



News for Immediate Release

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DWR Announces \$750 Million Settlement on Electricity Charges

SACRAMENTO – The California Department of Water Resources (DWR) on Friday announced a \$750 million settlement with British Columbia utility Powerex, one of the electricity sellers accused of overcharging California power buyers during the state’s electricity crisis of 2000-2001.

Money from the settlement will be used to offset the future electricity bills of the customers of Pacific Gas & Electric Company, Southern California Edison, and San Diego Gas & Electric. From January 17, 2001 until December 31, 2002, DWR’s California Energy Resources Scheduling division purchased electricity on the wholesale market on behalf of the three California utilities. DWR’s CERS division stepped in to assist the cash-short utilities after wholesale electricity prices spiked in the partially-deregulated electricity market California created through 1996 legislation.

Power purchased under long-term power contracts by DWR’s CERS division on behalf of the utilities helped to reduce power prices and end the state’s electricity crisis. The last of those power contracts is set to expire in September 2015.

“This is great news for millions of Californians whose monthly bills will be offset with the settlement proceeds,” said DWR Director Mark Cowin. “The \$750 million settlement follows years of legal wrangling with Powerex, and we are pleased that they decided to settle.”

The settlement agreement, when approved by the Federal Energy Regulatory Commission, will resolve all claims of overcharges in 2000 and 2001 filed against Powerex by California parties including DWR’s CERS division, the California Public Utilities Commission, and the California Attorney General. The settlement was achieved through mediation conducted by Senior Circuit Judge Edward Leavy of the U.S. Court of Appeals for the Ninth Circuit and mediator Lisa Jaye.

Powerex is the trading arm of BC Hydro, which is owned by the Provincial Government of British Columbia.

To date, DWR’s CERS division and other California parties have reached more than 50 settlements with sellers into the dysfunctional California electricity market during 2000 and 2001. Those settlements amount to roughly \$4 billion in refunds to utility ratepayers.