

# Quid Est Veritas

## Virtus In Medio Stat

By Patrick Weadon

In the summer of 1929, a gentleman named Leland Olds took it upon himself to learn everything he could about how power companies operated.

It didn't take him long to learn that when government failed to regulate the distribution of power "the holding companies of the time would milk the operating companies for all they were worth and then sell them at grossly inflated prices." Then, as Robert Caro notes in the book *Master of the Senate*, the boardroom shysters would "pass these extra costs back to the operating companies, who would in turn pass them on to the consumer in the form of rates so high they deprived low and middle class citizens of money for other purposes."

During the New Deal, Olds would be named to the Federal Power Commission, the entity that regulated power rates throughout the nation, and use his vast knowledge and expertise to bring rates into line with reality. Olds was not a socialist. He believed the power companies deserved a return on their investment, but he also believed the profit margins of utilities should be determined by factors other than purely market prices.

This winning formula led President Roosevelt in 1940 to appoint Olds as chairman of the aforementioned FPC. Olds' ability to satisfy both investors and ratepayers would lead many to consider him a legend in the field.

In 1948, however, Olds and his legend would run head-on into one of the most powerful and able leaders in our nation's history - Lyndon Baines Johnson. LBJ was in the Senate at the time and had been told by powerful oil and gas interests in Texas that Olds had to go.

Why? Olds had been audacious enough to insist on enforcing the Natural Gas Act of 1938, which permitted the government to regulate the natural gas brought by pipeline from Texas to the cities of the Northeast. The act pegged the profit margin to a maximum of 9.5%.

In 1949, Texas gas interests were, to again quote Caro, *making money hand over fist* at the aforementioned rate. But as is the case with so many money grubbing ingrates, the Texans were not satisfied. Their plan was to have the powers that be reign in Olds, repeal the act, and then sell the natural gas for seven times what the FPC had allowed them to charge in the past.

Johnson was up for reelection at the time and had to get rid of Olds - and fast. With him out of



the way, he could appoint a new man who would do the bidding of the Lone Star state's fat cats.

In the best tradition of Joseph McCarthy, Johnson took the lowest of roads. He had his staff round up some ancient leftist newspaper articles Olds had written and used them to label him a communist.

In the environment of the early 1950s Olds' integrity and character didn't stand a chance. He was stripped of his position and despite President Truman's efforts to help him, would eventually leave government service. In time, the unscrupulous Texans would get their way and proceed to grow rich by bilking the working men and women of the Northeast.

If this story sounds familiar to current day residents of Maryland, guess what... it is. Our current governor has stripped our public service commission of solid defenders of the people and replaced them with a collection of cronies, who for the most part appear to prefer profits over public service.

It is demonstrably true that there are no easy answers to this problem. There is no free lunch. In order for us to continue to have the power we need someone will have to pay the bill. Everyone understands the companies that provide the aforementioned power are entitled to a profit. The question is: How much profit?

Electric bills should be predicated on the idea that companies like BG&E should have the means to pay the salaries of their profes-

sional staff and to invest in the infrastructure required to maintain service. They should not, however, be cash cows for greedy investors who consistently favor profits over ratepayers.

This is why the Mayor of Baltimore is to be congratulated for having the courage and integrity to stand up to the charlatans who put together the so-called "deal" with BG&E.

To be fair, Bob Ehrlich was not present at the creation of this disaster for the consumers of our state. The original deregulation proposal was the work of the previous governor and the Democratic legislature. But now that the price-gouging cat is out of the bag, Copter Bob has shown little interest in fixing the situation. BGE seems to think the law of supply and demands means, "Whenever you own the supply, you can demand whatever you want."

Ehrlich has held what have turned out to be illegal meetings with the parties involved and worked to ensure the rich get even richer. He appears to be quite happy to willingly grant his imprimatur to an agreement that will in the end do nothing but hurt Maryland's poor and middle class citizens.

Thank God Mayor O'Malley had the guts to sack his city solicitor on the BG&E fat cats. O'Malley believes the plan Ehrlich is so happy to endorse is one that "offers no solution to BGE customers who are facing a 72% rate increase."

One way or the other the final solution will be an expensive one. With the right leadership, we can repeal deregulation and buy back the power plants that were stolen from the people of Maryland. It will be a tough road, but one that will hopefully lead to a future where power can be had at a reasonable price.

Mayor O'Malley already knows this, but Ehrlich and the power shysters would do well to remember the Latin phrase *Virtus In Medio Stat* (Virtue stands in the middle).

## County To Launch Its Own TV Channel

Anne Arundel County Executive Janet S. Owens announced a new program to air on PEG Channel 98, which will keep residents up to date on County government issues and agencies.

The program is called "Anne Arundel County Week in Review" and showcases different agencies along with County news, sports, legislative reports, County Council updates, pet adoptions and even current job openings.

"County residents will be

able to get inside County issue and better understand all that is accomplished on a weekly basis. Just as important, residents will be able to see how their tax dollars are being spent," said Owens.

The program airs on Cable Channel 98 (Comcast and Millenium) on Fridays (7:00pm at 10:00pm) and Saturdays and Sundays (6:00am, 9:00am, noon 3:00pm, 6:00pm and 9:00pm).

For more information, call 410-222-1288.

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