

# BAILOUT WATCH:

Keeping an eye on the energy industry and the politicians

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## SPECIAL REPORT: The Manufactured Energy Crisis

**Do you think it was just a coincidence** that (1) the 48 hours of rolling blackouts last January followed an announcement by the utilities that they would no longer pay their energy bills; and (2) the blackouts ended once the Governor signed legislation to authorize taxpayer purchases of electricity from the energy companies? If so, you probably also believe that you caused the "energy crisis" because YOU use too much electricity and YOU wouldn't let anybody build any power plants in California. You probably also think that deregulation would be a good thing but state officials screwed it up by trying to protect consumers. If this describes you, you can stop reading this and return to your regularly scheduled programming. If you are skeptical about the energy crisis that will cost Californians \$60 billion or more, read on. **The bottom line: the "energy crisis" was manufactured by utility, energy and Wall Street firms for their financial gain.**

**DEMAND: Consumption of electricity has not exploded in California.** The energy companies and their allies say that electricity shortages have occurred and wholesale prices have skyrocketed by as much as 3200% between June 2000 and early 2001 because Californians use too much electricity – more than is available.

In assessing the validity of their argument, the most important factor is peak demand – the moments during the year when usage hits its highest point. It is at the peak that demand might surpass our capacity to produce power. A Public Citizen study of ISO data shows that *peak demand in four of the last six months of 2000 was actually lower than the same months in 1999*, including December, when the state was sent into its first Stage 3 alert.

(There was not even a Stage 1 in December 1999.) The state's capacity to produce power in December is typically around 47,500 megawatts (assuming a low water month), while the peak demand in December 2000 was less than 34,000 megawatts. *There was no capacity problem when the power alerts hit California last December.*

| California Monthly Peak Demand (MW) |        |   |               |
|-------------------------------------|--------|---|---------------|
|                                     | 1998   | 1999  | 2000*         |
| Jan                                 | n/a    | 31,352  | 32,675        |
| Feb                                 | n/a    | 31,218  | 32,071        |
| Mar                                 | n/a    | 30,951  | 32,340        |
| Apr                                 | 31,116 | 31,073  | 33,013        |
| May                                 | 28,578 | 32,716  | 39,521        |
| Jun                                 | 33,585 | 40,896  | 43,447        |
| Jul                                 | 43,120 | 45,574  | <b>43,334</b> |
| Aug                                 | 44,759 | 43,925  | <b>43,509</b> |
| Sep                                 | 44,243 | 40,088  | 43,069        |
| Oct                                 | 31,160 | 36,692  | <b>35,542</b> |
| Nov                                 | 30,614 | 32,599  | 33,180        |
| Dec                                 | 33,185 | 34,319  | <b>33,672</b> |
| Source: CA ISO                      |        | *Months in 2000 when peak demand was lower are in bold. |               |

Over the course of 2000, peak demand increased by a scant 1.4%, according to the California Energy Commission (CEC). Over the last ten years, the annual increase in peak demand in California has averaged 2.02%, according to the CEC.

Industry spokespeople cite a different statistic: total consumption of electricity. To portray California as gluttonous, they assert increases of 13-20% in total consumption in 2000. However, total consumption data is relevant only to whether there is enough raw material (i.e., natural gas, coal) to fuel the electricity generation plants. It doesn't tell us whether we have enough capacity to meet demand. In any case, the industry's estimates are fabricated. ISO data, according to the *San Francisco Chronicle*, shows an entirely manageable 4.75% increase in total consumption from 1999 to 2000. In fact, in December 2000, when wholesale prices soared, California used less total power (-1.4%) than was consumed in December 1999. By the way: California is 49th in the nation in *per capita* electricity consumption.

The bottom line: DEMAND does not justify the shortages and high prices.

**SUPPLY: California has an adequate supply of electricity.** The key question is: do our existing plants have the capacity to produce the amount of energy we need? Electricity supply is a function of available fuel and the ability we have to convert that fuel to power, that is, system capacity. Despite the end of the year run-up in natural gas prices, sufficient fuel was available to run our power plants. And there was no reduction in capacity between 2000 and previous years. In fact, according to industry data analyzed by the *San Francisco Chronicle*, the state was expected to have considerable electricity surpluses in 2000 and, specifically, 39% excess capacity in December.

The CEC calculates the electricity capacity of California power plants at 52,586.11 megawatts:

| Type of plant | # of plants         | Capacity (megawatts) |
|---------------|---------------------|----------------------|
| Hydroelectric | 386                 | 14,116.53            |
| Geothermal    | 46                  | 2,561.70             |
| Oil/Gas       | 340                 | 27,733.42            |
| Coal          | 15                  | 549.50               |
| Wind          | 104                 | 1,814.68             |
| Biomass       | 38                  | 689.97               |
| MSW           | 30                  | 202.09               |
| Digester Gas  | 7                   | 21.73                |
| LFG           | 29                  | 173.88               |
| Nuclear       | 2                   | 4,310                |
| Solar         | 14                  | 412.63               |
| <b>TOTAL</b>  | <b>1,011 plants</b> | <b>52,586.13 MW</b>  |

The actual capacity to produce electricity in California far exceeds demand, especially in the low consumption months of the California winter when the crisis hit.

To divert blame, the energy industry and its allies insist there is insufficient supply, claiming that California has not added any new energy production capacity in ten years, and had it done so, we would not be suffering as we are now. Their data are incorrect. 185 new generation facilities and co-generation plants were built in California in the 1990's, bringing over 4,000 megawatts on-line, including 1,900 megawatts since the deregulation legislation was signed in

1996. (Source: Energy Information Administration's Form EIA-860B, "Annual Electric Generator Report Non-utility").

Of course, the industry's arguments beg the question: why, if more plants were necessary, weren't they built? Answer: under deregulation, the economic incentive is to keep supply tight in order to boost prices and profits as long as possible. Why would a member of the cartel undermine its own price-setting ability by building a new facility? It wouldn't, unless it had to, and then only to protect its control of prices. That's why both the utility companies and the energy companies successfully lobbied the PUC and FERC to block plans for new energy resource development since California deregulated. In fact, according to a review by the *Sacramento Bee*, the wholesale power generators have intervened to hold up the licensing of 12 of the 21 power plant proposals since 1997. The *Bee* also notes that prior to the final enactment of deregulation, Edison appealed to FERC and successfully blocked the construction of 1,400 megawatts of power capacity claiming that the company would "not need this power until 2005."

**Marginal changes in consumption and plenty of supply mean prices should have been stable.** The energy industry claims that price spikes, blackouts and Stage Three emergencies are the result of real energy shortages. A comparison of demand, supply and prices on expensive days in 2000 with those same days in 1999 show that the shortage argument simply doesn't hold up in the face of the facts. Quite the opposite. The power generators and the free market advocates constantly argue that as growth in demand outpaced supply availability, prices had to rise until consumption was curbed or supply increased. But what happened when demand was actually down and our capacity was not even remotely challenged? Comparing prices in the day-ahead markets from one year to the next demonstrates there is no rational economic explanation for what has happened in California.

| Date                       | July 15, 1999     | July 15, 2000     |                                |
|----------------------------|-------------------|-------------------|--------------------------------|
| Average supply needed/hour | 28,666.28         | 23,098.46         | 24% less supply needed in 2000 |
| Average weighted Price/MWh | \$41.30           | \$62.58           | 52% increase in price          |
| <hr/>                      |                   |                   |                                |
| Date                       | December 15, 1999 | December 15, 2000 |                                |
| Average supply needed/hour | 23,083.13         | 19,945.14         | 16% less supply needed in 2000 |
| Average weighted Price/MWh | \$31.19           | \$493.83          | 1483% increase in price        |

Source: California Power Exchange data available at <http://www.calpx.com>

Although California spent much of the first two months of 2001 under Stage 3 alerts, there has been sufficient capacity to service California's power needs throughout the winter. The real question, then, is why didn't the out-of-state power companies that now control our electricity system supply enough of it?

**A cartel now controls the supply of electricity.** Under deregulation, the utilities found it in their financial self-interest to sell most of their power plants in California to a dozen private companies for \$3.2 billion. (Contrary to the utilities' assertions, they were not forced to sell the plants). The out-of-state companies that bought those plants now control approximately 35% of California's energy supply.

What these companies did next is Cartel Economics 101: tighten the supply of a commodity in the marketplace so prices go up. Prices go up, profits go up. (The OPEC cartel operates in this fashion.) Deregulation is simply a vehicle to enrich the utility and energy companies. In 2000, energy companies witnessed massive profit increases in their generating and trading divisions – for example, Duke Energy saw a 153% increase and Reliant Energy saw a 600% increase.

**So what caused wholesale electricity prices to skyrocket?** Greed was the motive; deregulation the opportunity. First, the deregulated environment gave the energy companies immediate access to information on plant operations and energy prices. The energy generators are aware of any "unplanned outages" and "unscheduled maintenance" of power plants. When plants are taken off-line, supply grows temporarily tighter. In the absence of price controls, prices are then bid up by traders, many of which are affiliated with the utility and energy companies. And, under the deregulation law written by the energy industry, the market price is set based on the highest accepted bid for each hour. While there was no inherent supply or demand problem, this scheme allowed the unregulated power companies to turn off the juice and start the run-up of prices. Here's how it worked:

In the late autumn of 2000 there were days in which more than 25% of our capacity was taken off-line; that is approximately 40% more than is typically down at this time. The suddenly, and inexplicably, tight electricity market was used by the energy cartel to justify extraordinary wholesale price increases. The increases exceeded the retail price cap written into the deregulation law by the utility companies themselves. Thus, what had been a means of enriching the utilities by \$20 billion between 1996 and summer 2000 ironically began to protect ratepayers as utilities could not pass through the higher prices.

| Date       | Megawatts Off-Line |
|------------|--------------------|
| 11/15/2000 | 14193.14           |
| 11/16/2000 | 11787.84           |
| 11/17/2000 | 12678.19           |
| 11/18/2000 | 12424.49           |
| 11/19/2000 | 13777.99           |
| 11/20/2000 | 13583.59           |
| 11/21/2000 | 13347.74           |
| 11/22/2000 | 11847.34           |
| 11/23/2000 | 13454.54           |
| 11/24/2000 | 14129.34           |
| 11/25/2000 | 14410.84           |
| 11/26/2000 | 13755.14           |
| 11/27/2000 | 12857.54           |
| 11/28/2000 | 12649.94           |
| 11/29/2000 | 13433.94           |
| 11/30/2000 | 13827.74           |
| 12/1/2000  | 13896.14           |
| 12/2/2000  | 14070.84           |
| 12/3/2000  | 14422.44           |
| 12/4/2000  | 14195.84           |
| 12/5/2000  | 12039.34           |
| 12/6/2000  | 12154.84           |
| 12/7/2000  | 12549.19           |
| 12/8/2000  | 10099.69           |
| 12/9/2000  | 11812.19           |

**After the "shortage" spikes came the "risk premium" increases.** The utilities assert that their losses since last summer amount to \$13 billion. In an effort to get the Legislature to order ratepayers to pay off these past losses, the utilities began threatening bankruptcy in late 2000. The utilities' threats led Wall Street firms to downgrade the utilities' credit ratings. The wholesale energy suppliers then added a "risk premium" – a charge to reflect the risk that the utilities wouldn't pay their bills – to their already excessive prices. The energy markets were thus reconditioned to expect and accept energy prices that were ten times higher than in previous years. When the state of California (with no credit problems) began purchasing spot market power in January the generators were able to charge previously unheard of prices 24 hours a day.

The market price for electricity has become so skewed in recent months that the wholesale energy companies have refused to sell power directly to customers with whom they had entered into relatively inexpensive long-term contracts. The wholesalers forced many of their customers -- residential, commercial and industrial – to return to the three utility companies so that the wholesalers could instead sell

their power at the massively inflated spot market prices being charged to the state of California.

**So what caused the blackouts in January?** Since the summer of 2000, the utilities had been pressing for retroactive rate increases to cover the losses they claim to have incurred in purchasing over-priced electricity from energy wholesalers. When public officials resisted such a bailout, the utilities threatened bankruptcy. With the exception of the 9% rate increase approved by the Governor in early January, however, the utilities were unsuccessful in their demand for a retroactive rescue. In January, the utilities decided to enlist the wholesale energy suppliers in their cause. On Tuesday, January 16, the utilities defaulted on bills they owed to the generators for power. On Wednesday, the 17th, the blackouts began; by Thursday night, the Governor had declared a state of emergency and was given authority to spend what is now estimated at \$4 billion in taxpayer money to purchase electricity from the wholesale generators to keep the lights on. There have been no rolling blackouts since then. The blackouts, in short, were intended to blackmail the state into pumping money into the pockets of the energy companies while re-igniting the sense of urgency around bailing out the utilities.

Now, sources say the wholesalers will not finalize any long-term energy contracts with the state of California until the ratepayers are ordered to pay off the utilities' back debts to the energy suppliers.

**Aren't the utility companies really broke?** The real crisis is not over "energy," it's over the utilities' finances. That's why the generators, the utilities' other creditors and Wall Street all want the Governor to order ratepayers to bail out 100% of the utility companies' recent losses – so they can all get paid. But the finances of the utilities' parent corporations belie the troubles of the utilities themselves. In fact, according to state-commissioned audits of the utilities and their holding companies, the financial pictures for PG&E and Edison dramatically contradict the companies' assertions that they are in dire straits. Not only are the parent corporations extremely well-positioned in the national and world energy markets, they effectuated this standing by siphoning off billions of ratepayer dollars from their utilities' coffers (\$4.8 billion from Southern California Edison to Edison Int'l between 1996 and 2000, \$4 billion from Pacific Gas & Electric to PG&E Corp. between 1997 and 2000). Moreover, the parent corporations have billions of dollars of cash on-hand and tens of billions of dollars available in non-utility assets that were purchased with money paid by ratepayers to the utilities.

**Does anybody else agree that the crisis is phony?** At this point, just about everybody agrees that the utility and energy companies have manufactured the "crisis," by taking advantage, in one way or another, of the 1996 decision to deregulate.

- As early as last summer, in a joint report to the governor, the California Public Utilities Commission and the Electricity Oversight Board identified the deceit of the generators' argument that demand drove prices up. The report states that "sellers may have been withholding power from this market in order to drive up prices in other parallel markets."
- On March 1, 2001 the California Independent System Operator (ISO) identified \$555 million in overcharges by energy companies during December and January. On March 9, the Federal Energy Regulatory Commission (FERC) announced that 13 energy companies may be forced to refund \$69 million. The following Wednesday (3/14), FERC announced that it would seek refunds from two of the energy companies, AES and Williams, which "appeared to have a financial incentive to prolong any outages from [certain] generating

units." Had the companies not prolonged outages at their so-called "must run" facilities, they would have had to sell the power at \$63/MWh. Because those plants were kept off-line, the ISO had to instead buy spot market power at higher prices from other plants owned and operated by those same companies for \$750/MWh. On Friday (3/16), FERC named six more companies that will be asked to explain why they should not refund \$55 million (an amount based on power sold for more than \$430/MWh) that they overcharged through market manipulation. Composed of energy-industry partisans and deregulation ideologues, FERC has been the industry's steadfast defender. That FERC is now acknowledging market manipulation – albeit with ridiculously low refunds – is significant.

- Financial analysts at Credit Suisse First Boston, a Wall Street-based global investment firm that advises energy companies and other major corporate clients, told its investing clients – just one day after the January blackouts – that "the rolling blackouts in California are more likely intended to soften up the Legislature and the voters to the need for a rate increase than they are indicative of a permanent 'when the lights went out in California' scenario." Credit Suisse meant to assure its clients that there are no fundamental problems with their energy industry investments (no mechanical problems with the power plants, for example). Rather, the generators, many of whom are Credit Suisse clients, were using the threat of blackouts to force the hand of California's political establishment. The import was that the generators' activities should be embraced by investors as part of a coordinated effort to increase profits.
- Later that month, an analyst with the Wall Street firm Goldman Sachs provided this insight into the effect of the blackouts on the utilities' demand for a \$13 billion bailout by ratepayers: "At first, there wasn't the political will to deal with the problem. The political will is there now, because lights are going out and time is running out."

Only energy industry spokespeople or their corporate-funded mouthpieces still insist that the power companies have done nothing wrong and that California is simply experiencing a supply/demand imbalance.

**Is all this illegal?** State and federal antitrust, regulatory and consumer protection laws prohibit direct or indirect collusion, manipulation of markets or profiteering, as well as any conspiracy between two or more individuals or companies to engage in illegal behavior. Numerous state and federal agencies are currently investigating the energy companies. But whether the public officials ultimately in charge – many of whom have received financial support from the industry – are committed to enforcement of the law is a separate issue. For example, FERC has recently charged several companies with profiteering, but has proposed miniscule refunds of \$135 million and no fines for the illegal behavior.

In addition to the public investigations into the activities of the power conspirators, a number of private lawsuits have been filed, including (as the *Los Angeles Times* has reported) one alleging collusion as early as 1996. In September, 1996, executives from natural gas giants El Paso Energy, Southern California Gas Co. and San Diego Gas & Electric – the latter two firms later merged to form Sempra Energy – met in Phoenix to discuss "Opportunities Resulting from California Electricity Industry Restructuring." They discussed and reputedly agreed to methods to control the flow of natural gas, an important commodity needed for the production of much of California's electricity, into the state. In short, the natural gas companies allegedly began plotting market manipulation only days after Governor Wilson signed California's deregulation law.

It should be noted that in a "market" with as few players as California's, there is little need for direct collusion to successfully manipulate prices and effectuate an artificial crisis. Each company wields sufficient market power to push prices up for everyone.

**Will building more power plants solve our problem?** It is clear that neither insufficient supply nor excess demand are responsible for the problems we are experiencing. However, increasing our electricity supply, or reducing our demand, or some combination of both, would theoretically put pressure on the energy cartel to increase supply and/or lower its prices.

In fact, new power plants are now on the drawing board or under construction. *But guess who owns them?* The ten new plants that have been approved and the 22 in the development process are largely owned or co-owned by the same industry giants that have brought California to its knees: Enron (4 plants), AES (3), El Paso Energy (2), Duke (2), Calpine (5), Southern (2), NRG/Dynegy (1) and the unregulated arms of PG&E (2) and SDG&E (1).

Moreover, the energy industry has blamed the failure to build more power plants on California's environmental protection laws and used the "energy crisis" as an excuse to seek waivers from state and federal environmental rules. A recent emergency order by Governor Davis exempts many new plants from California Environmental Quality Act requirements. In short, the energy companies are scapegoating environmental regulations as justification for fast-tracking construction of new power plants – including nuclear – that they will own to maintain and increase their cartel's hegemony over California's power supply.

The bottom line: More plants in the hands of the cartel that is gouging us now will not protect California in the future.

**Will Governor Davis's plan solve the "crisis"?** No. California Governor Gray Davis wants us to use less electricity, build more power plants and bailout the utilities. Meanwhile, he's spending \$1 billion every three weeks to purchase electricity from the same thieves he's negotiating with to buy long term electricity contracts. But this strategy doesn't solve the real problem: thanks to deregulation, a handful of companies control the supply of electricity and they're blackmailing us.

Conservation is crucial and the most cost-effective component of a stable and reliable energy system in the future. But it won't protect us unless it results in massive reductions in consumption that bust the cartel. If demand drops modestly – Californians are already among the most conservation minded energy consumers in the nation – the energy companies will simply raise prices to maintain their windfall profit levels. Only if demand falls so greatly that members of the energy cartel are forced to break ranks and lower prices will conservation solve the short-term problem.

There is no evidence that the cartel is weakening or that the suppliers will stop the gouging any time soon. The manufactured "crisis" has been used to command an estimated \$40 billion in overpriced long term contracts; in recent weeks, Governor Davis has agreed to or signed long-term contracts with the wholesale suppliers that promise overpriced energy for a decade. During the first five years of the contracts the suppliers will be paid prices 300% higher than spot market electricity cost less than a year ago. And those contracts don't even cover the summer months in which the supply bugaboo will doubtless rear its ugly and expensive head.

Meanwhile, Governor Davis is offering millions of dollars in financial and regulatory incentives to energy companies that bring power plants on-line by this summer. Legislators in California

and at the federal level, in response to the supposed shortages, are seeking a relaxation of plant siting rules and an easing of the permit process, which amounts to free money for those that build plants (and increased public health risks for those who live near them).

The same companies that created the sense of crisis regarding energy supply – the only companies sufficiently capitalized to construct power plants – will benefit from the financial and regulatory incentives for which taxpayers cough up the money (or their lungs). These companies will, therefore, continue to control the important spot market for energy and be in a position to continue to fill in the breach at blackmail prices.

**The Gov's bailout plan may be DOA.** An Edison "senior executive" was quoted by Dow Jones last Friday as acknowledging that after four months of threatened imminent bankruptcy, the "sense of urgency has been lost." It's not just the cry wolf syndrome. Every day's newspapers expose in greater detail how the energy industry, including the utilities, have prospered by taking advantage of consumers. That's why we think the Governor's utility rescue plans may be DOA by the time the details are presented to the Legislature. Lawmakers are not likely to enact bailouts that will increase our utility bills by more than 70%. Nor would the Governor willingly sign such a bill. The political repercussions would be enormous. So prospects are dimming for the utility companies and those they owe money to. They've all been hoping for a bailout that would pay 100% of their debts. Once the creditors realize that ain't going to happen, it's "hello, bankruptcy!"

One thing could alter this scenario and force lawmakers to capitulate to the energy industry: **more rolling blackouts**. The industry knows that blackouts worked last January: The lights went off, the Governor and lawmakers panicked, and the treasury's doors were opened wide; **blackout blackmail** worked. Once the energy companies figure out what's going on in Sacramento, don't be surprised to see another round of blackouts. Coming soon, to your neighborhood!

**What about this summer?** The energy industry keeps warning that there will be shortages and rolling blackouts this summer. Their political allies and other public officials are credentialing these warnings. The Bush Administration and Gov. Davis have warned of severe blackouts. These ominous statements, unaccompanied by any threat of official action for misconduct and profiteering, only serve to embolden the energy generators. Although reservoirs are still low in British Columbia and the Pacific Northwest, the California Department of Water Resources announced that the recent rain and snow will provide enough water to meet the state's demand for hydro power this summer. Both the California Energy Commission and the state's non-partisan Legislative Analyst's Office have estimated that while reserves will be low, there should be no shortage of power in California this summer. Even if summer temperatures are exceptionally high, the Legislative Analyst noted, the state should have a modest surplus of energy. However, the Legislative Analyst was careful to make clear that the lights could still go out for reasons having nothing to do with supply/demand, a thinly-veiled reference to market manipulation by the energy generators.

**What can be done to stop this?** The key to consumer protections in the wake of the deregulation debacle is to segregate the financial crisis of the utilities from the dysfunctional structure of our energy system.

Solving the energy crisis means standing up to the heavyweights in charge of the financial crisis and developing an efficient, well-regulated, publicly oriented power system going forward.

- Governor Davis should give the wholesale generators two weeks to offer fair prices for their power and be prepared to take over the plants, using the state's emergency and eminent domain powers, if they resist and continue to gouge us;
- Officials should implement a windfall profits tax to reimburse consumers (and the utilities) for profiteering to the extent that FERC refuses to uphold its regulatory duty to subject unjust and unreasonable wholesale prices to refunds and fines;
- The legislature should reject any effort to make ratepayers responsible to bail the utilities out of their losses under deregulation;
- Ratepayers should be refunded the \$20 billion in "stranded asset" surcharges already paid in exchange for the broken promise of competition and 20% lower rates;
- A Public Power Authority, based on legislation sponsored by Senator Burton and Treasurer Angelides, should be created. It will own, operate and control the electricity system, utilizing conservation and renewable technologies as much as possible to secure California's independence from the energy cartel.
- Lawmakers should terminate deregulation. This means rejecting the re-introduction of deregulation's deceptively anti-consumer concept of customer choice, a.k.a. "direct access." The reality of consumer choice, in which power companies gather customers and sell them power (often under the guise of so-called "green marketing") so long as it is profitable for them to do so, allows the companies to throw the customers out when the market turns against the energy entrepreneurs.
- Legislation backed by Gov. Davis and the energy generators to strip the state Public Utilities Commission of oversight and investigative jurisdiction and transfer such authority to other state agencies, like the Dep't of Water Resources and ISO, with no regulatory experience and no due process safeguards, should be rejected.

## **Conclusion**

The state's "energy crisis" has been manufactured for the financial gain of the utilities, energy companies and Wall Street firms. The 1996 California law deregulating electricity lifted controls over the energy industry and ignited a greed-driven, profit-maximizing frenzy which has enriched both the utilities and, most recently, the wholesale energy companies. The latter have used their cartel power to manipulate supply and prices and reap record profits at the expense of California's consumers, businesses and the economy. Tens of billions of dollars have been already transferred from Californians into the coffers of the cartel. Still, a concerted campaign is underway to pressure state lawmakers to order a 100% bailout of the utilities by the state's ratepayers.

California remains extremely vulnerable to the whims of the energy cartel. The "energy crisis" won't be resolved until the deregulation law is repealed, a reliable and affordable system is restored based on public power, and the energy cartel is broken up through government action.

**FTCR is a non-profit, non-partisan advocacy organization. For in-depth information on the utility deregulation disaster, to join the campaign to fight the bailout, or to comment, visit our web site at [www.ratepayerrevolt.org](http://www.ratepayerrevolt.org). 310-392-0522 xt.309.**

