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# FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

April 13, 2005  
Docket Nos. EL00-95-000, *et al.*  
and EL00-98-000, *et al.*

### COMMISSION APPROVES SETTLEMENT VALUED AT \$500 MILLION BETWEEN MIRANT, CALIFORNIA PARTIES AND FERC STAFF

The Federal Energy Regulatory Commission today accepted a settlement, valued at nearly \$500 million, in which Mirant Corp. settles with California parties and Commission staff a wide range of issues stemming from the 2000-2001 energy crisis in California and other Western states. The global settlement resolves claims to refunds for power sales Mirant made during the energy crisis, as well as claims for damages. It also addresses pending proceedings involving gaming and disgorgement of unjust profits, revocation of market-based rate authority, generation withholding and long-term contract disputes.

“This settlement will benefit customers and end the lingering uncertainty in Western energy markets. Unfortunately, our work in this regard is not yet finished, but we’ve accomplished a respectable amount thus far, and both the markets and customers will further benefit if other market participants opt in as parties to this agreement,” said Chairman Pat Wood, III.

The settlement marks the latest in a long history of actions the Commission has taken both during and in response to the Western energy crisis, including creation of the Office of Market Oversight and Investigations, behavioral rules and adoption of clear and unambiguous market rules.

Including today’s action, the Commission has now accepted or helped bring about more than \$4.6 billion in monetary settlements in the wake of the Western energy crisis. In the ongoing Enron gaming proceeding, Commission trial staff have recommended that the company be required to forfeit more than \$1.6 billion. The pending refund proceeding is expected to produce final refunds of about \$3 billion.

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A timeline and summary of Commission actions in response to the 2000-2001 energy crisis and Enron is available at <http://www.ferc.gov/industries/electric/indus-act/wec/chron/chronology.pdf>.

Today's settlement addresses Mirant's obligation in the refund proceeding. The agreement requires Mirant to assign to the California parties – the state of California, the State Attorney General, the California Department of Water Resources, the State Water Resources Department, the California Energy Oversight Board, California Public Utilities Commission, Pacific Gas & Electric Co., Southern California Edison Co., and San Diego Gas & Electric Co. – approximately \$283 million in receivables claimed by Mirant, plus another \$37 million associated with Mirant's sales in the day-ahead market administered by the now-defunct Power Exchange. The agreement also addresses any interest due on the assigned funds.

The agreement further calls for Mirant to support the California parties' unsecured claim of \$175 million in the bankruptcy proceeding involving Mirant Americas Energy Marketing Inc. A bankruptcy judge will determine the ultimate value of that claim.

The agreement also provides an opportunity for other market participants to join the settlement agreement as "Additional Settling Participants." By opting into the settlement, a participant will receive any refunds or offsets against amounts owed in accordance with an allocation matrix specified in the agreement. If participants do not opt into the agreement, they may still pursue claims in the refund proceeding without benefit of the agreement. By the same token, Mirant would be free to litigate all issues with respect to non-settling parties.

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