
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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AGREEMENT REACHED WITH RELIANT ENERGY; LAST OF 'BIG FIVE' GENERATORS TO PAY \$460 MILLION TO SETTLE CALIFORNIA CLAIMS

Federal Energy Regulatory Commission Chairman Joseph T. Kelliher today announced a settlement reached with Reliant Energy, FERC staff and other parties to comprehensively resolve claims related to the Western energy crisis of 2000-2001.

Reliant has agreed to pay \$460 million, which is in addition to approximately \$65 million the Houston-based company has already paid in prior settlements. Under terms of the agreement, parties will forego all claims relating to monetary damages for Reliant's sale of electricity during January 2000 through June 2001. The settlement, expected to be filed in September, must be approved by the Commission.

Chairman Kelliher said: "Without pre-judging this settlement, I congratulate Commission staff and the other parties for reaching an agreement with Reliant to resolve issues still outstanding from the Western energy crisis."

Today's announcement follows last month's announcement of a \$1.5 billion settlement between the FERC staff, other parties and Enron Corp. "These settlements reflect the solid work of the Commission's staff, and bring to nearly \$6.3 billion the amount of settlements relating to the Western energy crisis that the Commission has either accepted or helped realize," Chairman Kelliher said.

"The Commission aims to speed resolution of the refund proceeding and other administrative matters still pending from the 2000-2001 energy crisis. But settlements promise to end the regulatory uncertainty remaining from the 2000-2001 crisis, which is serving as a disincentive for the investment in power plants and transmission lines needed to prevent the next crisis. Settlements are in the best interests of consumers, the industry and the success of California's power market redesign effort," Chairman Kelliher said.

The other parties represented in the settlement include the California, Washington

State, and Oregon attorneys general, the California Electricity Oversight Board, Southern California Edison, Pacific Gas and Electric and San Diego Gas & Electric.

In addition to a \$460 million cash payment, the agreement calls for Reliant to allow an independent audit of outages for 12 months following FERC approval of the agreement, and to continue its “must offer” obligations under provisions of a 2003 settlement for an additional two years.

Additional information on the Commission’s comprehensive actions in response to the 2000-2001 Western energy crisis, along with a list of all the related settlements, is available at <http://www.ferc.gov/industries/electric/indus-act/wec.asp>.

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