FERC Approves Two California Market Settlements

The Federal Energy Regulatory Commission (FERC) took another step toward resolution of the issues surrounding the Western energy market crisis of 2000-2001 today when it approved two separate settlements filed earlier this year. The settlements are between the California Parties and Strategic Energy LLC, and the California Parties and Pinnacle West Capital Corporation and APS Energy Services Company Inc.

Background and Orders
The settlements resolve claims arising from events and transactions in Western electricity markets from Jan. 1, 2000, through June 20, 2001, as they relate to the following:

Strategic Energy
Strategic agrees to pay $1,625,025, including interest accrued at the Commission’s interest rate through Dec. 31, 2007. Strategic will allow the California Power Exchange (CalPX) to release proceeds from Strategic’s unpaid receivables from transactions through markets it and the California Independent System Operator (ISO) operated into a Settling Supplier Refund Escrow account created by the California Parties. Distributions will be made from this account to settling participants or held on behalf of any non-settling participants.

Pinnacle West
Pinnacle West agrees to pay $1,135,418, plus the following: an amount equal to the sum of the future refunds to which Pinnacle West is entitled through the various settlement proceedings; the amount of interest on future or past refunds paid to Pinnacle West on or before the effective date; the value of the transmission access credit posted by the CalPX to Pinnacle West’s accounts; and the amount of interest on the transmission access credit, known collectively as the settlement proceeds.

Pinnacle West will retain all refunds, credits and other payments to which it is entitled under settlements filed in the FERC proceedings before Aug. 9, 2006.

The settlement resolves all claims related to the FERC proceedings, the Lockyer v. FERC remand, the Bonneville Power Administration v. FERC remand and the California Public Utilities Commission v. FERC remand.

In both cases, the California Parties consist of Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, the California Attorney General and the California Public Utilities Commission and the California Department of Water Resources. The California Electricity Oversight Board is a member of the California Parties in the Pinnacle West settlement.