



Statement of Senator Feinstein on Audiotapes Revealing
Additional Market Manipulation in California Energy Market
June 2, 2004

Washington, DC –An audiotape, obtained and published by CBS News last night, confirms that traders from Enron deliberately manipulated the Western energy market during the 2000-2001 energy crisis. The following is Senator Feinstein’s statement about the tape:

“These tapes provide concrete evidence that there was manipulation and fraud perpetrated by energy companies in the 2000-2001 energy crisis in California.

This type of market manipulation can and will happen again if the energy market is not restructured. I urge the California State legislature to take action on Speaker Nunez’ bill -- AB 2006, the Reliable Electric Service Act -- which would reregulate and protect small consumers served by utilities from this type of unethical behavior.

The traders on this tape showed their true stripes:

- One sang: **‘Burn, baby, burn. That’s a beautiful thing.’** This was in reference to a wildfire that shut down a major transmission line, decreasing power supplies and raising energy prices.
- Another complained that: **‘They’re [expletive] taking all the money back from you guys? All the money you guys stole from those poor grandmothers in California?’**

A second responded: **‘Yeah, grandma Millie, man.’**

The first responded: **‘Yeah, now she wants her [expletive] money back for all the power you’ve charged right up, [expletive phrase], for [expletive] \$250 a megawatt hour.’**

When I heard these tapes, I knew that we could not depend on any ethical conduct from traders in this energy market. Consumers are not well served by a deregulated marketplace where traders such as those from Enron, Dynegy, and Reliant can manipulate the market in the grossest way.

Absent strong action, I have no doubt that this unethical, immoral and illegal behavior will continue.”

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