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## Press Release



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### Gov. Schwarzenegger Announces \$750 Million Energy Crisis Settlement with Mirant Corporation

Governor Arnold Schwarzenegger today announced that state negotiators have finalized a comprehensive settlement with Mirant Corporation and its affiliates totaling more than \$750 million. The settlement resolves claims against the company and certain of its affiliates for overcharging California consumers for electricity during 2000 and 2001.

"This is yet another victory for California electricity ratepayers who were overcharged during the energy crisis by energy companies," said Governor Schwarzenegger, who last year approved similar multi-million dollar settlements with Dynegy Inc. and Duke Energy. "I will continue to seek justice from those who unfairly profited. One of my chief energy goals is to create lower prices for residents and businesses across California. Today's settlement is another small step in achieving that goal and in moving beyond energy crisis to achieve energy stability."

Mirant, which is in Chapter 11 bankruptcy proceedings, will satisfy the claim primarily by forfeiting \$319 million the company is owed by California utilities in unpaid bills from 2000. That cash amount has been held in an account awaiting distribution disbursement and now will be assigned to the California parties. In addition, California parties will have a \$175 million claim in Mirant's bankruptcy proceedings.

The Department of Water Resources, which purchased power for California's three investor-owned utilities during the energy crisis, will receive \$82.9 million in cash plus interest for overcharges it incurred as a result of Mirant's alleged manipulation of the California energy markets. The department also will have an \$87.5 million claim for overcharges under its long-term contract with Mirant and a \$2.25 million claim to settle billing disputes between Mirant and the department. The department's long-term contract with Mirant expired on December 31, 2002.

As in previous settlements, money received will be returned to California ratepayers by reducing the department's energy revenue requirement, which is submitted annually to the California Public Utilities Commission.

The remaining cash balance of the settlement will be allocated to three investor-owned utilities, Pacific Gas & Electric, Southern California Edison, San Diego Gas & Electric, and other smaller purchasers of energy during the energy crisis.

Mirant will also provide PG&E with approximately \$250 million in power, generation assets and other additional consideration to resolve allegations of overcharging PG&E for power provided by Mirant under "reliability must run" (RMR) contracts.

The settlement is subject to approval by the Mirant Bankruptcy Court, PG&E Bankruptcy Court, California Public Utilities Commission and the Federal Energy Regulatory Commission (FERC). If approved, the settlement will resolve claims by California parties against the company in FERC's refund proceedings in which energy suppliers have been accused of overcharging California consumers for electricity during the 2000-01 energy crisis.

California parties have been working through FERC proceedings to recover excess electricity costs for ratepayers since 2001. These parties include the Governor's Office, California Attorney General's Office, California Public Utilities Commission, California Electricity Oversight Board, the Department of Water Resources and the previously identified three investor-owned utilities.

The state will continue to seek relief for California ratepayers from energy companies who have overcharged them. The terms of the settlement are available on the Department of Water Resources Web site at [www.cers.water.ca.gov](http://www.cers.water.ca.gov).