

Public Interest Deregulation

nia, and so on. Please tell us what you are working on right now, as far as the legal basis for intervening on behalf of the general welfare.

Neal: One of the things that we are looking at, is that, where there are contracts that have been put into place, by a state or Investor Owned Utility, to sell their generating capacity, my position is that those contracts can be terminated for the general welfare of the citizens. In our law, we refer to it as a “public purpose.” There are certain rules that must be followed, in doing that. So, we are looking at that.

Right now, our Public Consumer Office, which deals with energy in the state of Nevada, is in the process of having some contracts terminated. I will also submit a letter to the Public Service Commission, which oversees the utilities, asking them to engage this particular process — you know, terminating these particular contracts.

EIR: For out-of-state people who don’t know, these “contracts” refer to sales of electricity?

Neal: Yes, these refer to generating capacity that has been turned over to certain national groups, that are utilizing the fact that the energy has been deregulated on the transmission lines, that they can now sell that energy for any price that the market demands — or even that the market does not demand.

So, what we’re trying to do, is to bring that back within control of the state powers, where they’re able to set the rates, as it was before in our state — the Public Utility Commission allowed the Investor Owned Utilities to set certain rates to recoup their expenses, in terms of delivery of energy to the public.

And also, we are looking to gain control of the reliability of that energy being delivered to our people.

EIR: So, you are looking at both the legal ways to intervene right now, and in effect, to roll back deregulation permanently. Is that accurate?

Neal: Exactly.

EIR: Lyndon LaRouche today commissioned background work for a possible draft Federal measure, along the lines of “A National Energy-Management Reconstruction Act.” It would involve some of the same principles you are talking about on a state level. What do you think of this kind of approach?

Neal: Any time that we can go back to the laws that Roosevelt

passed during his Administration, laws such as the Federal Energy Act, the Public Utility Holding Company Act, and the Rural Electrification Act, to name just a few — I think that that is the proper course. Because, then, energy was declared a necessity. And under the Federal Energy Act of 1935, wholesale energy was regulated. And what has been done, effectively, in the last years of the Bush Administration — the passage of the 1992 Federal Energy Act, which amended that Act [of 1935] — deregulated wholesale energy. So, we’ve got to go back to regulating the wholesale price of energy. That’s a necessity.

Interview: Thomas Jackson

Alabama Legislator Says, ‘No Cut-Offs’

Alabama State Rep. Thomas E. Jackson (D-District 68), chairman of the Agriculture, Forestry and Natural Resources Committee, was interviewed by Marcia Merry Baker on Feb. 2.



EIR: What is the situation in Alabama?

Jackson: We’re having numbers of problems with natural gas and propane in the state.

My constituents are the poor and those who are less fortunate, on fixed incomes. Gas bills have quadrupled in the last month. They’re getting \$550 a month, and they have a \$350 or \$400 gas bill for the month. We’ve been trying to get answers to these questions here.

In the northern part of the state, chicken growers have had their propane bill, for their chicken houses, quadruple as well — Calhoun County, in particular, and Culvert County. There was a chicken grower who showed us his bill for all of last year, of \$15,000. From November to Jan. 8, it was \$13,000!

We have met with the natural gas and propane distributors here in the state, and they are saying that it is the producers that’s the problem — they are spiking the prices.

We look at some of the things that happen with ExxonMobil, and the others, and the inflated prices. I know their stockholders are just enjoying it. They are up more than 120% from last year. Chevron is going up. Texaco is going up. They are

all seeing millions of dollars increase. They are passing the costs on to the consumer, and the profit to their shareholders. I think that that *is wrong. It's robbing people.* It's taking away from the hope that so many had in this nation and state.

I don't know what we can do, but I believe that these big oil conglomerates, the oil cartels, are the ones that are doing this. It's not the cold weather. And it's not that the cost of producing is more, because it's not. Propane is a by-product. It's just that they are spiking the prices to make their pockets fatter.

EIR: There are chain-reactions of effects going on, including in food processing. Alabama has the "Sweet Sue" cannery, and others.

Jackson: What is happening, is that the natural gas prices are going to be passed on to the consumer. We won't even be able to purchase food! Our farmers are going to take a hit this Spring, because of the nitrogen they use on their fields. It's going to quadruple, because of natural gas. I don't know what it's going to do to our food production.

EIR: What is the readiness of lawmakers and others, at different levels in the state, to take action for emergency measures, and re-regulation?

Jackson: No one has spoken of it, but I have mentioned it to the Commissioner of Agriculture, Commissioner Bishop. We met on Jan. 29. We shared some information, on maybe getting a joint House resolution, to the Oversight Committee, on the situation. The legislature comes in session on Feb. 6.

Natural gas is regulated in our state; propane is not. In the last two weeks, we had two separate meetings with the natural gas and propane associations here in the state of Alabama.

EIR: What is the price of propane?

Jackson: Residential propane was \$1.03 [a gallon] a year ago. It's \$1.70 now. That's up 65%. Wholesale last year was \$0.487, and now, \$1.09 as of Jan. 12, and that's a 124% increase. We're having a lot of problems here.

EIR: What do you see happening next?

Jackson: What we're trying to do, is to get a handle on this stuff here in the state. And hopefully, with the distributors and producers, that we can help our constituents, as well as our farmers, that they can pay along. That is, don't cut their gas use off. I have heard, and read in some papers in my district, where there was no leeway for the consumer. But we are mandating it, that there be leeway, that they can pay those bills over a period of time — it can take them until August, this Summer, to get those bills paid down.

EIR: So you are mandating no cuts, and a stretchout of bills, until you can do something else?

Jackson: That's right.

EIR: You've had some crises, and losses, such as the

chicken houses?

Jackson: Oh, yes. What has happened, is that, they can't pass their price on, because they are contracted by Star-Kist — or whatever company they are growing these chickens for. And when chicken growers' profit is put in, for paying for heating — you know, the law says, that you have to keep those birds warm. If they drop the temperature, they are going to lose those birds; they are really in a hard situation. Some of them are trying to get out of the business altogether. And those that can, work with the propane companies, and are paying a cost along, as they stretch out their payments; so, they are working with them pretty well up there, in the Culvert and Calhoun County areas.

Interview: Michael Obuchowski

Deregulation Policy Defeated in Vermont

Vermont State Rep. Mike Obuchowski (D) spoke with Marcia Merry Baker on Jan. 27.

EIR: You were Speaker of the House in Vermont when the energy deregulation issue came up a few years ago, and you helped lead the fight to defeat it. Tell us about that.

Obuchowski: About four years ago, the utilities, as well as the Executive branch in Vermont, approached the legislature, and asked us to deregulate. Jurisdictions such as California, which had already passed legislation, were held up to us as the example, as the shining light that we were to follow.

However, there were those of us in the Assembly, who, because of our experience dealing with utilities, understood the basic operation of the utilities, and then, were able to apply that knowledge to bring up a number of risks.

One of the things that I've seen happening, is that it was the industry strategy to have folks look at their own state only — to look just at Vermont, and at deregulating only in Vermont. But the reality, is that our electric grids are connected to each other. Taking the intra-state view, did not do the issue justice, because there are so many connections that supply you with electricity, especially in a small state like Vermont, where we don't do an awful lot of the generation ourselves.

So, that was one of the first warning signs to us: just the approach. And it really comes down to pretty simple things — supply and demand, and making sure that your regional organization has provided for enough supply. And apparently, in California, that didn't happen. The ISO [Independent System Operator] did not provide enough supply. In order for con-