

May 17, 2001

Agenda for National Energy Emergency Action

I. Blacked Out: Residential Utility

Shutoffs Creating 'Overnight Okies'

As of May, household power disconnects for electric, natural gas, and/or propane, are under way in dozens of states on a mass scale. Months of hyperinflated Winter bills, have caused unpayable past-due charges, with few policy interventions on behalf of the public good.

In April, a nationwide survey by the National Energy Assistance Directors' Association documented that 3.6 million families in 18 states and the District of Columbia, were at risk of cut-off, affecting potentially at least 5 to 7 million people (www.neada.org).

As of May, in many states, hundreds of thousands are facing having power disconnected and being thrown into immediate crisis — "overnight Okies."

For political reasons, there is an intense news blackout of the scope of this. The obvious reason is that coverage would feed the fury over energy hyperinflation, and Bush's "markets-at-all-costs" policy, especially this week, as the National Energy Policy is released May 17.

The following are indicative reports gathered by EIR News Service from first-hand accounts, and local media coverage. EIR will release national updates on this, beginning this week (www.larouchepub.com).

■ Iowa — Kossuth County

Statewide, as of April, Iowa had 80,000 households requesting energy assistance, an increase of 29% over the year before. Overall, the state reported that there were some 180,000 families with more than \$34.5 million in overdue bills—more than double the year earlier. The state extended

a cut-off moratorium to May 1, then the disconnects proceeded. The major electric and gas company in Iowa is Warren Buffett's Mid-America Energy.

In Kossuth County, cut-offs of electricity, propane, and natural gas are causing overnight housing crises for families. One family of four, cut off from utilities in April, has moved into a tent in a county park. As "campers," they hope to have access to electrical hook-up and a public water source. Two school-aged children of another family whose power was cut off, were found to have rigged up a dangerous heating source for the evenings, to stay warm and have light for the children to

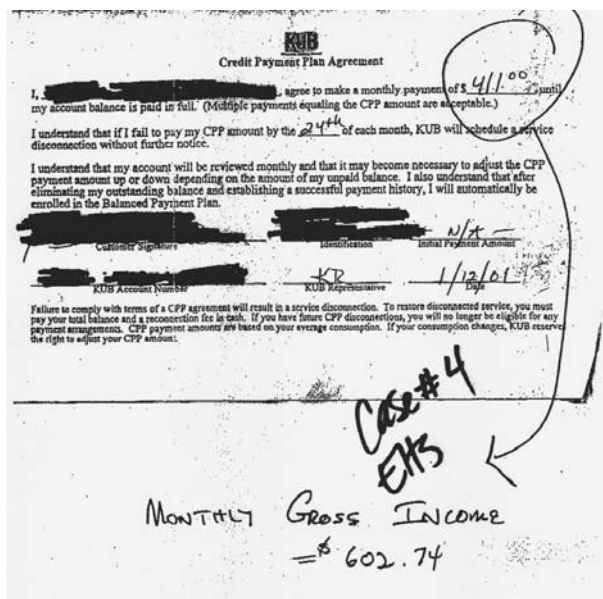
do homework: Under the kitchen table, they used a small charcoal burner, set atop a slab of concrete they scavenged. Thinking they would cut risk of fire, they stapled tin foil onto the underside of the table.

Child assistance workers report many other instances, adding that marital abuse has risen dramatically, directly connected to unpayable energy bills.

■ Mississippi—Hinds County

Statewide, as of April, there were 39,750 households requesting energy assistance, a 50% increase from the year before. As of May, cut-offs of electricity, natural gas, and water were under way in a more "extreme" way than ever before, in the estimation of local relief agencies.

In Hinds County, in Jackson, a mother of four children, ages 12 and under, had gas, light, and water all turned off in mid-May. The mother had been regularly paying \$50 to \$75 a month toward her gas bill, for example, but Mississippi Valley



This redacted Credit Payment Plan Agreement was required of a Knoxville, Tennessee resident whose service had been cut off by the Knoxville Utility Board, the area's municipal utility provider. The Economic Opportunity Studies organization reports that the demanded payment represented 68% of this resident's monthly income!

Gas cut the household off anyway. January's gas bill for the household was \$1,399, for which the County Human Resources paid \$540 to defray. But the high bills continued. The March bill gas bill was \$1,096; and in May the turn-off came. At the same time, Jackson authorities turned off the water, and Mississippi Entergy turned off the lights.

■ Louisiana — Tensas Parish

Statewide, as of April, Louisiana had 92,100 households appealing for energy assistance, a 91.9% increase over the previous year. In the New Orleans area, served by Entergy, household arrearages in April stood at \$32.9 million, up from \$14 million last year. After granting a

week's delay, Entergy is proceeding with disconnections.

In early May, local TV reports showed households in and around St. Josephs and Waterproof, Tensas Parish (northern Louisiana), hit by shut-offs of water, or power, or both, for non-payment of bills. Several mothers were interviewed, saying they cannot now wash clothes, cook, and care for their children. The mayor of Waterproof was shown, insisting that people must pay their water bills, or the city would have no revenue to pay the high energy costs for keeping the town's waterworks going.

■ Tennessee — Knox County

Statewide, as of April, 95,630 house-

holds had appealed for energy assistance, 47% above the year before.

In Knox County, in Knoxville, the situation of one mother with children, is typical of what many customers of municipal utility companies face. The woman is offered a payments plan she cannot meet, to keep the gas on. (Shown, is a reproduction of the offer). As of mid-January 2001, with Winter cold having arrived early, the household had accumulated significant arrears on the utility bill, and service was cut. To get the services restored required an agreement to pay \$411 per month, or 68% of a gross monthly household income of \$602!

II. Many Calls for Energy 'Price Control'

There is a blackout of the many calls for Federal and state emergency intervention to re-establish cost-of-production-based energy prices, or price control of any kind. The following are some of the recent statements of Congressmen and representatives of leading constituency organizations.

Organizations, Officials

■ **AARP.** James Parkel, President-elect of the American Association of Retired Persons, testified May 15, to a House Energy Subcommittee hearing, that "cost-based" energy pricing is essential. AARP had opposed power deregulation, and is calling for the Federal Energy Regulatory Commission (FERC) to use its standing authority to impose cost-based pricing immediately.

■ **Tennessee Energy Acquisition Corporation.** This non-profit firm purchases natural gas for use by member-municipal gas works in the state, to, in turn, supply local customers. President Mark McCutcheon testified May 15 to the House Energy Subcommittee, that the economic impact is "devastating," because the natural gas wholesale price has quadrupled. He said there is no supply-and-demand problem involved; instead, "across the nation, billions are going into coffers of the few supplier companies," such as El Paso Gas. Pointing to the speculation on the New York Mercantile Exchange, energy futures trading, and other factors, he said

Congress must face whether our national energy policy should include "re-regulation."

■ **South Dakota Regulatory Commissioner Pam Nelson** told the *Billing Gazette* for May 3, that "the solution is to re-regulate the power companies, determine the cost of service and reasonable rate of return and set the rates as they were before."

Congress

■ **Rep. Henry Waxman** (D-Calif.), sponsor of an amendment calling for electricity price controls in the Western states (voted down May 10, in the House Energy Subcommittee), made statements May 1 and May 10, that the first thing needed is "restraints on gouging," and "limits on wholesale prices. . . . We're being taken advantage of." He said that the chief problem is "runaway wholesale electric prices." He stressed that without price controls, the "incentive is to withhold electricity" to artificially drive up the price.

■ **Rep. Rick Boucher** (D-Va.), at the May 1 hearing, said that Federal legislation should offer measures for "wholesale price protection." He criticized an April FERC action as a "deficient order," because it does not act to ensure that wholesale energy prices are "just and reasonable."

■ **Rep. John Dingell** (D-Mich.), at the May 1 Energy Subcommittee hearing, read directly from the 1935 Federal Power Act,

on the mandate for "just and reasonable" energy prices. He said the "FERC should carry out its statutory and mandated" task of assuring "just and reasonable" prices for energy" today. "We need to hear why FERC has *not* carried out its mandate in the Northwest and West." He pointed out that there was a witness before the committee, from wholesaler Reliant, which has "prospered mightily" on the spot market, not on the regulated market. "FERC has been resting tranquilly beside their statutory responsibilities." As for the Barton "Electricity Emergency Relief Act," suspending state and environmental laws, and turning over power to the FERC to grant rights for transmission line routes, "Will we get transmission lines on the Mall, or in the Grand Canyon? There is monstrous sawing of the air going on, when the problem is clear."

■ **Rep. Dick Gephardt** (D-Mo.), on May 15, at a press conference at a District of Columbia Exxon gas station announcing his release of the Democratic Energy Plan: "We are very interested in the Federal Energy Regulatory Commission beginning right away to do something that we think they have the power already to do, and that's to bring some price caps on electricity at the wholesale level on the West Coast."

■ **Rep. Jay Inslee** (D-Wash.), speaking right after Gephardt, said that it is a myth that supply and demand are the problems: "Demand has gone down. And yet, whereas California, as an example, was paying about \$7 billion two years ago for electricity, next year it will spend \$70 billion for electricity. That doesn't have any-

thing to do with bottlenecks. That doesn't have anything to do with transmission. What it has to do with, is the generating

community having a stranglehold on the Bush Administration and putting their foot on FERC to prevent the Federal Energy

Regulatory Commission from doing their job. Their job is to ensure that we have reasonably priced electricity."

III. Energy Crisis Means Farming Crisis:

Fertilizer, Water, Power

Recent reports from farm organization representatives and agriculture inputs suppliers in Washington, D.C. document the worsening impact of the energy crisis on the food supply chain.

■ **Fertilizer.** On May 15, Glen Buckley, Chief Economist and Director of Agribusiness for CF Industries, Inc., one of the largest producers and marketers of nitrogen fertilizer in North America, gave testimony to the House Subcommittee on Energy, of the Committee on Energy and Commerce. Buckley presented graphics to document that nitrogen fertilizer plants, whose principal feedstock is natural gas, ran at an operating rate of 92% during all of the 1990s, but that during 2000, when gas prices soared, the operating rate fell, reaching a record low of 47% in January this year. CF Industries itself idled seven of its 12 plants in Louisiana.

The cost for a typical Louisiana producer of anhydrous ammonia (nitrogen fertilizer), went from about \$100 a ton in January 2000, to \$300 a ton in January

2001. In turn, this "also had a dramatic impact on fertilizer prices throughout the marketing chain, and in particular, at the farm level."

CF alone has typically supplied one-third of the anhydrous ammonia used in the Midwest farm belt, and one-fourth of the nitrogen fertilizer used in the United States. Thus, a "domino effect" from natural gas prices is occurring on the farm level.

Industrial capacity is shutting down permanently. "Of the 19 million tons of capacity in the U.S., approximately 1 million tons has already been permanently closed." Five million tons more could close within the next two years.

■ **California Farm Bureau Federation Representatives** gave a Washington, D.C. briefing May 7, to release a report prepared by their CFBF Farm Crisis Task Force, formed this past January. Calling the situation a "terrible crisis," spokesmen discussed the combined impact of energy costs and unreliability, severe water prob-

lems, and low prices for farm commodities.

They spoke of "skyrocketing energy costs," stressing in the first sentence of their 18-page report, that "Agriculture is energy-intensive." On electricity costs, they warned, "Accounting for announced rate increases, it is estimated agriculture's rates will be at least 30% higher this year than last, ranging anywhere between 13¢ and 24¢ per kilowatt-hour. These increases do not yet account for costs of procurement that must be repaid to the state." (These latter rate hikes were subsequently announced on May 15.)

The first chart in the CFBF's report showed that California's wholesale electricity prices went from \$7 billion in 1999, to \$32 billion in 2000, to an expected \$65 billion anticipated in 2001. The report also documents hyperinflation in natural gas, and in diesel and gasoline prices.

In comments to reporters present, the CFBF leaders said that in view of today's extreme crisis, the California Farm Bureau is "not necessarily" in favor of an hemispheric free trade zone, even though in the past the Farm Bureau supported the North American Free Trade Agreement. This straightforward policy shift shows the political changes now under way amidst emergency conditions.

The 'Anti-Globalization' Zapatistas' New Globalism

by Rubén Cota Meza

The Zapatista National Liberation Army (EZLN) erupted onto the national political scene in Mexico in January 1994, with their declaration of war against the national government and Armed Forces, their proclamation against the North American Free Trade Agreement (NAFTA), and their proposal to create autonomous Indian territories. That same month and year, also (supposedly) against NAFTA and for the autonomy of the "Indian peoples," the International Forum on Globalization (IFG) was founded in San Francisco, Cali-

fornia.

The simultaneous appearance of these two movements is no accident; they are closely linked. Indeed, the appearance and development of the EZLN is an outgrowth of the global network of radical terrorist and pro-terrorist movements included under the rubric of "globophobes."

But their connections can be seen more clearly, when one compares the IFG's declared statement of its "mission," with the structure of globalized economy into which the EZLN has inserted itself.

The founding of the IFG was financed by the Goldsmith Foundation of that Franco-British magnate of international ecology, Teddy Goldsmith, and by the U.S. multimillionaire banker and fanatic "deep ecology" activist, Douglas Tompkins. In the description of its "mission," the IFG asserts that its commitment is to achieve "equitable, democratic and ecologically sustainable economies," which are "based in locally controlled and much more diversified communities," through "the development of autonomous, regional and local