

Restructuring in the Rearview Mirror – a 10-Year Retrospective of California’s Doomed Experiment with Electric Deregulation. By The Energy Overseer

If the Boot Fits

A stereotype is not merely a shortcut to understanding the world, Walter Lippmann wrote in *Public Opinion*, his 1922 classic investigation of wartime propaganda and manufactured consent. “It is the guarantee of our self-respect; it is the projection upon the world of our own sense of our own value, our own position and our own rights. The stereotypes are, therefore, highly charged with the feelings that are attached to them. They are the fortress of our tradition and behind its defenses we can continue to feel ourselves safe in the position we occupy.”

I’ve been thinking a lot lately about stereotypes in the coverage of energy news, particularly with regard to the constant demonization of “out-of-state” power generators by Governor Gray Davis and his political communications staff.

For several months—especially since the election of George W. Bush as President of the United States—these companies have been routinely characterized by Davis and press secretary Steve Maviglio as “Texas generators.” The phrase became shorthand for greed and price gouging in Davis’ speeches, and as the governor’s statements were disseminated by newspapers and other media reports, it was taken for granted that Texas-based companies were pillaging and plundering California’s power market.

Bush, the former Governor of Texas, was obviously tied to the energy companies and reportedly relied on Enron CEO Ken Lay as an energy adviser in formulating his policies and choosing political appointments, according to the *New York Times*.

The Texas connection had become so prevalent in newspaper reports that a San Francisco Chronicle political writer misidentified Curt Hébert as a Bush appointee to the Federal Energy Regulatory Commission who speaks with a “Texas draw” -- notwithstanding the facts that Hébert was originally appointed to the agency in 1997 by President Bill Clinton and that he is from Mississippi.

I was recently talking with a reporter from another major Northern California newspaper, a good and dedicated correspondent who has been on the energy story for the last six months, about the use of characterizations. “I feel comfortable with using ‘out-of-state generators’ as an accurate description,” he said. Even CALIFORNIA ENERGY MARKETS has frequently used the phrase as a shorthand descriptor.

That’s why it struck me this week when FERC judge Curtis Wagner repeatedly referred to the power producers in question as “in-state generators,” not out-of-state entities. I guess it depends on where you live.

It really doesn’t matter to Davis that the generation facilities in question are located in California, or that the companies that had bought them from California’s utilities were actually widely dispersed geographically – Duke in North Carolina, AES in Virginia, Williams in Oklahoma, Mirant in Georgia and, yes, the Reliant, Dynegy, El Paso Merchant, and Enron companies that are headquartered in Texas.

“If the boot fits...” was one way that Maviglio glossed over the apparent contradiction between fact and stereotype. “The governor was expressing his displeasure with the arrogance of the generators who wear cowboy hats,” Maviglio said.

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It “doesn’t change the fact that we are getting ripped off by companies from Houston, Tulsa, Atlanta or Charlotte.”

But is that the “fact” or just a minor revision to Davis’ line of propaganda in his self-declared war against power sellers? Or, as Lippmann might observe, is the fact just a reflection of an image Davis wants to project to the public to define a perceived difference between “us and them”? The strategy has certainly been effective in boosting Davis’ rating in public-opinion polls.

Another classic study of the use of stereotypes during war is Sam Keen’s “Faces of the Enemy,” which documents political cartoons as a propaganda tool. “In the beginning, we create the enemy,” Keen wrote in the preface to his compilation of “archetypes of the hostile imagination.” We’ve certainly seen the Texas archetype repeatedly used in editorial cartoons of late; the cowboy hat and the boots become readily digested representations of what Keen might term “The Enemy as Stranger.”

For propaganda to be effective, Lippmann said, “there must be some barrier between the public and the event.” He was talking about censorship of information during the First World War, but I would update the “barrier” to include all those people and entities that stand between the public and an understanding of the real situation. Sometimes that includes us, the reporters who try to make sense of this mess.

Lippmann was writing during a time before the existence of what we have come to term “mass communications.” Although every literate citizen had access to information from a plethora of daily newspapers, the papers did not speak with a single voice but were highly localized in their concerns and outlooks. Radio as a form of mass communications was just beginning to enter the picture—with the first documented news broadcast occurring on election night in November 1920. The report from a small radio station in Pittsburgh was heard by as many as a few hundred early technology adapters over their home-built crystal sets.

Now we have television, radio, print publications and an Internet that can disseminate the same ideas--of a fractured multitude of ideas--across the globe instantaneously. And while many of us in the news business believe and hope that we use these tools and our own talents as vehicles for truth, we all know that there are times when we become another brick in the wall between reality and understanding.

That’s why it is so important for reporters and their media employers to keep up the pressure for open access to information about the state’s involvement in the power business. As the details of California’s power-purchasing activities slowly leak out to the public—or rush out in huge torrents of difficult-to-decipher paperwork—a different picture of reality emerges.

The list of power sellers released by DWR this week shows that “Texas generators” are by no means the only beneficiaries of high power prices. Also near the top are entities such as PowerEx, Sempra Energy, the Los Angeles Department of Water & Power and even Public Service Company of New Mexico and the tiny Eugene Water & Electric Board (which sold twice as much power to DWR as Enron did).

The list actually proves nothing except that anyone with excess energy to sell over the past year made some money off of California’s misery. Profits, in and of

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themselves, are not evidence of collusion, conspiracy or illegality—merely of opportunity taken.

In a recent *SF Chronicle* front-page exposé, much was made of the revelation that 76 energy company executives from seven firms (those big out-of-staters, plus Calpine Corporation) had received a total of \$297 million in “capital gains” during 2000, including stock options and other bonuses. California Public Utilities Commission president Loretta Lynch “deplored the personal windfalls” because, she told the *Chronicle*, they “come on the backs of California families and businesses.”

Just the week before, the *Chronicle*’s business section ran a similar list of the profits and personal gains for more than 100 top Silicon Valley executives—at least a half-dozen of whom earned more than \$100 million each during 2000. One executive, the legendary Steve Jobs of Apple Computer, single-handedly took \$638 million, more than double the gains attributed to the 76 “megawatt moguls.”

Was there a similar outrage expressed at the profits made by Jobs and the other California high-tech leaders? I guess we should ask Governor Davis [**Arthur O’Donnell**].

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