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Governor Schwarzenegger Announces \$460 Million Settlement from Reliant for Energy Crisis Manipulation and Overcharges

Governor Arnold Schwarzenegger today announced a \$460 million settlement with Reliant Energy, Inc. that resolves claims the company unjustly profited during the 2001 energy crisis.

"This settlement is great news for California," said Gov. Schwarzenegger. "The people of California deserve affordable and reliable energy supplies. I will continue to fight for justice from companies that took advantage of California residents and businesses during the energy crisis."

The agreement settles the refund claim against Houston based-Reliant brought by California before the Federal Energy Regulatory Commission in 2001. The federal energy bill enacted earlier this month by Congress and signed into law directed FERC to conclude its investigation into the unjust and unreasonable charges incurred by the state as soon as possible.

Since 2004, the Schwarzenegger Administration has negotiated more than \$3.2 billion in settlements with various energy companies who reaped unjust profits during 2000 and 2001. This most recent settlement follows a \$1.5 billion settlement with Enron Corporation and its affiliates last month, and a settlement reached with Mirant Corporation and its affiliates in January that totaled more than \$750

million.

The \$460 million payment by Reliant will also settle claims brought by individual class action plaintiffs and other cases and FERC proceedings seeking restitution for Reliant's alleged market manipulation. In addition to the settlement payment, Reliant also agrees to support the reliability of California's electricity grid for two years beyond its current contractual obligation.

Including prior settlements related to allegations that Reliant gamed the California energy markets, the company has paid more than \$524 million for its energy market misconduct and overcharges. This action against Reliant claimed the firm flagrantly violated rules designed to ensure safe and reliable operation of the high-voltage system serving California and charged millions of dollars for emergency generating capacity the companies never provided.

The Schwarzenegger Administration has worked with the California Attorney General's Office, California Public Utilities Commission, California Electricity Oversight Board, the California Department of Water Resources, Pacific Gas & Electric, San Diego Gas & Electric and Southern California Edison to recover excess electricity costs for California ratepayers.

Once it is executed and publicly available, the settlement will be accessible on the Department of Water Resources energy Web site at www.cers.water.ca.gov.

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