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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

March 27, 2002  
Docket Nos. ER01-889-010, et al. and EL00-54-000

### COMMISSION REAFFIRMS, CLARIFIES CALIFORNIA MARKET ISSUES ON CREDITWORTHINESS, SUPPORTS UTILITY'S INFRASTRUCTURE RATE TREATMENT

The Federal Energy Regulatory Commission today generally reaffirmed earlier decisions relating to the operation of California electric power markets.

In a separate order, the Commission ruled that San Diego Gas & Electric Company (SDG&E) could roll into its rates the costs associated with two proposed transmission system upgrades (Docket No. EL00-54-000). Today's action comes in the wake of a recent FERC staff report on the need for additional infrastructure to support California's growing energy markets.

The upgrades—Miguel-Mission and Imperial Valley—are tied to existing high voltage transmission lines. The upgrades will provide system-wide benefits to all users of the utility's system, the Commission said. The Commission denied SDG&E's request for assurances of its entitlement to recover its project costs in the case of abandonment, but indicated its willingness to consider full recovery of these costs, when and if these circumstances are presented to the Commission for review.

According to SDG&E's filing, these upgrades will produce customer benefits of \$3 million per year and will save customers of the California Independent System Operator (ISO) \$10 million per year, assuming the threshold addition of 1,360 megawatts of new generation.

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In an order addressing creditworthiness issues, the Commission confirmed the findings in its November 2001 order, which sought to ensure timely payments to energy suppliers in the California markets, and help stabilize prices paid by consumers (Docket No. ER01-889, et al.).

Today's order reaffirms that California ISO's tariff requires the creditworthy backer, the Department of Water Resources (DWR), to be responsible for certain costs of the non-creditworthy utility distribution companies (UDCs).

The Commission also made clear that the DWR does not need access to the ISO's nonpublic information. The ISO's primary function is to control the transmission grid, while the DWR, as a market participant, should not be involved in the operation of the grid, the Commission said.

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