

Statement by SEP Illinois state Senate candidate

## Electricity rate increase: a calculated assault on working class living standards

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### Statement by Joe Parnarauskis, SEP candidate for State Senate in Illinois' 52nd district

The proposed AmerenIP rate increase, which will go into effect in the dead of winter, is a calculated attack on the living standards of working class families in Illinois.

The Illinois electric company AmerenIP announced in mid-September that, starting January 2, 2007, rates would be increased by as much as 55 percent. According to the most recent figures, in Danville and Champaign-Urbana—cities in my district—the rate increase will be 40 percent. This will mean that the average monthly electric payment of a household in my district will rise to \$90, or \$1,080 a year.

AmerenIP, a subsidiary of Ameren Corp., supplies electricity to about 600,000 homes across most of central, east central, and southern Illinois. By a 1997 Illinois law, the electricity industry was made into a “competitive market,” overseen by the Illinois Commerce Commission. This year, the state hosted a “reverse auction,” which allowed the utilities to set rates and take bids until each had enough power to meet the demand of its customers.

Following the auction, Commonwealth Edison, the only other major energy supplier in the area, announced a similarly onerous rate increase of 22 percent.

As working people responded to the announced increases with outrage, candidates and politicians from all other parties made it immediately clear that whatever happens, the right of AmerenIP to turn a profit at the expense of working people would not be challenged.

“I’m all for the free market,” said my Democratic opponent Michael Frerichs in a statement to the press, while calling for the state to “step in” to help pay the

costs. Judy Myers, my Republican opponent, urged AmerenIP to work with consumer groups to reach a “compromise,” and called for a “short-term” freeze in the rate.

The local Green Party candidate Tom Abram, who is running for state legislature, told the local *News-Gazette* newspaper that he supported a short-term freeze, accompanied by a program to encourage “energy efficiency.” In other words, the private ownership of AmerenIP would not be questioned.

The bill that has actually been proposed in the Illinois House of Representatives, House Bill 5766, would only freeze the rates for another three years before allowing them to increase. Even this grossly inadequate bill seems unlikely to pass, however, as it has received only half-hearted interest from the House Democrats. In the words of Democratic Representative Tom Holbrook of Belleville, “Like higher prices for gasoline and natural gas, prices going up is a reality that we have to deal with.”

AmerenIP Illinois President Scott Cisel responded arrogantly to the calls in the legislature for a short-term rate freeze with the threat that if rates were frozen, there would be “a significant reduction of the workforce.” He added, in gangster-style language, that “the gloves would come off” in the company’s efforts to fight the freeze. Any further Ameren layoffs would come on the heels of its 2004 cost-cutting measure, which saw 10 percent of the workforce—about 1,000 workers—laid off.

Cisel referred cynically to the opposition within the company’s own workforce to the rate increase. “I can tell you one thing I can’t understand,” he said, “I can’t tell you why any employees would want to support a rate freeze.”

In this situation, the case for socialism is clearly posed. The massive infrastructure that supplies energy to the homes and industries of Illinois cannot be owned privately by extremely wealthy individuals who use it for their own private enrichment.

Both of my opponents, however, are terrified of being perceived as “bad for business.” This is because they are both members of big business parties, and the vast majority of their donations and support come from the corporate realm. There is no hope for putting a halt to profit-making at the expense of working people with the Republicans and Democrats in office.

This is clear for all to see in the case of the AmerenIP hike. People will freeze to death this winter, or burn to death trying to light their homes with candles—as happened tragically in Chicago not too long ago—and all so that the AmerenIP CEOs and shareholders can continue to rake in the cash. During the past decade before the present rate increase, AmerenIP’s annual profits had already increased from \$335 million to \$606 million. The proposed rate increase this winter is expected to bring in an additional \$200 million for the company.

It is worthwhile to remember that it took a bipartisan effort of Republicans and Democrats to pass the 1997 *Illinois Electric Service Customer Choice and Rate Relief Law*, which made the generation of electricity a “competitive industry” and precipitated the AmerenIP price-gouging in the first place. Both of these parties bear responsibility for the increase.

I am not a member of a big business party, and I am not afraid to act in the clear interests of working people. Public infrastructure like AmerenIP must be transformed into a public utility, free for all to use, under the democratic control of the working people who use it. The personal assets of individuals like Cisel, made off the backs of working people, must be appropriated and used to meet social needs.

As the SEP makes clear in its 2006 election platform,

“The Socialist Equality Party advances a program whose aim is the reorganization of the US and world economy in the interests of the working class. The present capitalist setup, in which all of the forces of industry and finance are privately owned and controlled, must be replaced by a socialist system of public ownership and democratic control of the economy. We advocate the creation of an economic

system whose organizing principle is the satisfaction of human needs, not the creation of profit and the accumulation of vast personal wealth.”

This is especially true in the case of public utilities such as Ameren, which need to be taken out of the hands of corporate entities, controlled by wealthy individuals like Cisel, and placed under the control of working people.



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