

NEWS RELEASE

International Brotherhood of Electrical Workers®
AFL-CIO-CLC

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Statement of International Brotherhood of Electrical Workers

President Edwin D. Hill on Largest Power Failure in U.S. History

Last week's power failure for 50 million Americans may well have stemmed from an overworked transmission system, a severe reduction of the work force and deferred equipment maintenance—all developments that followed deregulation.

Deregulation promised benefits from competitive markets, but it also brought uncertainty, which froze investment in new construction. In the 10 years since utility deregulation was first introduced, power companies have built or updated very few new transmission lines. Today demand continues to climb, but transmission investment in 2000 was less than half of what it was in 1975. In general, training programs for workers have been reduced or suspended indefinitely. The work force has been reduced by one third in the past 10 years, with an obvious impact on maintenance.

In fact, deferred maintenance has become the hallmark of deregulation. In order to maximize profitability, maintenance schedules in many utilities have been extended from six months to two or three years, greatly adding to system risk. Because electricity is often generated hundreds of miles from its user, the system is increasingly interconnected. When one or two elements of such a highly integrated system break down, the result is cascading blackouts like the one that occurred last week.

Deregulation provides incentives to a utility company to sell electricity across state and national boundaries, but it is transmitted on a grid initially designed to deliver only to its local customers. What happened last week is bound to happen again, given the growing demand for electricity.

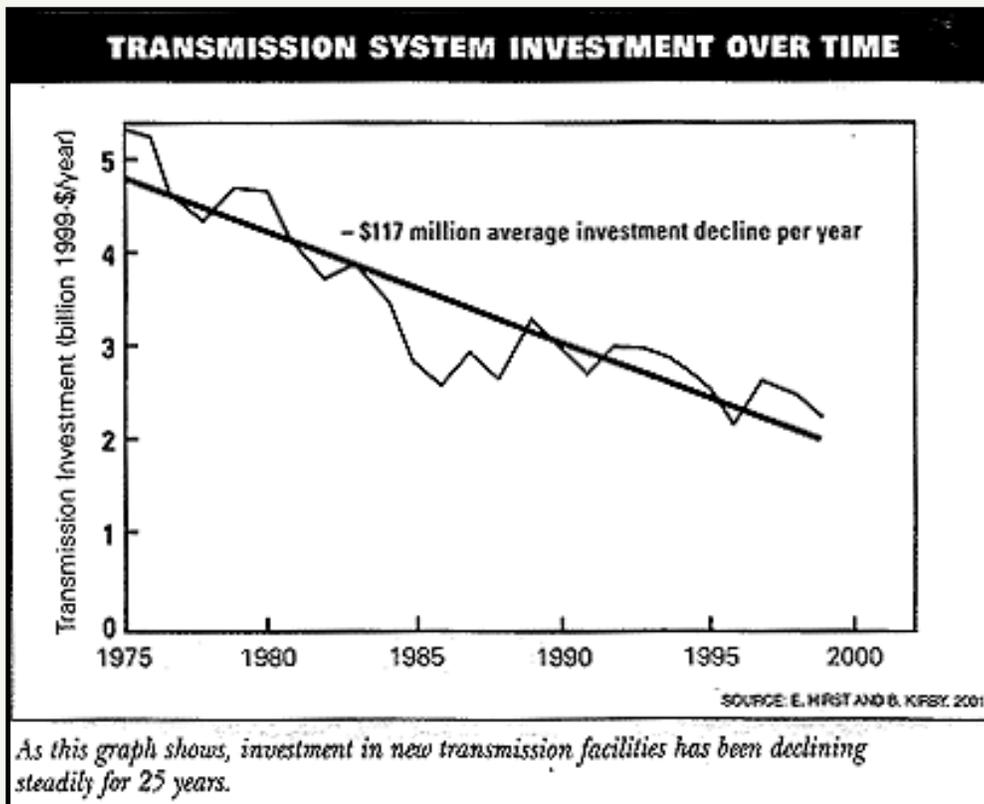
In recent years, deregulation has caused blackouts in the West and manipulation of power markets by the likes of Enron and others. If we continue down this road, the fallout will become national. Power outages will become a way of life.

It is a cause of grave concern that utility deregulation has turned the once reliable, self-sustaining

utility business into a marketplace where profit-taking trumps reliability. Consumers, businesses and industries are more at risk since electricity was redefined as a commodity rather than as a necessary service.

The IBEW urges policy makers to conduct an independent, engineering-based investigation into the blackout. Our modern electricity-dependent society should not be left to the mercies of today's deregulated utilities.

The IBEW represents 220,000 utility workers in the United States and Canada.



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