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FEDERAL GOVERNMENT AGREES TO SCHAKOWSKY/SPRATT REQUEST FOR INVESTIGATION OF HIGH NATURAL GAS PRICES

GENERAL ACCOUNTING OFFICE TO REPORT ON FACTORS THAT CONTRIBUTED TO PRICE SPIKES THIS WINTER

WASHINGTON, DC -- Unable to receive adequate justification from natural gas producers for this winter's high costs, U.S. Representative Jan Schakowsky (D-IL) today announced that the General Accounting Office (GAO) has agreed to her request to investigate the factors that led to consumers paying exorbitant prices to heat their homes this winter.□□

"My constituents and consumers in the Chicago area and across the country were forced to pay more than double this winter what they paid in previous years to keep their homes warm.□ Some were even faced with the difficult decision of choosing between food, medicine, or heat.□ My constituents will continue to feel the effect of this winter's gas prices on their pocket books well into the summer months," Schakowsky said.

"I want answers.□ My constituents want answers.□ We need answers in order to provide relief to consumers.□ Back in January, I called on President Bush to use his and Vice President Cheney's close ties to this country's oil and gas executives to bring consumers some relief.□ It's clear now that the President and his Administration have no intention of doing so," Schakowsky added.

Schakowsky and Congressman John Spratt (D-SC) asked the GAO to include the following in their investigation:

- Natural gas supply availability from domestic and imported (Canadian and Mexican) production during the recent period of extremely high gas prices.**

- Changes in demand by class of gas consumers - residential, small commercial, industrial, and electric generation (both utility and non-regulated merchant generators), and the impact of these demand increases on overall prices.**

- The impact on prices from natural gas-fired electric generation coming on line in recent years, particularly during the summer of 2000.**

- The role of the trading of futures contracts on the New York Mercantile Exchange (NYMEX), natural gas forward contracts, and any over-the-counter derivatives contracts**

involving natural gas in the escalation of the market price for natural gas over the past two years.

- The methods used to establish published spot market index prices for natural gas.**

- The role of pipeline capacity constraints in causing a shortage of supply and price increases of natural gas in each region of the country.**

- Whether manipulation of prices appears to have occurred during the recent price spike, and if such manipulation occurred, what legislation might prevent it from recurring in the future.**

The GAO is assembling a team to conduct the investigation and it will begin work soon. The investigation should be completed within the next six to eight months, and Schakowsky plans to closely monitor its progress.□