

# Power Suppliers Accused of Manipulating Prices

E ■ **Energy:** Study says plant owners and resellers in state cut output to boost profits—a claim they deny.

By NANCY RIVERA BROOKS  
TIMES STAFF WRITER

Electricity suppliers, particularly in Southern California, have been manipulating prices by withholding power at key times, according to a study paid for by Southern California Edison.

The study, led by an MIT economics professor and based on regulatory and industry data on power plant operations, found that plant owners and electricity resellers made huge returns starting in about June by cutting back power generation at some plants, creating artificial shortages.

The resulting tight supplies sent prices soaring and the operators were able to make more money on their reduced electricity production than they would have if all of their power plants had been operating at full strength, the study said. The study covered June through September.

The report, obtained by The Times on Wednesday, did not estimate the dollar cost to consumers, but the state Public Utilities Commission on Tuesday said, based on its own reviews of the power market, that Californians were overcharged by more than \$4 billion for electricity this year.

Power plant owners have repeatedly denied profiteering in the California market, saying they have operated in a responsible way and that their market actions have been legal business tactics. Spokesmen for two

see POWER, A19

PAPER #1

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