

vepco's high-rate robbery



In only four years, the Virginia Electric and Power Company (Vepco) has received rate increases totaling more than \$200 million. The electric and gas bills we pay have risen by 25%, 100%, or even more in many cases.

Here are the facts about these increases--about where the money goes--about the different ways that Vepco robs from the poor and gives to the rich --and about how working people can organize to put an end to this thievery.

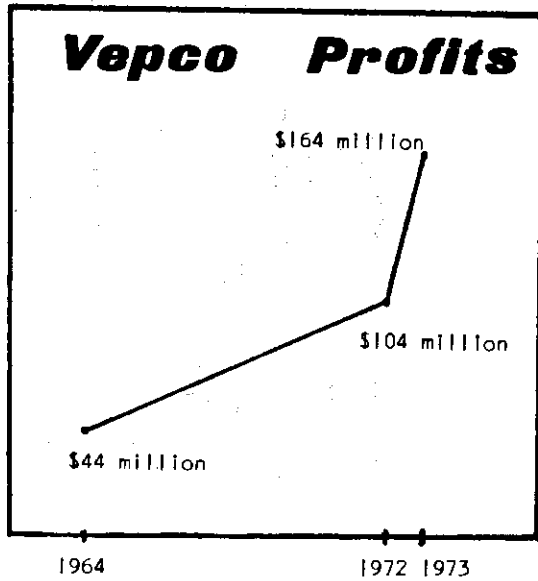
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Center for United Labor Action (C.U.L.A.)

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Is Vepco Suffering?

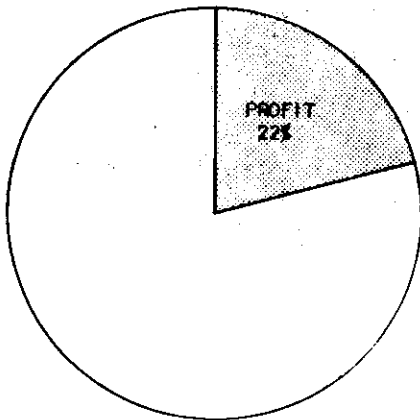
In February, 1975, the Merrill Lynch, Pierce Fenner & Smith brokerage firm listed Vepco as one of the ten best buys on the stock market. Merrill Lynch called Vepco a "Good Quality" stock and "an attractive purchase for accounts seeking capital appreciation and income."



In 1972, when Vepco's rate of return was less than 8.56 percent, Vepco was the fourth most profitable utility in the country. Now Vepco's rate of return is even greater -- estimated by Merrill Lynch to be 9.6 percent for 1975. Clearly Vepco's owners are making greater profits than ever.

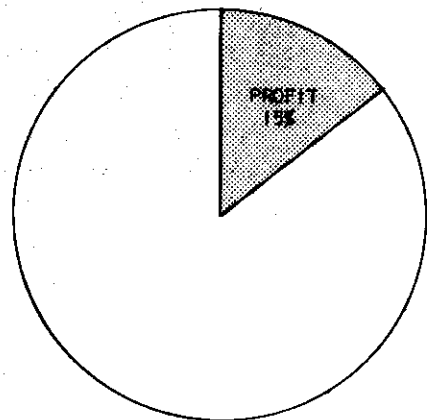
Yet Vepco officials, politicians, and the State Corporation Commission would have us believe that Vepco is going bankrupt -- that Vepco needs some "emergency relief" just to survive!!

Vepco Profit Margin



\$22 out of every \$100 that we pay Vepco is PROFIT

National Average



The average profit margin for U.S. power companies is \$15 out of every \$100

(Figures from a 1973 study by the Library of Congress)

Vepco is not a poor, struggling 'public' utility, as it so often claims. It is a filthy rich private company, making millions in profits for its owners by having a monopoly on electricity in most of Virginia and parts of West Virginia and North Carolina.

Who Owns Vepco?

The "Fat Cats" who control Vepco and get the largest part of Vepco's profits include some names that everyone will recognize. Only two of the top thirty Vepco stockholders are in Virginia -- most are Wall Street banks!

Here are the top Vepco stockholders -- the ones who really control the company:

- **1. First National City Bank (New York)
2. Manufacturers Hanover Trust Bank (N.Y.)
3. Merrill Lynch brokerage (New York)
- **4. Chase Manhattan Bank (N.Y.)
5. National Bank of Detroit
6. United Virginia Bank
7. Morgan Guaranty Trust Bank (N.Y.)
8. First Jersey National Bank (Jersey City)



**These two banks are controlled by the Rockefeller family, making the Rockefellers the largest single owners of Vepco.

Rockefeller also owns Exxon, which supplies most of the oil used by Vepco, so Rockefeller also gets the largest part of what we pay through the "Fuel Adjustment."

Is the Rockefeller family really so hard-up that working people must pay twice as much on their utility bills in order to give them more income??

State Corporation Commission: Regulators or Partners-in-Crime?

The State Corporation Commission (S.C.C.) is supposedly set up to regulate Vepco and other utilities. But the true function of the S.C.C. has always been just to rubber-stamp whatever Vepco and big business want.

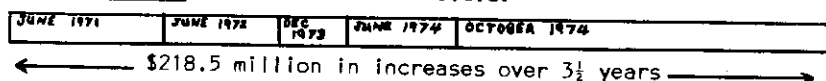
The three S.C.C. commissioners--businessmen themselves--are nominated by the Governor. (Gov. Godwin was paid \$25,000 per year by Vepco while he was out of office.)

When Vepco wanted an increase in May, 1974, the S.C.C. listened to Vepco's lawyers for two weeks, but allowed only two hours for other people to testify. In the fall of 1974, the S.C.C. gave only three weeks' notice of a hearing on another Vepco rate increase, then ignored petitions from over 20,000 people asking for field hearings in the Tidewater area.

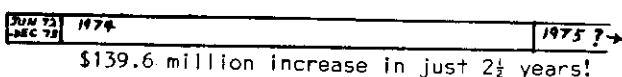


But the S.C.C. finds it easy to cooperate with Vepco. Just look at the record of rate increases given the company over the past few years:

RATE INCREASES GIVEN VEPCO BY THE S.C.C. --



RATE INCREASES THROUGH THE FUEL ADJUSTMENT CLAUSE



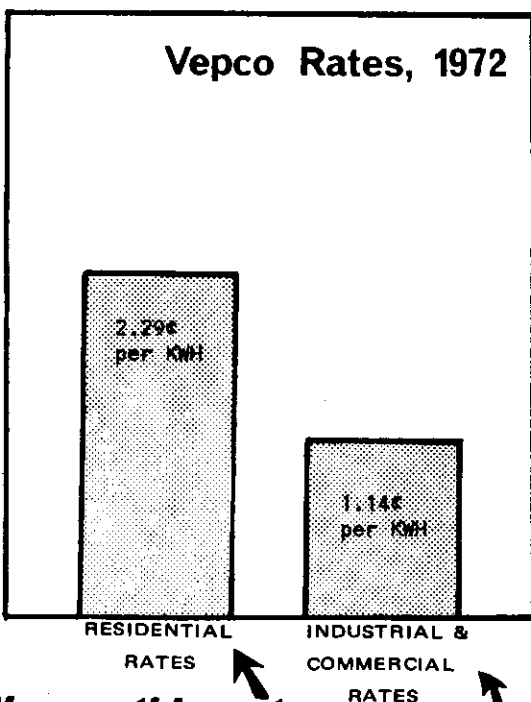
TOTAL INCREASE, 1971-1974: \$358.1 million. How much more will we have to pay in 1975??

The Poor Pay More

Because Vepco rates for residential consumers are twice the rates charged to industry and commerce, working people end up helping to subsidize the companies' use of electricity!

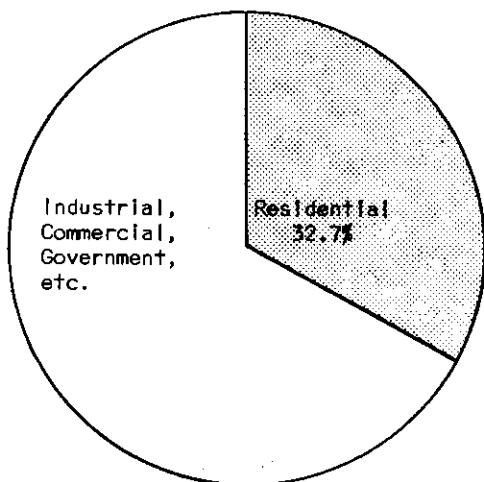
It is also true that the less money you have, the more Vepco charges you for a deposit. This is especially true in the Black community, where Vepco charges the highest rates and gives the worst service.

Cents per Kilowatt-Hour (KWH)

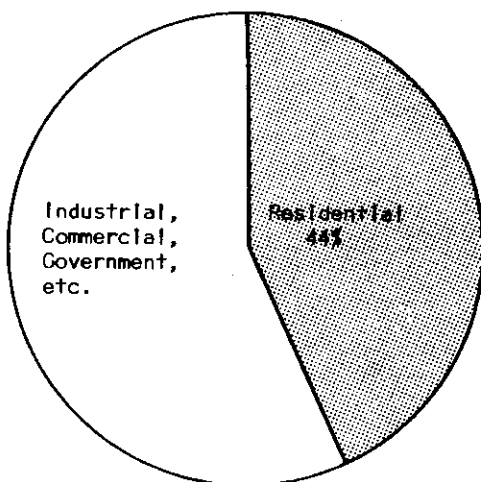


We pay this rate ↑
Big Business pays this rate ↑

VEPCO POWER USAGE (KWH)



VEPCO REVENUE SOURCES (\$)



We pay eleven percent more than our share!!

THE LESS WE USE... THE MORE WE PAY!

Vepco's rates are on a sliding scale -- You pay twice as much for the first 90 KWH as for the next 120 KWH. Therefore, conserving energy will have little effect on your bill unless you manage to use less than 90 KWH.

But if you do try to conserve electricity and gas, Vepco has another ace up its sleeve. It uses reduced consumption as an excuse for another rate hike. This is exactly one of the arguments Vepco used in getting its \$99.7 million increase in October, 1974.

"Fuel Adjustment" — More Robbery!

A huge part of the increase in our bills is caused by the "Fuel Adjustment Clause" granted to Vepco by the S.C.C. in 1972.

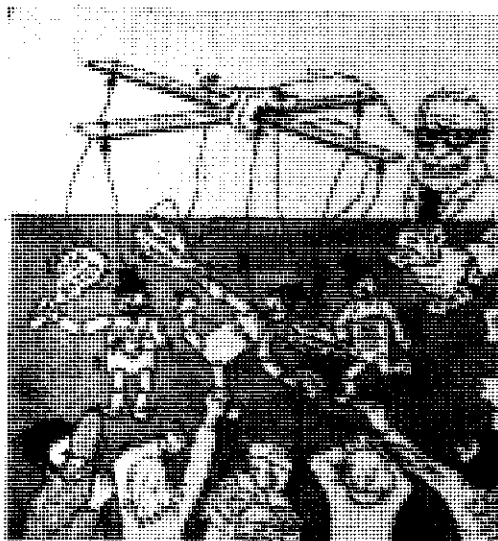
The "Fuel Adjustment" is a figure computed each month by Vepco and used to raise our bills automatically, according to what Vepco says is the increase in the cost of fuel used to produce electricity. The figure is not checked by the S.C.C. or anyone else!!

Through the fuel adjustment Vepco can pass all of its fuel cost increases on to the consumer. Vepco doesn't have to worry about cutting costs, because we'll pick up the tab -- automatically.

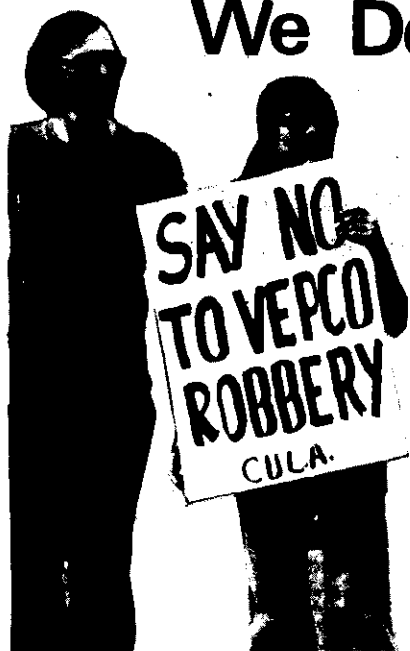
But there's a great deal more to the story. The S.C.C. doesn't mention that Vepco owns the Laurel Run Mining Company, which provides coal for Vepco's generators. Vepco can raise its own coal prices and then charge the increase to us through the Fuel Adjustment -- resulting in lots of quick, easy and quiet profits for Vepco's owners!

In addition, Rockefeller-controlled Vepco gets 56% of its fuel oil from Rockefeller-controlled Exxon. Whenever Exxon raises its prices, we pay for Vepco's share through the fuel adjustment, and, once again, the money flows into Rockefeller's banks.

No wonder Exxon had record profits of \$3.17 billion in 1974! Yet early in 1975 Exxon announced another price increase on fuel oil -- an increase that is now appearing on our Vepco bills.



We Demand Relief!



* ROLL BACK VEPCO RATES

Reduce rates to what they were before the 1974 rate increases.

* GIVE BACK THE EXTRA MONEY WE PAID

Vepco should return what we have paid in higher rates since 1974 with interest.

* ABOLISH THE FUEL ADJUSTMENT CLAUSE

Let Vepco pay the higher fuel costs out of its profits.

* MAKE BIG BUSINESS PAY EQUALLY

If Vepco needs more money, why not charge industry and commerce the same rates charged to working people.

* NO CUT-OFFS FOR INABILITY TO PAY

It should be illegal for Vepco to cut off service to anyone who cannot afford to pay.

We Can Fight Back!



The facts on Veeco and its rate increases prove one thing: Veeco is stealing from us every time we pay a bill. And every time Veeco gets an increase, they are stealing more on every bill.

The government not only looks the other way, but does everything possible to help Veeco carry out its robbery. When there is a flood or tornado, the government is quick to declare a disaster. It is quick to bail out companies like Lockheed, Penn Central Railroad or Veeco when they say they need money. But when we need relief from unemployment, inflation and unbearable utility bills, the government has nothing to offer.

The politicians go after our votes by calling Veeco names, but they never seem to manage to do anything to stop the robbery or to make Veeco give our money back.

The "experts" investigate and argue about Veeco's financial condition, but they don't care about our financial situation. It wouldn't take much of an investigation to discover that we can't pay our Veeco bills.

Clearly, we can't depend on the government, the politicians or the "experts" to really do anything about Veeco. They will only do what we force them to do! If anyone is going to stop Veeco's robbery, it will have to be us -- uniting and organizing and fighting the same way that workers fought for the right to have unions and that Black people have fought so courageously for their human rights.

That's what the Center for United Labor Action is all about -- working people, the poor, the unemployed and the oppressed getting together to demand the things we need to make our lives better. When we are united -- Black and white, women and men, old and young -- we have the strength to win, even against Veeco, the S.C.C. and the Rockefellers.

In May 1974, the C.U.L.A. was the only organization that went to the hearings to fight the Veeco rate increase. In September 1974, we gathered over 20,000 signatures on petitions against the rate increase. We started what has now become a huge state-wide protest against the rate increases.

It has been a good beginning, but it is not yet enough to stop the rate hikes completely and to win back what we have lost. This will only be possible when thousands and thousands of people organize to refuse to pay Veeco. Sure, it's a big step to take -- but it's the only way that we will have enough power to make Veeco listen, and it can be done!

If you would like to join the Center for United Labor Action in organizing this kind of fight to stop Veeco's "high-rate robbery," please call, write, stop by our office, or talk to any C.U.L.A. member in your neighborhood. SAY NO TO VEPCO!!

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