FERC Approves $26.5 Million California Settlement

The Federal Energy Regulatory Commission moved toward resolution of the issues surrounding the Western energy market crisis of 2000-2001 today by approving a $26.5 million settlement filed May 6, 2008, between the Public Utility District No. 2 of Grant County, Washington, (Grant) and the California Parties.

Background and Order

The settlement resolves claims arising from events and transactions in Western electricity markets during the period from January 1, 2000, through June 20, 2001, as they relate to Grant. Under the settlement, the California Power Exchange (CalPX) will disburse $11.5 million in unpaid receivables to Grant. This represents a portion of Grant's receivables that have been held by CalPX. In addition, CalPX will transfer the remainder of Grant's receivables, roughly $15 million, into an escrow account for ultimate allocation to all the settling participants. The $15 million represents a principal amount plus interest.

The California Parties include: Pacific Gas and Electric Company; Southern California Edison Company; San Diego Gas & Electric Company; the People of the State of California *ex rel.* Edmund G. Brown, Jr., Attorney General; and the California Public Utilities Commission. For purposes of this settlement, the California Parties also include the California Electricity Oversight Board and the California Department of Water Resources (acting under certain authorities and powers).

The settlement allows other entities that sold energy directly to, or purchased energy from, the California Independent System Operator (CAISO) or CalPX during the settlement period to join Grant and the California Parties in the settlement. Those wishing to opt in must notify FERC within five business days of the settlement's approval.