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SCHAKOWSKY SAYS CONSUMERS IN CHICAGO ARE FACING MORE BAD NEWS THIS WINTER

CUSTOMERS WILL PAY 50% MORE FOR NATURAL GAS TO HEAT THEIR HOMES AS A RESULT OF ENERGY COMPANIES MANIPULATING PRICES AND SUPPLY TO MAXIMIZE PROFITS

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) today said that consumers in Chicago and Illinois are facing more bad news this winter. Schakowsky said that customers in Illinois will have to pay 50% or more to heat their homes with natural gas because energy companies are manipulating prices and supply to maximize profits.

During a Government Reform Committee hearing today on energy issues, Schakowsky said that "this is simply about big oil and gas making business decisions to maximize profit" and added that they "[a]rtificially reduce supplies and charge cartel-level prices." She also displayed a copy of a July mailing from a local distributing company warning customers that their winter heating cost will dramatically increase.

The Government Reform Committee will hold another hearing tomorrow where Secretary of Energy Bill Richardson, Environmental Protection Agency Administrator Carol Browner, and other Administration officials will testify.

Below is Schakowsky's statement from today's hearing

"Chicago and Illinois have been plagued by energy problems. Last summer, consumers suffered because Commonwealth Edison could not serve the electricity needs of its customers. This summer, my constituents were faced with the highest gasoline prices in the nation. The arguments that the oil industry made in an attempt to justify those prices somehow evaporated as soon as members of Congress on both sides of the aisle asked for an FTC investigation. The Administration was prompt to respond but many people, businessowners, and farmers were made to suffer unnecessarily.

"As we approach this heating season, we are facing more bad news. Prices for natural gas - the fuel, which heats virtually every home in my district and over half of all the homes in our nation, are soaring. The November/December futures prices have more than doubled in the last year. This spells trouble for homeowners, hospitals, businesses and others who depend on natural gas.

"Once again, the oil and gas industry is giving us excuses. They say that they didn't realize that demand would be so high; that they had to cut back drilling because of environmental regulations; and that the federal government is not giving them enough

tax credits. And, once again, their excuses don't add up.

"It is inconceivable that anyone in the energy industry could not know that natural gas demand would be up. Even if the winter is mild, increased demand from the electric utility sector is evident. Over the past years, energy consumption has been steadily on the rise. Who did the industry think would supply these plants? And, given this demand, how did the industry think it would be able to meet its long-term contract obligations and serve its core customers?"

"Just like this summer, pinning the blame on environmental protection won't wash either. According to Baker Hughes Inc., a Houston oil and gas service company, there were 808 rigs drilling for natural gas, up from 561 at the same time last year. This is not about environmental regulations. Nothing has changed in terms of environmental protection over the last year, but exploration is up 44%. This is simply about big oil and gas making business decisions to maximize profits."

"By their own admission, the industry purposely kept supplies low because prices did not meet their profit goals. And some of the biggest winners are Enron corporations, whose stock has nearly doubled this year, and El Paso Energy corporation, whose stock has jumped 61% this year alone. So once again, it's not the industry that is going to be left out in the cold this winter. It's going to be families, seniors, and businesses in my district and others."

"Taxpayers already provide the oil and gas industry with massive tax breaks for exploration and development -- \$ 18 billion is the projected total for corporations for the 1996-2002 period, and \$1 billion alone in percentage depletion and expensing provisions this year. How can we tell our constituents that they are getting their money's worth when these companies feel free to artificially reduce supplies and charge cartel-level prices?"

"Mr. Chairman, there might be some who are saying this hearing is politically motivated. I hope that is not the case. I hope we are serious about this hearing because we owe that to our constituents. I was not here when Congress decided to deregulate natural gas and crude oil, but many of us outside of the beltway at the time had serious concerns about those decisions. Many of us questioned the wisdom of turning energy supply and price decisionmaking - decisions that affect every sector of our economy and every person in our country - over to an industry whose bottom line is their bottom line and not our economic interests. I am glad that we have recognized that there IS a federal responsibility to ensure that energy is available and reasonably priced."

"I hope that we will really explore what the government should do to achieve that goal and what the oil and gas industry should do and should not do so that we can protect the public interest and our economy."