
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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COMMISSION ACCEPTS ENRON SETTLEMENT VALUED AT \$1.5 BILLION

The Federal Energy Regulatory Commission today accepted a comprehensive settlement with Enron Corp. agreed to by California parties, attorneys general in Washington and Oregon, and Commission staff. The settlement, which has a nominal value of \$1.5 billion, marks a turning point in the Commission's efforts to bring closure to the 2000-2001 Western energy crisis, said Commission Chairman Joseph T. Kelliher.

"The parties are to be congratulated for reaching this comprehensive settlement with Enron, which I view as a product of the Commission's strong enforcement posture. With this settlement, the Commission has accepted or helped facilitate nearly \$6 billion in settlements related to the 2000-2001 crisis," Chairman Kelliher said.

The Chairman urged parties to resolve remaining disputes stemming from the energy crisis five years ago. "While expediting our pending refund proceeding is a top priority, settlements provide the regulatory certainty that is required to promote the investment in power plants and transmission needed to prevent another energy crisis in California," Chairman Kelliher said.

The settlement resolves claims and matters arising from transactions and allegations of manipulations in the Western energy markets from January 16, 1997, through June 25, 2003.

The settlement would:

- allow unsecured claims of \$875 million (the amount tied to Enron's bankruptcy proceeding);
- impose a \$600 million civil penalty in favor of the California, Oregon and Washington attorneys general; and
- provide cash or cash equivalent of approximately \$47.4 million.

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The California parties include Southern California Edison Co., Pacific Gas and Electric Co., San Diego Gas and Electric Co., the California attorney general, the California Department of Water Resources, the California Public Utilities Commission and the California Electricity Oversight Board.

The Commission has long noted that settlements are often in the best interests of all parties and said that negotiations with other parties are continuing in an attempt to reach agreements with Enron and the Commission staff involving market manipulation and overcharges during the 2000-2001 Western energy crisis.

Today's acceptance of the settlement will not adversely affect the right of non-settling parties to pursue separate litigation, the Commission said.

The settlement also called for Enron to cooperate with the parties in pursuing claims against other entities relating to the Western energy markets or third party participation in alleged Enron misconduct during the January 16, 1997 through June 25, 2003 period.

The Commission granted a motion to place the Bankruptcy Court's order approving the Enron settlement as part of the FERC proceeding.

Additional information on the Western energy crisis may be found on the Commission's website at www.ferc.gov/industries/electric/indus-act/wec.asp.