

a Secretary of Energy under George Bush, be he good or bad, has any chance of doing a good job at this time.

“My view on the entire Bush Administration, is that members of the Congress—chiefly Democrats, but also honest Republicans—have to get together and *put a leash on this Bush Administration*, to make sure it knows where to do what on the lawn, and where not to do it. You have to create a condition under which Bush says, ‘Okay, I’m the President, but I have to heed what this angry bunch of constituents is telling me I better do, or else.’ Under those conditions, you might be able to find a Cabinet appointment in the Bush Administration, which has enough independence of the Rainwater phenomenon and other things in the Bush background, to be able to make an honest decision on things like energy.

“But at present, the way the Administration is now constituted, the way it’s framed up to be, given the situation in the Congress *at this moment*—it may improve later, but at this moment—I don’t think the United States *has a chance* under a Bush Administration. I think we’re looking at a short road to Hell, under George Bush—*unless* we can create the condition in the country, where the fact that a weakly elected, or quasi-elected President has to recognize that he doesn’t carry much weight with the country as a whole, and the best thing he can do, is sit back in that office, and pay attention to some orders and pressures from his constituents—and the orders and pressures coming from his best advisers, who tell him, ‘Mr. President, you better do *this*.’ And he says, ‘Why? I’m the President.’ ‘Well, we *call* you President, but you really *aren’t*. You’re just the man that signs the checks, and signs the bills.’”

Reporter Weeks further asked, “Sir, when you say that we’re on the short road to Hell under George Bush, are you talking energy, or overall?”

LaRouche replied: “Overall, everything. Energy’s just—Look at the California situation: What is the Bush policy on what are you going to do about PG&E and Southern Edison? What’s he going to do about it? That’s a test, that’s a test on energy policy—right now. We’ve got a situation in New England, that’s going to be developing on the heating oil question, that’s going to rise up again. We’ve got all over the country an energy crisis.

“Well, let’s take California. Let’s take PG&E and Edison. That is the marker which tells you exactly what the entire Bush Administration policy is going to be on energy—right then and there. You don’t have to find out in Michigan, you can find out right there.”

As you undoubtedly know, just today PG&E defaulted on \$600 millions in debt—and there is no clear policy coming from anywhere to guarantee the power-generating capacity in this region, which serves over 20 million people. So the question is before you now: Will you select an Energy Secretary who will reregulate and provide the energy we need, or will you hand the system over to the energy pirates wholesale?

## Energy Crisis Hits America’s Poor Hardest

by Mary Jane Freeman

All across America, households must spend 10-50% more for their energy needs than they did last year. The primary causes of this drastic increase in prices are speculation and deregulation, as *EIR* has documented over the last six months. While this increase has already caused plant shutdowns and major disruption of power to California, it is life-threatening to America’s poor and low-income families. Unless the incoming Congress and Administration substantially increase funding for the Federal Low-Income Home Energy Assistance Payments (LIHEAP), millions of low-income households will face freezing before the Winter is out.

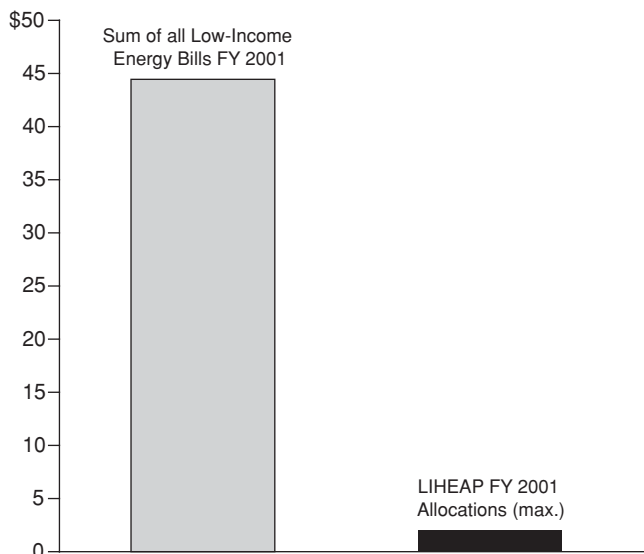
A report, “The Winter Energy Outlook for the Poor,” issued by the non-profit research corporation Economic Opportunity Studies (EOS), and partly funded by the U.S. Department of Energy, reveals a dire picture for 27 million low- and moderate-income households. As of Dec. 20, 2000 when the report was issued, these households—because of energy price increases—would receive energy bills estimated at \$45 billion for FY 2001 (October 2000 to September 2001). Yet, the amount of LIHEAP funds available to assist these consumers is \$1.85 billion, i.e., a mere 4% of their costs (see **Figure 1**). “Many poor families in cold climes will not be able to heat, eat, and pay the rent,” Consumer Federation of America executive director Stephen Brobeck said at a press conference releasing the report. “They will certainly suffer discomfort and possibly great health risks, including death.”

This means that one-quarter of America’s households do not have the means to keep warm this Winter—already the coldest November and December on record, nationally, since 1898, according to the National Weather Service. Who are these Americans? They are the 27 million households of low- and moderate-income families who, on average, now must pay 19% of their *total annual income* for their energy needs, as shown in the report. For America’s very poor, those at or below the Federal poverty guideline which itself is inadequate, the average percentage is even higher, at 22%, and of these, using fuel oil, it can be as high as 37%—that is, about one-third of their annual income! These figures were based on Department of Energy (DOE) data as of December 2000. But as of early January 2001, the new numbers are much worse. The highly inflated speculative prices of fuel sources, means that these Americans have to choose between paying either their heat, rent, food, or medical bills. This is not a choice, but a death warrant, in many cases.

FIGURE 1

### LIHEAP Resources FY 2001 and All 2000-01 Residential Energy Bills of All Low- and Moderate-Income Households

(Billions \$)

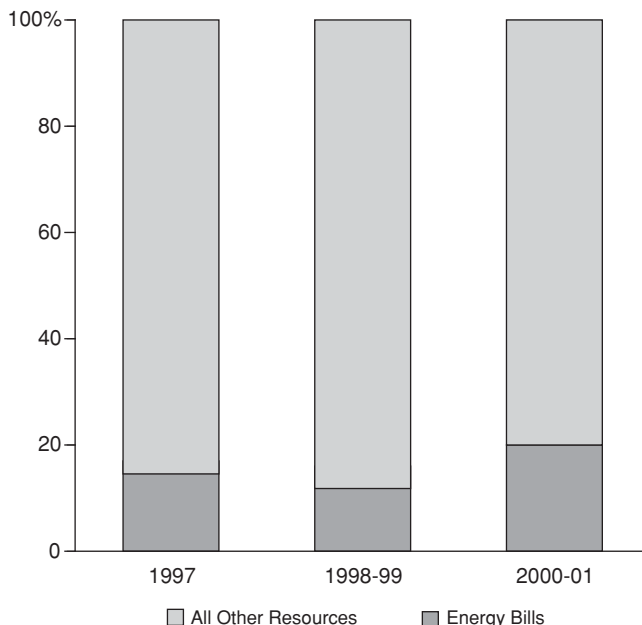


Source: Economic Opportunity Study, "The Winter Energy Outlook for the Poor," Dec. 20, 2000.

FIGURE 2

### Changes in Percent of Annual Income Needed to Pay Energy Bills of Low-Income Families

(Percent of Annual Resources)



Source: Economic Opportunity Study, "The Winter Energy Outlook for the Poor," Dec. 20, 2000.

### Emergency Funds Already Gone

Meg Power, Ph.D., who is the executive director of EOS and the author of the report, wrote, "Winter prices for all petroleum products, including natural gas, are outpacing already pessimistic expectations." Heating oil prices were projected by DOE to remain 65% higher than in 1997, a level 29% above last winter, but the estimate now has risen to 35% over last year. Residential customers' natural gas was projected to cost 40% more than in 1999 per cubic foot; now, DOE expects them to be 50% higher. Propane users will average at least 10% higher bills than last year. "For the poor, these figures are catastrophic. Their incomes are not only low, but relatively fixed. . . . The rate of change compounds the problem. In 1997, the typical eligible low-income consumer spent 14% of all annual income for all household energy bills (a calculation termed 'Energy Burden'), as compared to 19% expected" this FY 2001 (see **Figures 2 and 3**)

Interviewed by *EIR* on Jan. 9, less than three weeks after the report's release, Power reports that the latest DOE figures as of Jan. 5, show that the change in DOE's estimates is "huge" and that her report's numbers are "*far, far* too low — not just far too low." She estimates, "You would have to raise the Winter gas bills by almost 20%, and the oil bills by over 8%." So, as the Winter came earlier, is colder, and the prices keep zooming, America's poor are in jeopardy. Due to these circumstances, in some states, eligible households as of Jan. 1,

2001, have already exhausted their benefits, with the peak of Winter yet to come!

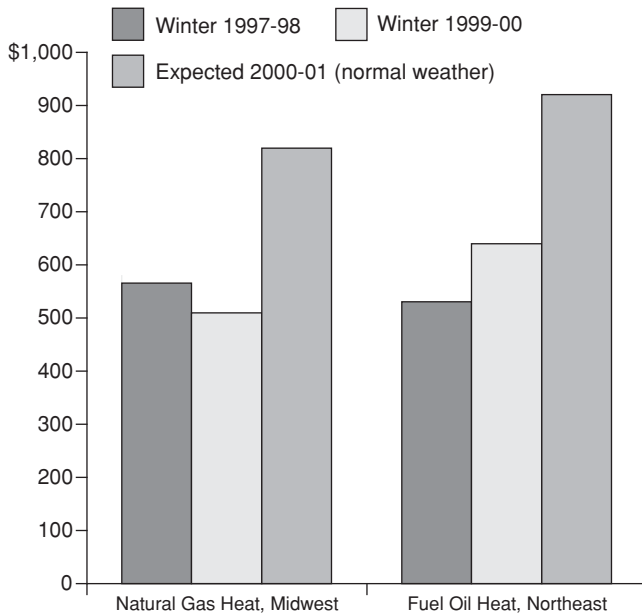
Let's look at who is suppose to be helped by LIHEAP grants. A family must have an income at or below 60% of the median income of their state to qualify. The official income ceiling is about \$21,000 for a family of three. LIHEAP funds are to help defer Winter and Summer fuel bills for low-income families. On Dec. 15, 2000, Congress, as part of its budget agreement, authorized \$1.7 billion for FY 2001 LIHEAP, including a \$300 million emergency contingency fund. Due to the horrific increases in home heating fuel prices and the very cold Winter conditions, President Clinton has already released that \$300 million emergency fund, and this was on top of his having released FY 2000 LIHEAP emergency funds of \$155 million earlier in December.

So, the total LIHEAP funds available for this Winter are the \$1.7 billion plus the \$155 million for a grand total of \$1.85 billion. (See Figure 1.) These funds have already been disbursed, and it is only January. What happens if very cold temperatures continue, or there's a price spike in gas or oil, as there was last February? There are no more funds to draw on, and thus, in crisis conditions, the Bush Administration and Congress must approve more funds — or let people freeze.

FIGURE 3

### Change in Low-Income Family Heating Fuel Bills 1997-2000

(Average Heating Bill)



Source: Economic Opportunity Study, "The Winter Energy Outlook for the Poor," Dec. 20, 2000.

**Table 1** compares the expected national average for annual energy bills, as projected from December 2000 data, and the "energy burden" for three groups of people: the very poor, all low-income households (inclusive of the first group), and the 74 million other American households not poor enough to qualify for Federal LIHEAP funds. This is an astounding picture. On average, the very poor will pay almost one-quarter, or 22%, of their annual income for home energy expenditures. For all low-income households, the average is 19%, as against the 5% all non-eligible households will pay. If we compare the 19% against the 5%, there are substantial differences depending on the type of fuel used (**Table 2**).

But when we break this out by fuel source for the 22%, the very poor, we can see why the current situation is one of life or death. This group is slightly more than 12 million households. Of these, those using oil, natural gas, or propane will receive bills for utilities and fuel equaling or surpassing one-third of their extremely limited annual income (see **Table 3**), and those using electric or kerosene will get bills totalling almost 20% of their annual income. Power explains in the report, "The poor use only 4% less heating fuel than the rest of the population's average, but their incomes average less than a third of the U.S. median income."

Winter is the worst time for America's poor. Look at the portion of the bills all low-income households will receive

TABLE 1

### Expected Average 2000-01 Household Energy Bills and Energy Burden, by Income Level

Annual Income Level of Household	Est. Oct. 00-Sept. 01 Residential Energy Expenditures	Energy Burden (Expenditures/Income)
At or less than the Poverty Guideline*	\$1,116	22%
Eligible for Energy Assistance**	\$1,694	19%
Not Eligible for Assistance	\$2,108	5%

\* The Poverty Guideline 2000 is \$14,150 for a three-person family.

\*\* Eligible is approximately 175% of poverty or less.

Source: Economic Opportunity Study, "The Winter Energy Outlook for the Poor," Dec. 20, 2000.

for just the Winter months, October 2000 to March 2001. This picture, Dr. Power writes, shows that "the national averages [Table 1] above hide substantial variation, and annual estimates hide the sharp impact of the Winter bills" (see **Table 4**).

### Trouble in the Northeast

Statistics gathered by *EIR* concerning FY 2001 demands on LIHEAP resources, for just the Northeast region of the nation, show the following. Using figures from Connecticut, Massachusetts, New Hampshire, and New York, applications for assistance, on average, among these states are up 26% over this time last year, and some states began the program early. In addition, the number of emergency requests in these states is, on average, up 68% compared to last year. The three states experiencing the largest emergency increase are Connecticut (100%), New Hampshire (86%), and Massachusetts (61%).

"It's a nail-biting Winter," one New Hampshire administrator of LIHEAP funds reported, as she described the state's ability to meet the increased demand. New Hampshire began processing LIHEAP applications eight weeks earlier than last year, largely due to high fuel prices. This official reports, "We started with higher prices, and if there is a price spike as there was last February in fuel oil, or it gets colder," the state's allocation of funds will likely not be sufficient to meet the needs of the eligible population. She also noted that this energy crisis for the poor is intersecting an affordable housing shortage. Some applicants have already exhausted their FY 2001 LIHEAP grant, and unless new emergency funds are authorized by Congress, there are no funds left to make emergency supplemental grants. Just before Clinton's mid-December release of the \$300 million FY 2001 emergency funds, New Hampshire's Director of the Governor's Office of Energy and Community Services, Deborah Schacter, testified before the U.S. Senate's Energy and Natural Resources Committee. At that time, Dec. 12, she testified, "Increased prices and rising demand for assistance have put my state in the

position of being within days of shutting down the program for all but emergencies.” A shutdown was only averted due to Clinton’s action. As of early January, however, New Hampshire officials project that they will only be able to service “about 27,000 households out of the 114,000 LIHEAP eligible households in the state, i.e., less than one in four.”

But it is not only in the U.S. northern environs where America’s poor are in jeopardy. In Louisiana, where Winter gas bills are usually painless, a disaster is looming. A Hammond, Louisiana, community action agency responsible for distributing LIHEAP funds reports, “This is an emergency crisis. Our phones are flooded with desperate calls of bills of \$600-700 per month. People on fixed incomes, whose bills were \$9 last month, are now having to pay over \$100. The weather here is extremely cold and the prices are extremely high. Something needs to be done *now*, not in March or later.”

TABLE 2

**Expected Year-Long Energy Costs and Energy Burdens for Low-Income Consumers and All Other Households, 2000-01**

Main Heat Fuel of Household	Avg. Total Energy Bills: Oct. 00-Sept. 01	12-mo. Avg. Energy Burden (% of Income Spent on Energy)	12-mo. Avg. Energy Burden Non-Eligible Households (% of Income Spent on Energy)
Fuel Oil	\$2,306	26%	6%
Natural Gas	\$1,951	22%	4%
Electricity	\$1,496	11%	3%
Propane	\$2,450	24%	7%
Kerosene/Other	\$1,509	16%	5%

Source: Economic Opportunity Study, “The Winter Energy Outlook for the Poor,” Dec. 20, 2000.

TABLE 3

**The Very Poor: 2000-01 Energy Costs and Burdens of the 12 Million Households in Poverty**

Main Heat Fuel of Household	Total: Oct. 00-Sept. 01	Avg. Energy Burden
Fuel Oil	\$2,193	37%
Natural Gas	\$1,897	36%
Electricity	\$1,053	18%
Propane	\$2,298	32%
Kerosene/Other	\$1,388	17%

Source: Economic Opportunity Study, “The Winter Energy Outlook for the Poor,” Dec. 20, 2000.

In the city of Monroe, the local newspaper, *The News-Star*, featured the plight of seniors who live on fixed incomes. The Helping Hands program for seniors there reports callers complaining “of \$525 bills, and \$380 bills . . . and so on. One woman called and said her bill went from \$40 a month to \$280. She simply can’t pay it.” Another senior whose monthly bill went from \$144 up to \$524, due to the skyrocketing price of natural gas, is quoted, “What am I going to do? You have to have heat. I’m anemic so I can’t do without it. I can’t pay this and I don’t know where I’ll go if they cut off my gas.”

Power states in her report, “In 1997, a year with similar temperatures, but far lower prices, more than 1.1 million low-income families had their heat shut off for ten days or more in Winter because they could not pay.” Most states, she reports, do not have regulations prohibiting utility shutoffs except for 24-hour periods when it is below freezing. New Hampshire’s public utility commission this year passed a Winter moratorium on cutoffs for low-income families as long as they make efforts to pay. Connecticut has such a moratorium in place as well.

Clearly, nothing short of an FDR-style mobilization of resources to avoid this catastrophe, will protect these citizens.

TABLE 4

**Expected Average 2000-01 Winter Energy Costs for Low-Income Consumers**

Main Heat Fuel of Household	No. of Low-Income Households (27m HH)	Avg. Heating Fuel Bill Oct. 00-Mar. 01	Other Energy Bills (Lights, Appliances, Hot Water, Cooking)	Total Bills: Oct. 00-Mar. 01	Energy Burden: Winter Energy Bills Share of Winter Income
Fuel Oil	2,700,000	\$980	\$337	\$1,317	29%
Natural Gas	13,800,000	\$822	\$289	\$1,111	27%
Electricity	8,600,000	\$598	\$113	\$711	17%
Propane	540,000	\$701	\$294	\$995	26%
Kerosene/Other	1,400,000	\$317	\$437	\$754	16%

Source: Economic Opportunity Study, “The Winter Energy Outlook for the Poor,” Dec. 20, 2000.