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Power to the People

By Rep. Dennis Kucinich, [AlterNet](#)

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Editor's Note: The following was written by Dennis Kucinich from the campaign trail in Iowa.

With an estimated 50 million Americans and Canadians left without power and in some cases water, common sense requires us to reflect on the absurdity of deregulation of public utilities. The right of utility franchise is vested in the people. We give utilities permission to operate, and enable them to set up a profit making business in exchange for the promise of affordable and reliable service.

In 1992, investor-owned utilities pushed the Democratic House to pass HR776, which granted electric utilities broad powers. The bill was supposed to restructure the electric utility industry to spur competition.

Instead, utilities used deregulation to effect a series of mergers limiting competition. In order to accelerate profits, cost cutting ensued, involving the layoff of thousands of utility company employees, including some who where responsible for maintenance of generation, transmission and distribution systems. A number of investor-owned utilities stopped investing in the maintenance and repair of their own equipment, choosing to cut costs to enhance the value of their stock rather than spending money to enhance the value of their service.

A prime case in point is FirstEnergy Corp., late of Ohio. FirstEnergy formed through a merger of utility companies that owned nuclear power plants that often were neither used nor useful, and as a result incurred huge debt. FirstEnergy's predecessor, the Cleveland Electric Illuminating Company (CEI) in the 1950s and '60s was a high performing blue chip stock until it invested in nuclear power.

FirstEnergy tried without success to keep online a very troublesome nuclear power facility at Port Clinton, Ohio, the Davis-Besse plant. Davis-Besse is currently shut down and has been for some time. FirstEnergy and federal regulators failed to properly monitor the plant's operations; boric acid corroded the head of the reactor, threatening to breach the reactor vessel.

Millions of people in the Midwest and the water supply of the entire Great

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Lakes region were at risk because of First Energy's negligence, improper maintenance, and actual cover-up of the degradation of the reactor. Further, federal regulators decided that despite the danger to one of the largest populated areas of the United States, FirstEnergy's financial condition required the flawed reactor to continue operation. The regulators put profit ahead of public interest.

If there ever was an example of an unholy alliance between government and industry, this is it. If there ever was an example of the failure of necessary regulation by the government of an investor-owned utility, it is the government's failure to regulate FirstEnergy. Now, according to published reports, the blackout that affected an estimated 50 million people may have begun in the FirstEnergy system.

I've been familiar with First Energy and the challenge of utility monopolies for over 30 years. Early in my career, in the 1970s, I watched FirstEnergy's predecessor, CEI, as it was hard at work trying to undermine the ability of the City of Cleveland to operate its own municipal electric system. CEI conducted a tireless crusade to attempt to put the city's publicly owned system, Munny Light, out of business. Munny Light competed against CEI in a third of the city and provided municipal power customers with savings on their electric bill of 20-30 percent. It also provided cheaper electricity for 76 city facilities and thousands of Cleveland street lights, saving taxpayers millions of dollars each year.

An antitrust review revealed that CEI had committed numerous violations of federal antitrust law in its attempt to put Munny Light out of business. CEI worked behind the scenes to block Munny Light from purchasing power from other power companies. CEI became the only power company Munny Light could buy from. At that point, CEI sharply increased and sometimes tripled the cost of purchase power to Munny Light. And, as a result, Munny Light began to lose money. CEI used Munny Light's weakened operational and financial condition (which they created) as evidence of the public system's lack of viability and as proof that the only way the people of Cleveland could have reliable power was for the city to sell its electric system to CEI. Throughout this period, the Cleveland media, which received substantial advertising revenues from CEI, crusaded against the city's ownership of a municipal electric system.

In 1976, after years of work to undermine Munny Light, CEI finally succeeded in getting the mayor and the council of Cleveland to agree to sell Munny Light, giving CEI a monopoly on electric power in the Cleveland area and enabling CEI to greatly expand its rate base to get more revenue to pay for its rapidly mounting expenses associated with building nuclear power plants. At that time, I was clerk of the Cleveland Municipal Court, a citywide elected office. I organized a civic campaign to save Munny Light. People gathered signatures in freezing rain to block the sale. I ran for mayor of Cleveland on a promise that if elected, my first act would be to cancel the sale of Munny Light. I won the election, and I cancelled the sale.

The Munny Light issue came to a head on December 15, 1978, when Ohio's largest bank, Cleveland Trust, the 33rd largest bank in America at that time, told me that they would not renew the city's credit on 15 million dollars

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worth of loans taken out by the previous administration unless I would agree to sell Cleveland's municipally owned utility to CEI.

On that day, by that time, the sale of Muny Light was being promoted by both Cleveland newspapers, virtually all of the radio and TV stations in town, the entire business community, all the banks, both political parties, and several unions, as well as a majority of the Cleveland City Council. All I had to do was to sign my name to legislation and the system would have been sold and the city credit "protected." The chairman of Cleveland Trust even offered 50 million dollars of new credit if I would agree to sell Muny Light.

Where I come from it matters how much people pay for electricity. I grew up in the inner city of Cleveland, the oldest of seven children. My parents never owned a home; they lived in 21 different places by the time I was 17, including a couple of cars. I remember when there were five children and my parents living in a three-room upstairs apartment on Cleveland's east side. My parents would sometimes sit in the kitchen at one of those old white enamel-topped tables, which, when the surface was chipped, was black underneath. When they counted their pennies, I could hear them clicking on the tabletop. Click, Click, Click.

When I was in the board room with the Chairman of Cleveland Trust Bank, I was thinking about my parents counting their pennies and I could hear those pennies hitting the enamel tabletop. So I said no to the sale of Muny Light to CEI. At midnight, Cleveland Trust put the City of Cleveland into default.

Later it was revealed that Cleveland Trust and CEI had four interlocking directors. Cleveland Trust was CEI's bank. Together with another bank, Cleveland Trust owned a substantial share of CEI stock and had numerous other mutual interests. Public power was saved in Cleveland. I lost the election in 1979 with default as the major issue. Cleveland Trust changed its name to AmeriTrust. The new mayor changed the name of Muny Light to Cleveland Public Power.

In 1993, the City of Cleveland announced that it was expanding Muny/ Cleveland Public Power. It was the largest expansion of any municipal electric system in America. I had been long gone from major elected office. In fact, after the default, most political analysts considered my career over. I had been asked many times by other politicians why I just didn't make the deal and sell the light system, especially when my career was on the line. I believe that there are, in fact, some things more important than the next election.

After I left City Hall, I couldn't get a job in Cleveland, I almost lost my home, and my marriage fell apart. I was living in California when a Cleveland reporter called to tell me that people were saying the expansion could not have happened without my decision to save the system. People in Cleveland began to say that I was right not to sell Muny Light and asked me to come back. I ran for State Senate in 1994 on a slogan "because he was right" with little rays of yellow light shining behind my name on my campaign signs. I was one of the few Democrats to unseat a Republican

incumbent that year in a state election.

Two years later, I was one of the few Democrats to unseat a Republican incumbent to gain election to Congress. My campaign signs had a light bulb behind my name with the words "Light up Congress." Today, I'm running for president of the United States and I want to light up America. A good place to start will be to shed light on a deregulation process that has abandoned the public interest.

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