe disruptions in crude oil supplies.

Data on local distributors limited

Because of the limited written response to our questionnaire by local distributors, we were unable to analyze their supply situation in detail. However, 33 of the 34 local heating oil dealers who responded to our inquiries said that they expected to be able to meet their customers' requirements this winter. The other dealer, who supplies about 2,000 customers in Northern Virginia, said that, although his supplies were adequate until January, he might have problems in meeting his customers' needs after that if the weather this winter is severe.

CHAPTER 3

INADEQUATE RESPONSE TO

ESCALATING HEATING OIL PRICES

Prices of home heating oil in the Washington, D.C., area, as elsewhere, have increased sharply since the beginning of 1979. Local retail prices in August 1979 averaged $.84 a gallon, $.28 a gallon more than the January price. National average prices for August were about 4 cents a gallon lower than the local price. The major cause of this difference was the fact that the prices of one wholesaler who has a 20-percent share of the local heating oil market were significantly above the average local price.

In spite of the rapidly increasing heating oil prices and the debate about whether the prices were justified and equitable, DOE had not adequately reviewed the causes nor evaluated the fairness of the increases.

Escalating heating oil prices severely affect the poor. They generally live in older, less insulated households and proportionately spend more of their income on household energy than the average household. The Congress has appropriated $1.6 billion for energy assistance to low-income people during fiscal year 1980. This probably will not be sufficient, however, to cover the increased energy costs for all eligible persons.

HISTORY OF PRICE CONTROLS-- ESTABLISHED IN 1973

In response to the U.S. shortage of petroleum supplies resulting from the Arab oil embargo, the Congress enacted the Emergency Petroleum Allocation Act (EPAA) in November 1973. The regulations issued pursuant to this law established a detailed framework for determining maximum prices and the mandatory allocating of crude oil and refined petroleum products at all levels of the petroleum industry. The purpose of these regulations, known as the Mandatory Petroleum Price and Allocation Regulations, was to preserve an economically stable and competitive industry and to insure the equitable distribution of petroleum products at reasonable prices in view of the supply shortage.

In the latter part of 1975, the Federal Energy Administration (FEA), a predecessor agency to DOE, was urged by several Members of Congress to begin exempting individual refined petroleum products from price and allocation controls because supplies had returned to normal levels. Subsequently, FEA analyzed the probable effect of deregulation of middle distillates, and in June 1976 submitted to the Congress amendments to the Mandatory Petroleum Price and Allocation Regulations which provided for such exemptions.

As required by the EPAA, the amendments were accompanied by a report containing FEA's factual findings and conclusions supporting its decision to deregulate middle distillates. In those findings, FEA, among other things, concluded that:

--Middle distillates were not in short supply and projected supplies would be sufficient to meet future demand.

--Competition and market forces existing in the industry were adequate to prevent consumers from being charged inequitable prices for middle distillates.

--The exemption would enhance competition in the industry and thereby exert downward pressure on market prices.

As provided for by the EPAA the amendments became effective if they were not disapproved by either house of the Congress. The amendments were not disapproved and became effective July 1, 1976.

PRICE INCREASES SINCE DECONTROL

During congressional consideration of FEA's decontrol proposal in June 1976, the Acting FEA Administrator testified that between then and 1978 heating oil prices would rise approximately 4 cents a gallon, even if controls were continued. At that time heating oil was selling for 36.6 cents a gallon. By January 1978, however, the price had risen to 48.5 cents a gallon, an increase of 11.9 cents (32 percent), almost triple FEA's expected increase.

The most dramatic price increases, however, have occurred since the beginning of 1979, when average monthly increases have reached over 3 cents a gallon. These statistics are shown in the following table, which is based on DOE data that does not generally reflect taxes or discounts.

National Average Residential Heating Oil Selling Price
(cents per gallon)

1979	Monthly average	Cumulative increase Amount	Cumulative increase Percent
Jan.	53.7	-	-
Feb.	56.3	2.6	4.8
Mar.	58.8	5.1	9.5
Apr.	61.1	7.4	13.8
May	64.2	10.5	19.6
June	69.1	15.4	28.7
July	73.8	20.1	37.4
Aug.	77.2	23.5	43.8

Source: Derived by GAO from DOE's "Monthly Energy Review," Nov. 1979.

The August price of 77.2 cents is 40.6 cents (111 percent) more than the July 1976 price of 36.6 cents, and the 23.5 cent a gallon increase since January 1979 represents 58 percent of the overall increase since decontrol in July 1976. Also, the rate of increase during the first 8 months of 1979 has been about 3-1/2 times the rate of increase for electricity and utility gas.

Since DOE does not collect data on a metropolitan area basis, we used the following data from the Department of Labor's Bureau of Labor Statistics to compare prices for the Washington, D.C., area with national average prices. These prices include Federal, State, and local taxes where applicable, and reflect discounts for quantity purchases and/or quick payment.

Average Retail Heating Oil Selling Prices
(cents per gallon)

	Washington, D.C., area			National average		
	Selling	Cumulative increase		Selling	Cumulative increase	
Month	price	Amount	Percent	price	Amount	Percent
Jan.	56.0	-	-	55.5	-	-
Feb.	58.0	2.0	3.6	57.7	2.2	4.0
Mar.	60.6	4.6	8.2	60.5	5.0	9.0
Apr.	62.3	6.3	11.3	62.7	7.2	13.0
May	66.5	10.5	18.8	65.6	10.1	18.2
June	73.8	17.8	31.8	70.9	15.4	27.7
July	79.2	23.2	41.4	75.2	19.7	35.5
Aug.	83.8	27.8	49.6	80.0	24.5	44.1

Source: Derived by GAO from "Consumer Prices: Energy," Bureau of Labor Statistics.

The above data shows that from January through May the Washington, D.C., area and national average prices were within 1 cent a gallon of each other. During June through August, however, the Washington, D.C., area prices were about 3 to 4 cents a gallon higher than the national average. As discussed in the following paragraphs, the major reason for this difference appears to be the effect of prices charged by a major distributor of heating oil in the Washington, D.C., area.

Steuart Petroleum Company supplies about 20 percent, or 80 million gallons, of the heating oil sold annually in the local market. According to company officials, Steuart entered the local market about 2-1/2 years ago when a number of the major oil companies began to reduce their sales in this area. Steuart, based on its analysis, believed that it could purchase heating oil from independent U.S. Gulf Coast refiners at spot market prices and resell the oil locally at prices competitive with the major oil companies. Several local distributors, who had previously been supplied by the major refiners, contracted with Steuart, which in turn made significant investments in terminal storage and transportation facilities to support its entry into the local market.

Steuart officials told us that the arrangement had worked well until this year when the shortfall in Iranian oil supplies drove the spot price of heating oil well above the prices charged by the major refiners. Since Steuart obtains about 70 percent of its supplies from independent refiners at high spot prices and because it has been unable to purchase lower cost supplies from other refiners, Steuart's high costs have been passed on to local distributors, and, in turn, on to local consumers. We estimated that because of Steuart's higher than average purchase and sales prices and because of its large market share, its transactions probably accounted for the fact that Washington, D.C., area heating oil prices were 3 to 4 cents a gallon higher than the national average. Steuart officials agreed with our estimate.

Steuart officials said that because of their company's high prices, it had become an incremental supplier. That is, distributors try to get all the heating oil they can from the major refiners; any additional oil they need they purchase from Steuart. Steuart estimates, however, that, unless this winter is unusually mild, they will maintain their market share of about 20 percent since the major refiners will probably maintain sales at last year's volumes and will not take on new customers. Steuart said that it will be able to fully meet its customers' demands this winter.

Refiners' increased prices

Most of the price increases in residential heating oil sales this year are due to increased prices charged by refiners, as shown in the following table.

National Average Heating Oil Selling Prices
(cents per gallon)

Month	Residential		Refiners'	
	Price	Cumulative increase	Price	Cumulative increase
Jan.	53.7	-	40.9	-
Feb.	56.3	2.6	43.1	2.2
Mar.	58.8	5.1	45.8	4.9
Apr.	61.1	7.4	48.3	7.4
May	64.2	10.5	53.2	12.3
June	69.1	15.4	58.8	17.9
July	73.8	20.1	62.5	21.6
Aug.	77.2	23.5	65.7	24.8

Source: Derived by GAO from DOE's "Monthly Energy Review," Nov. 1979.

The above data shows that nationwide the 24.8 cents a gallon increase by refiners actually exceeded the total residential price increase by 1.3 cents a gallon. Although this indicates that distributors' margins decreased during this period, other DOE data shows that distributors' margins increased an average of .9 cents a gallon, from 11.8 cents in January to 12.7 cents in August. DOE officials told us that these two sets of data are not strictly comparable. For example,

--distributors might not pass along a refiners' full price increase in the same month in which the refiner reports the increase,

--the residential average selling price includes sales by refiners to consumers, which would tend to lower the average residential price, and

--the data is based on a sample of firms and is therefore subject to a statistical sampling error which can be as much as plus or minus 1 cent a gallon.

We were unable to reconcile the differences between these two sets of data. Nevertheless, the data clearly shows that most of the residential price increases have resulted from price increases by the refiners.

The following table reflects the data we obtained from 11 of the 13 refiners supplying the local area. (One company did not provide comparable monthly data and another was not selling heating oil in the local area during January 1979. Also, because of reporting differences, prices among companies are not strictly comparable. It should also be noted that these 11 refiners do not include the Gulf Coast refiners which supply Steuart Petroleum Company.) The companies are ranked in descending order according to their July sales price and are also categorized according to their 1978 annual sales volume.

Refiners' Selling Price of Heating Oil
In the Washington, D.C., Area
(cents per gallon)

Company	January sales price	July sales price	Increase	Percent increase	Approximate rank in sales volume
A	40.6	68.2	27.6	68	a/ Middle 5
B	42.0	64.7	22.7	54	b/ Lower 3
C	46.1	61.1	15.0	33	c/ Upper 3
D	42.0	61.0	19.0	45	Lower 3
E	41.3	60.8	19.5	47	Upper 3
F	46.4	60.4	14.0	30	Middle 5
G	41.3	60.0	18.7	45	Upper 3
H	42.4	59.2	16.8	40	Lower 3
I	41.2	58.0	16.7	41	Middle 5
J	41.4	58.0	16.6	40	Middle 5
K	41.0	56.1	15.1	37	Middle 5
Average	42.3	60.7	18.3	43	

a/Annual sales in 1978 of 6 million to 45 million gallons.
b/Annual sales in 1978 of less than 6 million gallons.
c/Annual sales in 1978 of more than 45 million gallons.

As shown in the table, refiners have increased their selling price in the Washington, D.C., area sharply during 1979, Price increases ranged from 14 to almost 28 cents a gallon, with an average of about 18 cents, or 43 percent. There appears to be no relationship between price and sales volume. Of the five companies with the highest July sales price, two were in the upper range and two were in the lower range of sales.

It should be noted that the above figures do not necessarily indicate a company's profitability, since the companies with the highest prices or the largest increases may not be earning the highest profits. Costs can vary significantly among companies, especially due to differences in crude oil acquisition costs and the extent to which a company has to purchase heating oil on the open market to supplement its own production. We did not review the profitability of either the local heating oil market or individual companies.

While part of the refiners' price increases can be attributed to increased crude oil costs, refiners have also increased their gross margins, as illustrated in the following table. 1/

Refiners' National Average Crude Oil Costs, Heating Oil Selling Prices and Gross Margins

Period	Crude oil: Cost per barrel	Crude oil: Cost per gallon	Heating oil: Selling price	Heating oil: Gross margin
1976	$10.89	$.259	$.314	$.055
1977	11.96	.285	.357	.072
1978	12.46	.297	.372	.075
Jan. 1979	13.11	.312	.409	.097
Feb. 1979	13.42	.320	.431	.111
Mar. 1979	13.70	.326	.458	.132
Apr. 1979	14.52	.346	.483	.137
May 1979	15.40	.367	.532	.167
June 1979	17.00	.405	.588	.183
July 1979	18.58	.442	.625	.183
Increase since 1976:				
Quantity	$7.69	$.183	$.311	$.128
Percent	71%	71%	99%	233%

Source: Derived by GAO from DOE's "Monthly Energy Review," Nov. 1979.

1/The gross margin is the refiner's selling price less the cost of crude oil. From the gross margin the refiner must pay the costs of purchased petroleum products, refining, marketing, and other costs. The remainder, after deducting these expenses, is the refiner's net profit margin.

As shown above, refiners' crude oil costs and heating oil selling prices have increased by about 18 cents and 31 cents a gallon, respectively, since 1976. This has resulted in an increase in gross margin of almost 13 cents a gallon (233 percent). While refiners increased their gross margins by an average of only 2 cents a gallon during the first 2-1/2 years following decontrol, they have increased these margins by about 8.6 cents a gallon during the first 7 months of 1979. During these 7 months the refiners' crude oil costs have increased 13 cents a gallon, while their selling price for heating oil has increased 21.6 cents. Therefore they had 8.6 cents available to pay other increased costs and any amount remaining after deducting such increases would reflect increased net profits. As discussed on page 19, there are several possible explanations for these increases.

DOE'S INATTENTION TO RAPIDLY ESCALATING HEATING OIL PRICES

As early as November 1978 there was concern that refiners' heating oil prices had increased faster than associated costs. This concern was reiterated several times during 1979. Even so, DOE has not analyzed the market situation to determine why prices increased and whether the increases were justified and equitable. We recognize that heating oil is a decontrolled product and therefore should not require the same degree of attention as a controlled product such as gasoline. Nevertheless, we believe that DOE has a responsibility to the Congress and the public to analyze and, if necessary, to take whatever measures it can to respond to situations such as the recent escalation of heating oil prices.

The Congress, in its deliberations on FEA's proposed amendments to remove price and allocation controls from No. 2 distillates, expressed concern that heating oil prices would rapidly increase after decontrol. The FEA Administrator responded that FEA would monitor distillate prices from September 1, 1976, through March 31, 1977, to insure that heating oil price increases would be necessary and reasonable.

FEA established a system to monitor prices on a monthly and weekly basis during the 1976-77 heating season to assure that they remained reasonable. The system measured actual average retail heating oil prices (survey prices) and compared them to FEA's best estimate of what the average price level of heating oil would have been had it remained under price controls (index price). If the survey price exceeded the index price, FEA was to hold public hearings to determine what actions, including the reimposition of full or partial price and allocation controls, were necessary to return heating oil prices to levels at or below the index price.

The survey prices exceeded the index prices in January, March, and April 1977. FEA held regional hearings in July 1977 and national hearings in August 1977 to determine what action should be taken prior to the next winter heating season. After the hearings FEA decided not to reimpose regulatory controls on distillates but to continue to monitor prices. According to an official of DOE's Economic Regulatory Administration (ERA), FEA did not intend for price controls to be reimposed simply if the index prices were exceeded. Rather, such an occurrence signaled the need to analyze the situation to determine whether the reimposition of controls was warranted. FEA did this and decided that the price levels did not justify the expense of reimposing controls.

DOE developed a slightly different system to monitor heating oil prices during the 1977-78 winter. Instead of using the retail survey prices employed during the previous winter, DOE established national and regional wholesale price indices which reflected the prices refiners would have been permitted to charge had price regulations been implemented in June 1977. When this monitoring program was announced on January 12, 1978, DOE committed itself (1) to publish a summary of its reported data and its findings with respect to heating oil prices and (2) to convene an evidentiary hearing before the DOE Office of Hearings and Appeals (OHA) in August 1978 for the purpose of evaluating the performance of the heating oil industry during the period of deregulation and to consider the need for further regulatory action.

ERA published its findings on heating oil prices for the 1977-78 heating season on June 30, 1978, and the OHA hearings were convened on August 21, 1978. During the hearings, OHA estimated that from July 1976 through April 1978 refiners' wholesale prices for heating oil were $193 million in excess of what could have been charged under continued regulations. The difference amounted to 0.4 cents for every gallon of heating oil sold during this period. Although ERA agreed with the OHA estimate, it argued that heating oil prices had not increased sufficiently to warrant the reimposition of price or allocation controls.

In its published findings and recommendations with respect to the issues raised at the hearings, 1/ OHA found, among other things, that refiners' heating oil prices had increased at a greater rate than their associated costs and that this situation was likely to continue in the future. OHA also found that there were significant doubts that workable competition existed in the refinery sector of the industry. OHA recommended, therefore, that ERA complete a series of studies by September 1, 1979, concerning the existence of competition among oil refiners. Although the Department of Justice participant at the hearing recommended that competition questions be addressed by his Department, OHA believed that long delays are inevitable in obtaining and analyzing the masses of data required to pursue an effective antitrust action. Therefore OHA was not convinced that the antitrust remedy could provide short-term relief from noncompetitive conditions that might exist in the heating oil industry. Furthermore, OHA stated that DOE should play an important role in determining the existence of competition, since one of the objectives of the EPAA was to preserve competition in the petroleum industry.

OHA further recommended that if the price increases of heating oil at the refinery level continued to exceed the increased costs and if the ERA studies indicated the absence of workable competition, ERA should conduct formal rulemaking proceedings to determine the nature and extent of the price control program that should be reimposed.

ERA, however, has not implemented the OHA recommended series of studies. ERA officials told us that they do not believe the issue of competition among refiners of heating oil is their agency's responsibility, but rather a matter solely for the Federal Trade Commission or Department of Justice to deal with. We disagree. As support for the decontrol of middle distillates in July 1976, FEA concluded that competition and market forces in the industry were adequate to prevent consumers from being charged inequitable prices for middle distillates. We believe that DOE should address these same aspects at times such as these when heating oil prices are rapidly escalating.

1/Department of Energy, Office of Hearings and Appeals, Decision and Recommendations, No. 2 (Home) Heating Oil, Nov. 20, 1978.

As previously discussed, these increasing prices are not a new subject; OHA called them to ERA's attention in November 1978. In addition during 1979 other organizations, including the Congressional Research Service (CRS), pointed out that refiners' heating oil selling prices had increased more than their operating costs. The CRS study 1/ noted that while refiners' crude oil costs had increased 14.8 cents a gallon (47 percent) between January and August 1979, their selling prices had increased 25 to 26 cents a gallon (61 percent) during the same period.

Meanwhile, refiners argue that the increases are reasonable and necessary. They have told DOE that there are several reasons for the higher prices and margins in addition to higher crude oil costs. For example, some refiners state that as a result of reduced crude oil runs 2/ caused by the shortfall in crude oil supplies earlier this year, fixed costs must be divided among fewer gallons produced. Some also say that some refiners have had to purchase heating oil on the spot market at very high prices in order to supplement their own production, and that higher prices and margins are necessary in order for refiners to make needed investments in expanding and upgrading refining facilities.

While there have been these differences of opinion about whether refiners' price increases have significantly exceeded their increased costs, DOE has not analyzed refiners' and wholesalers' costs, margins, and selling prices to determine their reasonableness or the validity of their reasons for the increased heating oil prices. In addition ERA has not made the studies OHA recommended. ERA's only action has been a study published in March 1979, with an update in September 1979, on refiners' distillate costs and revenues. ERA collected data from nine refiners and compared their revenues since July 1976 with the costs they would have been able to pass through to customers had price controls remained in effect. ERA found that since deregulation in July 1976 the nine refiners' increased revenues have exceeded their increased costs by $481 million as of June 1979. During the

1/"Middle Distillate Pricing and the Recontrol Controversy," Congressional Research Service, Oct. 3, 1979.

2/The amount of crude oil processed in refineries for the production of gasoline, distillates, and other petroleum products.

period January through June 1979, the nine refiners' increased revenues exceeded their increased costs by $797 million or 6 cents a gallon. ERA, however, did not discuss why heating oil prices have increased so greatly, or whether the prices are equitable. In fact, the study contains no conclusions. ERA officials responsible for the study said it was only a limited analysis of refiners' costs and revenues under a hypothetical regulatory program over a particular period of time and was not intended to indicate the equitableness of heating oil prices.

DOE has not reviewed the issue of equitable heating oil prices since the end of the 1977-78 heating season. ERA officials said that their agency has no such responsibility, but rather is responsible for implementing regulatory policy. Officials in DOE's Office of Policy and Evaluation told us, on the other hand, that it is ERA's responsibility to alert DOE management when there is need for a Federal response to price increases. Based on these discussions, it appears that DOE is not on top of the situation and is not in a position to say whether the current heating oil prices are equitable.

We recognize heating oil is not under allocation or price controls and therefore should not be subjected to the same amount of attention as a controlled product such as gasoline. Even so, we believe that DOE has a responsibility to the Congress and the public to analyze situations such as the recent escalation of heating oil prices and, if necessary, take appropriate action. Both the Department of Energy Organization Act and the Federal Energy Administration Act of 1974, for which DOE now has responsibility, aim to insure fair and reasonable consumer prices for energy supplies. We believe that DOE's inattention to the escalating heating oil prices flies in the face of this objective and borders on indifference or incompetence.

IMPACT OF HIGHER ENERGY PRICES ON THE POOR

The fact that heating oil stocks appear adequate will give little comfort to those individuals and families who cannot afford enough supplies to warm their homes this winter. The administration, Members of Congress, State and local government officials, representatives of the oil industry, and others have expressed their concern over the impact of rapidly escalating heating oil prices on the poor and elderly. Federal funds of $1.6 billion are available to assist needy people in paying their heating bills during the 1979-80 winter season. These funds, however, will not compensate for the total increase in energy costs to all eligible persons. Also, DOE has not analyzed the situation to determine whether direct subsidization of the needy's heating bills is the best long-term policy.

While higher energy prices affect most Americans, several factors combine to make the impact on the poor especially burdensome. For economic reasons most companies reduce the cost per gallon of heating oil for large orders and increase the cost per gallon for small orders. In general, low-income consumers have smaller storage capacities and, with rare exceptions, do not have adequate resources to purchase larger orders, even if they have larger storage capacities. In addition, low-income persons are normally excluded from credit or budget payment plans and therefore have to pay cash on delivery for their fuel. Consequently, they generally can receive heating oil only when they have enough cash for immediate payment.

The national aggregate reduction in household energy consumption through conservation has been somewhat successful in helping people live with higher energy prices. However, this tactic has not worked and will not work well for the poor. Low-income people generally cannot afford the cost of insulation, storm windows, and other energy-saving measures. Furthermore, there are indications that the average low-income household has already reduced the amount of energy it consumes well below the average American household. For example, a recent study by the Office of Technology Assessment (OTA) reported that low-income households consume only 11 percent of total U.S. residential energy, although their households account for 17 percent of the population. 1/

The low-income person is further penalized because its dwelling is generally older, in poorer repair, and less insulated. According to the OTA report, at least 43 percent of low-income households have no insulation, and 58 percent have no storm doors or windows. This means that more fuel is needed to maintain an adequate temperature than in newer, well-insulated houses. This, combined with the fact that low-income households consume less energy than average households, means that the low-income household is more likely to have colder temperatures during the winter.

1/Office of Technology Assessment, "Residential Energy Conservation." Undated.

We were able to identify only one analysis of the amount of financial assistance required to assist persons to pay their home heating bills. DOE's Fuel Oil Marketing Advisory Committee issued a report in July 1979 on the need for low-income energy assistance. The Committee stated that

> "* * *the need for a program of this nature is immediate and urgent* * *unless a major low-income energy assistance program is established by next winter (1979-80), the health of thousands of low-income people and the elderly will be jeopardized."

Among other things, the Committee reported that:

--Low-income households spend approximately 4 times as much of their annual income for household energy as the average American household (18.4 percent vs. 4.7 percent as of Dec. 1978).

--Low-income households are likely to spend 25 percent or more of their disposable income on home energy costs during the 1979-80 winter heating season.

--In 1978 alone, rising energy costs in the United States caused low-income households to suffer a loss in purchasing power of more than $4 billion over and above that which they would have suffered if energy costs had risen at the rate of inflation. This loss will be even greater in 1979.

The Committee recommended a $3.2 billion energy assistance program to help alleviate the disproportionate burden of escalating energy costs on the poor. The recommended program would have provided aid to about 12 to 16 million households nationwide which were at or below 125 percent of the poverty level. Elderly households were permitted incomes up to 150 percent of the poverty level.

Although we did not analyze this study in detail, we noted that it may have underestimated the amount of assistance because it used outdated energy prices. The study used a heating oil retail price of 48 to 55 cents a gallon, whereas by October 1979 the price had risen to 86 cents. The costs of electricity and gas have also increased, but at slower rates. The Chairman of the Committee told us that, because of increased energy costs, $5 to $6 billion would now be needed to provide the same relative level of aid as the $3.2 billion recommended by the study.

To help ease the needy persons' financial burden caused by increased energy costs, the President on November 27, 1979, signed into law a $1.35 billion energy assistance program for fiscal year 1980. This was in addition to the $250 million previously appropriated for the Energy Crisis Assistance Program administered by the Community Services Administration (CSA). The administration recognizes that although these total funds of $1.6 billion will not compensate for the total increase in energy costs, they will help alleviate the burdens imposed on the poor by increased energy costs. These funds are intended to help pay the home heating bills of those persons whose incomes are no more than 25 percent above the poverty level or who are Supplemental Security Income recipients. The Department of Health, Education, and Welfare will administer $1.2 billion and CSA is responsible for the other $.4 billion. In our report entitled, "Meeting Winter Heating Bills for Needy Families: How Should the Federal Program Work?" (HRD-79-12, Apr. 26, 1979), we discussed CSA's administration of the energy assistance program during fiscal year 1977. We found that controls over eligibility and the distribution of funds were not managed well and there was no assurance that families in the greatest need were served first. We concluded that the program had to be strengthened if assistance were to be effective. We are now conducting a review of the administration of the program during fiscal years 1978 and 1979. This review will include an evaluation of the methods used to distribute the funds and whether only eligible recipients receive program benefits. It will also include a discussion of the Federal Government's programs for providing energy assistance to needy persons.

In addition to the question of how much financial assistance is required to help the needy, there is a more basic question as to the most effective approach. Under the current programs Federal funds are used to subsidize part of the needy persons' energy bills. In turn this indirectly subsidizes the prices being charged by refiners, wholesalers, and retailers. In the short term, when time is unavailable to plan and implement alternate approaches, this direct subsidy method is probably the best approach. Whether this is an appropriate long-term solution is subject to debate. The cost of energy, especially that produced from crude oil, will continue to increase. Therefore, the cost of a direct subsidy approach will also increase. We believe that DOE should evaluate the longer term implications of the direct subsidy approach in order to determine whether this is the best means of offsetting the effects of increased home energy costs.

Based on data from the local governments we developed the following table which contains estimates of the amount of funds available for energy assistance in the Washington, D.C., metropolitan area. It should be noted that the amounts for Northern Virginia only include its share of CSA's $250 million program plus energy related Supplemental Security Income funds appropriated on November 27, 1979. However, it does not include Northern Virginia's total share of the $27.9 million allocated to Virginia based on the $1.35 billion appropriation, since the State had not yet determined what portion of the fuel assistance funds would go to Northern Virginia. Also, funds from the Department of Health, Education, and Welfare, matching funds from the States, and funds from local nonprofit organizations can be used not only for energy emergencies but also general emergencies faced by families with children, and as such can be used for rental payments, food, medicine, and shelter.

Washington, D.C., Metropolitan Area
Estimate of Funds Available for Energy Emergency Assistance
Fiscal Year 1980
(dollars in thousands)

	Energy emergency funds			General emergency funds			
	Federal	Local governments	Total	General emergency assistance (note a)	Local matching funds (note b)	Non-profit organizations	Grand total
District of Columbia	$5,253		$5,253	$500	$500	$ 50	$6,303
Maryland suburbs	3,909	15	3,924	(c)	(c)	55	3,979
Northern Virginia suburbs	d/663	77	740	e/560	485	14	1,799
Additional funds available on area-wide basis	-	-	-	-	-	440	440
Total	$9,825	$92	$9,917	$1,060	$985	$559	$12,521

a/Department of Health, Education, and Welfare funds available to families with children for disaster relief, rent payments, medicine and other general emergency assistance, as well as emergency purchases of heating fuel.

b/States and the District of Columbia's matching of Department of Health, Education, and Welfare general emergency assistance to families with children.

c/The Maryland suburbs share of these funds will be made available later on an as-needed basis.

d/Northern Virginia's funding includes the energy related Supplemental Security Income funds and the fuel assistance funds available before the $1.35 billion was appropriated on Nov. 27, 1979. The State had not yet determined what portion of its $27.9 million share of the Nov. 1979 appropriation would go to Northern Virginia.

e/Includes $75,000 of CSA funds available to local community action agencies for general emergencies which are not matched by the State.

We discussed energy assistance payments for needy persons with officials of the local governments, the District of Columbia and the States of Maryland and Virginia. Most of the representatives agreed that the Federal government's $1.6 billion programs will help pay part of the needy persons' increased home heating bills and will be sufficient to handle emergency situations. They said that, although most of the funds will be available in January when needed (due in part to mild November weather), the funds would not be enough to cover the total increased heating costs of all of the persons eligible to receive assistance. Several representatives also believed that the 125-percent poverty level criterion is too low, since there are many persons above this level who need assistance.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

Supplies of home heating oil, nationally and in the Washington, D.C., metropolitan area, should be adequate this winter. At the end of October 1979, U.S. primary distillate stocks stood at 245.4 million barrels, up 12 million barrels, or 5 percent, over the same time a year earlier. State and local government officials and most of the prime suppliers and distributors serving the Washington, D.C., area generally agreed that heating oil supplies should be sufficient to meet the needs of consumers this winter.

While supplies should be adequate, prices will be much higher this winter, as evidenced by the August price of 84 cents a gallon, an increase of 28 cents a gallon (50 percent) since January 1979. Consumers in the Washington, D.C., area are likely to pay higher prices than consumers in most other major U.S. cities.

Nationally, most of the heating oil price increases have occurred at the refinery level. Since heating oil was decontrolled in July 1976, refiners' selling prices have increased by 31.1 cents a gallon (99 percent), from 31.4 to 62.5 cents a gallon in July 1979. More significantly, about 22 of the 31 cents a gallon increase has occurred during the first 7 months of 1979. The rate of increase during this period has been about 3-1/2 times the rate of increase for electricity and utility gas. In the Washington, D.C., area, refiners' selling prices for heating oil in July 1979 averaged $.61 a gallon, about 1.5 cents less than the national average.

The reasonableness of the rapidly escalating heating oil prices has been strongly debated since November 1978. While some sources conclude that refiners are increasing their selling prices beyond levels justified by increased crude oil costs and inflation, refiners contend that their prices are reasonable and necessary. During this time DOE did not analyze refiners' and wholesalers' costs, margins, and selling prices to determine their reasonableness or validity. Therefore, DOE was not able to determine whether Federal action was required to respond to the increased prices.

DOE has done little to analyze the current heating oil market situation. Although studies had shown that heating oil prices had exceeded expected levels, DOE has seen no need to determine the causes for the price increases.

In November 1978 DOE's Office of Hearings and Appeals found that significant doubts existed as to whether there was workable competition in the refining sector of the heating oil industry. OHA recommended that ERA conduct a series of studies to resolve these doubts. ERA, however, has not implemented this recommendation.

We recognize that heating oil is not under allocation or price control and therefore should not be subjected to the same amount of attention as a controlled product such as gasoline. Even so, we believe that DOE has a responsibility to the Congress and the public to analyze and, if necessary, respond to situations such as the recent escalation of heating oil prices.

DOE's lack of response to increased heating oil prices is particularly distressing in view of studies which describe the severe economic hardships higher energy bills pose for the poor and elderly. The Fuel Oil Marketing Advisory Committee recommended a $3.2 billion energy assistance program for the poor for the 1979-80 winter heating season. There is $1.6 billion in Federal energy assistance funds available for fiscal year 1980. However, whether this amount will be adequate to assist all eligible persons is open to question. Also, DOE has not determined whether the direct subsidy of the needy's heating oil bills is the best long-term approach for addressing this problem.

RECOMMENDATIONS TO THE SECRETARY OF ENERGY

In view of the Department of Energy's inattention to the rapidly escalating heating oil prices and the economic impact caused by these prices, GAO recommends that the Secretary of Energy:

--Determine whether the current heating oil prices are equitable and justified by increased costs and, if not, whether Federal action is needed. Such price determinations should be made periodically and their frequency should be based on factors such as changes in market conditions and significant shifts in supply and demand.

--Prepare the study assessing the competitiveness of the refinery sector of the heating oil industry as recommended by the Department's Office of Hearings and Appeals.

--Evaluate the long-term implications of direct subsidies to assist needy persons in paying their energy bills in order to determine whether this is the best means of offsetting the effects of increased home energy costs.

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
WASHINGTON, D.C. 20510

June 28, 1979

Mr. Elmer B. Staats
Comptroller General
General Accounting Office
441 G Street
Washington, D. C. 20548

Dear Mr. Staats:

The Washington Metropolitan Area is suffering from serious shortages of gasoline resulting in dramatic price increases. There are also strong indications that the same difficulties may be encountered with home heating fuel this winter by area residents who heat their residences with so-called middle distillates or No. 2 fuel oil.

I am requesting that you review the situation in the Washington Metropolitan Area to determine (1) the reasons that gasoline shortages have shown up so dramatically in this area, (2) the levels in the marketing system where price increases have occurred, and (3) how effective the Department of Energy has been responding to the shortages and rising prices.

I would also appreciate it if you would include similar information related to the availability and price of home heating fuel for the area this winter, and any problems attendant therefore that you may foresee.

Kindest regards,

Respectfully,

John W. Warner

John W. Warner

JWW/cjb

LISTING OF 13 OIL COMPANIES INCLUDED IN OUR ANALYSIS OF THE PRICE AND SUPPLY OF HEATING OIL IN THE WASHINGTON, D.C., METROPOLITAN AREA

Amerada Hess Corporation

Atlantic Richfield Company

Cities Service Company

Crown Central Petroleum Corporation

Exxon Corporation

Gulf Oil Corporation

Phillips Petroleum Company

Shell Oil Company

Southern States Cooperative, Inc.

Standard Oil Company (Indiana)

Standard Oil Company (Ohio)

Sun Petroleum Products Company

Texaco, Inc.

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