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Gov. Schwarzenegger Continues Effort to Reduce Residual Costs from Energy Crisis for California Ratepayers

Refinancing Plan Will Save Californians Millions

Governor Arnold Schwarzenegger today announced that California ratepayers will save nearly \$145 million through the refinancing of power supply revenue bonds.

"The people of California deserve affordable, available and abundant energy supplies," said Gov. Schwarzenegger. "I will continue to pursue opportunities to reduce the costs of the energy crisis. Refinancing these bonds is a smart and responsible way to save money for Californians."

The bond refinancing is the latest in a series of cost savings measures implemented by the Schwarzenegger Administration and other state and private parties. Since 2004, total refund settlements from energy providers who unfairly profited during the energy crisis have exceeded \$3.2 billion.

Taking advantage of favorable interest rates, the California Department of Water Resources (DWR), converted \$2.6 billion in bonds with interest rates ranging from 5.13 percent to 6 percent to fixed rate

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bonds with an average interest cost of 3.6 percent.

The refinancing, completed today, will save ratepayers an average of \$16 million a year over the next 17 years, when the bonds are scheduled to be paid in full.

DWR originally issued \$11.3 billion in bonds in late 2002 to repay the state's General Fund and to retire other loans used to pay for energy during the 2000-2001 energy crisis. The bonds are repaid by customers of California's three investor-owned utilities, Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric.

In recent months, the state's power supply bonds have received improved credit outlooks from rating agencies. Moody's upgraded its "A2" rating from stable to positive in September 2005 based on what the credit agency described as a well-established revenue recovery track record, improved credit outlook of California's investor-owned utilities and sound state financial management. In November 2005, Standard & Poor's upgraded its rating from "BBB+" with a negative outlook to an "A -" rating.

For more information on recent refund settlements or on the energy bonds, visit DWR's energy web site at www.cers.water.ca.gov.

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