cies being developed for President Jimmy Carter by Trilateral Commission think-tanks and their environmentalists, after the oil hoax of 1974.

It was under the Carter Administration that the electricity deregulation policies, which are crippling our energy supply today, began. In 1978, a panoply of bills was signed by the President to deal with what he termed "the moral equivalent of war." They were based on the idea that conserving energy was "cheaper" than building new power plants, and that "small is beautiful" decentralized plants would take control of electricity out of the regulated electric utilities.

The Public Utilities Regulatory Policies Act (PURPA) opened the electric grid system to all non-utility producers who qualified. These "qualifying facilities" were exempted from state and Federal regulatory procedures, and were encouraged to wheel electricity across grid systems, so they could sell to any utility in the country to get a better price. They were also exempt from the Public Utility Holding Company Act of 1935, enacted to prevent Wall Street financial abuse in the electric utility industry.

For the first time in history, it was proposed that the interconnected grid system would be used (or abused) for "economic" purposes, rather than to ensure reliability. The law stated that the grid had to be opened specifically to encourage the use of "alternative" energy sources. Studies were produced to show that the country would run out of oil, natural gas, and nuclear fuel, in order to justify these expensive and unreliable "alternatives." In 1980, the Federal Energy Regulatory Commission (FERC) ruled that Qualifying Facilities must derive more than 75% of their energy input from biomass, renewable sources (solar, wind), or waste.

By 1988, NERC was warning that the wheeling of power around the country to find the cheapest source to buy electricity, or the highest price to sell it, would put stress on a system that was not designed for that purpose. Some power lines were already operating at 90% of capacity. In an emergency, NERC stated, the capacity would not be available to bring power where it was needed, threatening the reliability of the entire system.

When states began passing deregulation bills in 1996, a major requirement was that utilities divest themselves of their generating capacity. Free marketeers today are promoting the complete "unbundling" of utility services, next targetting the transmission system for deregulation. Companies, such as Trans-Elect, want to spin off networks of independently owned transmission lines. For 20 years, FERC has promulgated rules to promote deregulation, and in the current administration, this will only become intensified.

The current push from FERC is for Regional Transmission Organizations. FERC's Order 2000, approved in December 1999, promotes such a development, stating that the grids can be state-wide non-profit Independent Systems Operators, such as in California, but they can also be stand-alone, for-profit businesses.

Before deregulation, regional transmission grids were already in place. Participation by utilities was voluntary, and the only objective was to make sure the system was stable and reliable. Introducing the profit motive into the transmission system will do for delivering power what deregulation has done to producing power in California.

'California Effect' Set for U.S. Northeast

by John Hoefle

Since the beginning of 1998, regulated U.S. electric utilities have sold some 378 power plants with a generating capacity of 128,000 megawatts of electricity to non-utilities, an amount equivalent to nearly 20% of the utilities' generating capacity as of the end of 1997. In 1998, fifty plants with a nameplate capacity of 24,976 MW were sold, followed by 225 plants with 55,070 MW of capacity in 1999, and 103 plants and 47,991 MW in 2000.

The sales fall into three general categories. First, holding companies which own regulated electric utilities are transferring the plants out of their regulated utilities into their own unregulated subsidiaries (example: Dominion Resources, the parent of Virginia Power, has transferred virtually all of Virginia Power's generating capacity to Dominion's Dominion Generation subsidiary, creating its own pirate "marketer" operation). Second, holding companies which own regulated utilities are buying the generating plants being sold by unrelated regulated utilities (example: in 1998, Pacific Gas & Electric bought 15 power plants with a generating capacity of 3,975 MW from New England Power Company, while selling some of its own power plants in California). Third, regulated utilities are selling generating plants to non-utility companies, i.e., pirates like AES, Dynegy, Calpine, and Reliant.

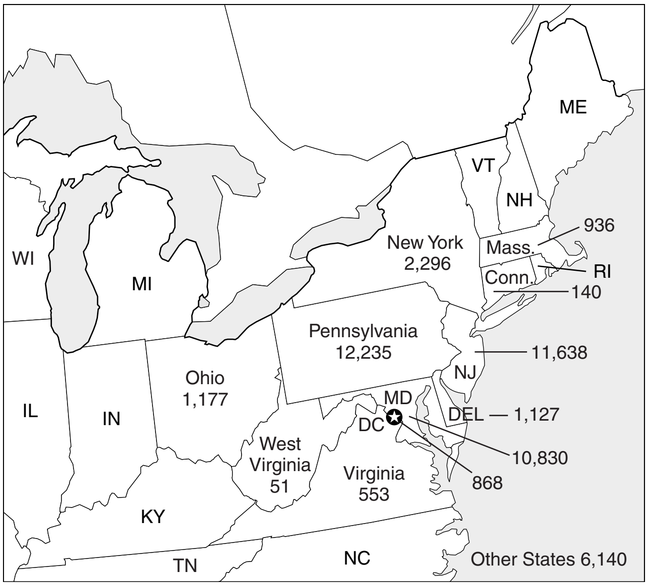
At the same time, there is a merger wave among the utility holding companies, concentrating the remaining utility generating capacity in ever fewer hands.

The timing of the waves of power plant sales over the past few years, has been governed principally by what states would permit as part of their new deregulation laws. In Nevada this month, their law was reversed, and sales were stopped dead. On April 17, Gov. Ken Guinn signed new legislation to stop deregulation, which cancelled pending sales to Reliant and Mirant, of power plants owned by Sierra Pacific Resources and Nevada Power, the traditional utility companies in the state.

Figure 1 shows that of the 103 power plants sold last year, and reclassified as "unregulated," 95 of them were concentrated in the Northeast/Mid-Atlantic region, with 53 of them

FIGURE 1

Electric Output Capacity (Megawatts) of 103 Generating Plants Sold in Y2000, and Reclassified as 'Unregulated'



Source: Energy Information Administration, U.S. Department of Energy.

in Pennsylvania, New Jersey, and Maryland alone. The figure has the particulars of sales in these states, to document the point: The process of re-categorizing plants over to an unregulated status, just paves the way for California-style chaos, in terms of fostering speculation, unreliability, and hyperinflation.

Spring Energy Cutoffs, Protests Mounting

by Mary Jane Freeman

Since our coverage of last week, the number of households at risk of having their utility and/or energy shut off has continued to climb, and organized protests have begun. Most states' Winter moratoriums on shutoffs have ended, and daily reports show the magnitude of the potential harm, due to the super-profits being raked in by energy conglomerates under deregulation, is much greater than previously reported.

• In Philadelphia, citizen and city council pressure on PGW, the city's main utility company, won a ten-day delay in effecting disconnect actions. At risk, immediately, are 7,200 customers whose bills are over $750 and more than 90 days old. City Councilwoman Marian Tasco asks PGW to do more, i.e., to hold face-to-face meetings and give people 72 hours thereafter to work out a payment plan. PGW has a total of 200,000 customers, 43% of its clientele, who are not current on bills. Of those, 70,000 are in its low-income program, and 20,000 of those have payment plans, but the remainder, 50,000, do not, and therefore are at risk of cutoff soon.

• In Chicago, a minimum of 10,000 households faced April 16 shutoffs, with delays being negotiated on a day-to-day basis by protests involving the Rev. Jesse Jackson, Sr. Another 30,000 households may be cut off by May 1. On April 12, former Illinois State Treasurer Pat Quinn filed a petition with the Illinois Commerce Commission to ban gas utilities cutoffs for the next 150 days. The petition, signed by 10,000 people, states that cutoffs pose a serious health threat. The ICC has set a hearing for April 24 on the petition.

Illinois cutoffs of an estimated 6,000 households began as of April 9. Peoria township supervisor Joe Whalen said that the town's relief office has run out of funds. "It wasn't the first year" this has happened, but "we have never had anything deluge us like this. . . . Many of these were people on fixed incomes who had never in their lives asked for help," but this Winter "they found themselves up against a wall." A relief worker in the area put it this way: "The utility problem has put the American dream on hold."

• As of April 16, almost 40,000 households in St. Paul, Minnesota, serviced by only one of the state's energy providers, are in jeopardy of having their energy service disconnected due to unpaid bills. Another provider, Minnegasco, reports delinquent accounts have risen sharply. Statewide, the shutoffs are in the hundreds of thousands. Cutoffs will effect customers who use electric- and natural gas-regulated utility services. The Public Utility Commission estimates that of the 2.1 million households served by regulated utilities, 100,000 are in arrears and face cutoffs. The 51 rural electric cooperatives serve almost 910,000 households, for which data on arrearages are not collected. But, they report a 45% increase in delinquent accounts this year over last, and that disconnect notices began going out as of April 9.

• Thousands are at risk in Jackson, Mississippi, where the non-profit community group, Unify Souls, Inc., which screens people seeking aid to pay bills, reports being overwhelmed with new requests. The head of the Department of Human Resources told Doris Rhodes, head of Unify Souls, that as of April 15 all state and Federal funds were exhausted. Unify Souls has called for a protest rally and march to the legislature on April 27.

• Citizen action in New Orleans secured a one-week postponement of cutoffs, to April 24. LaRouche activist Marty Rowland and the Citizens For Change plan further actions.