

A Christmas disaster for Illinois households

# Illinois Democratic Party allows January 1 power rate increase

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Last Thursday, the Illinois General Assembly adjourned itself without acting to block or even delay an enormous increase in power rates that energy giants AmerenIP and ComEd plan to impose on the state's hundreds of thousands of residential electricity consumers. The increase—which will range from 20 percent to 55 percent—is set to go into effect on January 1, in the dead of winter, and will be an enormous burden on the state's working class, poor, and elderly.

In addition, another 30,000 of the customers could face up to a 400 percent price hike because AmerenIP is canceling its special winter rate for electrically-heated homes at the end of this year, meaning that households that are currently paying 2.5 cents per kilowatt-hour for electric heat will pay as much as 10.35 cents.

At the same time, a half-million Ameren customers in Illinois and Missouri have been forced to go days without power in freezing temperatures due to a winter storm that claimed at least five lives in Illinois. Ameren executives have cynically claimed that without the rate hikes—which will boost company profits well beyond the \$606 million Ameren-affiliated companies brought in last year—it would be forced to lay off workers, making it unable to respond to such emergencies. In fact, the company's slow response in the current crisis has been condemned by residents, and as of this writing at least 100,000 Ameren customers in Illinois are without power.

During the recent elections Illinois Democratic Party candidates for state legislature postured as defenders of energy users and publicly complained about the looming increase in rates. They issued vague calls for an extension of the freeze on power rates that had been in place for the previous ten years. In the election, the Democrats consolidated their control of Springfield, winning every statewide office by wide margins and strengthening already-substantial majorities in the House and Senate.

Nonetheless, a bill to extend the rate freeze fell six votes short in the Illinois House. Meanwhile the Illinois Senate

passed a bill that was so inconsequential—it would have required the increase to be phased in over three years—that it was opposed by the American Association of Retired Persons (AARP). Still, because the House adjourned without passing a bill, the Senate bill died as well.

Both Naomi Jakobsson, the returned State Representative for Champaign and Urbana, and Mike Frerichs, the Senator-elect for Champaign and Vermilion counties, had made much of the issue on the campaign trail, as had Mike Madigan, the Speaker of the Illinois House of Representatives. From the beginning, the official opposition to the rate hikes from the Democratic Party was little more than a campaign ploy.

Democratic politicians proposed an extension of the rate freeze for three years. Their proposals combined demagogic attacks on the widely-hated utility corporations with unswerving defense of capitalism and the supposed right of the energy giants to charge “market” rates. Frerichs, for example, made a vague proposal for state assistance, but at the same time reassured the corporate elite, “I’m all for the profit system.”

The price hikes will directly benefit the company's top five executives, including CEO Gary L. Rainwater, who took home a total of \$7,384,273 in compensation in 2005. An incentive plan passed by Ameren shareholders last May, valued at more than \$213 million, created even further incentives for “those individuals who are and will be responsible for the company's future growth,” according to Securities and Exchange Commission documents filed by Ameren. Once the rate hike becomes effective and profits and share values rise these incentives will ensure Ameren officials growing pay-offs.

Tens of thousands of working and unemployed people in the state already face a dire crisis due to rising gas and home heating prices. Each year some 20,000 people in Illinois apply for emergency assistance from the state after their utilities have been shut off due to non-payment. While it

would take the average worker earning the minimum wage six days to pay the increase under the new rates—estimated at \$312 annually—it would take the company’s CEO approximately 20 minutes to pay the increase.

On October 14, Joe Parnaruskis, the Socialist Equality Party candidate for Illinois’ 52nd Senate District, warned that “both of my opponents... 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.” In sharp contrast to his Democratic and Republican opponents, as well as to the Greens, Parnaruskis called for placing the major utilities under the democratic control of working people so they could be utilized to meet the needs of the state’s population, not wealthy energy traders and corporate executives.

Parnaruskis and the SEP received close to 4 percent of the vote in the 2006 elections, with some precincts reporting totals as high as 14 percent.

The Illinois Democratic Party is fully responsible for the suffering increased electricity rates will inflict on Illinois households this winter. They collaborated with the Republicans in drafting the 1997 law—with the Orwellian title of *Illinois Electric Service Customer Choice and Rate Relief Law*—that included the January 1, 2007 “sunset clause,” which allows the enormous rate increase.

Politicians of both parties had promised Illinois workers that the ending of state regulation would usher in a panacea of competition that would drive down prices. Of course, the disastrous results of deregulation had already been witnessed in 2000 and 2001 at the expense of tens of millions of California energy consumers who had been fleeced by Enron, but that did not compel Illinois Democrats to revise the law in the intervening years, when they controlled the governor’s mansion and both houses of the legislature.

Any thought that AmerenIP or ComEd would somehow mitigate the burden on working people in light of the Christmas and New Year holidays has already been doused. The utility giants had opposed the state Senate’s plan to impose the rate increase over three years in favor of a plan that would have “allowed” Illinois households to “choose” between paying the whole increase all at once or phasing it in over the next three years—all the while paying 6 percent interest on the deferred portion of the payments. In other words, there will be no respite for Illinois residents who depend on electricity to heat their homes this winter. Poor families and the elderly, who currently can barely subsist on meager state assistance, will see their finances stretched even thinner in the coming period.

Throughout the affair, the utility corporations were not afraid to remind the politicians in Springfield who is really in charge in Illinois. AmerenIP President Scott Cisel had responded to calls for a short-term rate freeze with blackmail against the working class as a whole, threatening that if rates were frozen, there would be “a significant reduction of the workforce.” This threat came on the heels of a 2004 cost-cutting measure that saw 10 percent of AmerenIP workforce—about 1,000 workers—laid off.

In response to the failure of an extension to the rate freeze, Parnaruskis issued the following statement:

“The Democratic Party’s abandonment of Illinois working class families, the poor, and those on a fixed income will come as a surprise to few. This fits into an old pattern in which Democratic Party candidates make vague and limited promises of reform and “change” during election campaigns only to fully embrace the interests of corporate America once they are elected. At the national level, we’re seeing an example of that in relationship to the war in Iraq. The crushing defeat of the Republicans was based, according to all serious observers, on a growing hatred of the war in Iraq. But the Democrats, including Illinois senators Barack Obama and Dick Durbin, are committed to continuing the criminal occupation of Iraq and escalating US violence in the region.

“The Democratic Party’s dropping of a rate freeze shows once again whose party it really is. The Democratic Party is not the party of the little man. It is the second party of big business. To defend their living standards against further attack, workers will have to break once and for all with the Democrats and build a party that defends and advances their interests. It is to help build such a party that I ran for State Senate in Illinois.

“But AmerenIP’s and ComEd’s actions demonstrate the urgent need for socialism. Decisions concerning the distribution of basic needs can no longer be subordinated to the profit drive of the financial elite. Workers have to take over basic utilities, major industries, and financial corporations and determine democratically the distribution of goods based on human need.”



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