Public Citizen

EYE ON ENERGY

A Monthly Newsletter from the Public Citizen Energy Team

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Latest Energy bill is Same Old Story

Sen. Pete Domenici (R-N.M.) has introduced a somewhat pared-down version of the energy bill that was filibustered last fall. Through budgetary gimmickry, the cost of the revamped bill (S. 2095) has been reduced to $14 billion, about half as much as the bill that came out of the energy conference last year. In an attempt to make the energy bill more palatable to certain senators, Sen. Domenici has removed the controversial MTBE liability waiver, which would give legal protection to petrochemical companies. In order to reduce the cost of the bill, the $3 billion Energy Savings Performance Contracts program—an initiative that would have conserved energy by retrofitting federal government buildings with energy efficient equipment—was cut. However, most of the worst elements of the bill remain completely intact. The bill still contains massive subsidies to the oil, coal, and nuclear industries, as well as the repeal of the Public Utility Holding Company Act (PUHCA). Send your senators a fax urging them to oppose the energy bill in any form: http://www.stopenergybill.org

DID YOU KNOW…?
The Power of the Public Utility Holding Company Act

Standard & Poor's credit rating agency said on Feb. 19, "Existing utility credit would be best served from enforcement of PUHCA's provisions and restriction of utility investment in outside businesses."

Paying at the Pump

Gasoline prices, currently at $1.72/gallon, are projected to be as high as $3/gallon in some areas of the country later this year. While the Bush administration and the oil industry blame environmentalists and/or OPEC, the evidence points to manipulation by large oil companies.

In January 2003, the Dept. of Interior concluded that only 15% of the oil located in the nation's 104 million acres of public land is unavailable due to environmental protections. Middle Eastern OPEC nations only supply 15% of America's oil needs; non-OPEC and U.S. domestic production provide 73% of our oil.

Over the last few years, too many oil company mergers have been approved without breaking the stranglehold the top five companies have on market share. Such concentration in so few hands makes it easier for these large companies to manage supplies and prices.

As a result of recent mergers, the top five oil companies operating in the U.S.—ExxonMobil, ChevronTexaco, ConocoPhillips, BP and Shell—now control 15% of global oil production (more than Saudi Arabia, Kuwait and Yemen combined), 50% of domestic oil production (the U.S. is the 3rd largest oil producer in the world), 49.5% of the domestic refinery capacity, and 61% of the retail market. And, it also provides record profits. ExxonMobil enjoyed after-tax profits of $21.5 billion in 2003; ChevronTexaco had $7.2 billion, and ConocoPhillips had $4.8 billion.

Collectively, the oil and gas industry has spent $270 million lobbying Congress and the White House and providing cash to federal election campaigns since the 2000 election cycle. Of this amount, $66 million has already been provided to federal candidates running for office, with 80% of those contributions going to Republicans. That makes this industry among the largest and most partisan of industries.

This $270 million investment in political influence has provided windfall returns to the oil

industry. It has purchased immunity from scrutiny of their manipulation, netting them $30 billion in overcharges to consumers. It has purchased the promise of billions of dollars in tax breaks in the energy bill, and granted them changes in New Source Review air quality standards that allow their old refineries to pollute America's communities.

Eye on Yucca Mountain

As reported last month, several former employees at Yucca Mountain claim that they were afflicted with the chronic lung disease silicosis caused by exposure to airborne silica while they were drilling the exploratory tunnel at the site. In a Feb. 17 letter to Sen. Harry Reid (D-NV), DOE admitted that they "were aware of the potential for the silica to become airborne during mining operations, which commenced in 1992, and tunnel boring operations, which started in 1994." Yet adequate safety measures were not taken until at least 1996. And, a former industrial hygienist with the construction company that built the tunnel testified that in October 2002 a supervisor ordered her to falsify her data on the toxic dust level so that they were recorded as lower than they actually were.

DOE does not know how many workers have contracted silicosis from exposure to silica at Yucca Mountain. The approximately 1,200 to 1,500 people involved in building the tunnel can be tested through the voluntary Silicosis Screening Program being conducted by the University of Cincinnati. To date, at least three people have been diagnosed with the disease, one of whom has died from it.

QUICK QUOTE:

"It's the same old package of pork -- it's rancid pork."

Senate Commerce Chairman **John McCain** (R-Ariz.)
March 3, 2004
- decrying the latest energy bill.

Embattled Nuclear Fuel Company Seeks License for New Mexico Plant

Louisiana Energy Services (LES)—a multinational consortium of energy companies, led by the European firm Urenco—has submitted an application to the U.S. Nuclear Regulatory Commission (NRC) for a license to build and operate a uranium enrichment facility in New Mexico that would produce fuel for the domestic commercial nuclear reactors.

LES has been plagued for more than a decade by licensing woes. It failed to attain a license for a similar facility in Louisiana, having been found guilty of environmental racism by an NRC licensing board, and it was expelled from Tennessee by disaffected locals offended by the company's refusal to address the issue of what would be done with the tons of radioactive waste produced by the plant.

Now LES is trying again, this time in Eunice, located in the southeast corner of New Mexico. Thanks to Republican Sen. Pete Domenici, chairman of the Energy and Natural Resources Committee, language was inserted into the latest energy bill that would expedite the licensing process of the LES facility.

Public Citizen, in concert with the Nuclear Information and Resource Service, will file a petition with the NRC to intervene in the licensing proceeding of LES, citing environmental and health concerns and, possibly, financial and security issues. The State of New Mexico may also intervene in the proceeding, most likely regarding the issue of waste disposition.

The NRC is accepting comments on the scope of their required Environmental Impact Statement on the proposed facility through March 18, 2004. Public Citizen will issue comments, recommending the broadest possible scope for the analysis.

Corporate Corner

$21.5 Billion: What Exxon-Mobil earned in record-setting after-tax profits for 2003 while consumers were paying high prices at the gas pump.