

What became



of consumer choice?

by John Campbell

In contrast to our electrical energy shortage, we Californians have an over-abundance of pundits explaining the crisis: too little power plant construction, too much red tape, “gaming” by out-of-state generators, errors made by the Public Utilities Commission, flaws in the “deregulation” bill, the utilities’ financial irregularities, and a governor asleep at the wheel. But while these and other contributing factors have been exhaustively examined, one essential ingredient of a truly free, deregulated market has been ignored: consumer choice.

When the misnamed “deregulation” bill passed in 1996, more than 300 new companies applied to provide consumer choice in electric power. If you lived in an area served by Southern California Edison, for example, you would still pay them for bringing you your electricity and for the service and maintenance of their system. But you could buy the actual power it-

self from one of these 300 new competitors. Some would offer the power cheaper. Others would offer “green” power for those who wish to buy from renewable energy sources. Others might offer, along with the power, a package of benefits to entice your business. In other words: free enterprise. That’s how your phone service works now. You may pay Pacific Bell a fee for using the phone lines to your house, but you have many choices for long distance and local toll service. This system has resulted in the lowest prices for long distance service ever as companies add capacity and compete.

But now, five years after these 300 competitors started up, all but a few survivors — you do not need all the fingers on one hand to count them — are out of business or have left the state. What happened to these so-called ESPs (“electrical service providers”) and the competitive market? They never had a chance. The “deregulation” bill set up a cost structure that paid all the utilities’ general and administrative costs as part of the amount you pay for bringing the electricity to you. The

John Campbell, who represents California’s 70th Assembly District (Irvine), is a member of the Assembly Special Committee on Energy Cost and Availability and the Oversight Committee on Electrical Energy.

The Energy Crisis: Perspective



Took office with the union on the brink of civil war.

"You cannot escape the responsibility of tomorrow by evading it today." - Abraham Lincoln



Took office with the world already fighting World War II.

"The price of greatness is responsibility."- Winston Churchill.



Took office during a booming California economy with record budget surpluses.

"I have inherited a bad situation." - Gray Davis

Flyer distributed by the California Assembly Republican Caucus

ESPs were trying to beat competitors with no overhead, who could sell their product at cost or a loss, and who started with 100 percent of the market. By comparison, Microsoft is hanging on to its competitive life with Windows! It's amazing any ESPs remain at all.

Because of the failure of this market that never really was, some advocates of intrusive government are calling for a state takeover of all or part of California's electrical system. Now there's an idea. Put this entire, enormously complex and interconnected system in the control of a handful of civil service bureaucrats. If they make a bad decision, the whole state pays the price while they keep their jobs at the same pay! Remember that until recently, the Los Angeles Department of Water and Power's rates were so uncompetitive that businesses were leaving for this reason alone. And some of these state takeover proponents have a more sinister motive. It involves using this control over such an important commodity to advance their pet social or environmental agendas.

Nothing keeps your price in line like a com-

petitor with a lower one. I know. I am in a retail business myself. It's just a fact of human behavior — one socialists past and present have never understood. We can correct the system so that competitors can enter the market on an even footing. Pennsylvania has that system now and dozens of electrical service providers are fighting for every customer. Some 35 percent of customers buy electricity from one of these new competitors. As a result, Pennsylvania has plenty of electricity at a fraction of the cost we pay now (not to mention the new higher rates we will soon see).

The current system has clearly failed. The "old" regulated system provided us costs 50 percent above the national average. But a state takeover will make that seem cheap. Only a competitive market with real consumer choice will turn electricity from a liability into a component of the California dream.

CPR



Closing Students' Minds

A firestorm of protest has erupted in, of all places, the venerable Jesuit-run University of San Francisco. Students and alumni are inflamed, and there's even been a '60s' style march and demonstration. Several heavyweights signed an open letter of protest against what is being called an assault on academic freedom. It has all

An unedifying tale of liberal hypocrisy carried to almost *Animal Farm* lengths — the venerable Jesuit-run University of San Francisco goes politically correct.

the earmarks of an old-time, left-wing uprising, except for one thing: the roles are reversed. Among the "heavyweights" signing the protest letter was former Education Secretary William Bennett. And the villains attacking diversity on campus and academic freedom are the University's Jesuit administrators — members of a once-

BY JAMES BEMIS