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LETTERS TO THE TIMES

Electric Utilities Request Rate Hikes

■ Prices do not make us poor. Prices are a measure of scarcity that lead us toward more efficient behavior. Higher retail electricity prices are a signal to investors and utility managers to invest in more capacity, because there are profits to be made. And as we saw in San Diego last August, higher prices are a signal to consumers that power is scarce and should be conserved. The PUC's willingness to consider allowing retail electricity prices to increase is a mere baby step in the right direction.

We have a choice. We can de-regulate retail power prices and permit households and firms to adjust their own consumption in response to fuel price spikes (just as we do with gasoline); or we can fix prices below generation costs and ration power with brown-outs, rolling blackouts and voltage drops. We can't have it both ways. We can't fix prices and expect power on demand, and the fact that we can't does not constitute a crisis.

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